http://www.oblible.com

BASE PROSPECTUS
March 16, 2021

Banco de Crédito del Perú

U.S.$6,000,000,000 Medium-Term Notes Program

Under this U.S.$6,000,000,000 Medium-Term Notes Program (the "Program"), Banco de Crédito del Perú, a commercial bank organized and existing under the laws of the Republic of Peru (the "Issuer," the "Bank" or "BCP"), may from time to time issue medium-term notes ("Notes") which will be unsecured and may be issued on a subordinated or unsubordinated basis. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and will be offered (i) inside the United States in reliance on the exemption from registration provided by Rule 144A ("Rule 144A") under the Securities Act only to qualified institutional buyers ("QIBs"), within the meaning of Rule 144A, and (ii) outside the United States to non-U.S. persons (as such term is defined in Rule 904 under the Securities Act (a "non-U.S. person")) pursuant to Regulation S ("Regulation S") under the Securities Act. The Notes will be denominated in any currency agreed upon between the Issuer and the relevant Dealer (as defined below). The final terms of each Note will be specified in the Final Terms (as defined herein). For more information, see "Description of the Notes."

Each initial and subsequent purchaser of the Notes offered under the Program in making its purchase will be deemed to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer of such Notes and may in certain circumstances be required to provide confirmation of compliance with such resale or other transfer restrictions below and as set forth in "Important Notices" and "Transfer and Selling Restrictions."

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms contemplated herein which are applicable to a particular issuance of Notes will be set out in the relevant Final Terms relating to such Notes.

Investing in the Notes offered under the Program involves risks and uncertainties. See "Risk Factors" beginning on page 7 of this Prospectus (as defined below) for a discussion of certain significant risks you should consider in connection with an investment in the Notes.

The Notes are not intended to be offered, sold or otherwise made available and should not be sold to retail investors in the European Economic Area (as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II), as amended or replaced from time to time) ("EEA") or in the United Kingdom (the "UK") (as defined in Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018). Prospective investors are referred to the section headed "Important Notices" on page ii of this Prospectus.

Application has been accepted by the Luxembourg Stock Exchange for Notes issued under the Program (other than Indexed Notes (as defined herein)) to be admitted to trading on the Luxembourg Stock Exchange for trading on the Euro MTF Market. Notes issued under the Program may also be admitted to trading or listed on any other or further stock exchange(s) or may not be admitted to trading or listed. Indexed Notes will not be admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange's.

This document comprises a prospectus for the purpose of the Luxembourg Law of July 16, 2019 on prospectuses for securities (the "Luxembourg Prospectus Law"). This Base Prospectus (the "Prospectus") may be used only for the purposes for which it has been prepared. In approving this Prospectus the Luxembourg Stock Exchange assumes no responsibility as to the economic and financial soundness of the transaction and the quality or solvency of the Bank in line with the provisions of article 7(7) of the Luxembourg Prospectus Law.

The Notes (or beneficial interests therein) may not be offered or sold in Peru except in compliance with the securities laws thereof. The Notes will not have the benefit of bank deposit insurance under the laws of Peru, the United States or any other jurisdiction.

Arrangers and Dealers

BofA Securities | **Citigroup** | **J.P. Morgan**

Dealers

BNP PARIBAS | **Daiwa Capital Markets** | **Goldman Sachs International**

Natixis | **SMBC Nikko**

http://www.oblible.com

TABLE OF CONTENTS

Page

RESPONSIBILITY STATEMENT

The Issuer with its registered office in Lima, Peru is solely responsible for the information given in this Prospectus and in any Final Terms for each Series or Tranche of Notes issued under the Program. The Issuer hereby declares that to the best of its knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus and in any Final Terms for each Series or Tranche of Notes issued under the Program is in accordance with the facts and contains no omission likely to affect its import.

IMPORTANT NOTICES

Copies of Final Terms (as defined below) will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below) (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of Notes and identity).

This Prospectus should be read and understood in conjunction with any supplement hereto. Full information on the Issuer and any Notes issued under the Program is only available on the basis of the combination of this Prospectus (including any supplement) and the relevant Final Terms.

No person is or has been authorized to give any information or to make any representations, other than those contained in this Prospectus, in connection with the Program or the issue and sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorized by BCP. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

Neither this Prospectus nor any other information supplied in connection with the Program or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Prospectus or any recipient of any other information supplied in connection with the Program or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the Program or the issue of any Notes constitutes an offer or invitation by or on behalf of either Issuer or any of the Dealers to subscribe for or to purchase any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

This Prospectus is valid for twelve months from the date of this Prospectus and it and any supplement thereto as well as any Final Terms reflect the status as of their respective dates of issue. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in the related documents is accurate and complete subsequent to the date hereof or that there has been no adverse change in the financial condition of the Issuer since such date or that any supplement to this Prospectus or any other information supplied in connection with the Program is correct at any time subsequent to, respectively, its date or the date on which it is supplied or, if different, the date indicated in the document containing the same.

For so long as any Notes remain outstanding, the Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus that is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States of America (the "United States") or its possessions or to United States persons, except in certain transactions permitted by United States Treasury Regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The

Issuer and the Dealers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuers or the Dealers which would permit a public offering of any Notes in any jurisdiction other than each Member State of the EEA which has implemented the Prospectus Regulation as at the date of this Prospectus or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the EEA (and, in particular, without limitation, in the United Kingdom, Luxembourg, France, Italy and the Netherlands), Australia, Brazil, Chile, Dubai, Hong Kong, Japan, Peru, Singapore and Switzerland (see "Transfer and Selling Restrictions"). In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC") or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

In particular, Notes have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. See "Description of the Notes—Forms of Notes" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer (see "Transfer and Selling Restrictions"). Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act (see "—U.S. Information" below).

Neither this Prospectus nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

Neither this Prospectus nor any Final Terms should be considered as a recommendation or a statement of an opinion (or a report of either of those things) by BCP, the Dealers or any of them that any recipient of this Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Prospectus or any Final Terms shall be taken to have made its own appraisal of the condition (financial or otherwise) of the Issuer.

None of the Dealers or the Issuer makes any representation to any purchaser of the Notes regarding the legality of its investment under any applicable laws. Any purchaser of the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

The Dealers have not separately verified the information contained in this Prospectus or in any supplement thereto. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained in this Prospectus or in any supplement thereto or any other information provided by the Issuer. The Dealers do not accept any liability in relation to the information contained in this Prospectus or in any supplement thereto or any other information provided by the Issuer in connection with the Program.

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "BMR"). If any such reference rate does constitute such a benchmark, the relevant Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the BMR. Transitional provisions in the BMR may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms. The registration status of any administrator under the BMR is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the relevant Final Terms to reflect any change in the registration status of the administrator.

Amounts payable under the Notes may be calculated by reference to the London Interbank Offered Rate ("LIBOR") or the Euro Interbank Offered Rate ("EURIBOR"), which are provided by ICE Benchmark Administration Limited ("IBA") and the European Money Markets Institute, respectively. As at the date of this Prospectus, ICE Benchmark Administration Limited and the European Money Markets Institute do not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the BMR.

As far as the Bank is aware, the transitional provisions in Article 51 of the BMR apply, such that IBA and the European Money Markets Institute are not currently required to obtain authorization or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

Any websites hyperlinks included in this Prospectus are for information purposes only and do not form part of this Prospectus.

Unless otherwise indicated or the context otherwise requires, all references in this Prospectus or in any supplement thereto to "Banco de Crédito del Perú," "BCP," "Bank," "we," "our," "ours," "us" or similar terms refer to Banco de Crédito del Perú and our subsidiaries. References to the "Issuer" refer only to Banco de Crédito del Perú excluding our subsidiaries.

U.S. INFORMATION

This Prospectus is being submitted on a confidential basis in the United States to a limited number of QIBs (as defined under "Description of the Notes—Forms of Notes") for informational use solely in connection with the consideration of the purchase of the Notes offered under the Program. Its use for any other purpose in the United States is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Each purchaser or Noteholder represented by a Rule 144A Global Note (as defined under "Registered Notes" below) or any Notes issued in registered form in exchange or substitution therefor (jointly referred to as the "Legended Notes") will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "Transfer and Selling Restrictions." Unless otherwise stated, terms used in this paragraph have the meanings given to them in "Description of the Notes—Forms of Notes."

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Prospectus is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates shall be available only to relevant persons and will be engaged in only with relevant persons.

NOTICE TO RESIDENTS OF PERU

THE NOTES WILL NOT BE SUBJECT TO A PUBLIC OFFERING IN PERU. THEREFORE, THIS PROSPECTUS AND THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH OR APPROVED BY THE PERUVIAN SUPERINTENDENCY OF CAPITAL MARKETS (*SUPERINTENDENCIA DEL MERCADO DE VALORES*) ("SMV") OR THE LIMA STOCK EXCHANGE (*BOLSA DE VALORES DE LIMA*) ("BVL"). PERUVIAN SECURITIES LAWS AND REGULATIONS ON

PUBLIC OFFERINGS WILL NOT BE APPLICABLE TO THE OFFERING OF THE NOTES AND, THEREFORE, THE DISCLOSURE OBLIGATIONS SET FORTH THEREIN WILL NOT BE APPLICABLE TO THE ISSUER OR THE SELLERS OF THE NOTES BEFORE OR AFTER THEIR ACQUISITION BY PROSPECTIVE INVESTORS. THIS PROSPECTUS AND OTHER OFFERING MATERIALS RELATING TO THE OFFER OF THE NOTES ARE BEING SUPPLIED TO THOSE PERUVIAN INVESTORS WHO HAVE EXPRESSLY REQUESTED THEM. SUCH MATERIALS MAY NOT BE DISTRIBUTED TO ANY PERSON OR ENTITY OTHER THAN THE INTENDED RECIPIENTS.

ACCORDINGLY, THE NOTES CANNOT BE OFFERED OR SOLD IN PERU, EXCEPT IF (I) THE NOTES ARE PREVIOUSLY REGISTERED WITH THE SMV, OR (II) SUCH OFFERING IS CONSIDERED A PRIVATE OFFERING UNDER THE SECURITIES LAWS AND REGULATIONS OF PERU. THE PERUVIAN SECURITIES MARKET LAW ESTABLISHES, AMONG OTHERS, THAT AN OFFER DIRECTED EXCLUSIVELY TO INSTITUTIONAL INVESTORS MAY QUALIFY AS A PRIVATE OFFERING.

IN MAKING AN INVESTMENT DECISION, INSTITUTIONAL INVESTORS, AS DEFINED BY PERUVIAN LAW, MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING OF THE NOTES IN ORDER TO DETERMINE THEIR LEGAL ABILITY TO INVEST IN THE NOTES.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"), (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565, as amended, as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, as amended, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014, as amended, as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended, as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subject to MiFID II subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive

2014/65/EU (as amended, "MiFID II") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken in the Dealer Agreement dated July 19, 2019 (the "Dealer Agreement") to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

ENFORCEABILITY OF CIVIL LIABILITIES

We are a commercial bank organized and existing under the laws of Peru. Substantially all of our directors and officers reside in Peru, and all or a significant portion of the assets of such persons may be, and substantially all of our assets are, located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons or entities outside Peru or to enforce against them in the courts of jurisdictions other than Peru any judgments obtained in such courts that are predicated upon the laws of such other jurisdictions.

We have been advised by our Peruvian counsel, Payet, Rey, Cauvi, Pérez Abogados, that any final and conclusive judgment for a fixed and definitive sum obtained against us in any foreign court having jurisdiction in respect of any suit, action or proceeding against us for the enforcement of any of our obligations under the Notes that are governed by New York law will, upon request, be deemed valid and enforceable in Peru without the local court reopening the case through an exequatur judiciary proceeding, provided that: (a) there is in effect a treaty between the country where said foreign court sits and Peru regarding the recognition and enforcement of foreign judgments or (b) in the absence of such a treaty, the original judgment is recognized and ratified by the Peruvian Courts (*Cortes de la República del Perú*) under such exequatur proceeding, subject to the provisions of the Peruvian Civil Code and the Peruvian Civil Procedure Code. Such ratification will occur provided that the following requirements are met:

(i) the judgment does not resolve matters under the exclusive jurisdiction of Peruvian courts, and the matters contemplated in respect of this Prospectus or the notes are not such matters;

(ii) such court had jurisdiction under its own conflicts of law rules and under general principles of international procedural jurisdiction;

(iii) we received service of process in accordance with the laws of the place where the proceeding took place, we were granted a reasonable opportunity to appear before such foreign court, and we were guaranteed due process rights;

(iv) the judgment has the status of res judicata as defined in the jurisdiction of the court rendering such judgment;

(v) no pending litigation in Peru between the same parties for the same dispute was initiated before the commencement of the proceeding that concluded with the foreign judgment;

(vi) the judgment is not incompatible with another judgment that fulfills the requirements of recognition and enforceability established by Peruvian law unless such foreign judgment was rendered first;

(vii) the judgment is not contrary to public policy (*orden público*) or good morals;

(viii) it is not proven that such foreign court denies enforcement of Peruvian judgments or engages in a review of the merits thereof;

(ix) a copy of such judgment is (i) officially translated to Spanish by a duly authorized public translator in Peru; and (ii) if issued in any country other than in Peru (x) which is not a signatory country of the Hague Convention for Abolishing the Requirement of Legalization for Foreign Public Documents, legalized before a notary public, the Ministry of Foreign Affairs or other corresponding entity of such country, the competent Peruvian consulate and before the Peruvian Ministry of Foreign Affairs (*Ministerio de Relaciones Exteriores del Perú*), or (y) which is a signatory country of the Hague Convention for Abolishing the Requirement of Legalization for Foreign Public Documents, must be certified with an apostille; and

(x) the applicable court fees have been paid.

There is no existing treaty between the United States and Peru for the reciprocal enforcement of foreign judgments. We have been advised by Payet, Rey, Cauvi, Pérez Abogados, our Peruvian counsel, that there is no reason to believe that any obligation under the Notes, which are governed by New York law, would be contrary to Peruvian public policy and international treaties binding upon Peru or generally accepted principles of international law.

In connection with the issuance of the notes, we will designate Cogency Global Inc. as our agent upon whom process may be served in connection with any proceedings in New York.

MARKET AND INDUSTRY INFORMATION

Market data and certain industry forecast data used in this Prospectus were obtained from internal reports and studies, where appropriate, as well as estimates, market research, publicly available information, including information available from the Peruvian Superintendency of Banks, Insurance and Private Pension Fund Administrators (*Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones*) ("SBS") and industry publications. Market share, deposit and other data obtained from the SBS in the case of the banking operations of Peruvian banks, includes foreign branches and representative offices of Peruvian banks, such as our agency in Miami and our branch in Panama, which has an international banking license. However, the SBS information is presented on an unconsolidated basis and excludes information regarding subsidiaries of Peruvian banks. Therefore, the SBS information as it relates to us excludes the operations of our Peruvian subsidiary Mibanco Banco de la Microempresa S.A. ("Mibanco"). With respect to any information included herein and specified to be sourced from a third party (i) we confirm that any such information has been accurately reproduced and as far as we are aware and are able to ascertain from information available to it from such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading and (ii) we have not independently verified any such information and accept no responsibility for the accuracy thereof. Similarly, internal reports and studies, estimates and market research, while believed to be reliable and accurately extracted by us for the purposes of this Prospectus, have not been independently verified. However, we believe such data is accurate and agree that we are responsible for the accurate extraction of such information from such sources and its correct reproduction in this Prospectus.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains statements that constitute estimates and forward-looking statements, including but not limited to the sections "Summary," and "Risk Factors." These statements appear in a number of places in this Prospectus and include statements regarding our intent, belief or current expectations, and those of our officers, with respect to (among other things) our financial condition.

Our estimates and forward-looking statements are based mainly on current expectations and estimates of future events and trends, which affect, or may affect, our business and results of operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are based on information currently available to us.

Our estimates and forward-looking statements may be influenced by the following factors, among others:

- the pandemic of a novel strain of coronavirus discovered in 2019 ("COVID-19") and other actual or potential epidemics, pandemics, outbreaks, or other public health crises, which could have an adverse impact on our business (see also "Risk Factors—Risk Factors Relating to BCP and our Business—Our business and results of operations could continue to be negatively impacted by the COVID-19 pandemic or other public health crises beyond our control" and "Risk Factors—Risk Factors Relating to BCP and our Business—Public health epidemics or outbreaks, including in particular the ongoing COVID-19, could adversely impact our business");
- the impact of the COVID-19 pandemic on general economic and business conditions in Peru, Latin America and globally and any restrictive measures imposed by governmental authorities in response to the outbreak;
- changes in the demand from, and the financial condition of, our customers, and competitive conditions in the markets we serve;
- changes in economic, political, social, business and other conditions in Peru and in other countries of the Latin American region;
- economic, social and political developments in Peru, including political instability, and unemployment;
- governmental interventions resulting in changes in the Peruvian economy, taxes, tariffs or regulatory environment;
- our ability to compete successfully;
- changes in our business;
- our ability to successfully implement marketing strategies;
- our identification of business opportunities;
- our ability to develop and introduce new products and services;
- changes in the cost of products and our operating costs;
- our level of indebtedness and other financial obligations;
- our ability to obtain financing on satisfactory terms;
- our ability to attract new customers;
- inflation or deflation in Peru, depreciation or appreciation of the Sol against the U.S. dollar and interest rate fluctuations;
- changes in the level of dollarization of the Peruvian economy;

- present or future changes in laws and regulations;
- our ability to maintain existing business relationships, and to create new relationships; and
- other risk factors discussed under the “Risk Factors” in this Prospectus.

The words “believe,” “may,” “may have,” “would,” “estimate,” “continues,” “anticipates,” “intends,” “hopes,” and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements refer only to the date when they were made, and we undertake no obligation to update or review any estimate or forward-looking statement due to new information, future events or any other factors. Estimates and forward-looking statements involve risks and uncertainties and do not guarantee future performance, as actual results or developments may be substantially different from the expectations described in the forward-looking statements. In light of the risks and uncertainties described above, the events referred to in the estimates and forward-looking statements included in this Prospectus may or may not occur, and our business performance and results of operation may differ materially from those expressed in our estimates and forward-looking statements, due to factors that include but are not limited to those mentioned above. Investors are warned not to place undue reliance on any estimates or forward-looking statements in making decisions regarding investment in the notes.

Neither we nor the initial purchasers undertake any obligation to update or revise any estimates or forward-looking statements, whether as a result of new information, future events or otherwise.

PRESENTATION OF FINANCIAL INFORMATION

Our annual consolidated financial statements as of and for the years ended December 31, 2019 and 2020 and our annual consolidated financial statements as of and for the years ended December 31, 2018 and 2019 included herein, (jointly referred to as the "financial statements") have been prepared and presented in accordance with generally accepted accounting principles prescribed by the SBS for financial institutions subject to supervision by the SBS ("Peruvian GAAP"). These accounting principles consist of the SBS regulations and, when there are no specific SBS regulations, the applicable International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), as approved through the resolutions issued by the Peruvian Accounting Council (*Consejo Normativo de Contabilidad*) ("CNC").

The annual consolidated financial statements as of and for the years ended December 31, 2019 and 2020 and as of and for the years ended December 31, 2018 and 2019 have been audited by Gaveglio Aparicio & Asociados S.C.R.L. ("GAA"), a member firm of PricewaterhouseCoopers International Limited, certified public accountants in Peru and independent during the correspondent audit periods. The audit report of GAA with respect to our annual consolidated financial statements included elsewhere herein concluded that such financial statements fairly present, in all material respects, the financial position and their financial performance and their cash flows for the years then ended in accordance with Peruvian GAAP, as applicable to financial institutions operating in Peru. Unless otherwise indicated, the financial information presented herein is based upon the financial statements.

Unless otherwise specified, in accordance with Peruvian GAAP, the financial statements and other financial information contained in this Prospectus are presented in consolidated form. Consolidation principles under Peruvian GAAP are based upon the concept of control and are substantially similar, requiring consolidation of all controlled entities irrespective of the sector in which they operate. Under Peruvian GAAP, an enterprise is required to consolidate special purpose entities ("SPEs") when the substance of the relationship between them indicates that the enterprise controls the SPE.

Unless otherwise specified or the context otherwise requires, references in the annual consolidated financial statements to "$," "U.S.$," "dollars" and "U.S. dollars" are to United States dollars and references to "S/," "Sol" or "Soles" are to Peruvian Soles.

For the convenience of the reader, this Prospectus presents translations of certain Sol amounts into U.S. dollars at specified rates, or the S/ to U.S.$ exchange rate. Data as of and for the period ended December 31, 2020 has been translated from Soles into U.S. dollars at a rate of S/3.621 = U.S.$1.00 (the December 31, 2020 exchange rate as published by the SBS). No representation is made that the Sol or U.S. dollar amounts in this Prospectus at any time could have been or could be converted into U.S. dollars or Soles, as the case may be, at any particular rate or at all.

Certain amounts and percentages included in this Prospectus have been rounded, and the totals presented in certain tables therefore may not be an arithmetic aggregation of the figures that precede them.

OVERVIEW OF THE PROGRAM

This overview must be read as an introduction to this Prospectus and is provided as an aid to investors when considering whether to invest in the Notes, but is not a substitute for the Prospectus. Any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including any Final Terms.

Conditions for determining price to be included in the Base Prospectus

The price and amount of Notes to be issued under the Program will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Risk Factors

There are certain factors that may affect the ability of the Issuer to fulfill its obligations under Notes issued under the Program. Such factors include liquidity, credit and event risks. In addition, there are certain factors that are material for the purpose of assessing the market risks associated with the Notes issued under the Program, including the structure of a particular issue of Notes and risks related to the market generally. See "Risk Factors" beginning on page 7.

The Notes and the Program

Issuer	Banco de Crédito del Perú
Legal Entity Identifier ("LEI")	549300EQYQ8SCQZ4BY14
Dealers..	BofA Securities, Inc. BNP Paribas Securities Corp. Citigroup Global Markets Inc. Daiwa Capital Markets America Inc. Goldman Sachs International J.P. Morgan Securities LLC Natixis Securities Americas LLC SMBC Nikko Securities America, Inc. Notes may also be issued to other dealers appointed from time to time in accordance with the Dealer Agreement.
Fiscal Agent, Non-U.S. Paying Agent, Non-U.S. Registrar, Non-U.S. Transfer Agent and Calculation Agent...	Citibank, N.A., London Branch
Luxembourg Listing Agent..	Banque Internationale à Luxembourg, S.A.
U.S. Paying Agent, U.S. Registrar, U.S. Transfer Agent and U.S. Authenticating Agent	Citibank, N.A., London Branch
Distribution..	Notes may be distributed (i) to QIBs (as defined in Rule 144A) and (ii) outside the United States to persons other than U.S. persons (as such terms are defined in Regulation S), in each case on a syndicated or non-syndicated basis, subject to the selling restrictions described under "*Transfer and Selling*

	Restrictions.”
Specified Currencies..	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms).
Maximum Amount	The aggregate principal amount of Notes outstanding at any time shall not exceed U.S.$6,000,000,000 or the approximate equivalent thereof in another currency calculated as at the issue date of the relevant Notes.
Maturities..	Notes may be issued in such maturities as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms as the stated maturity), subject to such minimum or maximum term as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency (as defined herein).
Issue Price...	Notes may be issued at an issue price which is equal to, less than or more than their principal amount, as provided in the applicable Final Terms.
Form of Notes..	Notes will be issued in either registered or bearer form as specified in the applicable Final Terms. Each Bearer Note will be represented initially by a temporary global Note, without interest coupons, or a permanent global Note, to be deposited with either a Common Safekeeper (if the global Note is intended to be issued in new global note (“NGN”) form) or a Common Depositary (if the global Note is not intended to be issued in NGN form) for Euroclear and CBL, for credit to the account designated by or on behalf of the purchaser thereof. The interests of the beneficial owner or owners in a temporary global Note will be exchangeable after the Exchange Date (as defined under “*Description of the Notes – Forms of Notes*”) for an interest in a permanent global Note to be held by either a Common Safekeeper (if the permanent global Note is intended to be issued in NGN form) or a Common Depositary (if the permanent global Note is not intended to be issued in NGN form) for Euroclear and CBL, for credit to the account designated by or on behalf of the beneficial owner thereof, or for definitive Bearer Notes or for definitive Registered Notes (as defined below), as provided in the applicable Final Terms. The interests of the beneficial owner or owners in a permanent global Note will be exchangeable for definitive Bearer Notes or for definitive Registered Notes, as provided in the applicable Final Terms. If specified in the applicable Final Terms, Notes of

	each Tranche will be in fully registered form ("Registered Notes"). The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a "Regulation S Global Note"). Prior to the expiration of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person and such Regulation S Global Note will bear a legend regarding such restrictions on transfer; *provided further* that owners of a beneficial interest in a Regulation S Global Note prior to the expiration of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes may transfer such interest (or any portion thereof) to a QIB (as defined below) pursuant to Rule 144A if the relevant QIB wishes to hold its interest through a beneficial interest in the corresponding Rule 144A Global Note (as defined below), subject to the applicable procedures of the corresponding depository. The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act ("QIBs"). The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a "Rule 144A Global Note" and, together with a Regulation S Global Note, the "Registered Global Notes"). Global Notes exchangeable for definitive Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).
Fixed Rate Notes	The Issuer will pay interest on Fixed Rate Notes on the dates specified in the applicable Final Terms. Fixed interest on Notes will be calculated on the basis of such Fixed Day Count Fraction (as defined under "Description of the Notes—Interest and Interest Rates") as may be set forth in the applicable Final Terms.
Floating Rate Notes	The Issuer will pay interest on Floating Rate Notes on the dates specified in the applicable Final Terms. Each Series of Floating Rate Notes will have one or more interest rate bases as indicated in the applicable Final Terms. Interest on Floating Rate Notes will be calculated on the basis of such Floating Day Count Fraction (as defined under "Description of the Notes—Interest and Interest Rates") as may be set forth in the

	applicable Final Terms.
Interest Period(s) or Interest Payment Date(s) for Floating Rate Notes	Such period(s) or date(s) as may be indicated in the applicable Final Terms.
Indexed Notes	Notes may be issued with the principal amount payable at maturity, or interest to be paid thereon, or both, to be determined with reference to the price or prices of specified commodities or stocks, indices, formulae or other assets or bases of reference as may be specified in such Notes and the applicable Final Terms. A separate prospectus comprising the relevant Notes and an overview document (as the case may be) will be used for the documentation of an issuance of Indexed Notes.
Redemption	The Final Terms relating to each Tranche of Notes will indicate (i) that the Notes of that Series can be redeemed prior to their stated maturity for taxation reasons, and (ii) whether the Notes of that Series can be redeemed prior to their stated maturity at the option of the Issuer and/or the Noteholders, in each case upon giving not more than 60 nor less than 10 days irrevocable notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as are indicated in the applicable Final Terms; provided, however, that Notes denominated in currencies other than U.S. Dollars may be subject to different restrictions on redemption as described in “Description of the Notes—Special Provisions Relating to Foreign Currency Notes—Minimum Denominations, Restrictions on Maturities, Repayment and Redemption.”
Denomination of Notes	Notes may be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms. If the Notes are admitted to trading on a EEA exchange or offered to the public in a Relevant Member State in circumstances which require the publication of a prospectus under the Prospectus Regulation, the minimum Specified Denomination of the Notes will be Euro 100,000 (or, if the Notes are denominated in a currency other than the Euro, the equivalent amount in such currency) or such higher amount as may be allowed or required from time to time by the relevant Central Bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.
Taxation	All payments with respect to the Notes will be made without withholding or deduction for or on account of taxes imposed by any Relevant Taxing Jurisdiction (as

	described in “Description of the Notes —Payment of Additional Amounts”), unless such withholding is required by law, in which case, subject to certain exceptions, the Issuer will generally pay Additional Amounts as described in “Description of the Notes—Payment of Additional Amounts.” See also “Taxation.”
Status of the Notes..	Each Note will be unsecured and will be either a senior or a subordinated debt obligation of the Issuer. Notes which are senior debt obligations will, other than as set forth below, rank equally in right of payment with all other unsecured and unsubordinated debt obligations of the Issuer (except as otherwise provided by applicable law). Notes which are subordinated debt obligations will rank equally in right of payment with all other subordinated debt obligations and junior in right of payment to all senior indebtedness of the Issuer (except as otherwise provided by applicable law) as specified in the applicable Final Terms, which will set forth the precise terms of such subordination. The Notes, whether senior or subordinated, will be effectively subordinated to (i) all of our secured indebtedness with respect to the value of our assets securing that indebtedness and (ii) certain direct, unconditional and unsecured general obligations that in case of our insolvency are granted preferential treatment pursuant to Peruvian law; and will be structurally subordinated to the existing and future obligations of our subsidiaries, including trade payables. See “Regulatory Environment—Intervention by the SBS and Liquidation” and “Description of the Notes—General.”
Rating	The Notes of each Tranche issued under the Program may be rated or unrated. Where the Notes of a Tranche are rated, such rating (i) will be set out in the Final Terms and (ii) will not necessarily be the same as the rating(s) assigned to the Program or to other Tranches or Series of Notes. Moreover, the Final Terms will set out whether the rating agency has been registered within the European Union. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Modification and Amendment of the Notes.................	Except for certain matters that require unanimous consent of the holders of each Note of any Series directly and adversely affected thereby, the Fiscal Agency Agreement and the terms and conditions of the notes of a Series may be modified or amended (and future compliance therewith or past Events of Default may be waived) by holders of a majority in aggregate principal amount of the Notes of such Series or, in each case, such lesser amount as shall have acted at a

	meeting of holders of such Notes. See "Description of the Notes—Modification of Fiscal Agency Agreement and Notes." Notes owned by the Issuer or any of its affiliates shall not be deemed to be outstanding for purposes of making any modification or amendment of the Notes of such Series.
Listing and Admission to Trading	Except for the Indexed Notes which will not be listed on the Luxembourg Stock Exchange or admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange, each Series of Notes may be listed on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and/or listed or admitted to trading on or by such other or additional stock exchange(s), competent authority(ies) and/or market(s) or may be unlisted, in each case as specified in the applicable Final Terms. See "Transfer and Selling Restrictions."
Clearing System...	As specified in the applicable Final Terms.
Governing Law	New York law.
Selling Restrictions..	The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States to, or for the account or benefit of, U.S. persons except in accordance with Rule 144A or outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act or pursuant to another exemption from the registration requirements of the Securities Act. In addition, Notes issued in bearer form are subject to U.S. tax law requirements. For a description of certain restrictions on offers, sales and deliveries of Notes in the United States, the EEA, Australia, Canada and certain other jurisdictions, see "Transfer and Selling Restrictions."
Risk Factors	Prospective purchasers of the Notes should consider carefully all of the information set forth in this Prospectus or any supplement hereto and, in particular, the information set forth under the caption "Risk Factors" beginning on page 7.

RISK FACTORS

An investment in the Notes is subject to risks and uncertainties. You should carefully consider the risks described below, in addition to the other information contained in this Prospectus and in any supplement thereto, before deciding whether to purchase the Notes. Realization of any of these risks could have a material adverse effect on our business, financial condition, cash flows and results of operations or could materially and adversely affect the value or liquidity of the Notes and result in the loss of all or part of your investment in the Notes. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect us, which could also result in the loss of all or part of your investment in the Notes.

Risk Factors Relating to BCP and our Business

Our business and results of operations could continue to be negatively impacted by the COVID-19 pandemic or other public health crises beyond our control.

The COVID-19 pandemic exposes the Peruvian economy and our result of operations to significant risks. Due to the nature of the outbreak, strong measures to mitigate COVID-19 contagion have been taken by governments all around the world, which include closed international borders and severe mobility restrictions (quarantines). As a result, global GDP is estimated to contract severely in 2020 (lowest since the Great Depression of 1929), which affects Peru's main trade partners, including China and the United States. Moreover, Peru's exports prices will also be affected due to lower global demand.

As a result of COVID-19, the Peruvian economy has been and will continue to be severely disrupted by two factors: (i) the effects on the international economic environment (economic growth of Peru's main trade partners like China and the United States, as well as lower commodity prices), and (ii) the local effect of government measures to stop the COVID-19 pandemic.

In response, the President of Peru decreed a state of emergency on March 16, 2020, and ordered a general lockdown across the country. Minor exceptions were made for key sectors (such as food supply, health, and banking). The lockdown was initially established for 15 calendar days, but was extended on several occasions, to last until June 30, 2020, for a total of 107 calendar days.

On July 1, 2020, a country-wide lockdown as a result of the COVID-19 pandemic was lifted and non-essential businesses gradually reopened. However, as a result of a subsequent increase in the number of COVID-19 cases across Peru, lockdowns were reinstated on January 27, 2021 in certain "high alert" regions until February 28, 2021. Peru's international borders remained closed until October 1, 2020 and certain restrictions on international flights remain in place as of the date hereof.

In response to the major sanitary and economic shock from COVID-19, the Peruvian Ministry of Finance, the Peruvian Central Bank and the Peruvian Congress have announced and are implementing a package of measures to mitigate and stimulate the economy, equivalent to approximately 20% of GDP. The measures enacted include tax relief, public spending, access to private savings (pension fund accounts and severance indemnity deposits), and government-backed liquidity programs. Nevertheless, Peru's response to the COVID-19 pandemic has been hampered by the relatively low quality of its healthcare system compared to neighboring countries. However, Peru's economy is steadily improving, which is demonstrated by the recovery of the GDP to December 2019 levels (whereas in April 2020 there had been a 39% annual decrease) driven, among other factors, by an increase in copper prices (4.0 U.S.$/lb in February 2021 compared to 2.1 U.S.$/lb in March 2020). Other signs of the ongoing economic recovery in Peru include the increase in energy demand to 4,229 GWh in January 2021 (compared to 2,864GWh in April 2020), and the increase in the internal cement consumption index to 231 in January 2021 (compared to three in April 2020). However, there can be no assurance that Peru's GDP will continue to recover at the same rate or at all.

The extent to which the COVID-19 pandemic and governmental responses to it may impact our operations, liquidity, financial condition, and results of operations will depend on future developments, including, but not limited to, the duration and spread of the pandemic, its severity, the actions to contain the disease or treat its impact, and the duration, timing and severity of the impact on financial markets and the financial condition of our clients and the availability of a vaccine, all of which are highly uncertain and cannot be predicted. We will continue to closely monitor and evaluate the nature and extent of the impact of COVID-19 on our operations, liquidity, financial condition, results of operations and prospects. We may also take further actions to change the way we operate, as may be required the authorities, or that we determine are in the best interests of our employees and clients.

We have endeavored to prioritize the health and safety of our employees, clients and business partners, and have sought to comply with the recommendations of the Peruvian government. The health and wellbeing of our clients and employees is and always has been our priority. We have implemented a series of measures focused on ensuring the safety and health of our employees and clients, and refocused our communication programs.

Because the COVID-19 pandemic is ongoing and because its duration, severity and negative impact on Peru and other economies are unclear, it is difficult to forecast any impact on our future operations and results. Further, the impact of governmental regulations that might be imposed in response to the new developments resulting from the COVID-19 pandemic or to prevent future pandemics, potential changes in client behavior and the deterioration in the economic conditions in Peru, are expected to continue affecting our operations and results for an undetermined period.

If the COVID-19 pandemic continues to adversely affect the global economy and/or adversely affect our business, financial condition, liquidity or results of operations, it may also increase the likelihood and/or magnitude of other risks described in this "Risk Factors" section.

A significant deterioration in the quality of our loan portfolio may have an adverse effect on our business, financial condition and results of operations.

Given that a significant percentage of our income is related to lending activities, a significant deterioration of loan quality would have a material adverse effect on our business, financial condition and results of operations. We are subject to concentration default risks in our loan portfolio. Problems with one or more of our largest borrowers may adversely affect our financial condition and results of operations. As of December 31, 2020, the aggregate outstanding principal amount of our 20 largest borrowing relationships represented approximately 15.7% of our total consolidated direct loan portfolio (compared to 16.3% as of December 31, 2019). While loan portfolio risk associated with lending to certain economic sectors or clients in certain market segments can be mitigated through adequate diversification, our pursuit of opportunities, in which we can charge higher interest rates, and thereby increase revenue, may reduce diversification of our loan portfolio and expose us to greater credit risk.

In addition, loan concentration in commercial sectors is particularly salient in Peru and significant deterioration in such sectors may have a material adverse effect on our business, financial condition and results of operations. Our current strategy includes increasing our exposure to market segments with heightened credit risk, including middle-market and consumer segments, such as unsecured small companies and consumer loans and consumer mortgages, which have higher risk profiles as compared to loans to large corporate customers. Given the changing composition of our loan portfolio and possible adverse changes in the environment in which we operate, our future results may differ significantly from our past results.

We face strong competition from existing and new competitors in our markets, which may put pressure on our margins and reduce our profitability.

We have experienced increased competition, which has put pressure on our margins. Competition comes primarily from highly liquid multinational commercial banks with innovative technology and marketing resources, and from local pension funds that lend to our corporate customers through the capital markets. We have also experienced an increase in competition from financial companies and microfinance entities. In addition, larger Peruvian companies have gained access to new sources of funding, through local and international capital markets, and our traditional, existing and new competitors have increasingly made inroads into the higher-margin middle-market and retail banking sectors. Such increased competition, with entrants who may have greater access to capital at lower costs, has affected the growth of our loan portfolio and reduced the average interest rates that we are able to charge our customers.

As of December 31, 2020, the Peruvian financial system was composed of 60 financial institutions, including 16 commercial banks, 10 financial companies, 12 municipal and 7 rural savings and loan associations (*cajas*), 10 small-business development non-bank institutions, one leasing company and the following four state-owned financial institutions (not including the Peruvian Central Bank), Banco de la Nación, Agrobanco, Corporación Financiera de Desarrollo S.A. – Cofide ("Cofide") and Fondo Mivivienda S.A. ("Mivivienda"). As of December 31, 2020, the Peruvian financial sector also included 18 insurance companies and four private pension fund administrators.

Increased competition may affect our loan growth and reduce the average interest rates that we charge our customers. Competitors may also dedicate greater resources to, and be more successful in, the development of technologically advanced products and services that may compete directly with our products and services. Such competition would adversely affect the acceptance of our products and/or lead to adverse changes in the spending and saving habits of our customer base. If competing entities are successful in developing products and services that are more effective or less costly than the products and services developed by us, our products and services may be unable to compete successfully. We may not be able to maintain our market share if we are not able to match our competitors' loan pricing or keep pace with their development of new products and services. Even if our products and services prove to be more effective than those developed by other entities, such other entities may be more successful in marketing their products and services than us because of their greater financial resources, higher sales and marketing capacity or other similar factors.

As a result of Peru's economic growth prior to the onset of the COVID-19 pandemic, which has outpaced growth by nearby countries, several foreign banks have sought and obtained authorization to open representative offices in Peru. With the increased competition, more individuals will have access to credit, and the percentage of the population using banking services will likely climb. This will eventually cause downward pressure on interest rates. Any negative impact on us as a result of increased competition could have a material adverse effect on our results of operations and financial condition.

Our allowances for impairment losses may not be adequate to cover the future actual losses to our loan portfolio.

We record allowances for impairment losses on loans and other assets. The amount of allowances we record is based on our current assessment of and expectations concerning various factors affecting the quality of our loan portfolio and follows SBS guidelines. These factors include, among other things, our borrowers' financial condition, repayment abilities and repayment intentions, the realizable value of any collateral, the prospects for support from any guarantor, Peru's economy, government macroeconomic policies, interest rates and the legal and regulatory environment. Many of these factors are beyond our control. In addition, as these factors evolve, the models we use to determine the appropriate level of allowance for impairment losses on loans and other assets require recalibration, which can lead to increased provision expense. We believe our allowance is adequate as of the date hereof for all known losses. If our assessment of and expectations concerning the above mentioned factors differ from actual developments, or if the quality of our loan portfolio deteriorates or the future actual losses exceed our estimates, our allowance for impairment losses may not be adequate to cover actual losses and we may need to make additional provisions for impairment losses, which may materially and adversely affect our results of operations and financial condition.

Our operations are supervised and regulated by the SBS and the Peruvian Central Bank, which may take actions that could adversely affect our business, financial condition and results of operations.

Our operations are supervised and regulated by the SBS and the Peruvian Central Bank. The Peruvian Constitution and the *Ley General del Sistema Financiero y del Sistema de Seguros y Orgánica de la Superintendencia de Banca y Seguros* approved by Law No. 26702 ("Peruvian Banking Law") grant the SBS the authority to oversee and control banks and other financial institutions. The SBS and the Peruvian Central Bank have general administrative responsibilities over us, including authority to set loan loss provisions, capitalization and deposit reserve requirements. In past years, and recently, the Peruvian Central Bank has, on numerous occasions, changed the deposit reserve requirements (*encaje*) applicable to Peruvian commercial banks and both the rate of interest paid on deposit reserves and the amount of deposit reserves on which no interest is payable by the Peruvian Central Bank. Also, we could be required to increase our level of provisions in response to pro-cyclical provisioning requirements that could be activated by regulators under certain favorable macroeconomic conditions. The criterion that triggers the pro-cyclical provisions is not currently fulfilled. We cannot predict whether the current or any future chairman of the SBS will implement changes in policies or regulations affecting financial institutions such as us. Potential changes in bank supervision and regulation may adversely affect our business, financial condition and results of operations. For a more detailed description of Peruvian banking regulations, see "Regulatory Environment."

We engage in transactions with certain related parties that could result in conflicts of interest.

Certain parties related to us have been involved, directly or indirectly, in credit transactions with us. In accordance with the Peruvian Banking Law, related parties include directors, principal executive officers and holders that own, directly or indirectly, more than 4% of our shares, and companies controlled (for purposes of the Peruvian Banking Law) by any of them. Under the Peruvian Banking Law, all loans to related parties must be made on terms no more favorable than those offered to third parties. The SBS regulates and closely monitors related-party transactions and establishes a limit on aggregate related-party transactions equivalent to 30% of a bank's regulatory capital. Our related-party exposure, on an unconsolidated basis, equaled 19.78%, 11.78% and 14.34% of our regulatory capital, as of December 31, 2018, December 31, 2019 and December 31, 2020, respectively. Additionally, as of December 31, 2020, loans and other credits to our employees on a consolidated basis amounted to S/1,062.1 million (U.S.$293.3 million).

We believe we are in compliance with all related-party transaction requirements imposed by the Peruvian Banking Law and the SBS. Although we intend to continue entering into transactions with related parties on terms similar to those that would be offered by or to an unaffiliated third party, such financial transactions create the potential for, or could result in, conflicts of interest. For further information on our transactions with related parties, see "Related Party Transactions."

A depreciation of the Sol may adversely affect our business, financial condition and results of operations.

The Peruvian economy is dollarized to a degree and over the past decade the dollar exchange rate has been stable relative to other Latin American countries. As a result, a significant portion of our assets and liabilities and those in the Peruvian financial system are denominated in U.S. dollars. However, a depreciation of the Sol could present a risk to us and a systematic risk to the Peruvian financial system. On an unconsolidated basis, 28.6% and 35.4% of our direct loans to clients were denominated in U.S. dollars, as of December 31, 2020 and 2019, respectively. As of December 31, 2020, the proportion of U.S. dollar-denominated loans in the Peruvian financial system was 22.3%; compared to 26.0% as of December 31, 2019. If there were to be a depreciation of the Sol, it would be more difficult for our clients with income denominated in Soles to repay their U.S. dollar-denominated loans (in particular mortgages and other loans of retail customers). An increased credit default by our customers would have a negative effect on our revenues. Depreciation is a systemic risk.

On an unconsolidated basis, 42.1% and 45.7% of our deposits were denominated in U.S. dollars, as of December 31, 2020 and 2019, respectively. According to the SBS, as of December 31, 2020, 34.6% of the deposits in the Peruvian financial system were denominated in U.S. dollars, compared to 35.2% as of December 31, 2019. The risk from this "dollarization" of deposits derives from the financial system's potential need for U.S. dollars to pay for deposits, which would require the Peruvian Central Bank to provide U.S. dollars to the banks. In the past, during periods of political turmoil or uncertainty, such as the run-up to presidential elections in 2016, we have experienced temporary shifts in the currency mix of our deposit base from Soles or U.S. dollars. However, Peru's foreign reserves currently compare favorably with those of many other Latin American countries, though a reduction in the level of foreign reserves would impact the country's ability to meet its foreign currency-denominated obligations. A decline in Peruvian foreign reserves to inadequate levels, among other economic circumstances, could lead to currency depreciation or volatility in short-term capital inflows. As of December 31, 2020, according to the Peruvian Central Bank, Peruvian reserves were U.S.$74.7 billion and, according to the SBS, U.S. dollar-denominated deposits in the Peruvian financial system as of December 31, 2020 were U.S.$35.0 billion.

As of December 31, 2018, 2019 and 2020 the difference between our U.S. dollar-denominated assets and U.S. dollar-denominated liabilities (including off-balance sheet positions) was positive. This positive difference reduces our direct exposure to a depreciation of the Sol but, at the same time, exposes us to translation losses if the Sol appreciates. We cannot assure you that this asset-liability position will be maintained or that a depreciation of the Sol will not have a direct or indirect negative effect on us, on our equity and/or on the quality of our assets.

Peru has corporate disclosure and accounting standards different from those with which you may be familiar.

Securities disclosure requirements in Peru differ from those in the United States. Accordingly, the information about us, a non-U.S. SEC reporting company, available to you may not be the same as the information available to security holders of a U.S. company or a foreign private issuer that is required to file reports with the SEC in the

United States. This is the case despite the fact that our ultimate parent company, Credicorp Ltd. ("Credicorp"), files reports with the SEC.

There are also significant differences between Peruvian and U.S. accounting and financial reporting standards. The annual consolidated financial statements contained herein have been prepared in accordance with Peruvian GAAP and they differ from financial statements prepared in accordance with IFRS, as adopted by the IASB, and those prepared in accordance with the United States generally accepted accounting principles ("U.S. GAAP"). We have not prepared a quantitative reconciliation of the specific differences among Peruvian GAAP, IFRS, and U.S. GAAP. In addition, we cannot estimate the net effect that applying IFRS, or U.S. GAAP would have on our consolidated results of operations or consolidated financial position or any component thereof. The effect of such differences may be, individually or in the aggregate, material, and in particular, as a result of such differences, various items including but not limited to, total shareholders' equity might be materially different if reported under IFRS or U.S. GAAP. Differences in the presentation of the financial statements, as well as differences in the information provided in the footnotes to the financial statements, have not been reported.

The regulatory assessment of our operational risk management system may result in additional regulatory capital requirements and have an adverse effect on our business, financial condition and results of operations.

In September 2020, the SBS issued SBS official letter No. 26890-2020 in which, based on an assessment of our operational risk management system, it decided that we did not comply in full with the requirements for the use of the alternative standardized approach ("ASA") for measuring operational risk. As a result, in November 2020, our capital requirements to cover operational risk were increased by an amount equal to 25% of the difference between the requirements estimated using the basic indicator approach and the ones using ASA, amounting to S/123.9 million in additional requirements. If SBS continues to consider that we do not comply with its operational risk assessment, our operational capital requirements could continue to increase further in the future, which could have a material adverse effect on our business, financial condition and results of operations.

Our operations require the maintenance of our banking and other licenses and any noncompliance with our license and reporting obligations could have an adverse effect on our business, financial condition and results of operations.

All banking operations in Peru require licensing by the SBS. We currently have the necessary licenses to conduct all of our banking and other operations in Peru. Although we believe we are currently in compliance with our existing material license and reporting obligations to the SBS and other Peruvian governmental authorities, we cannot assure you that we will be able to maintain the necessary licenses in the future. The loss of a license, a breach of the terms of our licenses or a failure to obtain any further required licenses in the future could have a material adverse effect on our business, financial condition and results of operations.

A failure, interruption in or breach of our information technology systems could have an adverse effect on our business, financial condition and results of operations.

We rely heavily on our information technology systems to conduct our business. Any failure, interruption or breach in the security of these systems could result in failures or interruptions in our risk management, general ledger, deposit servicing, loan organization and/or other important systems. If our information technology systems fail, even if for a short period of time, we may be unable to serve some or all of our customers' needs on a timely basis and may lose business as a result. Likewise, a temporary shutdown of our information technology systems could result in additional costs required for information retrieval and verification. In addition, failure to update and develop our existing information technology systems as effectively as our competitors may result in a loss of the competitive advantages that we believe our information technology systems currently provide.

Although we have an information technology ("IT") infrastructure and professionals managing IT operations, our risk exposure could be significant. We are still vulnerable to failure of our operational systems. This could temporarily interrupt our business, increasing our costs and causing losses. Temporary interruptions or failures in hardware and software that support our business and customers' transactions could result in regulatory fines, penalties, and reputational loss.

We have not experienced any material losses related to cyber-attacks or operational stability. We are continuously working and investing resources in maintaining and updating control processes in order to prepare and adapt to new technologies. We have a policy of maintaining an investment protection program to ensure we have the technologies and processes we need to keep operations and assets safe. However, our use of the Internet and telecommunications technologies to conduct financial transactions, as well as the increased sophistication and activities of organized criminals, hackers and other external parties can impact the confidentiality, integrity and availability of critical information.

Our interest-earning assets and the interest rates we pay on our interest-bearing liabilities could be adversely affected by a volatility in interest rates or exchange rates, which could have an adverse effect on our business, financial condition and results of operations.

The interest rates we earn on our interest-earning assets and the interest rates we pay on our interest-bearing liabilities could be affected differently by changes in domestic and international market interest rates and by exchange rates because the Peruvian economy remains highly dollarized although there has been a de-dollarization trend in recent years. This difference could result in an increase in financial expense relative to financial income, which would reduce our net financial income. See "Business— Corporate Governance of Risk Management." Furthermore, an increase in interest rates may reduce the demand for our loans and our ability to originate loans. A decrease in the general level of interest rates may affect us through, among other things, increased pre-payments on our loan portfolio and increased competition for deposits. Interest rates are highly sensitive to many factors beyond our control, including monetary policies and domestic and international economic and political conditions.

In addition, on July 27, 2017, the UK Financial Conduct Authority (the "FCA") announced its intention to phase out most LIBOR rates by December 31, 2021. Since then, the FCA and other official sector bodies have strongly advised end-users of the need to transition from LIBOR by this date and the IBA has engaged with end-users, panel banks, the FCA and other official sector bodies regarding the potential for continuing certain widely-used LIBOR settings after December 31, 2021.

As a result of the most recent IBA consultation, on March 5, 2021, the IBA announced that it will cease publication of most LIBOR settings on December 31, 2021, with the exception of U.S. dollar LIBOR setting for overnight and 1, 3, 6 and 12 month periods, which shall continue to be published until June 30, 2023. The FCA has advised IBA that it has no intention of requiring it to publish any LIBOR settings beyond the intended cessation dates for such settings. Therefore, once LIBOR is no longer available, we may have increased costs of lending or the applicable alternative rate may translate into lower interest rates from borrowers. Further, we will need to renegotiate certain outstanding credit agreements with a maturity date past the applicable LIBOR cessation date that utilize LIBOR as a factor in determining the interest rate to replace LIBOR with an alternative rate. It is not possible to predict the effect that any such changes in the methods to determine LIBOR or any replacement therefor, or any other reforms to LIBOR that may be enacted in the United Kingdom, the European Union or elsewhere may have on our loan portfolio.

If we are unable for any reason to re-price our assets and liabilities in an expedited or effective manner or if interest rates rise as a result of economic or other reasons and our assets are not appropriately match-funded, our financial income margins may be affected. While we have implemented several policies to manage interest rate risk exposure, we cannot assure you that such measures would be adequate to address any volatility in market interest rates, which could have a material adverse effect on our business, financial condition and results of operations.

Our trading activities expose us to volatility in market prices, declines in market liquidity or fluctuations in foreign currency exchange rates, which may result in losses that could have a material adverse effect on our business, financial condition and results of operations.

As part of our treasury operations, we trade various financial instruments and other assets, including equity, fixed income, currency and related derivatives as both agent and principal, and we derive a portion of our non-financial income from trading revenues. Our Market Risk Committee and Asset and Liability Committee set position limits for local and foreign currency-denominated securities in accordance with our overall risk management policy as well as the requirements of the SBS. However, we are exposed to numerous factors that are beyond our control, including overall market trading activity, interest rate levels, the credit risk of our counterparties and general market volatility. In addition, a significant portion of our trading activity is related to customer transactions and we may still be exposed to a number of risks related to the movement of market prices in the underlying instruments, including the risk of unfavorable market price movements relative to our long or short positions, a decline in the market liquidity of the related instruments, volatility in market prices, interest rates or foreign currency exchange rates relating to these positions and the risk that the instruments with which we hedge certain positions do not track the market value of those positions. If we incur any losses from these exposures, it would reduce our trading activity revenues or cause us to suffer losses from trading activities, either of which could have a material adverse effect on our business, financial condition and results of operations.

We are susceptible to fraud by employees or outsiders, unauthorized transactions by employees and other operational errors, and the failure of our system of internal controls to discover and rectify such matters could have a material adverse effect on our business, financial condition and results of operations.

As are other financial institutions, we are susceptible to, among other things, fraud by employees or outsiders, unauthorized transactions by employees and other operational errors (including clerical or record keeping errors and errors resulting from faulty computer or telecommunications systems). Given a high volume of transactions that may occur at a financial institution, errors could be repeated or compounded before they are discovered and rectified. In addition, a number of our banking transactions are not fully automated, which may further increase the risk that human error or employee tampering will result in losses that may be difficult to detect quickly or at all. While we believe that we maintain a system of internal controls designed to monitor and control operational risk, we cannot assure you that our system of internal controls will be entirely effective. Losses from the failure of our system of internal controls to discover and rectify such matters could have a material adverse effect on our business, financial condition and results of operations.

Our anti-money laundering and anti-terrorist financing measures might not prevent third parties from using us as a conduit for such activities and could damage our reputation or expose us to fines, sanctions or legal enforcement, which could have a material adverse effect on our business, financial condition and results of operation.

We believe that we are in compliance with applicable anti-money laundering and anti-terrorist financing laws and regulations and have adopted various policies and procedures, including internal controls and "know-your-customer" procedures, aimed at preventing money laundering and terrorist financing. We believe that our anti-money laundering policies and procedures are based upon, and are in compliance in all material respects with, the applicable provisions of Peruvian law. In addition, as we also rely on our correspondent banks having their own appropriate anti-money laundering and anti-terrorist financing procedures, we employ what we believe are commercially reasonable procedures for monitoring our correspondent banks. However, such measures, procedures and compliance may not be completely effective in preventing third parties from using us (and our correspondent banks) as a conduit for money laundering (including illegal cash operations) or terrorist financing without our (and our correspondent banks') knowledge. If we were to be associated with money laundering (including illegal cash operations) or terrorist financing, our reputation could suffer and/or we could become subject to fines, sanctions or legal enforcement (including being added to any "blacklists" that would prohibit certain parties from engaging in transactions with us), which could have an adverse effect on our business, financial condition and results of operation.

Acquisitions and strategic partnerships may not perform as expected, which could have an adverse effect on our business, financial condition and results of operation.

Acquisitions and strategic partnerships may not perform as expected since our assessment could be based on assumptions with respect to operations, profitability and other matters that may subsequently prove to be incorrect. Future acquisitions, investment and alliances may not produce the anticipated synergies or perform in accordance with our expectations, which could have an adverse effect on our business, financial condition and results of operation.

We are subject to risks related to litigation and administrative proceedings that could adversely affect our business and financial performance in the event of an unfavorable ruling.

The nature of our business exposes us to litigation relating to product liability claims, labor, health and safety matters, regulatory, tax and administrative proceedings, governmental investigations, tort claims and contract disputes. Litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome among other matters. Currently, as in the past, we are subject to proceedings or investigations of actual or potential litigation. Although we establish provisions as we deem necessary, the amounts that we reserve could vary significantly from any amounts we actually pay due to the inherent uncertainties in the estimation process. We do not believe the results of our ongoing litigations will have a material adverse effect on our business, financial condition or results of operations, but cannot assure you that any legal proceedings, including any that may arise in the future, will not harm our reputation, adversely affect our ability to conduct our business in the manner that we expect, or require us to pay fines, which could adversely affect our results of operation in case of an unfavorable ruling. See “Business— Legal Proceedings” and “Regulatory Matter— Recent Regulatory Actions.”

We are subject to anti-corruption, anti-bribery, anti-money laundering and antitrust laws and regulations in Peru and other countries. Our violations of any such laws or regulations could have a material adverse impact on our reputation and results of operations and financial condition.

We are subject to anti-corruption, anti-bribery, anti-money laundering, antitrust and other international laws and regulations and are required to comply with the applicable laws and regulations of Peru and certain other jurisdictions. In addition, we are subject to economic sanctions regulations that restrict our dealings with certain sanctioned countries, individuals and entities. There can be no assurance that our internal policies and procedures will be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by our affiliates, employees, directors, officers, partners, agents and service providers or that any such persons will not take actions in violation of our policies and procedures. Any violations by us of anti-bribery and anti-corruption laws or sanctions regulations could have a material adverse effect on our business, reputation, results of operations and financial condition.

We depend on our retention of certain key personnel and on our ability to hire additional key personnel and maintain good labor relations.

We depend on our executive officers and key employees. In particular, our senior management has significant experience in the banking, financial services and pension fund management businesses, and the loss of any of our executive officers, key employees or senior managers could negatively affect our ability to execute our business strategy. We depend on our continuing ability to identify, hire, train and retain other qualified sales, marketing and managerial personnel. Competition for such qualified personnel is intense and we may be unable to attract, integrate or retain qualified personnel at levels of experience or compensation that are necessary to sustain or expand our operations. Our businesses could be materially and adversely affected if we cannot attract these necessary personnel.

Risks not contemplated in our insurance policies may affect our results of operation.

We maintain insurance in amounts that we believe to be adequate to cover risks related to our operations including, among others, general banking liability insurance for our business, general professional liability for services we provide, general directors and officers liability for our directors and executives and general liability against fraudulent activity. However, it is possible that the terms and conditions of the insurance policies we have will not cover a specific event or incident or that our insurance will cover only part of the losses that we may incur.

If any uninsured events occur with respect to a significant portion of our operations, such lack of coverage could have a material adverse effect on our financial conditions and results of operations. Additionally, if we are unable to renew our insurance policies from time to time or losses or other liabilities occur that are not covered by insurance or that exceed our insurance limits, we could be subject to significant unexpected additional costs which could adversely affect our business.

Risk Factors Relating to Peru

Peru may experience political, social or economic problems that could affect our business, financial condition and results of operations.

The vast majority of our operations is conducted in Peru and is dependent upon the performance of the Peruvian economy. As a result, our business, financial position and results of operations may be affected by the general conditions of the Peruvian economy, price instability, inflation, interest rates, regulation, taxation, social instability, political unrest and other developments in or affecting Peru, over which we have no control.

Our banking and other businesses are significantly dependent upon our customers’ ability to make payments on their loans and meet their obligations with us. Declining economic activity in the Peruvian economy, the depreciation of the Sol and increases in inflation or domestic interest rates may reduce our customers’ ability to repay loans when due or to meet their other debt service requirements, which would increase our past-due loan portfolio and could materially reduce our net earnings and capital levels. In the past, Peru has experienced periods of weak economic activity and deterioration in economic conditions. We cannot assure you that such deterioration will not occur, nor that such a recurrence would not have a material and adverse effect on our business, financial condition or results of operations.

During the past 20 years Peru has experienced a period of relative economic stability as compared to the period between 1980 and 2000. Peru's gross domestic product ("GDP") growth rates, low inflation, and external surplus reflect, in part, the strength of Peru's economic fundamentals. However, a deterioration of the global economy or a sharp decrease in commodity prices may adversely affect Peru's economy. In addition, an economic contraction or weak economic growth in Peru's trading partners may have an adverse effect on Peru. Despite Peru's ongoing economic growth and stabilization, the social and political tensions and high levels of poverty and unemployment continue. Future government policies to preempt or respond to social unrest could include, among other things, the suspension of the enforcement of creditor's rights and new taxation policies. There can be no assurance that Peru will not face political, economic or social problems in the future or that these problems will not interfere with our ability to service our indebtedness.

Our financial condition and results of operations may also be adversely affected by changes in Peru's political climate to the extent that such changes affect the nation's economic policies, growth, stability, outlook or regulatory environment. In addition, economic and political developments in other countries in Latin America, such as Argentina, Bolivia, Brazil, Ecuador, Colombia and Venezuela may have an adverse effect on other countries in the region, including Peru.

Peru has a long history of political instability that includes military coups and a succession of regimes that featured significant government intervention in the economy. The governments that have been elected since 2001 are those of Alejandro Toledo, from 2001 to 2006; Alan Garcia, from 2006 to 2011; Ollanta Humala from 2011 to 2016; and Pedro Pablo Kuczynski, whose term began in 2016, but who resigned the Peruvian presidency on March 21, 2018. After an orderly transition, former vice president Martin Vizcarra became the President of Peru.

On September 2019 after the executive branch was denied a vote of confidence (*cuestión de confianza*) for a second time, President Vizcarra took executive action to dissolve the Peruvian Congress and called for new parliamentary elections that took place on January 26, 2020.

On October 20, 2020, a group of 27 congressmen (out of a total of 130 congressmen) introduced a motion to hold new impeachment proceedings against President Vizcarra, in accordance with section 113.2 of the Political Constitution of Peru, as a result of allegations that President Vizcarra received illicit payments from construction companies when he was the governor of Moquegua (between 2011 and 2014). On November 2, 2020, the Peruvian Congress admitted the motion (with the affirmative vote of 60 congressmen) to hold new impeachment proceedings. On November 9, 2020, with the affirmative vote of the required qualified members of the Peruvian Congress, the impeachment of President Vizcarra was approved. The current rules of succession require for the first vice president to assume office as acting president; in case of vacancy of the office of the first vice president, for the second vice president is set to assume such position; and in case the office of both the first and second vice presidents are vacant, the president of the Congress is set to assume such position. Since 2016, when Martin Vizcarra assumed the presidency as first vice president, and the former second vice president, Mercedes Araoz, resigned, the offices of the first and second vice presidents of Peru have been vacant. Therefore, in accordance with the aforementioned rules of succession, on November 10, 2020, the then-president of the Congress, Manuel Arturo Merino de Lama, assumed as acting president, which led to political and social unrest followed by multiple protests across the country. On November 15, 2020, Manuel Arturo Merino de Lama resigned to his position of acting president. In accordance with Peruvian Congress regulations and the aforementioned rules of succession, congressman Francisco Rafael Sagasti Hochhausler was elected new president of the Peruvian Congress and took office as President of the Republic of Peru on November 17, 2020, through July 28, 2021. Currently, President Sagasti's administration is seen as legitimate by the Peruvian public. However, should President Sagasti or any official of his administration become involved in corruption investigations or other scandals, popular support for his government and policies may be adversely affected and result in additional disruption to Peru's political landscape. There can be no assurance that future developments in or affecting the Peruvian political situation, including economic, social or political instability in Peru, will not result in material and adverse effects on our business, financial condition or results of operations.

Policy changes by current and future administrations may adversely affect us.

The current Peruvian Congress is fragmented and in the context of the upcoming general elections, has a populist and unpredictable policy-making agenda.

Peru is currently scheduled to hold a general election in April 2021 to elect a new President and new members of the Peruvian Congress. This election increased the uncertainty surrounding the Peruvian economy. In the context of the upcoming general elections, there is a risk of: (i) the election to the executive and/or legislative branches of certain political parties with more radical and autocratic tendencies; (ii) the election of certain populist representatives to the Peruvian Congress; and (iii) unpredictable policy-making, which could have a negative impact on existing policies. In the past, governments have imposed controls on prices, exchange rates, local and foreign investment and international trade, restricted the ability of companies to dismiss employees, expropriated private sector assets and prohibited the remittance of profits to foreign investors. We cannot be certain whether the Peruvian government to be elected in 2021 will continue to pursue business-friendly and open- market economic policies that stimulate economic growth and stability. Any changes in the Peruvian economy or the Peruvian government's economic policies may have a negative effect on our business, financial condition and results of operations. Any such developments could have a material adverse effect on our business, financial condition or results of operations.

The Peruvian Central Bank may impose limits to our interest rates

On March 11, 2021, the Peruvian Congress approved a law by 'insistence' (a mechanism that allows Congress to override a veto by the executive branch), which will enable the Peruvian Central Bank to set the maximum and minimum interest rates that can be charged by financial institutions on their consumer and small and micro companies loan portfolios. This new law will enter into effect the next day after its publication. Until now, financial institutions were not subject to any limits on the interest rate they charged or paid on their transactions. In addition to the above, the new law will prohibit capitalization of interest rates and will impose additional rules that financial institutions have to comply with in order to charge service fees to their customers. The executive branch, the SBS, the Peruvian Central Bank and several private sector organizations (such as *Asociación de Bancos del Perú* – Asbanc, the Peruvian bank's organization, and *Asociación de Instituciones de Microfinanzas del Perú* – Asomif, the Peruvian microfinance organization) have issued public statements opposing to the aforementioned law; further, the executive branch announced its intention to challenge the constitutionality of this law before the Peruvian Constitutional Court. However, we cannot rule out that the Peruvian Central Bank may exercise the attribution to set a limit on the interest rates we charge, which could have an adverse impact on our business, financial condition or results of operations.

Corruption and ongoing corruption investigations may hinder the growth of the Peruvian economy and have a negative impact on our business and results of operations.

Peruvian authorities are currently conducting several high profile corruption investigations relating to the activities of certain Brazilian companies such as Odebrecht and their Peruvian partners in the construction and infrastructure sectors, which have resulted in suspension or delay of important infrastructure projects that were previously ongoing. In 2018, Peru suffered one of its worst institutional crises since 2000 due in part to the resignation of former President Pedro Pablo Kuczynski, several corruption scandals involving prominent members of the judicial system and the public ministry who are now facing prosecution, and the fragmentation of the most prominent political party in Congress. We expect that, due to the cooperation agreement signed between the Peruvian government and Odebrecht in 2019, additional investigations and corruption scandals may arise. We cannot predict how these or future corruption scandals and investigations may affect the Peruvian economy and indirectly have a material adverse effect on our business, financial condition and results of operations.

Peru has a history a domestic terrorism and social conflict that could affect our business, financial condition and results of operations.

Peru has a history of domestic terrorism. Between the late 1970s and the early 1990s, both Shining Path (*Sendero Luminoso*) and MRTA (known by its Spanish acronym, *Movimiento Revolucionario Túpac Amaru*) conducted a series of terrorist attacks that caused thousands of casualties and affected normal political, economic and social activities in many parts of the country, including Lima, the capital. In 1992, the leader of Shining Path, Abimael Guzmán, was captured and later sentenced to life in prison (a new trial affirmed the sentence in 2006). Most other members of Shining Path, as well as MRTA, were also captured and sentenced to prison terms by the end of the 1990s. However, in late 1996 a group of MRTA members stormed the residence of Japan's Ambassador to Peru and held a group of politicians, diplomats and public figures hostage for approximately four months. In April 1997, a military operation put an end to the hostage situation: all 14 terrorists died in the confrontation while all but one hostage survived. Since then, and for the following 19 years, terrorist activity in Peru has been mostly confined to small-scale operations in the Huallaga Valley and the Valleys of the Rivers Apurimac, Ene and Mantaro ("VRAEM") areas, both in the Eastern part of the country. In 2012, the Peruvian government captured Florindo Flores, one of the last remaining leaders of Shining Path and thus gravely weakened the organization's activities in the Huallaga Valley.

Despite these efforts, terrorist activity and the illegal drug trade continue to be key challenges for Peruvian authorities. The Huallaga Valley and VRAEM constitute the largest areas of coca cultivation in the country and thus serve as a hub for the illegal drug trade. Any violence derived from the drug trade or a resumption of large-scale terrorist activities could hurt our operations.

Another source of risk is related to political and social unrest in areas where mining, oil and gas operations take place. In recent years, Peru has experienced protests against mining projects in several regions around the country. Mining is an important part of the Peruvian economy, representing as of December 31, 2020 approximately 60.8% of the country's exports, while oil and gas represent 3.2% according to the BCRP. On several occasions, local communities have opposed these operations and accused them of polluting the environment and hurting agricultural and other traditional economic activities. In late 2011 and throughout 2012, social and political tension peaked around Conga, a gold project in the northern region of Cajamarca. The launch of Conga, which involved investments of approximately U.S.$4.5 billion, failed as a result of the protests. The government commissioned an Environmental Impact Study developed by international experts which introduced recommendations for the project.

Delays or cancellations of mining projects due to political or social unrest could reduce economic growth and business confidence, thereby hurting the financial system both directly (many mining projects are at least partially financed by local financial institutions) and indirectly (overall economic activity could decelerate).

A decline in the prices of certain commodities in the international markets could have a negative impact on our business.

Peru's exports are highly concentrated in the mining industry, with gold and copper exports representing 48.6% of all shipments as of December 31, 2020. Consequently, Peruvian trade is closely tied to fluctuations in metal prices, especially gold and copper. Gold and copper prices increased 25.1% and 25.8%, respectively between December 2019 and December 2020. In addition, the trade surplus increased from U.S.$6.6 billion in 2019 to U.S.$7.8 billion in 2020.

Decreases in commodity prices may have a negative impact on government finances, and consequently regional and local governments may lower their spending on social programs that primarily benefit rural communities. This may result in decreased support for the central government, which could manifest itself through political unrest. During recent years, there were several protests in the provinces caused mainly by groups of people that oppose private investments, mining projects in particular. Lower commodity prices could also affect private investment, consumption, and, consequently, the financial system, leading to, for example, lower credit demand, deteriorating asset quality and currency depreciation.

An economic recession could adversely affect our financial condition and results of operations and the value of our securities.

If Peru's economy undergoes a recession, some segments of our retail portfolio, particularly small and medium businesses which are more vulnerable to economic cycles and represent a segment with which we have not experienced a previous recession, could show higher default rates and may adversely affect our ability to fulfill our obligations under the notes. In a scenario of economic recession and higher default rates we would expect less demand for loans from our clients, and we would restrict some of our credit policies, particularly regarding small and medium businesses, hindering growth of our loan portfolio and affecting our operating results. We cannot assure you that a future recession will not have a negative effect on our results of operation.

Public health epidemics or outbreaks, including in particular the ongoing COVID-19, could adversely impact our business.

We may face risks related to public health threats or outbreaks of communicable diseases. The outbreak of communicable diseases could result in a widespread health crisis that could adversely affect the global economy and our ability and our business partners' ability to conduct business for an indefinite period of time. For example, the recent outbreak in China of COVID-19 has spread to several other countries and infections have been reported globally leading to regional and nationwide quarantines in several countries. On March 11, 2020, the World Health Organization declared that the spread of COVID-19 had become a pandemic. Uncertainties related to the coronavirus outbreak have resulted in significant volatility in financial markets globally, contributed initially to significant decreases in air travel and leisure activities and prompted cancellations of large events and other gatherings and have led to government "stay-at-home" orders in an effort to contain the spread of the virus. The extent to which the coronavirus impacts our business will depend on future developments in respect of the virus, in particular insofar as they relate to the Peruvian economy. These developments are highly uncertain and cannot be predicted with confidence, and depend on factors such as the duration of the outbreak, new information that may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others. In particular, the continued spread of the coronavirus globally and in Peru could adversely impact the Peruvian economy and our operations, and as a result could have an adverse impact on our business and our financial results.

Furthermore, to the extent the COVID-19 pandemic adversely affects our business, results of operations, financial condition and liquidity, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section, such as those relating to our high level of indebtedness, our need to generate sufficient cash flows to service our indebtedness and our ability to comply with the financial covenants contained in the agreements that govern our indebtedness.

The re-implementation of certain laws by the Peruvian government, most notably restrictive exchange rate policies, could have an adverse effect on our business, financial condition and results of operations.

Since 1991, the Peruvian economy has undergone a major transformation from a highly protected and regulated system to a free-market economy. During this period, protectionist and interventionist laws and policies have been gradually dismantled to create a liberal economy dominated by private sector and market forces. The Peruvian economy has, in general, responded well to this transformation, growing at an average annual rate of over 4.2% during the period from 2004 to 2020. Exchange controls and restrictions on remittances of profits, dividends and royalties have ceased. Prior to 1991, Peru exercised control over the foreign exchange markets by imposing multiple exchange rates and placing restrictions on the possession and use of foreign currencies. In 1991, the Fujimori administration eliminated all foreign exchange controls and unified exchange rates. Currently, foreign exchange rates are determined by market conditions, with regular operations by the Peruvian Central Bank in the foreign exchange market in order to reduce volatility in the value of Peru's currency against the U.S. dollar.

We cannot assure you that the Peruvian government will not institute restrictive exchange rate policies in the future. Any such restrictive exchange rate policy could affect our ability to engage in foreign exchange activities, and could also have a material adverse effect on our business, financial condition and results of operations.

Inflation could adversely affect our financial condition and results of operations.

As a result of reforms begun in the early 1990s, Peruvian inflation has decreased significantly in recent years from triple-digit inflation during the 1980s. As of December 31, 2019 and December 31, 2020, the Peruvian economy experienced annual inflation averaging approximately 1.9% and 2.0%, respectively, as measured by the Peruvian Consumer Price Index. This index is calculated by the National Institute of Statistics and Information (*Instituto Nacional de Estadística e Informática*) ("INEI") and measures variations in prices of a selected group of goods and services typically consumed by Peruvian families. We cannot assure you, however, that inflation will remain at these levels.

The BCRP establishes a target inflation rate for each fiscal year and announces this target rate in order to shape market expectations. The target annual inflation rate since 2007 was lowered to 2.0%, plus or minus 1.0%.

If Peru experiences substantial inflation in the future, our costs may increase, and, if not accompanied by a corresponding increase in interest rates, our operating and net margins may decrease, which may adversely affect our business and results of operations. An effect on our value may also result in a decrease in the value of the notes. Inflationary pressures may also curtail our ability to access foreign financial markets and may lead to further government intervention in the economy, including the introduction of government policies that may adversely affect the overall performance of the Peruvian economy. Our operating results and the value of our issued securities, including the notes, may be adversely affected by higher inflation.

The dollarization of the Peruvian economy hampers monetary policy, which in turn may have an effect on our business.

Dollarization generally refers to the degree to which the U.S. dollar has displaced the Sol in the economy. Despite the positive effect that it may have on reducing cross-border transaction costs and preserving purchasing power, the dollarization of the Peruvian economy has also hampered monetary policy by undermining the Peruvian Central Bank's ability to control the money supply. The dollarization of the economy affects the Peruvian financial system by forcing the Peruvian Central Bank to establish high levels of reserve requirements in U.S. dollars while also adding a risk to participating banks' balance sheets, including ours. An appreciation of the U.S. dollar poses a risk to us and a systemic risk to the Peruvian financial system because of the levels of U.S. dollar-denominated assets and liabilities in the Peruvian financial system. This risk comes from the potential imbalance that a bank's clients may experience when borrowing in U.S. dollars and earning in Soles. As a result, the SBS has been enacting rules aimed to make banks capable of identifying clients with potential imbalances and establishing reserves if necessary. Additionally, potential imbalances in our U.S. dollar-denominated assets and liabilities could expose us to translation losses.

To confront the volatility of short-term capital flows, which in the past have been a destabilizing factor in Peru's monetary system, the Peruvian Central Bank generally prescribes high foreign currency reserve requirements that discourage significant capital outflows and promote holdings of local currency. Under the Peruvian Banking Law, all financial institutions regulated by the SBS (except for small-business development non-bank institutions) are required to maintain a legal reserve (*encaje*) for certain obligations. The Peruvian Central Bank may require additional and marginal reserves. The exact level and method of calculation of the reserve requirement is set by the Peruvian Central Bank, which has issued different sets of regulations for foreign and local currency-denominated obligations of banks. Among others, the following liabilities are subject to the reserve requirement: demand and time deposits, savings accounts, certificates of deposits, certain bonds and funds administered by the bank and amounts due to foreign banks and other foreign financial companies (in certain circumstances). Subject to certain requirements, the regulation excludes from the reserve requirement mid-term and long-term funding (i.e. liabilities with a minimum average maturity of more than two years, subject to other conditions) through the issuance of securities such as the notes.

We cannot assure you that the Peruvian Central Bank will not increase the base rate or will impose additional requirements in the future, or that such changes in the regulatory environment will not have an adverse effect on our business, financial condition or results of operations.

Climatic and natural phenomena such as earthquakes and floods may adversely affect lending volume and the quality of our loan portfolio to segments of the Peruvian economy that are most likely to be negatively affected.

We are exposed to natural disasters in Peru, such as earthquakes, floods and mudslides. Earthquakes in Peru are common occurrences as the country is located in a seismic zone: the interface between the Nazca and South American tectonic plates. Peru has been adversely affected by earthquakes in the past, including a 7.9 magnitude earthquake that struck the central coast of Peru in 2007. The country is also vulnerable to El Niño phenomenon, which provokes floods and mudslides in the north and central Andean regions. For instance, the 1997-1998 El Niño, due to its very strong intensity, destroyed crops and infrastructure equivalent to 2.2% of Peru's GDP. Heavy rains caused by El Niño severely damaged infrastructure in Peru's northern region in early 2017. This weather phenomenon negatively affected Peru's GDP and the financial condition of certain of our clients.

A natural disaster of this nature or any other type of disaster could impair our operational capacity. Our business continuity plans include emergency response, disaster recovery, operations continuity, crisis management, data protection and recovery, and critical systems redundancy. Although we test our business continuity plans annually, these plans may prove to be ineffective which could have a material adverse effect on our ability to carry out our businesses, especially if an incidence or disaster affects computer-based data systems or damages customer or other data. In addition, if a significant number of our employees were affected by the natural disaster, our ability to conduct business could be impaired.

Market volatility in the international capital markets and political uncertainty may affect the Peruvian capital markets and the Peruvian financial system.

In recent years the performance of the BVL has been affected by volatility in the international capital markets and by political uncertainty surrounding the global economy. The General Index of the Lima Stock Exchange, or the "IGBVL," decreased by 3.1% in 2018, increased by 6.1% in 2019 and further increased by 1.4% in 2020 (each compared to the previous year). The volatility in the international markets may adversely affect the Peruvian financial system as well, affecting interest rates for local corporate bonds and influencing the exchange rate. Monetary tightening in developed economies, particularly on the part of the Federal Reserve System in the United States, could affect economic activity in Peru to the degree that it strengthens the dollar and increases interest rates, thereby reducing access to funding for some local businesses. In addition, Peru is also vulnerable to fluctuations in foreign demand, especially from the United States and China. A more pronounced economic slowdown in China over the next few years poses a risk to Peruvian growth as it may hurt exports and foreign direct investment. Lower growth in Latin America can also hurt the Peruvian economy and our business, especially in the cases of Chile, Colombia and Panama, where we have operations, as well as Brazil and Mexico, which have a broad impact throughout the region because of their size.

The Peruvian financial system has not experienced any significant liquidity problems as a result of the recent international and local liquidity environment, primarily because the major source of funds for local banks, including BCP, is represented by the deposit base. However, we cannot assure you that future market volatility will not affect the Peruvian financial system, including BCP, or that such volatility will not have an adverse effect on our business, financial condition or results of operations.

The stability of the Peruvian financial system depends on public confidence in Peruvian banking and financial institutions.

Financial institutions, including us, depend on public confidence in the Peruvian financial system. In the event of adverse developments affecting Peru's economic, political or social conditions or if a bank faces liquidity problems, the general public may withdraw deposits and savings from the troubled bank or from banks generally, thereby precipitating a liquidity crisis, as occurred in Peru in the late 1990s. If depositors withdraw significant holdings from banks generally, including us, there will be a substantial adverse impact on the manner in which financial institutions, including us, conduct their business, on their ability to operate as financial intermediaries and on their financial condition, which would adversely affect our results of operations and financial condition.

The perception of higher risk in other countries, especially in emerging economies, may adversely affect the Peruvian economy, our business and the market price of Peruvian securities issued by Peruvian issuers, including the notes.

Emerging markets like Peru are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt business in Peru and adversely affect the price of the notes. Moreover, financial turmoil in any important emerging market country may adversely affect prices in stock markets and prices for debt securities of issuers in other emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging markets could dampen capital flows to Peru and adversely affect the Peruvian economy in general, and the interest of investors in our notes, in particular. We cannot assure you that investors' interest in Peru, and in our notes, will not be negatively affected by events in other emerging markets or the global economy in general.

Deterioration in economic and market conditions in Latin America and other emerging countries could adversely affect our financial condition and results of operations.

The market for securities issued by Peruvian companies is influenced by economic and market conditions in Peru and, to varying degrees, market conditions in other Latin American and emerging market countries. Although economic conditions are different in each country, the reaction of investors to developments in one country is likely to cause the capital markets in other countries to fluctuate. For example, political and economic events, such as the crises in Venezuela, Ecuador, Bolivia, Brazil and Argentina, influenced investors' perceptions of risk with regard to Peru. The negative investor reaction to developments in our neighboring countries may adversely affect the market for securities issued by countries in the region, cause foreign investors to decrease the flow of capital into Latin America and introduce uncertainty about plans for further integration of regional economies.

Risk Factors Relating to the Notes

Notes issued under the Program may not be a suitable investment for all investors. Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in such Notes and the information contained or included in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more Specified Currencies, or where the Specified Currency for principal or interest payments is different from the potential investor's usual currency for holding investments;
- understand thoroughly the terms of the relevant Notes and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment in the relevant Notes and its ability to bear the applicable risks.

Risks Related to the Notes Generally

Set out below is a brief description of certain risks relating to the Notes generally:

There is no trading market for the Notes; you may be unable to sell your Notes if a trading market for the Notes does not develop.

Each Series of Notes will constitute a new issue of securities with no established trading market. Application has been accepted by the Luxembourg Stock Exchange for Notes issued under the Program (other than Indexed Notes) to be admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and to be listed on the Luxembourg Stock Exchange. The Issuer cannot assure you that an active trading market for the Notes will develop. If a trading market does not develop or is not maintained, holders of the Notes may experience difficulty in reselling the Notes or may be unable to sell them at all. Even if a market develops, the liquidity of any market for the Notes will depend on the number of holders of the Notes, the interest of securities dealers in making a market in the Notes and other factors. Accordingly, there can be no assurance as to the development or liquidity of any market for the Notes, the ability of holders to sell the Notes or the prices at which the Notes could be sold. Because the market for any Series of Notes may not be liquid, you may have to bear the economic risk of an investment in the Notes for an indefinite period of time. If an active trading market does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price depending upon prevailing interest rates, the market for similar securities, general economic conditions, the Issuer's performance and business prospects and other factors.

Market price risk.

The market price of each Series of Notes depends on various factors, such as changes of interest rate levels, the policy of central banks, overall economic developments, inflation rates or the supply and demand for the relevant type of Note. The market price of each Series of Notes may also be negatively affected by an increase in the Issuer's credit spreads (*i.e.*, the difference between yields on the Issuer's debt and the yield of government bonds or swap rates of similar maturity). The Issuer's credit spreads are mainly based on its perceived creditworthiness but also influenced by other factors such as general market trends as well as supply and demand for such Series of Notes.

Exchange rate risk and exchange controls.

An investment in Notes that are denominated in, or the payment of which is to be or may be made in or related to the value of, a currency or composite currency other than the currency of the country in which the purchaser is a resident or the currency in which the purchaser conducts its business or activities (the "home currency") entails significant risks that are not associated with a similar investment in a security denominated in the home currency. Such risks include the possibility of significant changes in rates of exchange between the home currency and the various foreign currencies (or composite currencies) after the issuance of such Note and the possibility of the imposition or modification of foreign exchange controls by either the U.S. or foreign governments. Such risks generally depend on economic and political events over which each Issuer has no control. In recent years, rates of exchange between certain currencies have been highly volatile and such volatility may be expected to continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in such rate that may occur during the term of any Note. Depreciation of the currency in which a Note is denominated against the relevant home currency would result in a decrease in the effective yield of such Note below its coupon rate and, in certain circumstances, could result in a loss to the investor on a home currency basis. In addition, depending on the specific terms of a currency linked Indexed Note, changes in exchange rates relating to any of the currencies involved may result in a decrease in the effective yield of such currency linked Indexed Note and, in certain circumstances, could result in a loss of all or a substantial portion of the principal of a currency linked Indexed Note to the investor.

Foreign exchange rates can either be fixed by sovereign governments or float. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to the U.S. Dollar. National governments, however, rarely voluntarily allow their currencies to float freely in response to economic forces. Governments in fact use a variety of techniques, such as intervention by a country's central bank or imposition of regulatory controls or taxes, to affect the exchange rate of their currencies. Governments may also issue a new currency to replace an existing currency, or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. Thus, a special risk in purchasing non-home currency denominated Notes or currency linked Indexed Notes is that their home currency-equivalent yields could be affected by governmental actions, which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces, and the movement of currencies across borders. There will be no adjustment or change in the terms of such Notes in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments affecting the U.S. Dollar or any applicable Specified Currency.

Governments have imposed from time to time, and may in the future impose, exchange controls which could affect exchange rates as well as the availability of a specified foreign currency at the time of payment of principal and of premium, if any, or interest, if any, on a Note. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Note not denominated in U.S. Dollars would not be available at such Note's maturity. In that event, the Issuer would make required payments in U.S. Dollars on the basis of the market exchange rate on the date of such payment, or if such rate of exchange is not then available, on the basis of the market exchange rate as of the most recent practicable date. See "Special Provisions Relating to Foreign Currency Notes—Payments on Foreign Currency Notes."

Interest rate risk.

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Changes or uncertainty in respect of LIBOR may affect the value of and return on any LIBOR Notes, including where LIBOR may not be available.

Various interest rates and other indices that are deemed to be "benchmarks," including LIBOR, are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective, including the EU Benchmark Regulation (Regulation (EU) 2016/1011) (the "Benchmarks Regulation"), the compliance date of which was January 1, 2018, while others are still to be implemented.

These reforms and other pressures will likely cause LIBOR to disappear entirely and create disincentives for market participants to continue to administer or contribute to LIBOR or have other consequences that cannot be predicted. On July 27, 2017, the FCA announced its intention to phase out most LIBOR rates by December 31, 2021. Since then, the FCA and other official sector bodies have strongly advised end-users of the need to transition from LIBOR by this date and the IBA has engaged with end-users, panel banks, the FCA and other official sector bodies regarding the potential for continuing certain widely-used LIBOR settings after December 31, 2021.

As a result of the most recent IBA consultation, on March 5, 2021, the IBA announced that it will cease publication of most LIBOR settings on December 31, 2021, with the exception of U.S. dollar LIBOR setting for overnight and 1, 3, 6 and 12 month periods, which shall continue to be published until June 30, 2023. The FCA has advised IBA that it has no intention of requiring it to publish any LIBOR settings beyond the intended cessation dates for such settings. See "—Risk Factors Relating to BCP and our Business—Our interest-earning assets and the interest rates we pay on our interest-bearing liabilities could be adversely affected by a volatility in interest rates or exchange rates, which could have an adverse effect on our business, financial condition and results of operations." It is impossible to predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of LIBOR.

It is not possible to predict the further effect of the discontinuation of LIBOR, nor is it possible to predict the effect of any other reforms or proposals that may be enacted in the future, and may adversely affect the trading market for securities that bear interest at rates based on LIBOR, including any LIBOR Notes (as defined herein). In addition, because based on recent announcements it is generally expected that LIBOR will be discontinued by December 31, 2021, except for the U.S. dollar LIBOR setting for overnight and 1, 3, 6 and 12 month periods, which shall continue to be published until June 30, 2023, in respect of any LIBOR Notes which remain outstanding after the applicable discontinuation date, such discontinuation could have a material adverse effect on the value of and return on the LIBOR Notes (including potential rates of interest thereon).

Based on the foregoing, investors should be aware that if at any time the Issuer determines that LIBOR has been permanently discontinued, the rate of interest on any LIBOR Notes will be determined by the fallback provisions provided for under the caption "Description of the Notes—Interest and Interest Rates—Floating Rate Notes—Types of Floating Rate Notes—LIBOR Notes.". After determination thereof, interest on such LIBOR Notes no longer will be determined by reference to LIBOR, but instead will be determined by reference to an Alternative Rate (as defined below) which may include the effective application of a fixed rate based on the LIBOR that applied in the last period for which LIBOR was available.

Any determination of the applicable interest rate of the LIBOR Notes by reference to an Alternative Rate could have a material adverse effect on the rate of interest on the relevant series of LIBOR Notes, the value or liquidity of, the amount payable under, and the market for the LIBOR Notes. No assurance may be provided that relevant changes will not be made to LIBOR and/or that LIBOR will continue to exist. Investors should consider these matters when making their investment decision with respect to LIBOR Notes.

Credit ratings may not reflect all risks, and the Issuer cannot assure you that such ratings will not be lowered, suspended or withdrawn by the rating agencies.

One or more independent credit rating agencies may assign credit ratings to the Notes. Where a Series of Notes is rated, such rating will not necessarily be the same as the rating assigned to other Tranches or Series of Notes issued under the Program. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. The credit ratings of the Notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. The Issuer cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Any ratings assigned to Notes as at the date of this Prospectus or as of the date of any supplement thereto are not indicative of future performance of the Issuer's business or its future creditworthiness.

Changes in tax laws could lead to the Issuer redeeming the Notes.

Payments of interest in respect of the Notes made by the Issuer to non-Peruvian holders will be subject to Peruvian interest withholding tax currently assessed at a preferential rate of 4.99%, provided that certain conditions described in the section "Taxation—Peruvian Taxation" are met. Subject to certain exemptions, the Issuer will pay Additional Amounts (as defined in "Description of the Notes—Payment of Additional Amounts") so that the amount received by the holder after Peruvian withholding tax will equal the amount that would have been received if no such taxes had been applicable. The Notes are redeemable at the Issuer's option, in whole but not in part, at any time, at the principal amount thereof plus accrued and unpaid interest and any Additional Amounts due thereon if, as a result of changes in the laws or regulations affecting taxation in a Relevant Taxing Jurisdiction (as defined in "Description of the Notes—Payment of Additional Amounts"), the Issuer becomes obligated to pay Additional Amounts on the Notes based on a rate of withholding or deduction in excess of 4.99%. There can be no assurance that an increase in withholding tax rate will not be presented to or enacted by the Peruvian Congress or any other Relevant Taxing Jurisdiction. See "Description of the Notes—Redemption Prior to Maturity Solely for Taxation Reasons" and "Taxation—Peruvian Taxation."

The Notes are subject to certain transfer restrictions.

The Notes have not been registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Notes may be transferred or resold only in a transaction registered under or exempt from the registration requirements of the Securities Act and in compliance with any other applicable securities law. See "Transfer and Selling Restrictions."

This Prospectus and the Notes have not been and will not be registered with or approved by the SMV or the BVL. Accordingly, the Notes cannot be offered or sold in Peru, except in compliance with the applicable Peruvian securities regulations.

Enforcing your rights as a Holder of Notes in Peru may prove difficult.

Your rights under the Notes will be subject to the insolvency and administrative laws applicable to banks in Peru, and we cannot assure that you will be able to effectively enforce your rights in such bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws applicable to banks in Peru may be materially different from, or in conflict with, each other, including in the areas of rights of creditors, priority of government entities and other third-party and related-party creditors, ability to obtain post-bankruptcy filing loans or to pay interest and the duration of proceedings. The laws of Peru may not be as favorable to your interests as the laws of jurisdictions with which you are familiar. The application of these laws, or any conflict among them, could call into question what and how Peruvian laws should apply. Such issues may adversely affect your ability to enforce your rights under the Notes in Peru or limit any amounts that you may receive. See "Regulatory Environment—Intervention by the SBS and Liquidation."

The ability of investors to enforce civil liabilities under U.S. securities laws may be limited.

None of the Issuer's directors or executive officers are residents of the United States. Almost all of the Issuer's assets and those of its directors and executive officers are located outside the United States. As a result, it may not be possible for investors in the Issuer's securities to effect service of process within the United States upon such persons or to enforce in U.S. courts or outside the United States judgments obtained against such persons outside the United States.

The Issuer is a commercial bank organized and existing under the laws of Peru, and there is no existing treaty between the United States and Peru for the reciprocal enforcement of foreign judgments of courts outside Peru, including judgments of the United States courts. It is not clear whether a foreign court would accept jurisdiction and impose civil liability if proceedings were commenced in a foreign jurisdiction predicated solely upon U.S. federal securities laws. See "Enforceability of Civil Liabilities."

The Notes may be subordinated to certain statutory liabilities.

Under the Peruvian Banking Law, the obligations of the Issuer under the Notes are subordinated to certain statutory preferences. In the event of an intervention and/or liquidation, those statutory preferences, including certain direct, unconditional and unsecured general obligations, will have preference over any other claims, including claims by any investor under the Notes. See “Regulatory Environment—Intervention by the SBS and Liquidation.”

In addition, the creditors of the Issuer may hold negotiable instruments or other instruments governed by local law that grant rights to attach the assets of the Issuer at the inception of judicial proceedings in the relevant jurisdiction, which attachment is likely to result in priorities benefitting those creditors when compared to the rights of holders of the Notes.

The interests of the Issuer’s principal shareholders may differ from, and could conflict with, those of the holders of the Notes.

The interests of the Issuer’s principal shareholders may differ from, and could conflict with, those of the holders of the Notes. Actions taken by the principal shareholders may limit our flexibility to respond to market developments, to engage in certain transactions or to otherwise make changes to the Issuer’s business and operations, all of which may have a material adverse effect on the Issuer’s business, financial condition, results of operations and the Issuer’s ability to repay the Notes.

The Notes contain provisions which may permit their modification without the consent of all investors.

The Notes and the Fiscal Agency Agreement governing the Notes under the Program contain provisions for calling meetings of holders of Notes to consider matters affecting their interests generally. Except for certain matters that require unanimous consent, those provisions permit defined majorities to bind all holders of the Notes of a Series, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. See “Description of the Notes—Modification of Fiscal Agency Agreement and Notes.”

Interests in global bearer notes and specified denominations – investors who purchase interests in global bearer notes in denominations that are not an integral multiple of the specified denomination may be adversely affected if definitive bearer notes are subsequently required to be issued.

In relation to any issue of Notes in global bearer form which have denominations consisting of a minimum specified denomination plus one or more higher integral multiples of another smaller amount, it is possible that interests in such Notes may be traded in amounts in excess of the minimum specified denomination that are not integral multiples of such minimum specified denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum specified denomination in their account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum specified denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum specified denomination in their account with the relevant clearing system at the relevant time may not receive a definitive Note in bearer form in respect of such holding (should definitive Notes replace the applicable global bearer notes) and would need to purchase or sell a principal amount of Notes such that its holding amounts to a specified denomination.

If definitive Notes in bearer form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

Reliance on DTC, Euroclear and CBL procedures.

Unless issued in definitive form, Notes issued under the Program will be represented on issue by one or more global Notes that may be deposited with or registered in the name of a nominee for a common depositary or a common safekeeper, as the case may be, for Euroclear and CBL or may be deposited with or registered in the name of a nominee for DTC. Except in the circumstances described in the applicable global Note, investors in a global Note will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and CBL and their respective direct and indirect participants will maintain records of the beneficial interests in each global Note held through it. While the Notes are represented by a global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

Except in the case of a Registered Global Note denominated in a specified currency other than U.S. Dollars and registered in the name of DTC or its nominee and in respect of which a participant in DTC has elected to receive any part of such payment in that specified currency, for so long as the Notes are represented by global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any global Note.

Holders of beneficial interests in a global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Risks Related to the Structure of a Particular Issue of Notes

A wide range of Notes may be issued under the Program. Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the relevant Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact such investment will have on the potential investor's overall investment portfolio. Certain Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer.

Notes with an optional redemption are likely to have a limited market value. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Variable rate notes with a multiplier or other leverage factor.

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse floating rate notes.

Inverse floating rate notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse floating rate notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating rate notes.

Fixed/Floating rate notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating rate notes may be less favorable than then prevailing spreads on comparable floating rate notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Indexed notes.

An investment in Indexed notes entails significant risks that are not associated with similar investments in a conventional fixed-rate debt security. If the interest rate of a Note is indexed, it may result in an interest rate that is less than that payable on a conventional fixed-rate debt security issued by the Issuer at the same time, including the possibility that no interest will be paid, and, if the principal amount of a Note is indexed, the principal amount payable at maturity may be less than the original purchase price of such indexed note, including the possibility that no principal will be paid (but in no event shall the amount of interest and principal paid with respect to an indexed note be less than zero). The secondary market for indexed notes will be affected by a number of factors, independent of the creditworthiness of the Issuer and the value of the applicable currency, commodity, interest rate or other index, including, but not limited to, the volatility of the applicable currency, commodity, interest rate or other index, the time remaining to the maturity of such indexed notes, the amount outstanding of such indexed notes and market interest rates. The value of the applicable currency, commodity, interest rate or other index depends on a number of interrelated factors, including economic, financial and political events, over which the Issuer has no control.

Additionally, if the formula used to determine the principal amount or interest payable with respect to such indexed notes contains a multiple or leverage factor, the effect of any change in the applicable currency, commodity, interest rate or other index may be increased. The historical experience of the relevant currencies, commodities, interest rate or other indices should not be taken as an indication of future performance of such currencies, commodities, interest rate or other indices during the term of any indexed note. Accordingly, prospective investors should consult their own financial and legal advisors as to the risks entailed by an investment in indexed notes and the suitability of indexed notes in light of their particular circumstances.

Notes issued at a substantial discount.

The market values of securities issued at a substantial discount from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing Notes with comparable maturities.

Particular tax consequences of holding bearer notes.

Any potential investor should consult its own independent tax adviser for more information about the tax consequences of acquiring, owning and disposing of bearer notes in its particular circumstances. Bearer notes generally may not be offered or sold in the United States or to United States persons. Unless an exemption applies, a United States person holding a bearer note or coupon will not be entitled to deduct any loss on the bearer note or coupon and must treat as ordinary income any gain realized on the sale or other taxable disposition of the bearer note or coupon.

Risks Relating to Tier II Subordinated Notes

Any subordinated notes will be unsecured and subordinated and rank junior in payment and in liquidation to all of our existing and future senior obligations.

Any subordinated notes will be unsecured and subordinated and rank junior in payment and in liquidation to all of our existing and future senior obligations.

In the event of any distribution to creditors of BCP:

- in a liquidation or dissolution of BCP,
- in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to BCP or its property,
- in an assignment for the benefit of creditors, or
- in any marshaling of BCP’s assets and liabilities,

the holders of senior obligations will be entitled to receive payment in full of all obligations due in respect of senior obligations (including interest after the commencement of any bankruptcy proceeding at the rate specified in the applicable senior obligations) before the holders of subordinated notes will be entitled to receive any payment with respect to the subordinated notes.

As a result of the subordination provisions described above, in the event of a bankruptcy, liquidation or reorganization of BCP, holders of subordinated notes may recover ratably less than creditors of BCP who are holders of senior obligations.

As of December 31, 2020, we estimate that we had outstanding, on a consolidated basis, total senior obligations of approximately S/13,682.5 billion (approximately U.S.$3,778.6 billion), all of which constituted unsecured indebtedness.

We may incur, and neither the indenture nor applicable laws prohibit us from incurring, additional indebtedness, including non-subordinated indebtedness, from time to time.

Under applicable SBS regulations, our obligations under any subordinated notes can be accelerated only in certain very limited circumstances, and your remedies will accordingly be limited if we do not satisfy our obligations under the subordinated notes.

Under SBS regulations governing subordinated debt issued by Peruvian banks, payment of principal may be accelerated only in specified instances involving our bankruptcy, liquidation or dissolution. There is no right of acceleration in the case of a default in the performance of any of our covenants, including a default in the payment of principal or interest.

Any subordinated notes may be used to absorb losses that we incur.

Any subordinated notes we issue would be issued with the intention and purpose of increasing the amount of our regulatory capital. In order to be eligible for treatment as Tier II regulatory capital, such subordinated notes would need to satisfy a number of conditions. One such condition relates to the availability of the subordinated notes and the proceeds therefrom to absorb losses that we may incur. To that end, the amount outstanding under such subordinated notes may be used by the SBS to absorb losses in the case of an intervention by the SBS or the liquidation of BCP, provided that all instruments qualifying under Tier I (which include current and retained earnings, premiums on the issuance of shares, voluntary and mandatory reserves, capital stock of BCP and hybrid instruments which qualify as Tier I), hybrid instruments representing equity and debt which qualify as Tier II regulatory capital and non-hybrid instruments representing equity which qualify as Tier II have been exhausted to absorb losses. If any subordinated notes are used for this purpose, the noteholders would lose all rights to the amounts absorbed.

When the remaining term to maturity of any subordinated notes becomes less than five years, the subordinated notes may no longer qualify as regulatory capital in Peru; as a result, we may have an incentive to redeem any subordinated notes prior to their final maturity.

Under current Peruvian banking regulations, dated subordinated debt progressively ceases to qualify as regulatory capital when the remaining time to maturity on such debt becomes less than five years. Accordingly, beginning on or about the fifth anniversary of the issuance of any subordinated notes, we may have an incentive to redeem them, and consequently your ability to earn returns on your investments on such subordinated notes may be terminated prior to their final maturity.

USE OF PROCEEDS

We intend to use the net proceeds from the sale of each issue of our Notes for general corporate purposes.

The use and allocation of the net proceeds is influenced by a number of factors outside of our control, including market conditions, and is based on our analysis, estimates and current views on future events and trends. Changes to these and other factors may require us to revise, at our discretion, our intended use of the net proceeds of the offering.

OVERVIEW OF THE BANK

The following overview highlights selected information about us and the rights to subscribe for our Notes that are offered hereby. This overview does not contain all of the information that an investor should consider before subscribing to rights to acquire our Notes. Before making an investment decision, you should read this entire Prospectus carefully for a more complete understanding of our business and this offering, including our financial statements and respective notes thereto and the notes to those financial statements and the sections named "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

This overview is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Prospectus.

BCP

We were established in 1889 in Lima, Peru under the name of Banco Italiano by a group of Italian immigrants. By 1920, we had become, as we are today, the largest commercial bank in Peru, by total assets, loans, deposits, shareholders' equity and branch network. We have always been involved in Peru's development and continue to be part of its history. We are currently controlled by Credicorp (New York Stock Exchange ("NYSE"): BAP), which holds directly and through Grupo Credito S.A., a wholly owned subsidiary domiciled in Peru, 97.7% of our capital stock. As of December 31, 2020, members of the Romero family held 12.9% of Credicorp's common shares as stated in Credicorp's annual report on Schedule 13-G filed with the SEC in February 2021. We are listed and our common shares are traded on the BVL. As of December 31, 2020, 2.3% of our common stock was publicly held.

We have the leading banking franchise in Peru, including commercial and retail. We acquired Empresa Financiera Edyficar S.A. ("Edyficar"), a microfinance institution, in October 2009 as part of our strategy of increasing our presence in underbanked segments. In this context, during 2014 we focused our efforts on the acquisition of Mibanco, a local bank that specializes in the micro and small entities sector. After acquiring, directly and indirectly, 86.93% of the capital stock of Mibanco, we focused on the implementation of Edyficar's successful and proven business model. In 2015, we concluded the spin-off of a group of assets and liabilities of Edyficar, which were merged with Mibanco. Through this transaction, Mibanco absorbed almost all the assets and liabilities of Edyficar thereby strengthening its capital stock and its position as the leader of the microfinance sector in Peru. In addition, a merger transaction between Edyficar and Solución Empresa Administradora Hipotecaria S.A. ("SEAH") was agreed upon. Such transaction became effective as of September 1, 2017. As a result of such merger, Edyficar was absorbed by SEAH. As of December 31, 2020, BCP held 94.9% of the capital stock of Mibanco and Grupo Credito S.A. held 4.99%. As of such date, Mibanco represented 6.5% of our total assets.

We provide a full range of corporate and retail banking products to our corporate and retail clients through our nationwide distribution network. According to information from the SBS, as of December 31, 2020, and excluding Mibanco, we had the largest branch network among Peruvian banks, with 368 branches and agencies, including 231 in Lima and the adjoining city of Callao, as well as a branch in Panama and an agency in Miami. Additionally, as of December 31, 2020, Mibanco had 329 branches. As of the same date, we also had 2,319 automated teller machines ("ATMs") and 7,003 BCP Agents, a form of automated teller service.

As of December 31, 2020, on an unconsolidated basis, we were the largest financial institution in Peru in terms of total assets, which stood at S/182.5 billion (or U.S.$50.4 billion), total gross direct loans, which stood at S/113.1 billion (or U.S.$31.2 billion), total deposits, which stood at S/117.3 billion (or U.S.$32.4 billion), and shareholders' equity, which stood at S/18.8 billion (or U.S.$5.2 billion), according to figures published by the SBS. As of December 31, 2020, our direct loans and deposits represented 30.0% and 29.0%, respectively, of the entire Peruvian financial system, according to the SBS. Given our relatively higher concentration on corporate clients, as of December 31, 2020, of our total loans and deposits, 28.6% and 42.1%, respectively, were denominated in U.S. dollars as compared to 22.3% and 32.0%, respectively, for the entire Peruvian financial system. As of December 31, 2020, our unconsolidated capital adequacy ratio was 14.9% (compared to the minimum regulatory capital requirement of 10.0%), and our net income for the year ended December 31, 2020 was S/833 million (or U.S.$230 million) according to figures published by the SBS.

Our extensive retail network, strong reputation and brand recognition allow us to benefit from a diversified and stable deposit base. According to unconsolidated figures published by the SBS, we have one of the highest core-deposit ratios (calculated as demand deposits, savings and severance indemnity deposits to total deposits) in the

Peruvian financial system, which as of December 31, 2020, stood at 86% compared to the average ratio of the system of 71.7%. We have historically focused on our core lending activities as a major source of income. As of December 31, 2020, our unconsolidated ratios of gross direct loans to total assets and gross direct loans to total deposits were 61.9% and 96.4%, respectively.

We believe that we have a strong competitive position due to the diversity and size of our customer portfolio, our extensive relationships with prominent corporate clients, our widespread branch network, and our low-cost funding structure, our high level of investment in technology and the experience and professionalism of our management.

On December 30, 2015, our Executive Committee approved the sale of the 100% of our stake in BCB to ICBSA, indirect subsidiary of Credicorp. We obtained the relevant authorizations of the Bolivian regulators. On May 12, 2016, we sold our stake through the Bolivian Stock Exchange.

Our operations in Peru, including those of Mibanco, are supervised and regulated by the SBS and the Peruvian Central Bank (*Banco Central de Reserva del Perú*) ("BCRP"). The operations of our Panamanian branch are supervised and regulated by the SBS and the Panamanian Superintendency of Banks *Superintendencia de Bancos de la República de Panamá* ("PSB") and we hold an international banking license issued by the PSB. Our agency in Miami is regulated by the Federal Reserve System and by the Florida Office of Financial Regulation.

Strategy

Our purpose as BCP is to transform plans into reality. Our main focus is to become the bank with the best client service and efficiency ratio in Peru by 2021. We intend to so by building on our leadership and transforming the Peruvian financial industry. In this context, we believe that our digital strategy will help us achieve both of these objectives, by encouraging clients to use towards more cost-efficient channels, improving their experience and allowing us to improve our efficiency ratio.

We are improving and innovating in digital banking across all our segments. In in many cases, this implies educating our clients in the use of digital channels. In 2019, we began to offer banking services to new segments of our client base via digital channels, thanks to the development of new models for risk and data and analytics. In wholesale banking, we digitalized short-term financing to make our service more responsive while lowering transaction costs. In 2020, we continued working on banking the population through digital products and channels.

We intend to continue with our strategy of penetrating the market through different points of contact and delivering high quality and cost-competitive products, through the most efficient channels. Excluding Mibanco, the number of BCP Agents increased from 6,764 as of December 31, 2018 to 7,003 as of December 31, 2020. Conversely, the number of outlets in our most expensive channels, such as branches, decreased from 414 as of December 31, 2018 to 368 as of December 31, 2020, including our branch in Panama and our agency in Miami, as reported by the SBS. Similarly, the number of ATMs increased from 2,271 as of December 31, 2018 to 2,319 as of December 31, 2020. As of December 31, 2020, our electronic transactions as a percentage of total transactions were 98.2%, compared to 94.1% as of December 31, 2018. With respect to Mibanco, the number of branches decreased marginally from 331 as of December 31, 2018 to 329 as of December 31, 2020. There are now over five million users of our payment application, Yape, which has become one of the most frequently used applications for small payments in Peru.

From the beginning of 2020, a public health emergency caused by the COVID-19 pandemic has been experienced worldwide. In Peru, the government decreed a state of national emergency and a lockdown and imposed other measures to preserve the health of the population. Minor exceptions were made for key sectors such as food supply, health and banking, among others. These measures had a negative impact on the economy. Our ongoing focus on creating stakeholder value, together with the experience and resilience of our management, has allowed us to quickly implement a series of initiatives to support our clients, employees and communities through the COVID-19 pandemic.

- *Employees:* we have prioritized guaranteeing that our employees remain healthy and work in optimal conditions. A majority of our staff is working remotely. We put in place protocols to protect our employees' health at our branches and within our distribution network. We are also providing protective equipment, a secure working environment and programs to assist employees to ensure the physical, emotional and financial wellbeing of our employees, as well as full medical coverage for employees who have contracted COVID-19.

- *Customers:* we have offered different debt rescheduling solutions, fee waivers for services such as interbank transfers and nationwide money transfers. We have disbursed over S/24 billion in government loans and we are also promoting the use of digital channels

- *Business continuity:* we have implemented our continuity plan successfully, having effectively implemented remote working arrangements. We have taken health prevention, capacity management and physical and cyber security measures to ensure operational continuity throughout our channels. At the same time, we have managed liquidity and financial risks to maintain our solid financial condition.

- *Social Commitment:* we have faced several crises in our 130-year history, and we have demonstrated and will continue to show clear commitment to supporting our communities. During this crisis, more than 157 thousand impoverished families in Peru benefited from BCP's donation drive #YoMeSumo, which collected S/126 million, S/100 million from BCP, S/10 million from Mibanco, and S/16 million from other companies and thousands of individuals. Furthermore, we have been working in close coordination with the Peruvian Ministries of Health and Social Inclusion to support their crisis response and assist in the development of measures which may be put in place through our banking network, such as distributing government cash payments through our banking network.

In this context, our controlling shareholder Credicorp reached out to stakeholders to better understand their needs and expectations, and reviewed the role it wants to play as a corporation in society and in business. In 2020, to further strengthen its long-term performance and competitiveness, Credicorp developed a strategy to integrate sustainability more deeply within the business strategy and activities. BCP, as a subsidiary of Credicorp, is expected to play a vital role in the environmental, social and governance business ("ESG") strategy, by pursuing business opportunities to improve both business performance and positive ESG impact on three fronts: (i) creating a more sustainable and inclusive economy, (ii) improving the financial wellbeing of citizens, and (iii) empowering our people.

See also "Risk Factors—Risk Factors Relating to BCP and our Business—Our business and results of operations could continue to be negatively impacted by the COVID-19 pandemic or other public health crises beyond our control" and "Risk Factors—Risk Factors Relating to BCP and our Business—Public health epidemics or outbreaks, including in particular the ongoing COVID-19, could adversely impact our business."

GENERAL DESCRIPTION OF THE PROGRAM

General

Under this Program, the Issuer may from time to time issue Notes to one or more of the following Dealers: BofA Securities, Inc., BNP Paribas Securities Corp., Citigroup Global Markets Inc., Daiwa Capital Markets America Inc., Goldman Sachs International, J.P. Morgan Securities LLC, Natixis Securities Americas LLC, SMBC Nikko Securities America, Inc., and any other Dealer appointed from time to time in accordance with the Dealer Agreement which appointment may be for a specific issue or on an ongoing basis (each a "Dealer" and together the "Dealers"). References in this Prospectus to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

Each Series of Notes is issued either in bearer form or in registered form and Notes comprising each such Series will be issued in each case in the nominal amount of the denomination specified (the "Specified Denomination") in the applicable final terms (the "Final Terms"). The maximum aggregate principal amount of all Notes from time to time outstanding under the Program will not exceed U.S.$6,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement), subject to increase in accordance with the terms of the Dealer Agreement.

Notes will be issued by the Issuer through its head office in Lima, Peru.

Notes may be distributed by way of public offer (in jurisdictions in which a public offer of the Notes is permitted) or private placement and, in each case, on a syndicated or non-syndicated basis. The method of distribution of each Tranche will be stated in the applicable Final Terms.

Notes will be issued on a continuous basis in tranches (each a "Tranche"), each Tranche consisting of Notes which are identical in all respects (including as to admission to trading and listing). One or more Tranches which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (except for different issue dates, interest commencement dates, issue prices and dates for first interest payments) may form a series ("Series") of Notes. Further Notes may be issued as part of existing Series. The specific terms of each Tranche will be set forth in the applicable Final Terms.

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms. If the Notes are admitted to trading on a EEA regulated market or other trading platform or offered to the public in a Relevant Member State in circumstances which would otherwise require the publication of a prospectus under the Prospectus Regulation, the minimum specified denomination of the Notes will be Euro 100,000 (or, if the Notes are denominated in a currency other than the Euro, the equivalent amount in such currency) or such higher amount as may be allowed or required from time to time by the relevant Central Bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Notes may be issued at an issue price which is at par or at a discount to, or premium over, par, as specified in the applicable final terms.

The offering of the Notes by the Dealers is subject to receipt and acceptance of orders and subject to the Dealers' right to reject any order in whole or in part.

References in this Prospectus to Notes which are intended to be listed (and all related references) shall mean that such Notes have been admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and have been listed on the Luxembourg Stock Exchange. The Program provides that Notes may be listed or admitted to trading on other or further stock exchanges including, but not limited to, the Frankfurt Stock Exchange and the SIX Swiss Exchange, as may be agreed between the Issuer and the relevant Dealer(s) in relation to each issue. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Prospective purchasers of Notes should ensure that they understand the nature of the relevant Notes and the extent of their exposure to risks and that they consider the suitability of the relevant Notes as an investment in the light of their own financial situation. Certain issues of Notes involve a high degree of risk and potential investors should be prepared to sustain a loss of all or part of their investment. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the

merits and risks of investing in the Notes and are not relying on the advice of the Issuer or any Dealer in that regard. See "Risk Factors" beginning on page 7.

Bearer Notes will be accepted for clearing through one or more Clearing Systems as specified in the applicable Final Terms. These Clearing Systems will include those operated by Clearstream Banking AG, Frankfurt ("CBF"), Clearstream Banking, *société anonyme*, Luxembourg ("CBL") and Euroclear Bank S.A./N.V. ("Euroclear").

Registered Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("DTC"), (ii) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and CBL, or (iii) be deposited with a custodian or depositary for, and registered in the name of, a nominee of any other clearing system specified for a particular Tranche or Series of Notes, in each case, as specified in the applicable Final Terms. No beneficial owner of an interest in a Registered Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and CBL, in each case to the extent applicable.

Citibank, N.A., London Branch will act as fiscal agent (the "Fiscal Agent"), unless otherwise stated in the applicable final terms. Citibank, N.A., London Branch (the "Non-U.S. Transfer Agent") and Citibank, N.A., London Branch (the "U.S. Transfer Agent") will act as transfer agents (the "Transfer Agents"). Citibank, N.A., London Branch (the "Non-U.S. Paying Agent"), Citibank, N.A., London Branch (the "U.S. Paying Agent") and other institutions, all as indicated in the applicable final terms, as paying agents (the "Paying Agents"). Banque Internationale à Luxembourg, S.A. will act as Luxembourg listing agent (the "Luxembourg Listing Agent"). Citibank, N.A., London Branch will act as the U.S. registrar (the "U.S. Registrar") and Citibank, N.A., London Branch will act as the non-U.S. registrar (the "Non-U.S. Registrar," and, together with the U.S. Registrar, the "Registrars"). Citibank, N.A., London Branch will act as calculation agent ("Calculation Agent"). The Fiscal Agent, the Transfer Agents, the Paying Agents, the Luxembourg Listing Agent, the Registrars and the Calculation Agent are hereinafter referred to as the "Agents."

The Issuer reserves the right to vary such appointments and will publish notice of such change of appointment in a newspaper having a general circulation in Luxembourg (which is currently expected to be *LuxemburgerWort*) or on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

CAPITALIZATION

The following table sets forth our unconsolidated regulatory capital as of December 31, 2020. This information has been derived from the financial statements included elsewhere in this Prospectus and is based on the company's accounting records published by the SBS.

	As of December 31, 2020	
	(Soles in millions)	**(U.S. dollars in millions)(1)**
Capital stock, net	11,067.4	3,056.4
Legal and other capital reserves	6,116.7	1,703.0
Accumulated earnings with capitalization commitments	—	—
Non-cumulative junior subordinated debt	—	—
Computable subordinated debt	4,817.2	1,330.3
Loan loss reserves(2)	1,595.9	440.7
Unrealized gains	—	—
Less: goodwill	(122.1)	(33.7)
Less: investment in subsidiaries and financial institutions and others	(2,314.8)	(639.2)
Total regulatory capital	21,210.3	5,857.5
Risk-weighted assets	142,042.9	39,227.5
Capital ratios		
Regulatory capital as a percentage of risk-weighted assets(3)(4)(5)	14.9%	14.9%
Ratio of risk-weighted assets to regulatory capital(3)	6.7	6.7

(1) For the convenience of the reader, these figures have been translated into U.S. dollars at 3.621 = $1.00, the December 31, 2020 exchange rate published by the SBS. Such translation should not be construed as a representation that the Sol amounts have been converted into U.S. dollars pursuant to the requirements of Peruvian GAAP or generally accepted accounting principles in any other country.

(2) SBS rules allow banks using the standardized method for capital adequacy purposes to include loan loss reserves of up to 1.25% of risk-weighted assets in the calculation of regulatory capital.

(3) Regulatory capital as calculated in accordance with guidelines by the BIS II Accord as adopted by the SBS. This ratio is calculated on an unconsolidated basis.

(4) The legal minimum for regulatory capital as a percentage of risk-weighted assets has been 10% since July 2011. Other regulatory requirements add an additional 2.7% and include additional countercyclical, credit concentration and systemically-important requirements. For further details, see "Regulatory Environment—Implementation of Basel Principles—Capital adequacy."

(5) As part of the implementation of Basel III, the SBS has included changes to the calculation of risk-weighted assets for the following accounting items: (i) intangibles (excluding goodwill); (ii) DTAs arising from operating losses; and (iii) DTAs that are associated with temporary differences and that exceed the threshold of 10% of "adjusted total capital." In each case, DTAs are to be net of deferred income tax liabilities.

These assets will experience a gradual increase in their risk weightings until they reach a maximum of 1,000% in 2026 to replicate the deductions established by Basel III.

Furthermore, SBS Resolution No. 4280-2018, adopted in October 2018, modified the risk weighting applied to intangible assets (excluding goodwill) to speed up the increase in this risk weighting to 1,000%, the regulatory gap with Basel III guidelines, which require intangibles to be fully deducted from core capital measurements. The new risk weighting applies for intangible assets recorded from November 2018 onwards.

EXCHANGE RATES

Exchange rates for the Sol have been relatively stable in recent years. The following table sets forth the period-average and period-end rates for U.S. dollars for the years ended December 31, 2016 through December 31, 2020 and through the date indicated in the table below, based on information published by the SBS. On December 31, 2020 the S/ to U.S.$ exchange rate was S/3.621 to U.S.$1.00. The Peruvian Sol depreciated during 2020, due to the increase in the global risk aversion as a result of the COVID-19 pandemic and increased political uncertainty in Peru. The Peruvian Central Bank helped mitigate the depreciation of the Sol during 2020, through foreign exchange transactions (including swaps) and the issuance of BCRP Readjustable Certificates of Deposits.

	Low	High	Period Average(1)	Period End
Year Ended:				
December 31, 2016	3.249	3.537	3.375	3.356
December 31, 2017	3.231	3.392	3.261	3.241
December 31, 2018	3.207	3.384	3.286	3.373
December 31, 2019	3.283	3.404	3.337	3.314
December 31, 2020	3.303	3.658	3.496	3.621
Month Ended:				
September 2020	3.525	3.597	3.555	3.597
October 2020	3.571	3.618	3.596	3.6125
November 2020	3.574	3.658	3.608	3.6065
December 2020	3.584	3.621	3.603	3.621
January 2021	3.607	3.652	3.625	3.639
February 2021	3.638	3.655	3.645	3.649
March 2021 (through March 12, 2021)	3.654	3.703	3.685	3.702

(1) Calculated as the average of the month-end or day-end exchange rates during the relevant period, as applicable.

Source: SBS

Depreciation of the Sol in relation to the U.S. dollar would adversely affect our ability to meet our U.S. dollar-denominated obligations, including the notes offered hereby, while appreciation of the Sol in relation to the U.S. dollar could adversely affect the ability of some of our clients, mainly exporters, to meet their obligations with us, which could in turn affect our business and results of operations. See "Risk Factors—Risk Factors Relating to BCP and our Business—A depreciation of the Sol may adversely affect our business, financial condition and results of operations."

In the past, the Peruvian economy has suffered balance of payment deficits and shortages in foreign exchange reserves. While the Peruvian government does not currently restrict the ability of Peruvian or foreign persons or entities to convert Soles to U.S. dollars, it may do so in the future. Any such restrictive exchange control policy could adversely affect our ability to make payments in U.S. dollars, and could also have a material adverse effect on our financial condition and results of operations.

SELECTED FINANCIAL INFORMATION

The financial information as of and for each of the three years ended December 31, 2018, 2019 and 2020 has been derived from the consolidated financial statements. The financial statements as of and for the years ended December 31, 2018, 2019 and 2020 have been audited by GAA, and their reports included therein, are included in this Prospectus. This information should be read in conjunction with the financial statements, and the notes thereto as well as the sections entitled "Capitalization" and "Summary Financial Information." As indicated above, the financial statements have been prepared in accordance with Peruvian GAAP.

	For the years ended December 31,			
	2018	**2019**	**2020**	**2020**
		(Soles in thousands) (audited)		(U.S. dollars in thousands)(1) (audited)
INCOME STATEMENT DATA				
Financial income	10,209,656	10,967,124	10,271,433	2,836,629
Financial expenses	(2,631,510)	(2,828,004)	(2,422,347)	(668,972)
Gross financial margin	**7,578,146**	**8,139,120**	**7,849,086**	**2,167,657**
Allowance for loan losses, net of recoveries (2)	(1,507,848)	(1,798,506)	(5,023,837)	(1,387,417)
Gross financial margin after provisions for loan losses	**6,070,298**	**6,340,614**	**2,825,249**	**780,240**
Net gain (loss) for exchange difference	30,359	12,910	65,731	18,153
Net financial margin	**6,100,657**	**6,353,524**	**2,890,980**	**798,393**
Banking services commissions, net	2,486,844	2,609,684	2,248,910	621,074
Net result from derivatives instruments	(7,544)	23,415	23,994	6,626
Net gain (loss) on sale of securities	28,579	138,316	132,910	36,705
Net gain on foreign exchange transactions	699,405	736,844	656,282	181,243
Other non-financial income	266,451	251,782	180,012	49,713
Operating expenses	(4,870,572)	(5,131,700)	(5,161,163)	(1,425,342)
Income before income tax	**4,703,820**	**4,981,865**	971,925	268,412
Income tax	(1,330,732)	(1,334,880)	(155,139)	(42,845)
Net income	**3,373,088**	**3,646,985**	**816,786**	**225,567**
Attributable to:				
Equityholders of Banco de Crédito del Perú	3,350,151	3,627,575	819,927	226,437
Non-controlling interests	22,937	19,410	(3,141)	(867)
Net income	**3,373,088**	**3,646,985**	**816,786**	**225,567**
Basic and diluted earnings per share (in Soles) from continuing operations(3)	0.3846	0.3569	0.0738	0.0204
Dividends declared per common share (in Soles)(4)	0.21	0.13	—	—

(1) For the convenience of the reader data as of and for the period ended December 31, 2020 have been translated from Soles into U.S. dollars at a rate of S/3.621 = U.S.$1.00 (the December 31, 2020 exchange rate as published by the SBS).

(2) Provision for loan losses includes provisions with respect to total direct and indirect loans. While direct loans represent outstanding loans, indirect loans include guarantees and stand-by letters of credit, import and export letters of credit, and amounts due from bank acceptances, which are not included as assets on our consolidated statement of financial position.

(3) See note 25 to the annual consolidated financial statements.

(4) Dividends declared for the year divided by the number of outstanding common shares at year end.

	As of December 31,			
	2018	2019	2020	2020
		(Soles in thousands) (audited)		(U.S. dollars in thousands)(1) (audited)
Statement of financial position data				
Total assets	**143,681,366**	**150,659,945**	**195,192,638**	**53,905,727**
Investments in trading, available-for-sale and held to maturity securities, net and permanent investments	18,168,541	17,718,529	36,707,388	10,137,362
Gross loans (2)	101,171,141	104,864,011	125,875,878	34,762,739
Reserves for loan losses (3)	4,460,712	4,527,881	8,494,508	2,345,901
Net loans	96,710,429	100,336,130	117,381,370	32,416,838
Past due loans	2,979,185	3,163,185	4,546,737	1,255,658
Total deposits	93,033,696	99,433,161	126,971,955	35,065,439
Issued bonds	14,736,828	14,312,926	13,811,673	3,814,326
Payables from repurchase agreements	7,169,908	5,803,336	26,267,587	7,254,236
Shareholders' equity attributable to BCP equity holders	17,036,245	18,917,211	18,818,421	5,197,023

(1) For the convenience of the reader data as of and for the period ended December 31, 2020 have been translated from Soles into U.S. dollars at a rate of S/3.621 = U.S.$1.00 (the December 31, 2020 exchange rate as published by the SBS).

(2) Net of deferred interest on discounted notes, plus accrued interest from current loans, but prior to reserve for loan losses. In addition to direct loans outstanding, we had indirect loans of S/19.8 billion, S/19.4 billion and S/19.9 billion, as of December 31, 2018, 2019 and 2020, respectively.

(3) Reserves for loan losses include reserves with respect to direct loans only.

The following selected financial and operating data as of and for each of the years ended December 31, 2018, 2019 and 2020 have been derived from the financial statements. This information should be read in conjunction with the financial statements and the notes thereto. As indicated above, the financial statements have been prepared in accordance with Peruvian GAAP.

	As of and for the years ended December 31,		
	2018	2019	2020
	(Soles in millions, except as otherwise indicated)		
OTHER FINANCIAL DATA:			
Total operating revenue(1)	9,544.0	10,100.7	6,067.4
Dividends	2,036.4	1,303.7	—
Average interest-earning assets(2)	122,909.3	133,286.7	165,450.1
Average total assets(3)	141,275.7	147,170.7	172,926.3
Average shareholders' equity(4)	16,141.2	17,976.7	18,867.8
Risk-weighted assets(5)	124,798.0	134,128.9	142,042.9
Total regulatory capital	17,679.0	19,408.0	21,210.3
SELECTED FINANCIAL RATIOS:			
Profitability and Efficiency			
Return on average shareholders' equity(6)	21.4%	20.4%	4.4%
Return on average total assets(7)	2.4%	2.5%	0.5%
Dividend payout ratio(8)	60.4%	35.7%	—
Net interest margin(9)	6.2%	6.1%	4.7%
Provisions for loans losses as a percentage of total operating revenue	15.8%	17.8%	82.8%
Efficiency ratio(10)	43.7%	43.3%	44.0%
Net fee income as a percentage of total operating revenue(11)	26.1%	25.8%	37.1%
Capitalization and Balance Sheet Structure			
Equity-to-asset ratio(12)	11.4%	12.2%	10.9%
Total regulatory capital as a percentage of risk-weighted assets	14.2%	14.5%	14.9%
Total loans as a percentage of total deposits	104.0%	100.9%	92.4%
Total deposits as a percentage of total assets	64.8%	66.0%	65.0%
Credit Quality			
Reserve for loan losses as a percentage of total gross loans(13)	4.7%	4.6%	7.1%
Reserve for loan losses as a percentage of past due loans (coverage ratio)(14)	160.8%	153.2%	196.5%
Past due loans as a percentage of total gross loans(15)	2.9%	3.0%	3.6%

(1) Total operating revenue is the aggregate of net interest income after provisions, fees and commissions from banking services, net gains (loss) from sales of securities, net gains on foreign exchange transactions and other income.

(2) Average interest-earning assets include deposits in the Peruvian Central Bank, deposits in other banks, interbank funds, investment securities and loans and the sum is calculated based on the monthly average of every period.

(3) Average total assets is defined as the simple average between the value of total assets at the end of the period or year and the value of total assets at the end of the previous corresponding period or year.

(4) Average shareholders' equity is defined as the simple average between the value of shareholders' equity at the end of the period or year and the value of shareholders' equity at the end of the previous corresponding period or year.

(5) Includes on and off balance sheet assets on an unconsolidated basis as reported to the SBS.

(6) Return on average shareholders' equity is defined as net income (annualized figures) as a percentage of average shareholders' equity, calculated on a monthly basis.

(7) Return on average total assets is defined as net income (annualized figures) as a percentage of average total assets, calculated on a monthly basis.

(8) Declared dividends per share divided by net income per share.

(9) Net interest margin is defined as gross financial margin divided by average interest-earning assets.

(10) Efficiency ratio for the period is calculated by dividing (i) operating expenses deducting other operating expenses by (ii) gross financial margin adding fees and commissions from banking services plus net gains on foreign exchange transactions plus net result from derivative instruments for the period.

(11) Fees and commissions from banking services, net, as a percentage of total operating revenue.

(12) Average shareholders' equity divided by average total assets.

(13) Reserve for loan losses includes reserves with respect to direct and indirect loans.

(14) Reserve for direct and indirect loans losses divided by total past due loans.

(15) Total past due loans divided by total gross loans.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our financial condition and results of operations depend significantly upon the macroeconomic conditions prevailing in Peru and prospective investors should (among other things) consider the factors set forth under "Cautionary Statements Regarding Forward-Looking Statements" and "Risk Factors—Risk Factors Relating to BCP and our Business" and "Risk Factors—Risk Factors Relating to Peru."

Introduction

The following discussion should be read in conjunction with the audited consolidated financial statements as of and for the years ended December 31, 2018, 2019 and 2020, which were prepared in accordance with Peruvian GAAP, in each case including the notes thereto. The audited consolidated financial statements as of December 31, 2018, 2019 and 2020 and for the years then ended have been audited by GAA.

Under Peruvian GAAP, our financial statements are consolidated with the financial statements of our subsidiaries, which are companies controlled by us (*i.e.*, we have the power to govern the financial and operating policies of these enterprises so as to obtain benefits from their activities). See note 3 to the annual consolidated financial statements.

Critical Accounting Policies

In the preparation and presentation of the annual consolidated financial statements, our management has complied with the regulations established by the SBS in force in Peru as of December 31, 2018, 2019 and 2020. Certain of the accounting practices we employ, which conform to Peruvian GAAP, may differ in certain significant respects from generally accepted accounting principles in other countries. Critical accounting principles and practices used in the preparation of the annual and interim consolidated financial statements are described below. For further details on these accounting principles, see note 3 to the annual consolidated financial statements included elsewhere in this Prospectus.

Basis for presentation and use of estimates

The accompanying consolidated financial statements have been prepared in Soles from the accounting records of the Bank and its subsidiaries, in accordance with Peruvian GAAP applicable to financial entities. The accounting principles substantially comprise the SBS regulations and, when there are no specific SBS regulations, IFRS as issued by IASB and as approved through the resolutions issued by the CNC, and in force in Peru as of December 31, 2020.

These accounting principles are consistent with those used in the fiscal years ended December 31, 2020, 2019 and 2018.

The preparation of the accompanying consolidated financial statements requires management to make estimates that affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of significant events in the notes to the consolidated financial statements.

Estimates are continually evaluated and are based on historical experience and other factors. The final results could differ from those estimates; however, management expects that the variations, if any, will not have a material impact on the consolidated financial statements. The most significant estimates related to the accompanying consolidated financial statements correspond to the allowance for loan losses, the valuation of investments, impairment of goodwill evaluation, the valuation of derivative financial instruments and share-based payments; likewise, management performs other estimates, such as estimated useful life and the recoverable value of intangible assets, property, furniture and equipment and deferred income tax assets and liabilities.

Subsidiaries are all entities over which we have 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.

Also, the financial statements of subsidiaries and branch offices overseas have been standardized to the accounting standards of the SBS.

Base of consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiaries for all the years presented.

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

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

Transactions with non-controlling interest

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as a capital transaction (equity transaction) and any resulting difference between the price paid and the amount corresponding to non-controlling shareholders must be recognized directly in the consolidated net equity.

The consolidated financial statements include the financial statements of the Bank and its subsidiaries in which they hold more than 50%, directly and indirectly. Below is the main data of the Bank and its subsidiaries engaged in the process of consolidation as of December 31, 2020 and 2019, before eliminations were made in said process:

Business combination

Business combinations are accounted for using the acquisition method according to IFRS 3 "Business Combinations." The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquired entity. For each business combination, the Bank and its subsidiaries elect whether to measure the non-controlling interest in the acquired business at fair value or at the proportionate share of the acquired business's identifiable net assets. Acquisition costs incurred are expensed and included in the caption "General and administrative expenses" of the consolidated statement of income.

When the Bank acquires a business, it assesses the financial assets and liabilities assumed for their appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquired business.

Any contingency to be transferred by the acquirer must be recognized at fair value at the acquisition date. The contingency classified as an asset or liability that is a financial instrument and is within the scope of SBS's manual of accounting, is measured at fair value with changes in the consolidated statement of income or as a change in the consolidated statement of comprehensive income. If the contingency is not within the scope of SBS's manual of accounting, it is measured in accordance with the applicable IFRS. The contingency that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Acquisitions of non-controlling interests are recorded directly in the consolidated statement of changes in equity; the difference between the amount paid and the share of the net assets acquired is recorded as an equity transaction. Therefore, no additional goodwill is recorded upon purchase of the non-controlling interest, nor is a gain or loss recognized upon disposal of the non-controlling interest.

The net equity attributable to the non-controlling interest is presented separately in the consolidated statement of financial position. The profit attributable to the non-controlling interest is presented separately in the statement of income and the statement of comprehensive income.

As of December 31, 2020, and 2019, there have been no business combinations.

Functional and presentation currency

The accounting records of foreign subsidiaries are kept in the original currency of each country. For consolidation purposes its balances were translated to Soles as follows: (i) assets and liabilities are translated at the exchange rate on the free market as of the consolidated statement of financial position date, and (ii) revenues and expenses are translated at the monthly average exchange rate.

All differences arising from the translation were included in “Translation result” of the consolidated statements of changes in shareholders’ equity.

Recognition of revenue and expenses

Interest income and expense are recognized in the results of the period in which they accrue based on the effective validity of the operations, which generate them and the interest rates freely agreed with clients (which may be limited by the Peruvian Central Bank, see “Risk Factors—Risk Factos Relating to Peru—The Peruvian Central Bank may impose limits to our interest rates”), except for interest generated by loans that are 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 income includes returns on fixed income investments and trading securities, and the accrued discount or premium on financial instruments. Dividends are recognized as income when they are declared. Commissions and expenses for credit formalization, as well as for opening, studying and evaluating direct and indirect credits are recorded as income based on their accrual over the term of the respective contracts. Commissions for financial services related to the maintenance of approved loans and fees for additional and/or complementary operations or services to said loans, other than those indicated in the previous paragraph, are recognized as income when received. All other revenues and expenses are recognized as earned or incurred in the period in which they accrue.

As part of the prudential measures of the state of emergency due to COVID-19 pandemic, the SBS passed Multiple Official Letter No.11150-2020-SBS to authorize financial institutions to modify contractual conditions of different types of credits without this constituting a refinancing provided that customers are up to date on their payments. Likewise, through Multiple Official Letter N°11170-2020-SBS, the SBS allowed the application of the accrual principle to account for interest associated with rescheduled retail loans, while maintaining the criterion of what is received in the case of non-retail debtors rescheduled on a significant scale.

Discontinued operations

Gains or losses related to discontinuing operations are presented separately in the caption “Net income from discontinued operations” in the consolidated statement of income. Also, cash flows from operating, investing and financing activities generated by discontinued operations have been excluded from the accompanying consolidated cash flow statements.

Allowance for loan losses

Management determines the allowance for loan losses in accordance with the guidelines established by the SBS. In accordance with such criteria, our management periodically conducts a formal review and analysis of the loan portfolio. All the loans are classified under the following categories: Normal (*Normal*), Potential Problem (*Problema Potencial*), Substandard (*Deficiente*), Doubtful (*Dudoso*), or Loss (*Pérdida*), based on the risk of non-payment by the customer.

As of December 31, 2020, 2019 and 2018 the allowance for loan losses was determined in accordance with the guidelines established by SBS Resolutions No. 11356-2008 “Regulation for the evaluation and classification of the debtor and the requirement of provisions”, as amended, and No. 6941-2008 “Regulation for Managing the Risk of Retail Debtors with High Leverage Levels”, as amended. Pursuant to SBS Resolution No. 11356-2008, the loan portfolio is separated into retail and non-retail borrowers. Retail borrowers include individual and legal entities who have direct or indirect loans, within the categories of consumer (revolving and non-revolving), micro-business, small-business or mortgage loans. Non-retail borrowers are individuals or legal entities who have direct or indirect loans within the categories of corporate, large-business or medium-business loans.

In general, the SBS guidelines include the following three components: (i) the provision for loan losses which results from the classification of the loan portfolio, (ii) the pro-cyclical provision, which was deactivated in November 2014 by SBS, based on the behavior of local macroeconomic variables, and (iii) the over-indebtedness provisions for retail borrowers, when applicable.

For corporate, big-business, and medium-business loans, the risk classification takes into consideration several factors, including the payment history of the loan, our relationship history with the client/debtor's management, the debtor's operating history, repayment capability and availability of funds, the status of any collateral or guarantee received, the debtor's financial statements and the risk classification granted by other financial institutions. The following table sets forth the loan classification and the corresponding reserve requirement (excluding pro-cyclical requirements) for corporate, big-business and medium-business loans:

	Corporate and Big-Business Loans (%)			Medium-Business Loans (%)		
Level of Risk Classification	**No guarantee**	**Highly liquid preferred guarantees**	**Readily preferred guarantees**	**No guarantee**	**Highly liquid preferred guarantees**	**Readily preferred guarantees**
I: Normal (*Normal*)	0.7	0.7	0.7	1.0	1.0	1.0
II: Potential Problem (*Problema Potencial*)	5.0	2.5	1.25	5.0	2.5	1.25
III: Substandard (*Deficiente*)	25.0	12.5	6.25	25.0	12.5	6.25
IV: Doubtful (*Dudoso*)	60.0	30.0	15.0	60.0	30.0	15.0
V: Loss (*Pérdida*)	100.0	60.0	30.0	100.0	60.0	30.0

For small-business, micro-business, consumer (revolving and non-revolving), and residential mortgage loans, the risk classification considers several factors, including: the payment history of the loan, our relationship historically dealing with the client/debtor's management, the debtor's operating history, repayment capability and availability of funds, the status of any collateral or guarantee received, the debtor's financial statements, the risk classification granted by other financial institutions.

For retail loans, the risk classification is based, mainly, on how long payments are overdue. The following table sets forth the loan classification and the corresponding reserve requirement (pro-cyclical requirements are not included) for small-business, micro-business, consumer loans, and residential mortgage loans:

	Small-Business, Micro-Business and Consumer Loans		Residential Mortgage Loans	
Level of Risk Classification	**Past Due (days)**	**Reserve (%)**	**Past Due (days)**	**Reserve (%)**
I: Normal (*Normal*)	0-8	1.0	0-30	0.7
II: Potential Problem (*Problema Potencial*)	9-30	5.0	31-60	2.5
III: Substandard (*Deficiente*)	31-60	25.0	61-120	12.5
IV: Doubtful (*Dudoso*)	61-120	60.0	121-365	30.0
V: Loss (*Pérdida*)	more than 120	100.0	more than 365	60.0

Due to the state of emergency resulting from the COVID-19 pandemic, the SBS ordered the freezing of the count of days in arrears between March 1 and August 31, 2020, for clients who were more than 15 days in arrears as of February 29, 2020.

The allowance rate for indirect loans is determined according to the loan conversion factor, which can be 0%, 20%, 50% and 100%, on the basis of "Exposure equivalent to credit risk."

The provision is computed considering the risk classifications assigned and using specific percentages, which vary depending on whether or not the loans are secured by self-liquidating preferred guarantees (mainly cash deposits and rights on credit certificates); highly liquid preferred guarantees (treasury bonds issued by the Peruvian government, financial instruments of the BCRP, debt instruments issued by governments and central banks traded on a stock exchange, among others); or preferred guarantees (primary pledge on financial instruments, machinery, property, agriculture products or mineral, insurance credit on exports, among others), considered at their net realizable value as determined by independent appraisers.

Furthermore, for the calculation of the provision, the classification of the guarantor or cosignatory must be considered, in case the credits have the joint and several responsibility of a company of the financial or insurance system (credits subject to the substitution of credit counterparty).

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

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

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.

Pro-cyclical provisions were calculated for loans classified as normal and according to the percentages established by the SBS. However, as of December 31, 2020, the pro-cyclical component of the provision was deactivated and at that date the Bank and its subsidiaries maintained pro-cyclical provision which amounted to S/33.9 million, and at December 31, 2019, an amount of S/33.8 million, as established by the Circular Letter SBS No. 2224-2014.

Risk administration of over-indebtedness of retail borrowers is required by SBS Resolution No. 6941-2008, issued on August 25, 2008, “Regulation for managing the risk of over-indebtedness of retail borrowers.” This rule requires that financial entities establish an over-indebtedness risk management system that will enable them to reduce risk, prior to and after granting the loan, as well as constant monitoring of the loan portfolio to identify over-indebted debtors, which includes the periodic evaluation of the control mechanisms used , as well as the corrective actions or improvements required, as applicable. For provisioning purposes, the financial entities that fail to comply with this rule to the satisfaction of the SBS, must calculate the exposure equivalent to the credit risk by applying a 20% factor to the unused amount of revolving credit lines for micro-business and consumer loans, and on the basis of said amount, compute the provision according to the debtor’s classification.

In management’s opinion, as of December 31, 2020 and 2019, the Bank and its subsidiaries have complied with the requirements of SBS Resolution No. 6941-2008, so it was not necessary to record additional general provisions relating to the inadequate administration of risk of over-indebtedness.

At December 31 2020, the Bank had recorded provisions for a doubtful loan portfolio which exceed the minimum established by the regulations of the SBS, with the objective of covering additional risks of impairment which are estimated in the loan portfolio, based on the existence of objective evidence that the financial asset or a group of them is impaired.

The allowance for direct loans is presented as an asset deduction, while the allowance for indirect loans is presented as a liability.

During 2020, due to the national state of emergency resulting from the COVID-19 pandemic, the SBS passed SBS Resolutions N°1314-2020 and N°3155-2020 to put in place exceptional measures regarding the provision for credit risk with respect to credits covered by a guarantee under the *Reactiva Peru* program and rescheduled loans respectively. See note 6 (f) to the annual consolidated financial statements included elsewhere in this prospectus for additional details.

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

As of December 31, 2020 and 2019, investments were valued in accordance with SBS Resolution N°7033-2012 and amendments. The criteria for valuation of investments, according to their classification are as follows:

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

Investments available-for-sale

Initial recognition is at fair value, including the transaction costs that are directly attributable to their acquisition. Gains or losses originated by changes between the initial cost and fair value are recognized directly in equity, unless there is a permanent impairment in its value, which in this case is recognized in the consolidated statement of income. When an instrument is realized or sold, the unrealized gain or loss previously recognized as part of equity will be transferred to the consolidated statement of income.

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

Investments held-to-maturity

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

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

Interest is recognized using the effective interest rate, which includes both the interest receivable and the amortization of the premium or discount existing in the acquisition.

Gains or losses from exchange differences related to the amortized cost of debt instruments affect the consolidated result of the period, and those related to the difference between the amortized cost and the fair value are recorded as part of the unrealized gain or loss in the consolidated equity.

Equity instruments are considered non-monetary items; therefore, they are maintained at their historical cost in local currency, and the exchange differences are part of their valuation and are recognized as unrealized results in consolidated equity.

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

Impairment assessment

The Resolution No. 7033-2012, modified by SBS Resolution No. 2610-2018, establishes a standard methodology for the identification of the impairment of financial instruments classified as available-for-sale and held-to-maturity.

Said methodology comprises an analysis, as described below:

(i) Debt instruments -

The occurrence of the following situations must be evaluated for the entire portfolio:

1. Impairment of financial position or financial ratios of the issuer or its economic group.

2. Discount in any of the credit ratings of the instrument or the issuer, in at least two (2) "notches," from the moment the instrument was acquired; where a "notch" corresponds to the minimum difference between two risk ratings within the same rating scale.

3. Interruption of transactions or of an active market for the financial asset, due to financial difficulties of the issuer.

4. The observable data indicates that since its initial recognition of a group of financial assets with characteristics similar to the instrument evaluated, there is a measurable decrease in its estimated future cash flows, although it cannot yet be identified with individual financial assets of the group.

5. Decrease in value due to legislation changes (taxes, regulatory or other governmental changes).

6. Significant decrease in fair value below amortized cost. It will be considered as a significant decrease if the fair value at the closing date has decreased at least 40% below its amortized cost at that date.

7. Prolonged decrease in fair value. It will be considered as a prolonged decrease if the fair value at the closing date has decreased by at least 20% compared to the amortized cost of 12 months ago, and the fair value at the closing date of each month during the period of 12 previous months, has always remained below the amortized cost corresponding to the closing date of each month.

In the case that at least two of the situations described above are met, it will be considered that there is impairment.

In the case that at least two of the situations described above have not been given, it is sufficient that one of the following specific situations be presented to consider that there is impairment:

1. Interruption of the interest or capital payments due to financial difficulties of the issuer.

2. Forced renegotiation of the contractual conditions of the instrument due to legal or financial difficulties related to the issuer.

3. Evidence that the issuer is to enter into a forced restructuring or bankruptcy process.

4. Downgrading of the risk classification, classified as investment grade, toward a classification that is below investment grade.

(ii) Equity Investments

The occurrence of the following situations must be evaluated for the whole portfolio:

1. Downgrading of the risk classification, of a debt instrument classified as investment grade, toward a classification that is below investment grade.

2. Adverse conditions of the investment and the issuer. Adverse conditions include unfavorable changes in the technological, market, economic or legal environment in which the investment or issuer operate.

3. Impairment of the financial position or financial ratios of the issuer or its economic group.

4. Interruption of transactions or of an active market due to financial difficulties of the issuer.

5. Observable data indicates that since the initial recognition of a financial asset group with similar characteristics to the instrument evaluated, a measurable decrease in their estimated future cash flows exists, although it cannot be attributed to specific financial assets from the group.

6. Decrease in value due to legislative changes (taxes, regulatory or other governmental changes).

In the case that at least two of the situations described above are met, it will be considered that there is impairment.

In the case that at least two of the situations described above have not been given, it is sufficient that one of the following specific situations be presented to consider that there is impairment:

1. Significant decrease in fair value below its acquisition cost. It will be considered as a significant decrease if the fair value at the closing date has decreased by at least 40% below its cost value.

2. Prolonged decrease in fair value. It will be considered as a prolonged decrease if the fair value at the closing date has decreased by at least 20% compared to the fair value of 12 months ago and, the fair value at the closing date of each month during the period of 12 previous months, has always remained below the cost of acquisition.

3. Breach of the statutory provisions by the issuer, related to the payment of dividends.

4. Evidence that the issuer is to enter into a forced restructuring or bankruptcy process.

As of December 31, 2020, the change in the impairment policy with respect to the fiscal year ended December 31, 2019 and 2018 has not had a significant impact on the Bank's financial statements.

Investments in associates

An associate is an entity over which we have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity, but is not control over those policies. The considerations taken into account to determine significant influence are similar to the considerations to determine control over subsidiaries. Our investments in associates are recognized initially at cost and are subsequently accounted for using the equity method. They are included in "Other assets" in the consolidated statement of financial position. Gains resulting from the use of the equity method of accounting are included in "Other income" of the consolidated statement of income.

Derivative financial instruments

Derivative financial instruments are recorded in accordance with accounting criteria established by SBS Resolution No. 1737-2006 "Regulation for Trading and Accounting of Derivatives for Financial Entities" and amendments, as explained below:

Trading. Trading derivative financial instruments are initially recognized in the consolidated statements of financial position at fair value recognizing an asset or liability in the consolidated statements of financial position, and the related gains and losses arising from changes in fair values are recorded in the consolidated statements of income. Also, derivative transactions are recorded as risks and contingent commitments at their reference values in the committed currency. Fair values are estimated based on the market exchange and interest rates.

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

If the SBS considers the documentation to be insufficient 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. Consequently, with effect as of such date, the variations in fair value will be recognized in the result of the period. For cash flow hedges, the effective portion of gain or loss over the hedge instrument is recognized directly in equity, in the caption "Unrealized gains (losses)" as a cash flow hedges reserve. The ineffective portion of gain or loss of the hedged instrument is recognized in the consolidated statements of income. When the cash flow hedge affects the consolidated statements of income, the gain or loss in the hedge instrument is recorded in the corresponding caption of the consolidated statements of income or when a forecast transaction occurs.

For fair value hedges, changes in fair value of the derivative are recognized in the consolidated statements of income. 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 statements of income.

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

Following the SBS permission, certain derivative financial instruments maintained by the Bank and its subsidiaries have been designated as hedging operations considering the functional currency of Credicorp Ltd., the

U.S. dollar, until December 31, 2013. From January 1, 2014, Credicorp Ltd. changed its functional currency to Soles.

Finite useful life intangible assets

These assets are composed principally of acquisition and development of software used by us and our subsidiaries in their operations, which are recorded at cost; brand rights of use, which are recorded considering the related contract; finite useful life intangible assets identified in the acquisition of Edyficar and Mibanco in 2009 and 2014, respectively, which were recognized in the consolidated statement of financial position at their fair values determined at their acquisition date, corresponding to the brand name; costumer relationships; and depositor relationships

Indefinite useful life intangible assets – Goodwill

Goodwill is the excess of the aggregate of the consideration transferred and the fair value recognized for the acquisition of the net value of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, then the gain is recognized in the statement of income.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our and our subsidiaries' cash-generating units ("CGUs") that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquired business have been distributed to those units.

If the goodwill has been distributed to a CGU and part of the assets with which said unit operates are disposed of, the goodwill and the assets disposed of are included in the carrying amount of the transaction upon determining the loss or reduction for said disposal. Under these circumstances, the goodwill disposed of is measured based on the relative value of the assets disposed of and the retained portion of the CGU.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Seized assets

Realizable assets include assets purchased specifically for granting them as part of finance leasing operations and are recorded initially at their acquisition cost; realizable assets not granted in finance lease operations are recorded at the lower of cost or market value.

Assets received in payment, adjudicated and seized (originating from terminated finance lease 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, whichever is lower. At the time of initial recognition, a provision equivalent to 20% 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 other than real estate*. A uniform monthly provision is established with effect from the first month of the dation, seizure or recovery, for a period of 12 months, until providing for 100% of the net seized or recovered value.

- *Real estate*. Uniform monthly provisions are made over the net carrying amount obtained at the twelfth month; as long as the six-month extension contemplated in SBS Resolution No.1535-2005 has not been obtained, in which case uniform monthly provisions are made over the net carrying amount obtained in the eighteenth month. In both situations, the provisions are made until providing for 100% of the net carrying amount in a term of three and a half years, starting from the date in which monthly provisions began to be made.

The annual update of the valuations of these assets, determined by an independent appraiser, involves, if necessary, the recording of impairment provisions.

Income tax

Current income tax is calculated on the basis of taxable income determined for tax purposes, which is determined using principles that differ from the accounting principles used by the Bank and its subsidiaries.

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

The carrying amount of DTAs and deferred tax liabilities may change even though there is no change in the amount of temporary differences, due to a change in the rate of income tax. The effect of the change in deferred tax, corresponding to the tax rate change shall be recognized in the consolidated statement of income for the period, except for items previously recognized outside the consolidated statement of income (either in other comprehensive income or directly in equity).

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

In accordance with IAS 12, the Bank and its subsidiaries determine their deferred income tax considering the tax rate applicable to its retained earnings; any additional tax on a dividend distribution is recorded on the date a liability is recognized.

Share-based payment transactions

The Bank has a voluntary share-based participation plan, which was implemented in the year 2009 and consists of granting a number of shares of Credicorp Ltd. For said purpose, the Bank acquires each year shares of Credicorp Ltd., which are legally delivered to the executives, vesting in three years from the granting date (March or April of each year), and recording them as though they were settled in cash.

The fair value of the shares is recorded as an expense during their term of maturity and until their vesting under the heading “Salaries and employees benefits” of the income statement against a liability.

When price or terms of the plan are modified, the effect of the change is recorded in the consolidated statement of income.

Purchase operation and repurchase agreement of foreign currency

On January 6, 2015, Circular No. 002_2015-BCRP came into effect, including three additional currency reporting schemes for the purpose of supporting the process of de-dollarization of credit, namely as Expansion (with the objective of supporting credit growth in local currency and for which the amount transferred in foreign currency to BCRP will be deducted from the general regime of the legal cash reserve requirement in foreign currency), Substitution (with the objective of supporting the conversion of credits in foreign currency into local currency), and Regular (used to alleviate liquidity requirements), annulling the previous circulars.

Under these three schemes, the Bank receives cash in Soles from BCRP that it must return at maturity, for which it recognizes a liability in the caption “Payable for repurchase agreements” in the statement of financial position, including accrued interest computed according to the method of the effective interest rate. Simultaneously, the Bank delivers cash in U.S. dollars to BCRP, the availability of which will be restricted until the maturity of the operation, so the Bank records an asset under “Restricted funds” in the consolidated statement of financial position.

The interest generated by the cash received will be recorded in the caption “Financial Expenses,” in the consolidated statement of income.

Subsequent Events

The shareholders of our subsidiary Mibanco, Banco de la Microempresa S.A. approved, at a general shareholders’ meeting held on February 4, 2021, a reduction in the capital stock and additional capital in a total of S/400.0 million to constitute voluntary provisions in accordance with the provisions of the Multiple Official Letter SBS No. 42138-2020 issued by the SBS in December 2020. This reduction is subject to the approval of the SBS, which is pending as of the date of this prospectus. As soon as this transaction is approved and registered in Mibanco, BCP will reduce its equity in an amount proportional to its interest.

As a result of increases in COVID-19 cases, on January 27, 2021, the Peruvian government enacted Supreme Decree 008-2021-PCM (in effect as of January 31, 2021), which reinstated lockdowns in certain “high alert” regions through February 28, 2021. Subsequently, on February 27, 2021, the Peruvian government enacted Supreme Decree 036-2021-PCM (in effect as of March 1, 2021) to extend the national emergency period through March 31, 2021, and to establish new differentiated measures and restrictions, which vary by region and level of alert.

On March 6, 2021, the Peruvian government enacted Emergency Decree 026-2021, which establishes complementary extraordinary measures in order to allow the rescheduling of loans under the *Reactiva Peru* program.

Results of Operations for the Years Ended December 31, 2018, 2019 and 2020

The following discussion is based upon information contained in the annual consolidated financial statements and should be read in conjunction therewith. The annual consolidated financial statements have been prepared in accordance with Peruvian GAAP.

The following table sets forth, for the years ended December 31, 2018, 2019 and 2020, the principal components of our net income:

	For the years ended December 31,		
	2018	2019	2020
	(Soles in thousands)		
Financial income	10,209,656	10,967,124	10,271,433
Financial expense	(2,631,510)	(2,828,004)	(2,422,347)
Gross financial margin	7,578,146	8,139,120	7,849,086
Provision for loan losses	(1,507,848)	(1,798,506)	(5,023,837)
Gross financial margin after provision for loan losses	6,070,298	6,340,614	2,825,249
(Loss) gain for exchange difference	30,359	12,910	65,731
Net financial margin	6,100,657	6,353,524	2,890,980
Non-financial income	3,473,735	3,760,041	3,242,108
Operating expenses	(4,870,572)	(5,131,700)	(5,161,163)
Income before income tax	4,703,820	4,981,865	971,925
Income tax	(1,330,732)	(1,334,880)	(155,139)
Net income from continuing operations	**3,373,088**	**3,646,985**	**816,786**
Net Income from discontinued operations	—	—	—
Net Income	**3,373,088**	**3,646,985**	**816,786**
Attributable to:			
Equityholders of Banco de Crédito del Perú	3,350,151	3,627,575	819,927
Non-controlling interests	22,937	19,410	(3,141)

In 2020, net income decreased by S/2,830.2 million, or 77.6%, to S/816.8 million compared to 2019. This decrease was primarily driven by (i) an increase of S/3.23 billion, or 179.3%, in provisions for loan losses, as a result of higher voluntary provisions registered during 2020 due to the potential deterioration in our clients' debt servicing capacity as a result of the COVID-19 pandemic in mid-March 2020 and the subsequent state of emergency decreed by the Peruvian government that led to a countrywide lockdown and restrictions on economic activity; (ii) a decrease of S/517.9 million, or 13.8%, in non-interest income, which was mainly attributable to a contraction in fees and commissions from banking services; and (iii) a decrease of S/290.0 million, or 3.6%, in gross financial margin, due to a decrease in financial income that was partially offset by a decrease in financial expense, as explained below. Gross financial margin after provision for loan losses decreased by S/3.52 billion, or 55.4%.

In 2019, net income increased by S/273.9 million, or 8.1%, to S/3.65 billion compared to 2018. This increase was primarily driven by an increase of S/561.0 million, or 7.4%, in gross financial margin, and an increase of S/286.3 million, or 8.2%, in non-interest income. The increase was partially offset by a S/290.7 million, or 19.3%, increase in provisions for loan losses and a S/261.1 million, or 5.4%, increase in operating expenses. Gross financial margin after provision for loan losses increased by S/270.3 million, or 4.5%.

Gross financial margin

The following table sets forth, the components of our gross financial margin:

	For the years ended December 31,		
	2018	2019	2020
	(Soles in thousands)		
Financial income:			
Interest from loan portfolio	9,377,565	9,933,284	9,436,048
Interest from trading, available-for-sale and held-to-maturity investments	674,420	720,490	761,370
Interest from cash and Inter-bank funds	146,518	301,581	67,644
Other	11,153	11,769	6,371
Total financial income	**10,209,656**	**10,967,124**	**10,271,433**

	For the years ended December 31,		
	2018	2019	2020
Financial expense:			
Interest on deposits and obligations	(976,650)	(1,194,547)	(833,479)
Interest on bonds and subordinated notes issued	(888,161)	(883,031)	(841,175)
Interest due to banks, correspondents and other entities	(616,317)	(590,518)	(557,154)
Deposit Insurance Fund fees	(140,184)	(151,626)	(183,132)
Other	(10,198)	(8,282)	(7,407)
Total financial expense	**(2,631,510)**	**(2,828,004)**	**(2,422,347)**
Gross financial margin	**7,578,146**	**8,139,120**	**7,849,086**

Our gross financial margin decreased by 3.6% in 2020 after having increased by 7.4% in 2019. The decrease in gross financial margin in 2020 was mainly due to a decrease in income from interest on loans and from cash and interbank funds. This decrease was partially offset by a decrease in financial expenses, mainly from interest on deposits and obligations. The increase in gross financial margin in 2019 was mainly due to an increase in income from interest on loans and from cash and interbank funds. This increase was partially offset by an increase in financial expenses, mainly from interest on deposits and obligations.

Financial income

Financial income decreased by 6.3% in 2020 compared to 2019, after increasing by 7.4% in 2019 compared to 2018. Both the decrease in 2020 and increase in 2019 were primarily due to changes in income from interest on loans.

The average nominal interest rates we earned on our loans were 10.4% in 2018, 10.3% in 2019 and 8.4% in 2020. The average nominal interest rate for foreign currency-denominated loans increased from 4.9% in 2018 to 5.2% in 2019 and decreased to 4.7% in 2020. Average nominal interest rates for Sol-denominated loans decreased from 13.4% in 2018 to 12.9% in 2019 and decreased further to 10.0% in 2020.

In 2020, the monthly average balance of our foreign currency-denominated loan portfolio was S/33.4 billion, an increase of 1.0% from 2019, while the monthly average balance of our Sol-denominated loans was S/79.1 billion, an increase of 24.2% from 2019. In 2019, the monthly average balance of our foreign currency-denominated loan portfolio was S/33.0 billion, an increase of 2.1% from 2018, while the monthly average balance of our Sol-denominated loans was S/63.7 billion, an increase of 9.5% from 2018. The increase in our loan portfolio in 2020 was mainly due to the expansion of the retail segment portfolios for both BCP and Mibanco as a result of an inflow of government loans through the *Reactiva Perú* program. The increase in our loan portfolio in 2019 was mainly due to an expansion in retail local-currency-denominated loans, primarily attributable to the increase of mortgage and consumer loans.

Financial expense

Financial expense decreased by 14.3% in 2020 to S/2,422 million compared to a financial expense in 2019 of S/2,828 million, which was an increase of 7.5% compared to S/2,632 million in 2018. The decrease in financial expense during 2020 was principally due to a decrease in interest on deposits and obligations. The increase in financial expense during 2019 was principally due to higher rates paid and average balances of total deposits.

The average nominal interest rates paid on foreign currency-denominated deposits increased from 0.6% in 2018 to 0.7% in 2019, and then decreased to 0.4% in 2020 while the average nominal interest paid on Sol-denominated deposits decreased from 1.8% in 2018 to 1.9% in 2019, and then decreased to 1.2% in 2020. Lower market rates have influenced interest rates paid for deposits denominated in both currencies.

Our average interest-bearing foreign-currency denominated deposits increased 13.8% to S/46.2 billion in 2020 from S/40.6 billion in 2019, compared to a 1.6% increase in 2019 from S/40.0 billion in 2018 while our average interest-bearing Sol-denominated deposits increased by 25.3% in 2020 to S/69.0 billion from S/55.0 billion in 2019, and increased by 14.7% in 2019 from S/48.0 billion in 2018. The increase in 2020 was primarily explained by an increase in demand deposits associated with loans under the *Reactiva Peru* that were kept in our clients' demand deposit accounts, as well as an increase in savings deposits.

The average nominal interest rates paid on Sol-denominated amounts due to banks and correspondents and issued bonds increased from 4.6% in 2018 to 5.0% in 2019, and then decreased to 2.5% in 2020. The decrease in 2020 was due to BCRP repurchase agreements with lower interest rates, from the Reactiva Perú program. The increase in 2019 was due to certain BCRP repurchase agreements with higher interest rates coming to maturity. The average nominal interest rates paid on foreign currency denominated amounts due to banks and correspondents and issued bonds decreased from 5.3% in 2018 to 5.2% in 2019, and then decreased to 5.1% in 2020. The decrease was mainly due to a decrease in rates paid on bonds and subordinated notes issued as a result of BCP's liability management of corporate bonds. The decrease in 2019 was mainly due to lower interest rates for loans due to banks as well as to the repurchases and redemptions of bonds bearing interest at higher rates.

The average Sol-denominated amounts due to banks and correspondents and issued bonds increased 110.9% to S/25.9 billion in 2020 from S/12.3 billion in 2019, and decreased by 4.7% in 2019 from S/12.9 billion in 2018. The increase in 2020 was primarily due to an increase in BCRP repurchase agreements from the *Reactiva Perú* program, while 2019 was attributable to fewer issued bonds. Our average foreign currency denominated amounts due to banks and correspondents and issued bonds decreased 10.6% in 2020 to S/14.8 billion from S/16.6 billion in 2019, after decreasing 1.5% in 2019 from S/16.9 billion in 2018. The decrease in 2020 and 2019 was driven by the lower dependence on international financings in U.S. dollars.

Net financial margin

Our net financial margin (gross financial margin divided by average interest earning assets) decreased from 6.2% in 2018 to 6.1% in 2019 and to 4.7% in 2020.

Allowance for loan losses

The following table sets forth, for the years ended December 31, 2018, 2019 and 2020, the movements in our allowance for loan losses, including reserves for indirect loans. Our provisions for indirect loans were S/330.7 million, S/319.6 million and S/438.0 million at December 31, 2018, 2019 and 2020, respectively.

	For the years ended December 31,		
	2018	2019	2020
		(Soles in thousands)	
Allowance for loan losses at the beginning of the year	4,758,791	4,791,396	4,847,449
Provisions of the year, net of recoveries	1,507,847	1,798,506	5,023,837
Recoveries of written-off loans	280,207	254,039	147,851
Write-offs	(1,544,071)	(1,767,348)	(1,103,576)
Condonations and others	(66,260)	(67,116)	(48,167)
Portfolio sale of court collections loans	(192,879)	(143,729)	(30,362)
Exchange difference	47,760	(18,299)	95,456
Allowance for loan losses at the end of the year	**4,791,396**	**4,847,449**	**8,932,488**

Our allowance for loan losses, net of recoveries, increased by S/4,085 million or, 84.3%, in 2020 and increased S/56.1 million, or 1.2%, in 2019. The increase in 2020 was mainly due to voluntary provisions of S/2,140.1 million that we began to record since April 2020. These voluntary provisions are in addition to those established by the SBS and consider the expected deterioration in the loan portfolio, given the high level of uncertainty generated by the lockdown instituted across Peru after the state of emergency declared by the Peruvian government in mid-March 2020. To a lesser, the increase in provisions, net of recovery, was also explained by higher specific provisions, which increased due to the deterioration of the situation some clients which have seen their income affected by the aforementioned measures. Some of the most impacted clients were from the aviation, retail, hotel, real estate, and consumer sectors. For further details see "Management's Discussion and Analysis of Financial Condition and Results of Operations —Critical Accounting Policies—Allowance for loans losses". The increase in 2019 was due to portfolio growth, mainly in the retail segment.

The increase in provisions in 2019 was partially offset by write-offs, which increased by 14.5% in 2019, but decreased by 37.6% in 2020. These write-offs were loans that were fully provisioned and considered unrecoverable. See "Regulatory Environment—Loan Loss Reserves."

Total reserves, including reserves for indirect loans, as a percentage of past due loans were 196.5% at year-end 2020 compared to 153.2% at year-end 2019 and 160.8% at year-end 2018. Total reserves as a percentage of loans with risk classifications of deficient, doubtful and loss, increased to 119.8% in 2020 from 101.1% in 2019, after increasing from 98.6% in 2018. Given the changing composition of our loan portfolio and recent developments in the Peruvian and global economies, our historical loss experience may not be indicative of our future loan loss experience.

Non-financial income

The following table reflects the components of our non-financial income:

	For the years ended December 31,		
	2018	2019	2020
		(Soles in thousands)	
Fees and commissions from banking services	2,486,844	2,609,684	2,248,910
Net result from derivatives instruments	(7,544)	23,415	23,994
Net gains from sales of securities	28,579	138,316	132,910
Net gains on foreign exchange transactions	699,405	736,844	656,282
Other non-financial income	266,451	251,782	180,012
Total non-financial income	**3,473,735**	**3,760,041**	**3,242,108**

Our non-financial income decreased by 13.8% to S/3,242.1 million in 2020 compared to S/3,760.0 million in 2019, which was an increase of 8.2% compared to S/3,473.7 million in 2018. The decrease in 2020 was primarily driven by a decrease in fees and commissions from banking services. The increase in 2019 was primarily driven by an increase in fees and commissions from banking services and net gains from sales of securities.

Fees and commissions from banking services decreased by 13.8% to S/2,248.9 million in 2020 compared to S/2,609.7 million in 2019, which was an increase of 4.9% from S/2,486.8 million in 2018. The decrease in 2020 was primarily driven by lower demand for our services as well as the exoneration of some financial costs to clients. The increase in fees and commissions from banking services in 2019 was primarily due to an increase in transfers and collection fees, commissions from credit/debit card services, insurances sales, penalty commissions, and fees from consulting and technical studies.

Net gains from sales of securities decreased 3.9% to S/132.9 million in 2020 compared to S/138.3 million in 2019, which was a decrease of 384% from S/28.6 million in 2018. The decrease in 2020 was primarily due to lower results in the investment portfolio due to a decrease in the value of assets in March 2020 resulting from market volatility due to the COVID-19 pandemic. The lower gains in 2019 were primarily due to trading activities, partially offset by gains from the available-for-sale portfolio.

Net gains on foreign exchange transactions decreased 10.9% to S/656.3 million in 2020 compared to S/736.8 million in 2019, which was an increase of 5.4% from S/699.4 million in 2018. The decrease in 2020 compared to 2019 was due to a lower volume of foreign exchange operations (U.S. dollar/Soles specifically).

Other non-financial income decreased by 28.5% to S/180.0 million in 2020, compared to S/251.8 million in 2019, which was an increase of 5.5% from S/266.5 million in 2018. The decrease in 2020 compared to 2019 in other non-financial income was driven primarily by lower revenue from the sale of judicial portfolios in the form of assignment of rights and written-off portfolios, as well as lower revenue from sale of property.

Operating expenses

The following table reflects, for the years ended December 31, 2018, 2019 and 2020, the components of our operating expenses:

	For year ended December 31,		
	2018	2019	2020
		(Soles in thousands)	
Salaries and employee benefits	2,464,618	2,582,777	2,341,141
General and administrative expenses	1,682,448	1,819,559	1,804,551
Depreciation and amortization	361,228	380,530	400,138
Provision for seized assets	16,904	3,759	19,858

	For year ended December 31,		
	2018	2019	2020
	(Soles in thousands)		
Taxes and contributions	174,895	202,697	176,230
Other	170,479	142,558	419,245
Total operating expenses	**4,870,572**	**5,131,700**	**5,161,163**

Our operating expenses (excluding provisions for loan losses) increased 0.6% to S/5.2 billion in 2020, increased 5.4% to S/5.1 billion in 2019, from S/4.9 billion in 2018. The increase in 2020 compared to 2019 was due to a 194.1% increase in other operating expenses and 5.2% increase in depreciation and amortization. The increase in 2019 compared to 2018 was due to a 8.1% increase in general and administrative expenses and a 4.8% increase in salaries and employee benefits.

Salaries and employee benefits decreased in 2020 was primarily due to lower variable compensation and other measures associated with income performance. Salaries and employee benefits increased in 2019 principally due to an increase in Mibanco's sales force headcount, as well as because of higher expenses for salaries, vacation pay, medical assistance and other personnel expenses in line with our organic growth.

General and administrative expenses increased from S/1,682.4 million in 2018 to S/1,819.6 million in 2019, and decreased to S/1,804.6 in 2020. As a percentage of operating expenses, general and administrative expenses were 34.5%, 35.5% and 35.0% in 2018, 2019 and 2020, respectively. The decrease in 2020 was primarily due to a decrease in expenses relating to publicity, rental, consulting services, transport and communication services, and third-party services. The increase in 2019 was mainly due to higher marketing, consulting, office supplies, outsourcing systems and agent commission expenses.

Depreciation and amortization increased 5.15% to S/400.1 million in 2020 from S/380.5 million in 2019 and increased 5.3% in 2019 from S/361.2 million in 2018. The increase in 2020 and 2019 was due mainly to higher amortization expenses of intangible assets, associated with the implementation and development of several IT projects.

Other expenses increased 194.1% to S/419.2 million in 2020 from S/142.6 million in 2019 and decreased 16.4% in 2019 from S/170.5 million in 2018. The increase in 2020 was primarily due to extraordinary expenses related to the COVID-19 pandemic, such as acquisition of diagnosis tests, masks, gloves, employee transportation and other medical expenses, as well as donations by BCP of S/100 million and by Mibanco of S/10 million the "YoMeSumo" initiative. The decrease in 2019 was due mainly to decreased losses from operating risks and lower additional provisions.

Income taxes

Our income tax expense was S/1,330.7 million in 2018, S/1,334.9 million in 2019 and S/155.1 million in 2020. The statutory income tax rate payable in Peru in 2019 and 2020 was 29.5% of taxable income. BCP's effective tax rates in 2018, 2019 and 2020 were 28.3%, 26.8% and 16.0%, respectively.

Analysis of Financial Condition

Total assets

The following table presents the distribution of our assets at the dates indicated:

	As of December 31,		
	2018	2019	2020
	(Soles in thousands)		
Cash and amounts due from banks and interbank funds	23,564,656	26,811,925	34,393,975
Investments at fair value through profit or loss and available-for-sale, net, and investments held to maturity	18,140,458	17,687,322	36,693,617
Gross loans	101,171,141	104,864,011	125,875,878
Allowance for loan losses	(4,460,712)	(4,527,881)	(8,494,508)
Net loans	96,710,429	100,336,130	117,381,370

	As of December 31,		
	2018	2019	2020
	(Soles in thousands)		
Other assets	5,265,823	5,824,568	6,723,676
Total assets	**143,681,366**	**150,659,945**	**195,192,638**

Total assets increased by 4.9% in 2019. As of December 31, 2020, we had total assets of S/195.2 billion, which represents an increase of 29.6% from December 31, 2019, due primarily to an increase of S/17.0 billion of net loans and to an increase of S/19.0 billion in investments at fair value through profit or loss and available-for-sale, net, and investments held to maturity.

In 2020, net loans increased by 17.0%, driven by the expansion of the retail segments portfolios of both BCP and Mibanco, due to government loans in connection with the *Reactiva Perú* and FAE-Mype programs. Cash and due from banks increased by 28.3%, mainly due to higher amounts of local currency-denominated deposits maintained with the Peruvian Central Bank. Investments available-for-sale and investments held-to-maturity increased mainly due to less investment in BCRP certificates of deposit, foreign government bonds, and multilateral organization bonds.

As of December 31, 2020, our total loans, which correspond to direct loans including accrued interest and excluding unearned interest, were S/125.9 billion and represented 64.5% of total assets. Loans net of allowance for loan losses, were S/117.4 billion, as of the same date. As of December 31, 2019, our total loans were S/104.9 billion and represented 69.6% of total assets. Loans net of allowance for loan losses, were S/100.3 billion, as of the same date. From December 31, 2019 to December 31, 2020 our total loans increased by 20.0%, while loans net of allowance for loan losses increased by 17.0%.

As of December 31, 2020, our direct loans, net of provisions, were S/117.3 billion compared to S/100.3 billion and S/96.7 billion as of December 31, 2019 and 2018, respectively. The increase in 2020 was primarily due to an increase in our retail loan portfolio in local currency, due to government loans in connection with the *Reactiva Perú* program. Our direct net loans represented 60.1% of our total assets as of December 31, 2020 as compared to 66.6% of our total assets as of December 31, 2019 and 67.3% of our total assets as of December 31, 2018.

As of December 31,2020, our total direct loans under the *Reactiva Perú* program, including accrued interest, were S/24,286.5 million, on a consolidated basis, of which BCP Stand-Alone accounted for S/21,801.6 million and Mibanco accounted for S/2,484.9 million, and those from FAE-MYPE program were S/353.5 million, all of which came from Mibanco.

Our total deposits with the Peruvian Central Bank increased to S/26.0 billion as of December 31, 2020 from S/18.4 billion as of December 31, 2019. Our total deposits with the Peruvian Central Bank were S/13.2 billion in 2018. Our securities holdings (which include trading securities, available-for-sale and held-to-maturity investments) increased by 107.5% to S/36.7 billion as of December 31, 2020 from S/17.7 billion as of December 31, 2019, and as compared to S/18.1 billion in 2018. The increase of the securities portfolio in 2020 was primarily due to a higher volume of investments in governments' treasury bonds and BCRP certificates of deposit in the available-for-sale portfolio and held to maturity portfolios.

Total liabilities

The following table presents the distribution of our liabilities at the dates indicated:

	As of December 31,		
	2018	2019	2020
	(Soles in thousands)		
Deposits and obligations	93,033,696	99,433,161	126,971,955
Due to banks, correspondents and other entities, and interbank funds	8,583,862	8,865,284	5,843,676
Bonds and subordinated notes issued	14,736,828	14,312,926	13,811,673
Payables from repurchase agreements	7,169,908	5,803,336	26,267,587
Other liabilities	3,021,262	3,219,838	3,354,378
Total liabilities	**126,545,556**	**131,634,545**	**176,249,269**

As of December 31, 2020, we had total liabilities of S/176.2 billion, an increase of S/44.6 billion, or 33.9%, as compared to December 31, 2019. In 2019 total liabilities increased by 4.0%. Deposits continued to represent the main source of our funding with a 73.5% share of total liabilities as of December 31, 2020. Total deposits increased by 6.9% to S/99.4 billion from December 31, 2018 to December 31, 2019 and increased by 27.7% to S/127.0 billion from December 31, 2019 to December 31, 2020.

Due to banks, correspondents and other entities, interbank funds decreased by 34.1% to S/5.8 billion in 2020 after increasing by 3.3% to S/8.9 billion in 2019, as compared to 2018. The decrease in 2020 was due mainly to the expiration of trade-loans with foreign financial institutions in foreign currency at BCP and, to lesser extent to the expiration of obligations with local financial entities at Mibanco.

Bonds and subordinated notes issued decreased from S/14.7 billion as of December 31, 2018 to S/14.3 billion as of December 31, 2019, and decreased to S/13.8 billion as of December 31, 2020. In 2020, bonds and subordinated notes issued decreased by S/0.5 billion or 3.5%. The decrease as of December 31, 2020 is attributable to the fact that total amount of new debt issuances was less than the total amount of bonds that have matured or have been redeemed, and thus, this source has decreased their share in our funding structure.

Payables from repurchase agreements increased by S/20.4 billion, or 352.6%, in 2020, after decreasing by S/1.4 billion, or 19.1%, in 2019. This increase was due mainly to the liquidity facilities offered through the auctions of repurchase agreements of the *Reactiva Perú* program with the Peruvian Central Bank. As of December 31, 2020, payables from repurchase agreements under the *Reactiva Perú* program, fully disbursed by the Peruvian Central Bank and including accrued interest, were S/21,727.6 million, on a consolidated basis, of which BCP Stand-Alone accounted for S/19,295.8 million and Mibanco accounted for S/2,431.8 million.

Our funding strategy has been structured around maintaining a diversified deposit base. In 2018, demand deposits increased 12.3% to S/29.5 billion, savings deposits increased 13.2% to S/30.3 billion and time deposits, including negotiable certificates, increased 1.4% to S/25.5 billion, and severance indemnity deposits, increased 5.6% to S/ 7.6 billion. In 2019, demand deposits increased 9.3% to S/32.2 billion, savings deposits increased 8.3% to S/32.9 billion and time deposits, including negotiable certificates, increased 3.0% to S/26.2 billion, and severance indemnity deposits, increased 4.3% to S/ 7.9 billion. In 2020, demand deposits increased 57.1% to S/50.6 billion, savings deposits increased 44.2% to S/47.4 billion and time deposits, including negotiable certificates, decreased 19.5% to S/21.1 billion, and severance indemnity deposits, decreased 2.0% to S/ 7.7 billion. Based on unconsolidated information published by the SBS, we estimate that as of December 31, 2020, we had 40.4% of total savings deposits in the Peruvian banking system and 35.5% of total deposits, both representing the highest share among Peruvian banks. An important characteristic of our deposit base is that, as of December 31, 2020, it included 45.0% of the entire Peruvian banking system's CTS deposits (severance indemnity deposits). We believe that we traditionally have attracted a high percentage of the savings and CTS deposit market because of our reputation as a sound institution, our extensive branch network and the quality of our service. Our core deposits (savings, CTS and demand deposits) accounted for 86.0% of our total deposits as of December 31, 2020 (73.6% as of December 31, 2019). Based on figures published by the SBS, our market share in these types of deposits amounted to 40.7% of the Peruvian banking system as of December 31, 2020, compared to 38.3% as of December 31, 2019.

Dividend Policy and History

It is our policy to pay cash dividends each year in an amount not less than 20% of our net income. The annual general shareholders' meeting determines the amount of dividends to be paid considering, among others, the economic and finance condition of the Bank and the existence of net income or accumulated income from previous years.

The following table summarizes our dividend payout ratios:

	As of and for the years ended December 31,		
	2018	**2019**	**2020**
Dividend payout ratio(1)	60.4%	35.7%	—
Dividends declared (Soles in thousands)(2)	2,036,400	1,303,739	—

(1) Dividend payout ratio is dividends presented in each year divided by net income for the respective year.

(2) Dividends presented each year that were declared and paid in the subsequent year.

Liquidity and Capital Resources

Regulatory Capital and Capital Adequacy Ratios

The following table summarizes our regulatory capital and capital adequacy ratios:

	As of December 31,		
	2018	2019	2020
	(Soles in thousands, except percentages)	(audited)	
Regulatory capital and capital adequacy ratio(1)			
Capital stock, net	8,770,365	10,217,387	11,067,387
Legal and other capital reserves	4,184,309	4,695,118	6,166,670
Accumulated earnings with capitalization agreements	—	850,000	—
Non-cumulative junior subordinated debt	674,600	—	—
Unrealized gains in subsidiaries	—	—	—
Less: goodwill	(122,083)	(122,083)	(122,083)
Less: investment in subsidiaries and financial institutions and other	(679,804)	(790,291)	(1,157,395)
Total basic regulatory capital	**12,827,386**	**14,850,131**	**15,954,579**
Loan loss reserves(2)	1,307,303	1,367,259	1,595,916
Computable subordinated debt	4,224,153	3,980,904	4,817,188
Less: investment in subsidiaries and financial institutions	(679,804)	(790,291)	(1,157,395)
Total supplementary regulatory capital	**4,851,652**	**4,557,872**	**5,255,709**
Total regulatory capital	**17,679,038**	**19,408,003**	**21,210,288**
Risk-weighted assets	124,798,031	134,128,850	142,042,877
Regulatory capital requirements			
Risk capital requirements	12,480	13,413	14,204
Additional capital requirements(3)	3,434	3,569	2,155
Total regulatory capital requirements	**15,914**	**16,982**	**16,359**
Capital ratios			
Regulatory capital as a percentage of risk-weighted assets(3)(4)(5)	14.2%	14.5%	14.9%
Ratio of risk-weighted assets to regulatory capital(3)	7.1x	6.9x	6.7x

(1) Regulatory capital as calculated in accordance with guidelines by the BIS II Accord as adopted by the SBS. This ratio is calculated on an unconsolidated basis and based on Peruvian GAAP.

(2) SBS rules allow banks using the standardized method for capital adequacy purposes to include loan loss reserves of up to 1.25% of risk-weighted assets in the calculation of regulatory capital.

(3) Regulatory capital as calculated in accordance with guidelines by the BIS II Accord as adopted by the SBS. This ratio is calculated on an unconsolidated basis.

(4) The legal minimum for regulatory capital as a percentage of risk-weighted assets has been 10% since July 2011. Other regulatory requirements add an additional 2.7% and include additional countercyclical, credit concentration and systemically-important requirements. For further details see "Regulatory Environment—Implementation of Basel Principles—Capital adequacy."

(5) As part of the implementation of Basel III, the SBS has included changes to the calculation of risk-weighted assets for the following accounting items: (i) intangibles (excluding goodwill); (ii) DTAs arising from operating losses; and (iii) DTAs that are associated with temporary differences and that exceed the threshold of 10% of the "adjusted total capital." In each case, DTAs are to be net of deferred income tax liabilities.

These assets will experience a gradual increase in their risk weightings until they reach a maximum of 1,000% in 2026 to replicate the deductions established by Basel III.

Furthermore, SBS Resolution No. 4280-2018, adopted in October 2018, modified the risk weighting applied to intangible assets (excluding goodwill) to speed up the increase in this risk weighting to 1,000%, to the regulatory gap with Basel III guidelines, which require intangibles to be fully deducted from core capital measurements. The new risk weighting applies for intangible assets recorded from November 2018 onwards.

Liquidity Risk

Liquidity risk is the risk that we may be unable to comply with our short term obligations related to financial liabilities at maturity and to replace funds when they are withdrawn. Accordingly, liquidity risk represents the potential loss as a result of limitations on our ability to adjust future cash flows to meet the needs of depositors and borrowers and to fund operations on a timely and cost-effective basis. Financial obligations arise from withdrawals of deposits, repayment on maturity of purchased funds, extensions of loans or other forms of credit, and working capital needs.

We manage our assets and liabilities to ensure that we have sufficient liquidity to meet our present and future financial obligations and to be able to take advantage of appropriate business opportunities as they arise. Additionally, we set limits on the minimum amount of high quality liquid assets to meet said calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover unexpected levels of withdrawals. Sources of liquidity are periodically reviewed by the corresponding risk teams so as to guarantee adequate diversification by currency, geography, type of funding, supplier, producer and term.

The growth of our deposit base over the years has enabled us to significantly increase our lending activity. We are subject to SBS Resolution No. 9075-2012, enacted in December 2012, which set responsibilities for liquidity management within the different committees and risk units, and by which minimum liquidity ratios were established. The ratio of liquid assets as a percentage of short-term liabilities, as strictly defined by the SBS, must exceed 8% for Soles-based transactions, and 20% for foreign exchange-based transactions. The aggregate average daily ratios during the month of December 2020 were 50.5% and 49.9% for Soles and foreign exchange-based transactions, respectively, demonstrating our excess liquidity. We have never defaulted on any of our debt or been forced to reschedule any of our obligations. Even during the early 1980s, when the government of Peru and many Peruvian companies and banks were forced to restructure their debt as a result of the Latin American debt crisis and government restrictions, BCP complied with all of its payment obligations.

The capability of replacing interest-bearing deposits at their maturity is a key factor in determining liquidity requirements, as well as the exposure to interest and exchange rate risks. Our retail banking group has developed a diversified and stable deposit base and its private banking group has developed a stable deposit base that, in each case, provides us with a low-cost source of funding. This deposit base has traditionally been one of our greatest strengths. The deposit-gathering strategy has focused on products considered as core deposits: demand deposits, savings, time deposits and severance indemnity deposits. Other sources of funds and liquidity, which are mostly short- and long-term borrowings from correspondent banks and other financial institutions, issued bonds, and notes issued, are of a considerably lower significance compared to our core deposits.

We have implemented corporate policies for liquidity risk management. We monitor liquidity risk exposure based on indicators such as (i) the Internal Liquidity Coverage Ratio ("ILCR"), which measures the amount of liquid assets available to meet needs that would result from cash outflows within a given stress scenario for a period of 30 days, and (ii) the Internal Ratio of Stable Net Funding, which is intended to ensure that long-term assets are financed with a minimum number of stable liabilities within a prolonged liquidity crisis scenario. The latter indicator functions as a minimum compliance mechanism that supplements the ILCR. The core limits of these indicators are 100% and any excess is presented to our Treasury Risk Committee and Assets and Liabilities Management ("ALM").

The following table presents our core deposits, other deposits and other sources of funds:

	As of December 31,		
	2018	**2019**	**2020**
		(Soles in thousands)	
Core deposits			
Demand deposits..	29,464,931	32,200,966	50,602,304
Savings deposits	30,335,795	32,867,095	47,406,102

	As of December 31,		
	2018	2019	2020
	(Soles in thousands)		
CTS deposits	7,571,375	7,897,199	7,736,747
Total core deposits	**67,372,101**	**72,965,260**	**105,745,153**
Other deposits(1)	25,459,143	26,220,416	21,094,442
Total deposits	**92,831,244**	**99,185,676**	**126,839,595**
Interest payable	202,452	247,485	132,360
Total deposits (including interest payable)	**93,033,696**	**99,433,161**	**126,971,955**
Due to banks, correspondents and other entities, and interbank funds	15,753,770	14,668,620	32,111,263
Issued bonds	14,736,828	14,312,926	13,811,673
Total sources of liquid funds(2)	**123,524,294**	**128,414,707**	**172,894,891**
Core deposits as a percentage of total deposits	72.6%	73.6%	83.4%
Core deposits as a percentage of total sources of liquid funds	54.5%	56.8%	61.2%

(1) Mostly time deposits and certificates of deposits.

(2) Includes total deposits, due to banks and correspondents, payables from repurchase agreements and issued bonds.

The increase of S/0.3 billion in other deposits in 2018, was driven by an expansion in time-deposit balances in domestic currency. The increase of S/0.8 billion in 2019, was driven by an increase in time-deposit balances in foreign and domestic currency and an expansion in certificates of deposit. The decrease of S/5.1 billion in 2020, was driven by a decrease in time-deposit balances in foreign and domestic currency.

We are required to maintain deposits with the Peruvian Central Bank, as legal reserves, determined as a percentage of the deposits and other liabilities owed to our clients. The Peruvian Central Bank has set the minimum level of reserves for banks at 4.0% for local currency and 9.0% for foreign currency. However, the Peruvian Central Bank also establishes a marginal reserve requirement of 35.0% in foreign currency for funds that exceed a certain level set by the Peruvian Central Bank. Foreign currency cannot be used to comply with reserve requirements for liabilities in domestic currency, and vice versa. The Peruvian Central Bank oversees compliance with the reserve requirements.

The following table presents our deposits at the Peruvian Central Bank, and our short-term investments in Peruvian Central Bank certificates:

	As of the years ended December 31,		
	2018	2019	2020
	(Soles in thousands)		
Funds at Peruvian Central Bank			
Deposits	13,206,885	18,367,713	26,003,477
Certificates of deposit	9,829,584	8,665,271	15,364,284
BCRP repurchase transactions	5,168,765	4,304,487	25,631,091
Total funds at Peruvian Central Bank	28,205,234	31,337,471	66,998,852
Total funds at Peruvian Central Bank as a percent of total deposits	30.4%	31.6%	52.9%

At times we have accessed Peru's short-term interbank deposit market, although generally we are lenders in this market. The Peruvian Central Bank's discount window, which makes short-term loans to banks at premium rates, is also available as a short-term funding source, but has been used infrequently by us.

On December 31, 2020, we had uncommitted credit lines with various banks, including long-term facilities that are mainly used for project finance, of which no significant amount was drawn down. We have also received long term funding from Cofide and other international lenders. The transactions relating to these credit lines include import and export transactions and average annual rates (including LIBOR) vary from 0.25% to 7.14%. As of

December 31, 2020, borrowed funds due to banks, correspondents and other entities, and interbank funds amounted to S/5,843.8 million as compared to S/8,865.3 million as of December 31, 2019 and S/8,583.9 million as of December 31, 2018.

The following table presents, for the years ended December 31, 2018, 2019 and 2020, our bond issuances:

	For the years ended December 31,		
	2018	2019	2020
	(Soles in thousands)		
Bonds issued			
Corporate bonds	112,970	5,244,179	108,479
Subordinated debt	—	—	2,965,012
Total issuance	**112,970**	**5,244,179**	**3,073,491**

In July 2020, we issued US$850.0 million (equivalent to S/3,077.9 million) of Tier II subordinated notes due 2030 (which are callable in 2025) with fixed-to-fixed annual interest rate of 3.125%. Concurrently, we announced an any-and-all tender offer for our 6.875% subordinated notes due 2026 and 6.125% subordinated notes due 2027, pursuant to which we acquired 61.9% and 59.1% of total outstanding amount of such notes, respectively.

Among the policies that we follow to ensure sufficient liquidity are the active management of interest rates and the active monitoring of market trends, in order to identify and adapt to changes in the supply of deposits or the demand for loans.

Off-Balance Sheet Arrangements

We have various contractual arrangements, such as indirect loan contracts, that are not recognized as liabilities in our consolidated financial statements but are required to be registered in off-balance sheet accounts. We enter into these off-balance sheet arrangements to generate fees from guarantees, letters of credit and derivative transactions offered to customers (including foreign currency forwards, interest rate swaps, cross currency swaps, and options). We also enter into derivative transactions (including foreign currency forwards, interest rate swaps and cross currency swaps) to hedge our exposure when entering into such transactions with our clients and to hedge our consolidated statement of financial position against interest rate and currency movements.

The following table reflects our off-balance sheet arrangements (notional amounts) as of December 31, 2018, 2019 and 2020:

	As of December 31,		
	2018	2019	2020
	(Soles in thousands)		
Contingent Operations			
Contingent operations (indirect loans)	17,494,552	17,212,965	17,245,377
Import and export letters of credit	1,382,176	1,673,509	2,231,752
Due from bank acceptances	967,968	535,222	455,343
Total indirect loans	**19,844,696**	**19,421,696**	**19,932,472**
Responsibilities under credit agreements	65,983,775	67,820,401	70,391,997
Other contingent operations	9,974	9,157	11,978
Total contingent risks and commitments	**85,838,445**	**87,251,254**	**90,336,447**
Derivatives			
Held for trading			
Forward exchange contracts	12,282,604	17,900,245	15,594,378
Interest rate swaps	13,357,219	18,192,820	14,800,915
Cross currency swaps	9,923,689	8,085,727	8,194,803
Options	197,410	246,989	310,975
Held as hedges			
Interest rate swaps	4,634,212	4,784,487	1,714,977
Cross currency swaps	2,035,361	1,221,030	1,096,911
Cross currency and interest rate swaps	269,840	265,120	—

	As of December 31,		
	2018	2019	2020
		(Soles in thousands)	
Total derivatives	**42,700,335**	**50,696,418**	**41,712,959**
Total off-balance sheet arrangements	**128,538,780**	**137,947,672**	**132,049,406**

In the normal course of our business, we engage in transactions with off-balance sheet risk exposure. These transactions expose us to credit risk in addition to the amounts recognized in the consolidated financial statements. Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss because any other party to a financial instrument fails to perform in accordance with the terms of the contract. Our exposure to losses under commitments to extend credit, and export and import letters of credit and guarantees is represented by the contractual amount specified in these instruments. We apply the same credit policies in making commitments and assuming conditional obligations as we do for on-balance sheet instruments, including the requirement to obtain collateral to support off-balance sheet financial instruments, when it is deemed necessary. Collateral held varies, but may include deposits held in financial institutions, securities or other assets.

Due to the fact that many of the indirect loans are expected to expire without any payment being required from us, the total committed amounts do not necessarily represent future cash requirements.

Export and import letters of credit and guarantees and stand-by letters of credit are conditional commitments issued by us to guarantee the performance by a customer of an obligation to a third party. Export and import letters of credit are mainly issued as credit enhancements for overseas commercial transactions. Risks associated with these credits are reduced by the participation of third parties.

Due from bank acceptances represent collection rights that arise at the time of negotiation of the letter 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).

Lines of credit conceded include lines of consumer loans, micro-business, small business, medium and corporate business, that are payable upon request to the client.

The risks associated with derivative contracts arise from the possibility that the counterparty fails to comply with the agreed terms and conditions and that the reference rates at which the transactions took place change.

We have currency-forwards derivatives, which are commitments to buy or sell currency at a future date at a contracted price. Risk arises from the possibility that the counterparty to the transaction will not perform as agreed and from the changes in the prices of the underlying currencies. These agreements are entered into to satisfy client requirements and are recognized in the financial statements at their fair value.

Our swap contracts include interest rate and cross-currency swap contracts. Interest rate swaps are derivatives contracts, where counterparties exchange variable interest rates for fixed interest rates, respectively, in the terms and conditions established at the contract's inception. The risk arises each time the projected level of the variable rate during the term of the contract is higher than the swap rate, as well as from non-compliance with contractual terms by one of the parties. Cross-currency swap derivative contracts involve the exchange of interest payments based on two different currency principal balances and referenced interest rates. They generally also include the exchange of principal amounts at the start and end of the contract.

Commitments and Contractual Obligations

We enter into various commitments and contractual obligations, which we recognize on our statement of financial position that may require future cash payments. The following table summarizes our commitments and contractual obligations by the remaining maturity as of December 31, 2020:

	Total as of December 31, 2020	Payments due by period		
		Less than 1 year	1–5 years	More than 5 years
		(Soles in thousands)		
Bonds	13,682,447	702,565	8,154,931	4,824,951

	Total as of December 31, 2020	Payments due by period		
		Less than 1 year	1–5 years	More than 5 years
	(Soles in thousands)			
Time deposits (1)	21,094,442	19,506,701	1,576,068	11,674
Borrowed funds	—	—	—	—
BCRP -Repo transactions	26,267,587	2,332,548	23,402,416	532,623
Due to banks, correspondents, and other entities (2)	5,833,498	1,971,966	1,893,746	1,967,786
Total	66,877,974	24,513,780	35,027,161	7,337,034

(1) Includes time deposits and certificates of deposit.

(2) Includes mainly loans to fund foreign trade operations and working capital, and promotional credit lines granted by COFIDE and Fondo de Cooperación para el Desarrollo Social (FONCODES) to promote affordable housing and social development in Perú. As of December 31, 2020 the amount of S/334.75 million for FAE-MYPE is being included. As of December 31, 2019, there were no FAE-MYPE Loans. Some of the loan agreements include standard clauses requiring us to comply with financial ratios, use of funds covenants and other administrative matters. In our management's opinion, such standard clauses do not limit our normal operation, and are substantially fulfilled in the application of standard international banking practices. Financings recorded under due to banks and correspondents bear interest at prevailing domestic and international market rates and do not have specific guarantees.

As of December 31, 2020, due to banks, correspondents, and other entities included loans maintained with CCR Inc. (a Credicorp subsidiary) of U.S.$63.8 million, equivalent to S/231.1 million, (U.S.$108.8 million, equivalent to S/360.6 million as of December 31, 2019) as part of the notes issued under our diversified payment rights program, whereby CCR Inc. incurred debt that is secured by the collection of future inflows. For further details, see note 11 to our audited consolidated financial statements as of December 31, 2020.

Trend Information

According to figures published by the SBS, in 2020, Peru's financial system deposits grew by 24.8% and direct loans grew by 12.4%. Commercial banks' deposits in turn grew by 25.4% and direct loans grew by 14.0%, while domestic demand decreased by 9.8% over the same period.

Peru's GDP experienced a contraction of 11.1% in 2020 due to the global spread of COVID-19. The measures implemented to contain COVID-19 contagion, both locally and abroad, have had important effects on economic activity. Since March 15, 2020, the government has taken swift and stringent action to control the COVID-19 pandemic, including a countrywide lockdown that was lifted on June, 2020. This has impacted several indicators such as demand for electricity and public investment. Nonetheless, an ample package of measures to mitigate and stimulate the economy has been implemented, equivalent to approximately 20% of GDP. These measures provide economic support for households and companies, access to private savings (pension funds, CTS, etc.) for individuals, injection of liquidity into the economy through a Government-backed guarantees via the Reactiva Peru program and FAE-MYPE program, tax alleviation, public spending measures and finally, other economic stimulus measures yet to be announced. We believe that these programs have proven to be effective as the Peruvian financial system has evolved in line with the economic recovery. Total loans to the private sector in 2020 increased by 12.3% compared to 2019 (or a 4.6% decrease without considering the Reactiva Peru program). Specifically, corporate, SME and total business loans increased by 9.9%, 37.4% and 22.6% compared to 2019, respectively. However, without considering the Reactiva Peru program, corporate, SME, total business and individual loans would have registered a 6.0%, 4.9%, 5.5% and 3.1% decrease compared to 2019, respectively. This shows the importance of government backed programs which inject liquidity into the financial system in supporting economic recovery.

Furthermore, the recovery of the financial system is even more evident when compared to other countries of the region. Loans to the private sector in 2020 increased by 12.3% compared to 2019, one of the highest growth rates in the region, surpassed only by Brazil (with an increase of 15.5% in 2020 compared to 2019). Other countries such as Colombia, Bolivia, Chile and Mexico had more moderate growth rates of 4.3%, 4.1%, 2.5% and 1.8%, respectively.

In terms of our liquidity and capital management, we operate based on demanding risk management standards. During the COVID-19 pandemic, we maintained our high quality liquid assets at adequate levels. Regarding regulatory capital, we maintain adequate capital levels, further more we reduced dividends to strengthen our capital base.

Within our business, we are endeavoring to remain close to our clients and grow our income sources while benefiting from our digital capabilities and scale. Furthermore, we are also endeavoring to deepen our connection to communities to generate value for all of our stakeholders and ensure long-term sustainability.

We are aware of the level of uncertainty we are facing. In that sense, in the short term we will focus on (i) portfolio control and resuming sales; (ii) rethinking the operating model to one that adapts dynamically; (iii) being able to adapt to changes in customer behavior; and (iv) increasing the adoption of digital tools.

SELECTED STATISTICAL AND OTHER INFORMATION

The following tables present certain selected statistical information and ratios for the periods indicated. The selected statistical information should be read in conjunction with the information in the annual consolidated financial statements and the notes thereto. The statistical information and discussion and analysis presented below reflect our consolidated financial position, as of December 31, 2018, 2019 and 2020 and the results of operations for the years ended December 31, 2018, 2019 and 2020.

Average Balance Sheets and Income from Interest-Earning Assets

The tables below set forth selected statistical information based upon our average balance sheets prepared on a consolidated basis. Except as otherwise indicated, average balances, when used, have been classified by currency (Soles or foreign currency (primarily U.S. dollars)), rather than by the domestic or international nature of the balance. In addition, except where noted, average balances are calculated as the average of each month ending balance, for each year or for each six-month period, as the case may be, with any such annual or six month balance denominated in Soles having been converted into U.S. dollars using the applicable exchange rate published by the SBS as of the date of such balance.

The following tables show average balances for all of our assets and liabilities, interest earned and paid amounts, and nominal rates for our interest-earning assets and interest-bearing liabilities, all for the years ended December 31, 2018, 2019 and 2020.

Average Balance Sheets
Assets, Interest Earned and Average Interest Rates

	Year ended December 31, 2018			Year ended December 31, 2019			
	Average Balance	Interest Earned	Nominal Avg. Rate	Average Balance	Interest Earned	Nominal Avg. Rate	Averag
				(Soles in thousands, except percentages)			
ASSETS:							
Interest-earning assets							
Deposits in Central Bank							
Soles	152,306	3,603	2.37%	194,045	4,978	2.57%	4,1
Foreign currency	12,587,920	100,296	0.80%	15,438,840	248,337	1.61%	19,7
Total	**12,740,226**	**103,899**	**0.82%**	**15,632,885**	**253,315**	**1.62%**	**23,9**
Deposits in other banks							
Soles	132,582	6,586	4.97%	154,366	3,584	2.32%	
Foreign currency	1,581,412	36,033	2.28%	1,561,597	44,681	2.86%	1,6
Total	**1,713,994**	**42,619**	**2.49%**	**1,715,963**	**48,265**	**2.81%**	**1,7**
Investment securities							
Soles	15,143,443	570,815	3.77%	17,012,241	626,696	3.68%	23,2
Foreign currency	2,740,411	103,605	3.78%	2,134,790	93,794	4.39%	3,9
Total	**17,883,854**	**674,420**	**3.77%**	**19,147,031**	**720,490**	**3.76%**	**27,1**
Total loans(1)							
Soles	58,123,873	7,778,341	13.38%	63,673,892	8,231,174	12.93%	79,1
Foreign currency	32,354,433	1,599,225	4.94%	33,022,142	1,702,110	5.15%	33,3
Total	**90,478,306**	**9,377,566**	**10.36%**	**96,696,034**	**9,933,284**	**10.27%**	**112,4**
Total dividend-earning assets(2)							
Soles	7,314	—	—	3,914	—	—	
Foreign currency	85,603	323	0.38%	90,874	—	—	
Total	**92,917**	**323**	**0.35%**	**94,788**	**—**	**—**	**1**
Total interest-earning assets							
Soles	73,559,518	8,359,345	11.36%	81,038,458	8,866,432	10.94%	106,5
Foreign currency	49,349,779	1,839,482	3.73%	52,248,243	2,088,922	4.00%	58,9
Total	**122,909,297**	**10,198,827**	**8.30%**	**133,286,701**	**10,955,354**	**8.22%**	**165,4**
Non-interest-earning assets							
Cash and due from banks							
Soles	2,576,868	—	—	2,772,304	—	—	2,9
Foreign currency	6,599,864	—	—	5,298,186	—	—	3,7
Total	**9,176,732**	**—**	**—**	**8,070,490**	**—**	**—**	**6,6**
Premises and equipment							
Soles	761,706	—	—	663,069	—	—	5
Foreign currency	598,478	—	—	644,451	—	—	6
Total	**1,360,184**	**—**	**—**	**1,307,520**	**—**	**—**	**1,2**
Other non-interest-earning assets and gains from derivative instruments							
Soles	3,722,035	10,575	—	3,236,283	10,911	—	3,5
Foreign currency	1,214,902	254	—	2,095,035	859	—	2,6
Total	**4,936,937**	**10,829**	**—**	**5,331,318**	**11,770**	**—**	**6,2**

	Year ended December 31, 2018			Year ended December 31, 2019			
	Average Balance	Interest Earned	Nominal Avg. Rate	Average Balance	Interest Earned	Nominal Avg. Rate	Averag
Total non-interest-earning assets							
Soles	7,060,609	10,575	—	6,671,656	10,911	—	7,1
Foreign currency	8,413,244	254	—	8,037,672	859	—	7,0
Total	**15,473,853**	**10,829**	**—**	**14,709,328**	**11,770**	**—**	**14,1**
Total average assets							
Soles	80,620,127	8,369,920	10.38%	87,710,114	8,877,343	10.12%	113,6
Foreign currency	57,763,023	1,839,736	3.18%	60,285,915	2,089,781	3.47%	65,9
Total	**138,383,150**	**10,209,656**	**7.38%**	**147,996,029**	**10,967,124**	**7.41%**	**179,5**

(1) Figures for total loans include past due loans, but do not include accrued but unpaid interest on such past due loans in the year in which such loans became past due. Acc interest for years prior to the year in which a loan became past due is included.

(2) As per Peruvian GAAP, dividends are considered financial income.

Average Balance Sheets
Liabilities, Interest Paid and Average Interest Rates

	Year ended December 31, 2018			Year ended December 31, 2019			
	Average Balance	**Interest Paid**	**Nominal Avg. Rate**	**Average Balance**	**Interest Paid**	**Nominal Avg. Rate**	
				(Soles in thousands, except percentages)			
LIABILITIES:							
Interest-bearing liabilities							
Demand deposits							
Soles	12,648,388	73,666	0.58%	14,518,623	79,789	0.55%	2
Foreign currency	14,771,482	38,030	0.26%	15,395,672	49,904	0.32%	1
Total	**27,419,870**	**111,696**	**0.41%**	**29,914,295**	**129,963**	**0.43%**	**4**
Savings deposits							
Soles(1)	15,660,724	93,160	0.59%	17,996,234	106,316	0.59%	2
Foreign currency	12,613,998	29,239	0.23%	13,068,085	30,728	0.24%	1
Total	**28,274,722**	**122,399**	**0.43%**	**31,064,319**	**137,044**	**0.44%**	**4**
Time deposits							
Soles	19,691,712	713,234	3.62%	22,527,993	881,660	3.91%	2
Foreign currency	12,613,812	179,507	1.42%	12,157,084	203,845	1.68%	1
Total	**32,305,524**	**892,741**	**2.76%**	**34,685,077**	**1,085,505**	**3.13%**	**3**
Due to banks and correspondents and issued bonds							
Soles	12,887,603	593,599	4.61%	12,281,200	611,689	4.98%	2
Foreign currency	16,866,066	900,877	5.34%	16,615,853	855,791	5.15%	1
Total	**29,753,669**	**1,494,476**	**5.02%**	**28,896,783**	**1,467,480**	**5.08%**	**4**
Total interest-bearing liabilities							
Soles	60,888,427	1,473,659	2.42%	67,324,050	1,679,454	2.49%	9
Foreign currency	56,865,358	1,147,653	2.02%	57,236,424	1,140,268	1.99%	6
Total	**117,753,785**	**2,621,312**	**2.23%**	**124,560,474**	**2,819,722**	**2.26%**	**15**
Non-interest-bearing liabilities and shareholders' equity							
Other liabilities and losses from derivatives instruments							
Soles	3,272,194	9,089	—	3,902,694	5,973	—	
Foreign currency	1,584,660	1,109	—	1,695,964	2,309	—	
Total	**4,856,854**	**10,198**	**—**	**5,598,658**	**8,282**	**—**	
Shareholders' equity							
Soles	15,772,511	—	—	17,836,897	—	—	1
Foreign currency	—	—	—	—	—	—	
Total	**15,772,511**	**—**	**—**	**17,836,897**	**—**	**—**	**1**
Total non-interest-bearing liabilities and shareholders' equity							
Soles	19,044,705	9,089	—	21,739,591	5,973	—	2
Foreign currency	1,584,660	1,109	—	1,695,964	2,309	—	
Total	**20,629,365**	**10,198**	**—**	**23,435,555**	**8,282**	**—**	**2**

	Year ended December 31, 2018			Year ended December 31, 2019			
	Average Balance	**Interest Paid**	**Nominal Avg. Rate**	**Average Balance**	**Interest Paid**	**Nominal Avg. Rate**	
Total average liabilities and shareholders' equity							
Soles..	79,933,132	1,482,748	1.85%	89,063,641	1,685,427	1.89%	11
Foreign currency...	58,450,018	1,148,762	1.97%	58,932,388	1,142,577	1.94%	6
Total..	**138,383,150**	**2,631,510**	**1.90%**	**147,996,029**	**2,828,004**	**1.91%**	**17**

(1) The interest paid includes the amount paid to Peruvian Central Bank for deposit insurance fund.

Net Financial Income and Expense: Volume and Rate Analysis

	Years ended December 31, 2018 / 2019			Years ended December 31, 2019 / 2020		
	Increase/(Decrease) due to changes in:			Increase/(Decrease) due to changes in:		
	Volume	Rate	Net Change	Volume	Rate	Net Change
	(Soles in thousands)					
Interest Income						
Interest-earning deposits in Peruvian Central Bank						
Soles	987	388	1,375	101,704	(96,131)	5,573
Foreign currency	22,715	125,326	148,041	70,036	(276,465)	(206,429)
Total	**23,702**	**125,714**	**149,416**	**171,740**	**(372,596)**	**(200,856)**
Deposits in other banks						
Soles	1,082	(4,084)	(3,002)	(2,276)	(403)	(2,679)
Foreign currency	(452)	9,100	8,648	3,537	(33,938)	(30,401)
Total	**630**	**5,016**	**5,646**	**1,261**	**(34,341)**	**(33,080)**
Investment securities						
Soles	70,553	(14,672)	55,881	228,430	(193,013)	35,417
Foreign currency	(22,968)	13,157	(9,811)	80,910	(75,447)	5,463
Total	**47,585**	**(1,515)**	**46,070**	**309,340**	**(268,460)**	**40,880**
Total loans(1)						
Soles	742,723	(289,890)	452,833	1,994,842	(2,351,270)	(356,428)
Foreign currency	33,004	69,881	102,885	17,480	(158,288)	(140,808)
Total	**775,727**	**(220,009)**	**555,718**	**2,012,322**	**(2,509,558)**	**(497,236)**
Total dividend-earning assets						
Soles	—	—	—	—	—	—
Foreign currency	30	(353)	(323)	—	—	—
Total	**30**	**(353)**	**(323)**	—	—	—
Total interest-earning assets						
Soles	849,911	(342,824)	507,087	2,789,621	(3,107,738)	(318,117)
Foreign currency	108,038	141,402	249,440	266,533	(638,708)	(372,175)
Total	**957,949**	**(201,422)**	**756,527**	**3,056,154**	**(3,746,446)**	**(690,292)**
Interest expense						
Demand deposits						
Soles	10,893	(4,770)	6,123	50,426	(48,880)	1,546
Foreign currency	1,607	10,267	11,874	12,320	(21,635)	(9,315)
Total	**12,500**	**5,497**	**17,997**	**62,746**	**(70,515)**	**(7,769)**
Savings deposits						
Soles	13,893	(737)	13,156	41,060	(1,820)	39,240
Foreign currency	1,053	436	1,489	5,220	(2,188)	3,032
Total	**14,946**	**(301)**	**14,645**	**46,280**	**(4,008)**	**42,272**
Time deposits						
Soles	102,730	65,696	168,426	(86,489)	(181,792)	(268,281)
Foreign currency	(6,500)	30,838	24,338	(6,933)	(93,911)	(100,844)
Total	**96,230**	**96,534**	**192,764**	**(93,422)**	**(275,703)**	**(369,125)**
Due to banks and correspondents and issued bonds						
Soles	(27,931)	46,021	18,090	678,539	(654,138)	24,401
Foreign currency	(13,379)	(31,707)	(45,086)	(91,027)	(3,534)	(94,561)
Total	**(41,310)**	**14,314**	**(26,996)**	**587,512**	**(657,672)**	**(70,160)**
Total interest-bearing liabilities						
Soles	155,759	50,036	205,795	686,988	(890,082)	(203,094)
Foreign currency	7,489	(14,874)	(7,385)	76,502	(278,190)	(201,688)
Total	**163,248**	**35,162**	**198,410**	**763,490**	**(1,168,272)**	**(404,782)**

(1) Figures for total loans include past due loans, but do not include accrued but unpaid interest on such past due loans in the year in which such loans became past due. Accrued but unpaid interest for years prior to the year in which a loan became past due is included.

Interest-Earning Assets, Net Interest Margin and Yield Spread

The following table shows for each of the periods indicated, by currency, the levels of average interest-earning assets, net financial income, gross yield, net interest margin and yield spread, all on a nominal basis.

	As of December 31,		
	2018	2019	2020
	(Soles in thousands, except percentages)		
Average interest-earning assets			
Soles	73,559,518	81,038,458	106,535,364
Foreign currency	49,349,779	52,248,243	58,914,771
Total	**122,909,297**	**133,286,701**	**165,450,135**
Net interest income			
Soles	6,885,686	7,186,978	7,071,955
Foreign currency	691,829	948,654	778,167
Total	**7,577,515**	**8,135,632**	**7,850,122**
Gross yield(1)			
Soles	11.36%	10.94%	8.02%
Foreign currency	3.73%	4.00%	2.91%
Weighted-average rate	8.30%	8.22%	6.20%
Net interest margin(2)			
Soles	9.36%	8.87%	6.64%
Foreign currency	1.40%	1.82%	1.32%
Weighted-average rate	6.17%	6.10%	4.74%
Yield spread(3)			
Soles	8.94%	8.45%	6.47%
Foreign currency	1.71%	2.01%	1.38%
Weighted-average rate	6.07%	5.96%	4.66%

(1) Gross yield equals financial income divided by average interest-earning assets.

(2) Net interest margin represents net financial income from interest-earning assets and bearing-interest liabilities divided by average interest-earning assets.

(3) Yield spread, on a nominal basis, represents the difference between gross yield on average interest-earning assets and average cost of interest-bearing liabilities.

Deposits with Other Banks

The following table shows short-term funds deposited with other banks broken down by currency as of the dates indicated. Deposits held in countries other than Peru are denominated in several currencies; however, the substantial majority of such deposits are denominated in U.S. dollars. These currencies were converted to Soles using the applicable exchange rate published by the SBS as of the date of the relevant statement of financial position. In 2020, our participation in the *Reactiva Peru* program led to an increase in our local currency liquidity. The excess liquidity was invested in Peruvian Central Bank Sol-denominated deposits, leading to a S/6.3 billion increase in 2020.

	As of December 31,		
	2018	2019	2020
	(Soles in thousands)		
Sol-denominated			
Peruvian Central Bank	173,725	668,760	6,980,064
Commercial banks	166,291	118,837	13,099
Other	2,212	2,212	2,596
Total Sol-denominated	**342,228**	**789,809**	**6,995,759**
Foreign currency-denominated			
Peruvian Central Bank	13,033,160	17,698,953	19,023,413
Commercial banks	952,705	929,341	2,419,215
Other	4,999	6,190	6,681

	As of December 31,		
	2018	2019	2020
	(Soles in thousands)		
Total foreign currency-denominated	**13,990,864**	**18,634,484**	**21,449,309**
Total	**14,333,092**	**19,424,293**	**28,445,068**

Investment Portfolio

The following table shows the fair value of our investments at fair value through profit or loss, available-for-sale and held to maturity investment securities without interest designated by type of security at the dates indicated:

	As of December 31,		
	2018	2019	2020
	(Soles in thousands)		
Peruvian sovereign bonds	5,629,047	7,080,025	13,808,332
Peruvian treasury bonds	523,889	—	54,259
Asset Backed Securities	21,642	20,209	47,405
Listed equity securities	91,670	97,904	104,096
Corporate and leasing bonds	1,121,667	1,321,018	4,355,423
Peruvian Central Bank certificates of deposit	9,829,582	8,665,271	17,237,159
Negotiable certificate of deposits	—	—	411,984
Foreign government bonds	557,805	230,996	249,439
Multilateral organization bonds	100,629	—	0
Other investments	120,682	100,298	89,095
Total securities holdings	**17,996,613**	**17,515,721**	**36,357,192**

In 2018, our holdings of BCRP certificates decreased by S/0.2 billion to S/9.8 billion, decreased by S/1.2 billion to S/8.7 billion in 2019, and increased by S/8.6 billion to S/17.2 billion as of December 31, 2020. As of December 31, 2020, the excess liquidity due to the *Reactiva Peru* program resulted in an increase in Peruvian Central Bank certificates of deposit investments as well as Peruvian sovereign bonds investments.

The weighted-average yield on our Sol-denominated interest and dividend-earning investment portfolio was 3.8% in 2018, 3.7% in 2019 and 2.9% in 2020. The weighted-average yield on our foreign currency-denominated portfolio was 3.7% in 2018, 4.2% in 2019 and 2.5% in 2020. The total weighted-average yield of our portfolio was 3.8% in each of 2018 and 2019 and 2.8% in 2020.

Unrealized gains and losses arising from changes in the fair value of securities classified as investments available-for-sale are recognized in equity, net of the related deferred income taxes. Unrealized gains and losses are recognized as income or loss when the related investment available-for-sale is sold or impaired.

We determine that an available-for-sale equity investment, such as common shares, is impaired when there has been a significant or prolonged decline in its fair value below its cost. The determination of what is significant or prolonged requires management's judgment. In making this judgment, we evaluate, among other factors, the normal volatility in share prices, evidence of deterioration in the financial health of the investment, industry and sector performance, changes in technology, and operational and financing cash flows. In the case of available-for-sale debt investments, impairment analysis takes into consideration a number of factors, including the nature of the investment, the underlying collateral, the degree of subordination or credit enhancement and published credit ratings. If recovery of all amounts due is judged to be unlikely, impairment is deemed to exist.

The following table shows the maturities of our investment securities by type as of December 31, 2020:

	No maturity	Within 1 year	After 1 year but within 5 years	Maturing After 5 years but within 10 years	After 10 Years	Total
	(Soles in thousands, except percentages)					
Peruvian sovereign bonds	—	—	2,381,014	5,346,627	6,080,691	13,808,332
Peruvian treasury bonds	—	—	25,668	—	28,591	54,259

	No maturity	Within 1 year	After 1 year but within 5 years	Maturing After 5 years but within 10 years	After 10 Years	Total
			(Soles in thousands, except percentages)			
Securitization instruments		—	—	44,545	2,860	47,405
Listed equity securities – Other(1)	104,096	—	—	—	—	104,096
Corporate and leasing bonds	—	908,079	2,456,898	771,024	219,422	4,355,423
Peruvian Central Bank certificate notes	—	16,511,070	726,089	—	—	17,237,159
Negotiable certificate of deposits.		327,367	84,617	—	—	411,984
Foreign government bonds	—	60,935	40,807	98,977	48,720	249,439
Other investments	—	25,005	62,365	1,725	—	89,095
Total(2)	**104,096**	**17,832,456**	**5,777,458**	**6,262,898**	**6,380,284**	**36,357,192**

(1) Equity securities are categorized as not maturing.

(2) As of December 31, 2020, the Bank maintained repurchase agreements for approximately S/26,267.6 million guaranteed with cash for approximately S/1,104.6 million, for *Reactiva Peru* program credits, excluding accrued interest, S/23,936.0 million and securities classified as investments available-for-sale and held to maturity investments for an estimated fair value of S/4,116.4 million.

We maintain a conservative portfolio with the majority of our investments having maturities of less than five years. As of December 31, 2020, 65.2% of our investment portfolio consisted of investments with maturities of less than five years. Instruments issued by the Peruvian Central Bank, which historically have been highly liquid investments, represented 85.5% of our total investments.

The following table shows the average yield rate of our investment securities by type:

	For the year ended December 31,		
	2018	2019	2020
Peruvian government bonds and investments in Peruvian debt	4.83%	3.68%	2.82%
Bonds	5.26%	3.94%	2.14%
Peruvian Central Bank certificates of deposit	2.63%	2.24%	0.27%
Foreign government bonds	3.46%	2.07%	1.59%

Loan Portfolio

Loans by Type

The following table shows our direct loans by type:

	As of December 31,		
	2018	2019	2020
		(Soles in thousands)	
Loans	77,692,774	81,156,314	104,189,517
Leasing transactions	6,322,477	5,978,421	5,775,917
Credit cards	7,746,501	8,371,208	5,506,988
Discounted notes	2,312,231	2,198,449	1,481,695
Factoring	1,923,456	2,015,513	2,153,689
Advances and overdrafts	251,978	152,436	41,979
Refinanced and restructured loans	1,256,714	1,163,988	1,624,381
Past due loans	2,979,185	3,163,185	4,546,737
Total gross loans(1)	**100,485,316**	**104,199,514**	**125,320,903**
Past due loans amounts	(2,979,185)	(3,163,185)	(4,546,737)
Total performing loans	**97,506,131**	**101,036,329**	**120,774,166**
Performing loans as a percentage of total gross loans	97.0%	97.0%	96.4%

(1) Total gross loans exclude accrued interest on performing loans.

(2) Due to the effects of the COVID-19 pandemic, BCP and its subsidiaries have offered clients in retail banking the opportunity to reschedule their loans for 30 or 90 days without incurring overdue fees and interest on principal amounts outstanding. As of December 31, 2020, the rescheduled portfolio reported to the SBS amounts to a total of S/24,813.2 million. In the loan portfolio, the most vulnerable segments are: Mibanco and, within BCP, SME-Pyme and individuals, where debt reprogramming rates reached 15%, 21% and 34% respectively at the end of December.

The classification of the loan portfolio as set forth in the table above is based upon the regulations of the SBS. These categories do not correspond to the classifications used in preparing the breakdown of the loan portfolio by business unit set forth under "Business." Pursuant to the guidelines of the SBS, loans are categorized as follows:

Loans: Basic term loans documented by promissory notes and other extensions of credit, such as mortgage loans, credit cards and other consumer loans in various forms, including trade finance loans to importers and exporters on specialized terms adapted to the needs of the international trade transaction.

Discounted notes: Loans discounted at the outset (the client signs a promissory note or other evidence of indebtedness for the principal amount payable at a future date). Discounted loans also include discounting of drafts, where we make a loan supported by a draft signed by one party and discounted by another party, with recourse to both parties.

Advances and overdrafts: Extensions of credit to clients by way of an overdraft facility in the client's checking account. This category also includes secured short-term advances.

Leasing transactions: Involves our acquisition of an asset and the financial leasing of that asset to our client.

Factoring: The sale of title of a company's accounts receivables to a bank (or financial company). The receivables are sold without recourse, and the bank cannot recover from the seller in the event that the accounts are uncollectible. Under factoring loans, the seller receives funds from the bank prior to the average maturity date based on the invoice amount of the receivable, less cash discounts and allowances for estimated claims and returns, among other items.

Refinanced loans: Include loans with changes in their payment schedules due to payment difficulties. Under SBS regulations, refinanced loans constitute loans for which the debtor is experiencing payment problems. Restructured loans are refinanced loans that are extended under the bankruptcy protection procedures of Law No. 27809 – General Law of the Insolvency System.

Past-due loans: Includes overdue loans categorized according to the SBS guidelines. This amount excludes amounts included in "Refinanced and restructured loans."

We record direct loans when a disbursement of funds is made to a client.

Direct Loans by Economic Activity

The following table shows our total loan portfolio composition, net of unearned interest, based upon the borrower's principal economic activity as of December 31, 2018, 2019 and 2020.

	As of December 31					
	2018		2019		2020	
	Amount	% Total	Amount	% Total	Amount	% Total
	(in thousands of Soles, except percentages)					
Manufacturing	16,229,555	16.2	15,389,571	14.8	17,928,777	14.3
Mortgages	15,379,269	15.3	17,144,334	16.5	17,856,020	14.2
Commerce	16,721,137	16.6	17,898,579	17.2	25,025,218	20.0
Consumer Loans	12,638,332	12.6	14,437,302	13.9	13,517,615	10.8
Electricity, Gas and Water	4,013,254	4.0	2,876,424	2.8	3,238,764	2.6
Microbusiness	5,104,772	5.1	—	—	—	—
Service Community	4,784,340	4.8	5,865,844	5.6	7,895,041	6.3
Realty Business and Leasing Services	6,975,291	6.9	8,872,217	8.5	12,298,227	9.8
Mining	2,581,421	2.6	3,199,486	3.1	3,629,608	2.9
Communication, Storage and Transportation	5,503,597	5.5	6,012,694	5.8	7,829,241	6.2
Agriculture	2,144,165	2.1	2,584,299	2.5	3,336,515	2.7

	As of December 31					
	2018		2019		2020	
	Amount	% Total	Amount	% Total	Amount	% Total
	(in thousands of Soles, except percentages)					
Financial Services	2,528,192.02	2.5	2,953,694	2.8	3,126,973.51	2.5
Fishing	352,959	0.4	377,721	0.4	608,422	0.5
Hotels and Restaurants	1,851,893	1.8	2,217,022	2.1	2,862,087	2.3
Construction	1,667,074	1.7	2,190,847	2.1	3,403,860	2.7
Education, Health and Other Services	1,778,326	1.8	1,977,070	1.9	2,571,510	2.1
Others	231,738	0.2	202,411	0.2	193,024	0.2
Total gross loans	**100,485,316**	**100**	**104,199,514**	**100**	**125,320,903**	**100**

Concentrations of Loan Portfolio and Lending Limits

Direct and indirect loans to our most important 20 customers, excluding related party transactions, by exposure (considered as economic groups) as of December 31 2020 were S/19.7 billion (U.S.$5.4 billion), all of which were outstanding loans, representing 15.7% of the total loan portfolio. Total direct and indirect loans outstanding and available by customer ranged from S/615.6 million (U.S.$170.0 million) to S/1,625.6 million (U.S.$448.9 million), including 10 customers with over S/875.6 million (U.S.$241.8 million).

Our loans to a single borrower are subject to lending limits imposed by the Peruvian Banking Law. The applicable legal lending limits depend on the nature of the borrower involved, the economic group limit and the type of collateral received. The sum of loans to and deposits from another Peruvian financial institution, plus any guarantees of third-party performance received by us from such institution, may not exceed 30% of our regulatory capital, as defined by the SBS. The sum of loans to and deposits from non-Peruvian financial institutions, plus any guarantees of third-party performance received by us from such institutions, are limited to either 5%, 10% or 30% of our regulatory capital, depending upon the governmental supervision to which the institution is subject and upon whether it is recognized by the Peruvian Central Bank as an international bank of prime credit quality. The limits on lending to non-Peruvian financial institutions increase up to 50% of our regulatory capital if the amount by which such loans exceed the 5%, 10% or 30% limits is backed by certain letters of credit. Our loans to directors and employees and their relatives have a global limit of 7% of regulatory capital and an individual limit of 5% of such global limit.

Loans to Peruvian non-residents or companies that are not financial institutions have a limit of 5% of our regulatory capital; however, this limit increases to 10% if the additional 5% is guaranteed by a mortgage or with a pledge over certain publicly-traded securities. The limit increases up to 30% if the additional amount is guaranteed by certain banks or by cash deposits to us.

Lending on an unsecured basis to individuals or companies residing in Peru that are not financial institutions is limited to 10% of our regulatory capital. This limit rises to 15% if the additional 5% is guaranteed by a mortgage, pledge over certain securities and equipment or other collateral, and to 20% if the additional amount is backed by certain debt instruments guaranteed by another local bank, or by a foreign bank determined by the Peruvian Central Bank to be of prime credit quality, or by other highly liquid securities at market value.

The single borrower lending limit for loans backed by a cash deposit at BCP or by debt obligations of the Peruvian Central Bank is 30% of our regulatory capital. Therefore, with an unconsolidated regulatory capital of S/21.2 billion (U.S.$5.8 billion) as of December 31, 2020, our legal lending limit is a maximum of S/6.3 billion (U.S.$1.7 billion). As of December 31, 2020, we continue to be in compliance with the Peruvian Banking Law lending limits.

As of December 31, 2020 and at all reported dates, we were in compliance with applicable legal lending limits in each of the jurisdictions where we operate. Such limits are calculated quarterly based upon our consolidated equity plus reserves at quarter-end. A limited number of exceptions to our internal limits have been authorized by our Board of Directors from time to time, based upon the credit quality of the borrower, the term of the loan and the amount and quality of collateral received. We may, in appropriate and limited circumstances, increase or choose to exceed this internal limit in the future within the limits established by the SBS.

In the event that customers to which we have significant credit exposure are not able to meet their obligations to us, and any related collateral is not sufficient to cover such obligations, or if a reclassification of one or more of such direct or indirect loans results in an increase in provisions for loan losses, there may be an adverse effect on our financial condition and results of operations.

Loan Portfolio Denomination

The following table presents our Sol and foreign currency-denominated loan portfolio at the dates indicated. At the end of December 31, 2020, the loan portfolio denominated in local currency represented 74.2% of total gross loans. This level is higher than the level reported as of December 31, 2019 (67.7%). The decrease in the level of dollarization was the result of higher growth in retail loans, attributable mainly to consumer, SME and mortgage loans in local currency. Other segments continue reducing their dollarization levels, particularly in mortgage, demonstrating the effectiveness of the Central Reserve Bank’s de-dollarization policy, which seems to have had a favorable impact on incentivizing loans in Soles by reducing local currency reserve requirements and increasing foreign currency requirements, thereby reducing the gap between rates in Soles and U.S. dollars. The increase in Sol-denominated gross loans in 2020 was primarily due to the implementation of the *Reactiva Peru* program.

	As of December 31,					
	2018		2019		2020	
	(Soles in thousands, except percentages)					
Sol-denominated	65,138,893	64.8%	70,517,394	67.7%	92,980,144	74.2%
Foreign currency-denominated	35,346,424	35.2%	33,682,121	32.3%	32,340,759	25.8%
Total gross loans	**100,485,316**	**100.0%**	**104,199,514**	**100.0%**	**125,320,903**	**100.0%**

Maturity Composition of the Performing Loan Portfolio

The following table sets forth an analysis of our performing loan portfolio as of December 31, 2020, by type and by the time remaining to maturity. Loans are stated before deduction of reserves for loan losses.

		Maturing				
	As of December 31, 2020	Within 3 months	After 3 months but within 12 months	After 1 year but within 3 years	After 3 years but within 5 years	After 5 years
	(Soles in thousands, except percentages)					
Loans	109,696,505	17,129,945	31,371,075	30,492,523	9,740,547	20,962,415
Discounted notes	1,481,695	1,182,307	233,691	84	169	65,444
Advances and overdrafts	41,979	41,979	—	—	—	—
Leasing transactions	5,775,917	380,768	2,989,324	1,404,347	748,433	253,045
Factoring	2,153,689	2,075,669	78,020	—	—	—
Refinanced loans	1,624,381	93,911	280,898	516,675	469,732	263,165
Total performing loans	**120,774,166**	20,904,579	34,953,008	32,413,629	10,958,881	21,544,069
Past-due loans	4,546,737	846,073	2,251,964	1,449,404.00	—	—
Total gross loans	**125,320,903**	**21,750,652**	**37,204,972**	**33,863,033**	**10,958,881**	**21,544,069**
Percentage of total performing loan portfolio	96.4%	96.1%	93.9%	95.7%	100.0%	100.0%

Classification of the Loan Portfolio

We classify our loan portfolio in accordance with SBS regulations. In accordance with SBS Resolution No. 11356-2008, as amended, as of July 1, 2010, a bank’s loan portfolio is to be classified in eight different categories: corporate, big-business, medium-business, small-business, micro-business, revolving consumer, non-revolving consumer, and residential mortgage loans.

Corporate loans are, among others, those granted to companies with annual sales of more than S/200 million during the last two years, pursuant to their latest audited financial statements. Big-business loans are those granted to companies: (a) with annual sales of more than S/20 million but less than S/200 million during the last two years, pursuant to their latest financial statements; or (b) having outstanding debt instruments in the capital market during the last year. Medium-business loans are those extended to companies that have outstanding loans due to local financial institutions, during the last six months, in an amount exceeding S/300,000, but that do not meet the requirements to be classified as “corporate” or “big-businesses.” Small-business loans are those extended to finance the production and sale of goods and services of companies or individuals which, during the last six months, had outstanding loans due to local financial institutions (other than residential mortgage loans) of more than S/20,000 but less than S/300,000. Micro-business loans are those extended to finance the production and sale of goods and services of companies or individuals which, during the last six months, had outstanding loans due to local financial institutions (other than residential mortgage loans) of less than S/20,000. Revolving consumer loans are revolving credits extended to individuals to pay for goods, services or expenses, not related to business activities. Non-revolving consumer loans are non-revolving credits extended to individuals to pay for goods, services or expenses, not related to business activities. Residential mortgage loans are loans extended to individuals for the purchase, construction, remodeling, subdivision or improvement of the individual's own home, in each case secured by a mortgage. The classification of a loan determines the amount of allowance that should be recorded in the event that the borrower defaults in its payments.

Regulations promulgated by the SBS also require Peruvian banks to classify such debtors in any of the following five categories depending upon the degree of risk of payment default: Normal (*Normal*), Potential Problem (*Problema Potencial*), Substandard (*Deficiente*), Doubtful (*Dudoso*) and Loss (*Pérdida*). We review our loan portfolio on a continuing basis, and the SBS reviews the portfolio as it deems necessary or prudent. In classifying our loans based upon risk of nonpayment, we, in compliance with SBS guidelines, assess the following factors: the payment history on the particular loans, the history of our dealings with the borrower, management, operating history, repayment capability and availability of funds of the borrower, status of any collateral or guarantee, the borrower's financial statements, general risk of the sector in which the borrower operates, the borrower's risk classification made by other financial institutions, and other relevant factors. The classification of the loan determines the amount of the required loan loss provision.

Under current regulations, collateral is not subtracted from the amount of the loan or credit outstanding to determine the amount of the related reserve. Instead, a lower loan provision is allowed to be made on the portion of the loan or credit that is secured. For the purpose of determining the amount of the required reserve, collateral is valued in accordance with SBS regulations, which require an appraisal of its expected market value. Only assets classified as (i) "preferred," (ii) "highly liquid preferred," or (iii) "self-liquidating preferred" are acceptable as collateral. Such collateral must, according to SBS regulations, (1) be relatively liquid, (2) have legally documented ownership, (3) have no liens outstanding and (4) have constantly updated appraisals. Examples of "preferred" or "highly liquid preferred" assets include, among others, cash deposits, real estate mortgages and pledges on securities or on other goods. "Self-liquidating preferred" assets include solely cash deposits in local banks or stand-by letters of credit from premier foreign institutions. Similarly, for Credits Affected by Counterparty Substitution; the allowance requirement, for the secured amount, depends on the risk classification of the counterparty guaranteeing the payment of the loan or credit regardless of the risk classification of the actual client/debtor.

SBS regulations require Peruvian banks to maintain two types of loan loss reserves: (a) "generic" reserves (*provisiones genéricas*) on their total direct and indirect loan portfolio classified as Normal (*Normal*), at an allowance rate of (i) 0.7% for corporate loans, big-business loans and residential mortgage loans, and (ii) 1.0% for medium-business loans, small-business loans, micro-business loans, revolving consumer loans and non-revolving consumer loans; and (b) specific reserves (*provisiones específicas*) on their total direct and indirect loan portfolio classified under the Potential Problem (*Problema Potencial*), Substandard (*Deficiente*), Doubtful (*Dudoso*) and Loss (*Pérdida*) categories, at an allowance rate of 5%, 25%, 60% and 100%, respectively. These percentages may be reduced if the loans are secured by certain types of collateral provided that certain requirements set forth under SBS Resolution No. 11356-2008, as amended, are satisfied. Additionally, under certain macroeconomic conditions, pro-cyclical reserve requirements ranging from 0.3% to 1.5% could be required. For further details, see "Regulatory Environment" and notes 3(f) and 6(d) to the annual consolidated financial statements.

Loan Risk Categories

Normal (*Normal*). Debtors of commercial loans or credits that fall into this category have complied in a timely manner with their obligations and at the time the credit is evaluated there is no reason to doubt that interest and principal on the loan will be paid in a timely fashion or that the status will change before the next evaluation. To place a loan or credit in the Normal (*Normal*) category, a clear understanding of the use of proceeds and the origin of the cash flows to be used by the debtor to repay the loan or credit is required. Included in this category are: (i) small-business loans, micro-business loans, revolving consumer loans and non-revolving consumer loans with payment delays of up to eight days; and (ii) residential mortgage loans with payment delays of up to 30 days. Corporate loans, big-business loans and residential mortgage loans in this category require a reserve of 0.7%, while medium-business loans, small-business loans, micro-business loans, revolving consumer loans and non-revolving consumer loans in this category require a reserve of 1.0%.

Potential Problem (*Problema Potencial*): Loans or credits in this category are known as credits with "potential problems." Commercial loans or credits included in this category are those that at the time of evaluation demonstrate certain deficiencies, which, if not corrected in a timely manner, imply risks with respect to the recovery of the loan. Certain common characteristics of loans or credits in this category include: frequent delays in loan payments that are promptly cured, lack of information required to analyze the debtor, outdated financial information, temporary economic or financial imbalances on the part of the debtor that could affect its ability to repay the loan, market conditions that could affect the economic sector in which the debtor operates, material overdue debts or pending judicial collection actions initiated by other financial institutions, noncompliance with the original contractual terms and conditions, conflicts of interest within the debtor company, labor problems, unfavorable credit history, the debtor's noncompliance with its internal policies, excessive reliance on one source of raw materials or one buyer of the debtor's products and low inventory turnover ratios or large inventories that are subject to competitive challenges or technological obsolescence. Included in this category are: (i) corporate loans, big-business loans and medium business loans with payment delays of up to 60 days, (ii) small-business loans, micro-business loans, revolving consumer loans and non-revolving consumer loans with payment delays of 9 to 30 days; and (iii) residential mortgage loans with payment delays of 31 to 60 days. A 5.0% reserve on total loans outstanding under this category is required to cover risks of loss that have not been specifically identified. Except for consumer loans (revolving and non-revolving), when the loan, or a portion thereof, is secured with "preferred" collateral, the required reserve is 2.5%, and when secured with "highly liquid preferred" collateral, the required reserve is 1.25%.

Substandard (*Deficiente*): Loans or credits in this category are known as "substandard" credits. Debtors of commercial loans or credits placed in this category demonstrate serious financial weakness, often with operating profits or available income insufficient to cover financial obligations on agreed upon terms, with no reasonable short-term prospects for a strengthening of the debtor's financial capacity. Loans or credits demonstrating the same deficiencies as a Potential Problem (*Problema Potencial*) are considered Substandard (*Deficiente*) if such deficiencies are not corrected in the near term, or if they could impede the recovery of principal and interest on the loan on the originally agreed terms. Included in this category are: (i) corporate debtors, big-business loan debtors and medium business loan debtors with payment delays of 61 to 120 days; (ii) small-business loan debtors, micro-business loan debtors, revolving consumer loan debtors and non-revolving consumer loan debtors with payment delays of 31 to 60 days; and (iii) residential mortgage loan debtors with payment delays of 61 to 120 days. Loans or credits included in this category require a reserve equal to 25.0% of the outstanding principal amount of the loan that is not secured by collateral. A 25.0% reserve on total loans outstanding in this category is required to cover risks of loss that have not been specifically identified. Except for consumer loans (revolving and non-revolving), when the loan, or a portion thereof, is secured with "preferred" collateral, the required reserve is 12.5%, and when secured with "highly liquid preferred" collateral, the required reserve is 6.25%.

Doubtful (*Dudoso*): Loans or credits included in this category are known as "doubtful" credits. Debtors of commercial loans or credits included in this category present characteristics of actual credit risk that make the recovery of the loan doubtful. Although the loan recovery is doubtful, if there is a reasonable likelihood that in the near future the creditworthiness of the debtor might improve, a Doubtful (*Dudoso)* categorization is appropriate. These credits are distinguished from Loss (*Pérdida*) credits by the requirement that the debtor continue to operate its business, generate cash flow, and make payments on the loan, albeit at a rate less than that specified in its contractual obligations. Included in this category are: (i) corporate debtors, big-business loan debtors and medium business loan debtors with delays of 121 to 365 days; (ii) small-business loan debtors, micro-business loan debtors, revolving consumer loan debtors and non-revolving consumer loan debtors with payment delays of 61 to 120 days; and (iii) residential mortgage loan debtors with payment delays of 121 to 365 days. A 60.0% reserve on total loans outstanding in this category is required to cover risks of loss that have not been specifically identified. Except for consumer loans (revolving and non-revolving), when the loan, or a portion thereof, is secured with "preferred" collateral, the required reserve is 30.0%, and when secured with "highly liquid preferred" collateral, the required reserve is 15.0%.

Loss (*Pérdida*): Loans or credits in this category are known as "loss" credits. Commercial loans or credits that are considered unrecoverable or that for any other reason should not appear on our books as an asset based on the originally contractual terms fall into this category. Included in this category are: (i) corporate debtors, big-business loan debtors and medium business loan debtors with occasional and reduced payment delays of more than 365 days; (ii) small-business loan debtors, micro-business loan debtors, revolving consumer loan debtors and non-revolving consumer loan debtors with payment delays of more than 120 days; and (iii) residential mortgage loan debtors with payment delays of more than 365 days. A 100% reserve on total loans outstanding in this category is required to cover risks of loss that have not been specifically identified. Except for consumer loans (revolving and non-revolving), when the loan, or a portion thereof, is secured with "preferred" collateral, the required reserve is 60.0%, and when secured with "highly liquid preferred" collateral, the required reserve is 30.0%.

The following table shows our direct loan portfolio risk classification at the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
		(Soles in thousands)	
Level of Risk Classification			
I: Normal (*Normal*)	92,790,846	96,518,800	112,067,185
II: Potential Problem (*Problema Potencial*)	2,834,399	2,884,537	5,806,027
III: Substandard (*Deficiente*)	1,343,599	1,171,148	2,148,739
IV: Doubtful (*Dudoso*)	1,492,453	1,491,995	1,880,988
V: Loss (*Pérdida*)	2,024,019	2,133,034	3,417,964
Total gross loans	**100,485,316**	**104,199,514**	**125,320,903**
III+IV+V (Impaired loans)	**4,860,071**	**4,796,177**	**7,447,691**

All of the Loss (*Pérdida*) loans and substantially all of the Doubtful (*Dudoso*) loans are past due. Substandard (*Deficiente*) loans, although generally not past due, have demonstrated credit deterioration such that management has serious doubts as to the ability of the borrower to comply with the present loan repayment terms. We consider the collateral securing these loans only for purposes of establishing loan loss reserves and not for purposes of classification.

Classification of the Loan Portfolio Based upon the Borrower's Payment Performance

We classify a loan as internal overdue mainly based on three aspects: (i) number of days as past-due, based on the due date contractually agreed; (ii) the banking subsidiary; and (iii) the type of loan. Based on these aspects, BCP and Mibanco consider loans as internally overdue: (i) after 15 days for corporate, large business and medium business loans; (ii) after 30 days for small and micro business loans; (iii) after 30 days for overdrafts; and (iv) after 90 days for consumer, mortgage and leasing loans. In the case of consumer, mortgage and leasing loans, the past-due installments are considered overdue after 30 to 90 days. After 90 days, the outstanding balance of the loan is considered internal overdue. Furthermore, with regards to refinanced loans, our policy categorizes a loan as "refinanced" when a debtor is experiencing payment problems and asks for a new payment schedule that will allow the debtor to comply with the installments. Finally, non-performing loans are composed of internal overdue and refinanced loans.

The following table sets forth the repayment status of our loan portfolio as of the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
	(Soles in thousands, except as otherwise indicated)		
Current(1)	97,420,423	100,948,878	120,555,635
Past due			
Overdue 16-119 days	898,650	981,026	1,306,346
Overdue 120 days or more	2,080,536	2,182,159	3,240,392
Total past-due loans	**2,979,186**	**3,163,185**	4,546,738
Total loans	**100,399,609**	**104,112,063**	**125,102,373**
Unearned interest	85,708	87,451	218,530
Total gross loans	**100,485,316**	**104,199,514**	**125,320,903**
Past due loan amounts as a percentage of total loans	3.0%	3.0%	3.6%

(1) Figures are net of unearned interest.

In accordance with SBS regulations, we classify as past due only the amount of the past-due installments on any consumer, mortgage and leasing credit, provided that no amount of such credit is past due for over 90 days. The entire amount of these loans will be considered past due if any amount is past due more than 90 days. In terms of portfolio quality, the past due ratio increased to 3.6% in 2020 compared to having remained at 3.0% in 2019 and 2018.

The stability in 2019 was a result of an increase in loans (loans grew to S/104.2 billion from S/100.5 billion in 2018), offset by a corresponding increase in past due loans. The deterioration in 2020 was a result of an increase in loans (loans grew to S/125.3 billion from S/104.2 billion in 2019) to a lesser extent than past due loans. These ratios continue to be distorted by the existence of real estate collateral (composed primarily of commercial properties) because a large percentage of these loans with real estate collateral that are more than 150 days overdue cannot be charged off even if adequate provisions are in place because a judicial process must be carried out to liquidate the guarantee, which takes four years on average. Also, movements in the loan portfolio are generally more dynamic, particularly in the SME-Pyme and Mibanco segments during the second half of the year, when we launch our Christmas financing campaigns.

Past Due Loan Portfolio

The following table analyzes our past due loan portfolio by type of loan:

	As of December 31,		
Past due loan amounts	**2018**	**2019**	**2020**
		(Soles in thousands)	
Loans	2,105,369	2,184,192	3,204,471
Leasing transactions	65,562	66,905	119,488
Credit cards	453,129	510,693	740,729
Discounted notes	20,628	46,545	53,006
Advances and overdrafts in demand deposits	38,964	35,969	38,758
Refinanced loans	295,533	318,881	390,285
Total past due portfolio	**2,979,185**	**3,163,185**	**4,546,737**
Specific reserves	(2,740,956)	(2,796,359)	(4,635,080)
Not specifically identified reserves	(1,719,756)	(1,731,522)	(3,859,428)
Total reserves for loan losses(1)	**(4,460,712)**	**(4,527,881)**	**(8,494,508)**
Total past due portfolio net of total reserves	**(1,481,527)**	**(1,364,696)**	**(3,947,771)**

(1) These reserves for loan losses have been established in accordance with SBS regulations. See "—Classification of the Loan Portfolio."

(2) Does not include reserves for indirect loans (which include guarantees and stand-by letters of credit, import and export letters of credit, and due from bank acceptances) of S/330.7 million, S/319.6 million and S/438.0 million, as of December 31, 2018, 2019 and 2020, respectively.

Allowance for Loan Losses

The following table shows the changes in our allowance for loan losses, including reserves for indirect loans and movements at the dates indicated:

	As of December 31,		
	2018	**2019**	**2020**
		(Soles in thousands)	
Allowance for loan losses at the beginning of the year	4,758,791	4,791,396	4,847,449
Provisions of the year, net of recoveries	1,507,847	1,798,506	5,023,837
Recoveries of written-off loans	280,207	254,039	147,851
Write-offs	(1,544,071)	(1,767,348)	(1,103,576)
Condonations and others	(66,260)	(67,116)	(48,167)
Portfolio sale of court collections loans	(192,879)	(143,729)	(30,362)
Exchange difference	47,760	(18,299)	95,456
Allowance for loan losses at the end of the year/period	**4,791,396**	**4,847,449**	**8,932,488**

For a discussion of the risk elements in the loan portfolio and the factors considered in determining the amount of specific reserves, see "—Classification of the Loan Portfolio."

Allowance for loan losses as of December 31, 2020 includes S/ 8.5 billion of reserves for losses on direct loans and S/438.0 million of reserves for losses in indirect loans (S/4.5 billion and S/319.6 million as of December 31, 2019, respectively). The reserves for losses on indirect loans are reported within Other Liabilities in our consolidated statement of financial position.

For the years ended December 31, 2018, 2019 and 2020 we had recoveries of previously written-off loans of approximately S/280.2 million, S/254.0 million and S/147.9 million, respectively, which are included as Other Income in our annual consolidated financial statements.

Allocation of the Allowance for Loan Losses

The following table sets forth the amounts of the allowance for loan losses attributable to commercial, consumer and residential mortgage loans at the dates indicated:

	As of December 31,		
	2018	2019	2020
	(Soles in thousands)		
Commercial loans	3,651,729	3,643,197	6,993,310
Consumer loans	596,216	636,670	1,264,668
Residential mortgage loans	543,451	567,582	674,509
Total allowance(1)	**4,791,396**	**4,847,449**	**8,932,488**

(1) Includes reserves for indirect loans, which include guarantees and stand-by letters of credit, import and export letters of credit, and due from bank acceptances.

Deposits

The following table presents the components of our deposit base at the dates indicated:

	As of December 31,					
	2018		2019		2020	
	(Soles in thousands, except percentages)					
Demand deposits						
Sol-denominated	14,034,308	47.6%	16,029,974	49.8%	27,942,915	55.2%
Dollar-denominated	15,430,622	52.4%	16,170,991	50.2%	22,659,389	44.8%
Total	**29,464,930**	**100.0%**	**32,200,965**	**100.0%**	**50,602,304**	**100.0%**
Savings deposits						
Sol-denominated	17,343,983	57.2%	19,600,411	59.6%	29,970,445	63.2%
Dollar-denominated	12,991,812	42.8%	13,266,685	40.4%	17,435,657	36.8%
Total	**30,335,795**	**100.0%**	**32,867,096**	**100.0%**	**47,406,102**	**100.0%**
CTS						
Sol-denominated	5,172,119	68.3%	5,707,854	72.3%	5,512,943	71.3%
Dollar-denominated	2,399,256	31.7%	2,189,345	27.7%	2,223,804	28.7%
Total	**7,571,375**	**100.0%**	**7,897,199**	**100.0%**	**7,736747**	**100.0%**
Time deposits						
Foreign Currency Bank Certificates						
Dollar-denominated	876,863	100.0%	1,180,461	100.0%	1,202,996	100.0%
Other time deposits						
Sol-denominated	15,855,079	64.5%	16,181,927	64.6%	12,493,604	62.8%
Dollar-denominated	8,727,201	35.5%	8,858,030	35.4%	7,397,842	37.2%
Total other time deposits	**24,582,280**	100.0%	**25,039,957**	100.0%	19,891,446	100.0%
Total	**33,030,518**	**100.0%**	**34,117,617**	**100.0%**	**28,831,189**	**100.0%**

	As of December 31,					
	2018		2019		2020	
	(Soles in thousands, except percentages)					
Total deposits						
Sol-denominated	52,405,489	56.5%	57,520,166	58.0%	75,919,907	59.9%
Dollar-denominated	40,425,754	43.5%	41,665,512	42.0%	50,919,688	40.1%
Total	**92,831,243**	**100.0%**	**99,185,678**	**100.0%**	**126,839,595**	**100.0%**
Interest payable	202,453	—	247,485	—	132,360	—
Total deposits (including interest payable)	**93,033,696**	**—**	**99,433,163**	**—**	126,971,955	**—**
Total deposits						
Interest bearing (including interest payable)	63,822,675	68.6%	67,546,741	67.9%	76,866,211	60.5%
Non-interest bearing	29,211,021	31.4%	31,886,422	32.1%	50,105,744	39.5%
Total	**93,033,696**	**100.0%**	**99,433,163**	**100.0%**	**126,971,955**	**100.0%**

Return on Equity and Assets

The following table provides the components for our return on equity and assets.

	As of December 31,		
	2018	2019	2020
	(in percentages)		
Return on assets(1)	2.4	2.5	1.8
Return on equity(2)	21.4	20.4	17.5
Dividend payout ratio(3)	60.4	35.7	—
Equity to assets ratio(4)	11.4	12.1	10.4

(1) Net income (annualized figures) as a percentage of average total assets, computed as the average of month-end balances.

(2) Net income (annualized figures) as a percentage of average shareholders' equity, computed as the average of month-end balances.

(3) Declared dividends per share divided by net income per share. In Peru, dividends are declared based on the previous fiscal year's net income.

(4) Average shareholder's equity divided by average total assets, computed as the average of month-end balances.

Short-Term Borrowings

Our short-term borrowings, defined as interbank funds and due to banks and correspondents with a maturity of less than one year, amounted to S/4.9 billion, S/5.3 billion and S/1.7 billion as of December 31, 2018, 2019 and 2020, respectively.

Derivative Instruments

The tables below set forth, for the years ended December 31, 2018, 2019 and 2020, 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 the value of derivatives are measured.

	As of December 31, 2018			
	Assets	Liabilities	Notional Amount	Related instrument
	(Soles in thousands)			
Derivatives held for trading				
Forward exchange contracts	64,925	58,276	12,282,604	—
Interest rate swaps	110,080	98,503	13,357,219	—
Currency swaps	352,904	401,407	9,923,689	—
Options	747	592	197,410	—
Derivatives held as hedges				
Cash flow hedge				
Interest rate swaps	8,330	574	3,204,350	Due to banks
Interest rate swaps	3,417	—	505,950	Repurchase agreements
Cross currency swaps	16,132	—	337,300	Due to banks
Cross currency swaps	-	35,658	1,011,900	Bonds issued
Cross currency swaps	21,424	6,116	213,941	Available-for-sale investments
Cross currency swaps	83,188	13,680	742,060	Repurchase agreements
Fair value hedge				
Interest rate swaps	11,694	4,867	923,912	Available-for-sale investments
Interest rate swaps	—	—	—	Bonds issued
Total	672,841	619,673	42,700,335	

	As of December 31, 2019			
	Assets	Liabilities	Notional Amount	Related instrument
	(Soles in thousands)			
Derivatives held for trading				
Forward exchange contracts	145,568	109,110	17,900,245	—
Interest rate swaps	230,232	299,810	18,192,820	—
Currency swaps	354,072	308,970	8,085,727	—
Options	1,292	892	246,989	—
Derivatives held as hedges				
Cash flow hedge				
Interest rate swaps	586	6,712	4,165,698	Due to banks
Interest rate swaps	—	—	—	Repurchase agreements
Cross currency swaps	7,626	—	331,400	Repurchase agreements
Cross currency swaps	—	11,019	318,245	Due to banks
Cross currency swaps	20,803	1,167	107,425	Bonds issued
Cross currency swaps	70,156	42,587	729,080	Available-for-sale investments
Fair value hedge				
Interest rate swaps	—	8,124	618,789	Available-for-sale investments
Interest rate swaps	—	—	—	
Total	830,335	788,393	50,696,418	

	As of December 31, 2020			
	Assets	Liabilities	Notional Amount	Related instrument
	(Soles in thousands)			
Derivatives held for trading				
Forward exchange contracts	74,503	81,414	15,594,378	—
Interest rate swaps	478,815	480,700	14,800,915	—
Currency swaps	315,202	171,367	8,194,803	—
Options	1,176	2,050	310,975	—
Derivatives held as hedges				
Cash flow hedge				
Interest rate swaps	—	4,445	1,086,300	Due to banks
Interest rate swaps	—	—	—	Repurchase agreements
Cross currency swaps	—	—	—	Repurchase agreements
Cross currency swaps	9,872	—	356,395	Due to banks
Cross currency swaps	18,224	74,677	487,046	Bonds issued
Cross currency swaps	—	40,798	253,470	Available-for-sale investments
Fair value hedge				
Interest rate swaps	0	26,053	628,677	Available-for-sale investments
Interest rate swaps	—	—	—	
Total	897,792	881,504	41,712,959	

BUSINESS

Overview

Our Bank

Our purpose and values

Our strategy revolves around achieving our main purpose of helping our customers transform their plans into reality, while playing a key-role in Peru's development, and deepening our connection to our communities to generate value for all stakeholders and ensure long term sustainability.

We believe our set of values are key elements to achieve our purpose and shape our culture. We call it our 'WOW' culture because it helps us to provide a WOW experience to our clients achieving a WOW management with a WOW team. Our values ensure our employees and shareholders are working towards our purpose and reflect the role we want in the Peruvian society. Our values are:

- customer centricity;
- test and learn;
- risk-conscious and righteous;
- collaboration;
- give your best; and
- boost your skills.

Our framework to follow our strategy

Our strategy is comprised of key objectives and results, which describe what goals we want to achieve, as well as strategic pillars, which represent how we plan to achieve these goals. We have two key objectives that lead all our business efforts: providing the best customer experience and having the best efficiency ratio in Latin America. In that sense, we have set the following seven key milestones to achieve those goals:

- Top two box customer satisfaction (a methodology used to measure customer satisfaction) of 75%;
- duplicate our cross-selling;
- pre-approve 60% of Perú's economically active population;
- become number one in employee satisfaction;
- conduct at least 80% of our sales digitally;
- achieve an efficiency ratio in the mid-thirties; and
- ESG financial inclusion.

Our strategic pillars directly related to each of our key objectives (experience and efficiency), and internal capabilities ensuring a comprehensive strategic plan to fulfill such objectives:

- *Experience:*
  - <u>Providing the best experience.</u> We seek to offer a WOW experience in each contact with our customers, solutions to their needs, and to be alongside them at critical junctures.
  - <u>Deepening our connection to communities.</u> We do business taking into consideration our role in the society and our different stakeholders.

- *Efficiency:*

  - Developing new sources and optimization of income. We continually develop new products and services to serve our customers and provide financial solutions to more Peruvians. In addition, we focus on optimizing our current revenue streams to their highest potential.

  - Being the most efficient bank in the region. We seek to optimize our products and processes with an overall portfolio perspective, as well as to incorporate technology and innovation to offer the most cost-efficient option.

- *Internal Capabilities:*

  - Innovation and digital. We leverage our digital capabilities to know our customers better, and to offer them a 24/7 customer service in a simple, fast and secure manner.

  - Data driven organization. We believe we are the organization that captures and exploits data in an effective and intelligent manner.

  - Having the best team. We believe our team with the mindset, capabilities and culture focus on delivering continue value to our customers.

Our achievements

We believe that we have made substantial progress in our key objectives as well as in all key results as a consequence of our initiatives.

We have increased our customer satisfaction consistently over the years surpassing our local competitors. In 2017, we were in the last position in customer satisfaction among the four largest banks in Peru, but by 2019 we were number one among our local peers and across all business segments. We identified each of the customer experiences with the lowest levels of customer satisfaction, but the highest value for our customers; and focused our efforts on improve those.

In addition, increases in our digital sales and an accelerated the adoption of digital channels have led to efficiency improvements in operational indicators which we believe will help us achieve lower C/I ratios. In 2017, digital sales represented only 5.4% of total units sold, but in 2020 our digital sales accounted for over 30% of total units sold. To achieve these results, we have improved the experience in our digital channels increasing our mobile banking users from 0.8 million in 2017 to over 3.5 million in 2020. Moreover, we innovated and launched Yape, the largest digital wallet in Peru with over 5 million users. As a result, we increased our volume per employee, reduced our number of branches, and reduced our transactional costs which we believe places us among the most efficient financial institutions in Latin America. We have continued to invest in information technology to achieve further improvements in our efficiency indicators.

History and development

BCP is a *sociedad anónima* authorized to operate as a multiple banking institution under the Peruvian Banking Law. Our activities include retail, commercial and asset management. Our charter (*estatuto social*) is registered with the Peruvian Public Registry of Juridical Persons (*Registro Público de Personas Jurídicas*) under electronic file number 11009127.

We began operations on April 9, 1889 as Banco Italiano; in 1941 we changed our name to Banco de Crédito del Perú. We are the oldest and, since the 1920s, we have been the largest commercial bank in Peru. BCP is listed on the BVL. As of December 31, 2020, 97.7% of our capital stock was held directly and indirectly by Credicorp (NYSE: BAP) and 2.3% was publicly held. Members of the Romero family have been our shareholders since 1918 and became the controlling shareholders of BCP in 1979 and subsequently of Credicorp in 1995. As of December 31, 2020, members of the Romero family held 12.9% of Credicorp's common shares as stated in Credicorp's annual report on form 13-G filed with the SEC in February 2021. Dionisio Romero Paoletti is Chairman of the Board of Directors of BCP.

In October 2009, BCP acquired from the Cooperative for Assistance and Relief Everywhere Inc. ("CARE") – Perú, all the shares that this entity owned in Edyficar, representing 77.1% of Edyficar's capital stock. In accordance with Peruvian legal requirements in effect at the time, BCP made a public tender to Edyficar's minority shareholders to acquire the remaining balance of the company's stock. As a result of the tender offer, we acquired an additional 22.7% of Edyficar's capital stock bringing our ownership to 99.8% as of December 2011.

During the years 2011 and 2012, Credicorp followed a strategy aimed at establishing a subsidiary that would operate independently from BCP and engage in financial advisory activities, asset management and investment banking at a regional scale and primarily focused on the Latin American Integrated Market (*Mercado Integrado Latinoamericano*) ("MILA"). MILA comprises the main stock exchanges of Peru, Chile, Mexico and Colombia.

On November 30, 2011, we reached an agreement with Credicorp Capital Colombia S.A.'s (formerly, Correval S.A. Sociedad Comisionista de Bolsa) ("Correval") shareholders to acquire a 51% stake in Correval, subject to the approval from the authorities in Peru, among other conditions precedent. The acquisition, which values Correval at $150 million, closed on April 27, 2012. Correval, with almost 25 years of experience, is one of the market leaders in the Colombian brokerage services industry. In April 2012, we reached an agreement to acquire 60.6% of IM Trust S.A. ("IM Trust"), a Chilean brokerage and financial services company. This acquisition, which values IM Trust at $131.5 million, closed on July 31, 2012.

In November 2012 and June 2013, IM Trust and Correval, respectively, were sold at acquisition cost to Credicorp Capital Ltd. ("Credicorp Capital"), a wholly-owned subsidiary of Credicorp. Additionally, certain of our former local subsidiaries including Credifondo, Credibolsa, Credititulos and BCP's investment banking division were spun off and acquired by Credicorp Capital Perú S.A.A. ("Credicorp Capital Perú"), a subsidiary of our parent company Credicorp through Grupo Credito S.A. and Credicorp Capital. We expect that at the end of this reorganization, Credicorp Capital Peru, IM Trust and Correval will all be subsidiaries of Credicorp Capital. Currently, IM Trust and Correval are already indirect subsidiaries of Credicorp Capital.

On February 8, 2014, BCP, through its subsidiary Edyficar, signed an agreement with Grupo ACP Corp. S.A.A. to acquire 60.7% of the share capital of Mibanco, a banking entity in Peru oriented towards the sector of micro and small companies, for a total amount of U.S.$179.5 million (approximately equivalent to S/504.8 million) paid in cash. This transaction was completed after obtaining all of the necessary regulatory authorizations and approvals on March 20, 2014, the effective date of the purchase and payment. On April 8, 2014, Grupo Credito S.A. (Credicorp's holding company in Peru and our main shareholder) and Edyficar acquired from the International Finance Corporation ("IFC") an additional 6.5% stake in Mibanco (5% by Grupo Credito S.A. and 1.5% by Edyficar). In addition, Grupo Credito S.A. and Edyficar made a tender offer to the non-controlling shareholders of Mibanco. Pursuant to this tender offer, Grupo Credito S.A. and Edyficar acquired an additional 18.56% of Mibanco's capital stock for S/153.6 million. Subsequently, in September 2014, Edyficar acquired an additional 1.2% of Mibanco's capital from La Positiva Seguros y Reaseguros S.A. As a result, at the end of 2014, Mibanco's main shareholder was Edyficar, which held a direct 81.93% interest in Mibanco, while Grupo Credito S.A. held a 5% interest. In November 2014, the shareholders of Edyficar and Mibanco approved the spin-off of a group of assets and liabilities of Edyficar to be merged with Mibanco. On March 2, 2015 a business combination between Mibanco and Edyficar's assets and liabilities was made effective. These transactions were entered into at the carrying amount of all assets and liabilities of Edyficar except for operating licenses, mortgages loans of Mivivienda and cash, which continued to be owned by Edyficar. Subsequently in April of 2015, the credit portfolio of Mivivienda was sold to BCP. Also, Mivivienda's banking license has been retired, without generating any impact on our financial statements. In connection with the aforementioned spin-off, by means of Resolution SBS No. 7612-2015, the SBS approved Edyficar's request so it no longer qualifies as a financial entity. On February 23, 2015, a merger transaction between Edyficar and SEAH was agreed upon. Such transaction became effective on September 1, 2017. As a result of such merger, Edyficar was absorbed by SEAH. As of December 31, 2020, BCP holds a direct interest of 94.9% in Mibanco and holds 100.0% in SEAH.

On January 19, 2015 we sold to Credicorp Ltd. 100% of our capital stock in BCI, which generated a profit of S/338.0 million.

On May 12, 2016 we sold to ICBSA, subsidiary of Grupo Credito S.A., 100% of the shares held in BCB, after the approval of the Financial Supervisory Authority of Bolivia. Thus, we sold 95.84% of our stake for U.S.$162.7 million, obtaining a net gain of S/113.8 million.

In January 2017, Credicorp's Board of Directors approved the transfer of 9% of our total shares to Grupo Credito S.A. (Credicorp's Peruvian wholly owned subsidiary) through a capital contribution, in order to facilitate Credicorp's future investments in Peru without modifying the controlling structure of BCP. The total amount paid for the transfer of the shares was S/3,505,916.484.50. Under the new structure, Credicorp directly holds 0.96% of BCP's total shares and, together with its subsidiary Grupo Credito S.A., continues to control 97.7% of such shares. This transfer did not result in any changes to our internal governance structure and did not affect the way Credicorp and BCP manage their day-to-day operations or Credicorp's dividend policy.

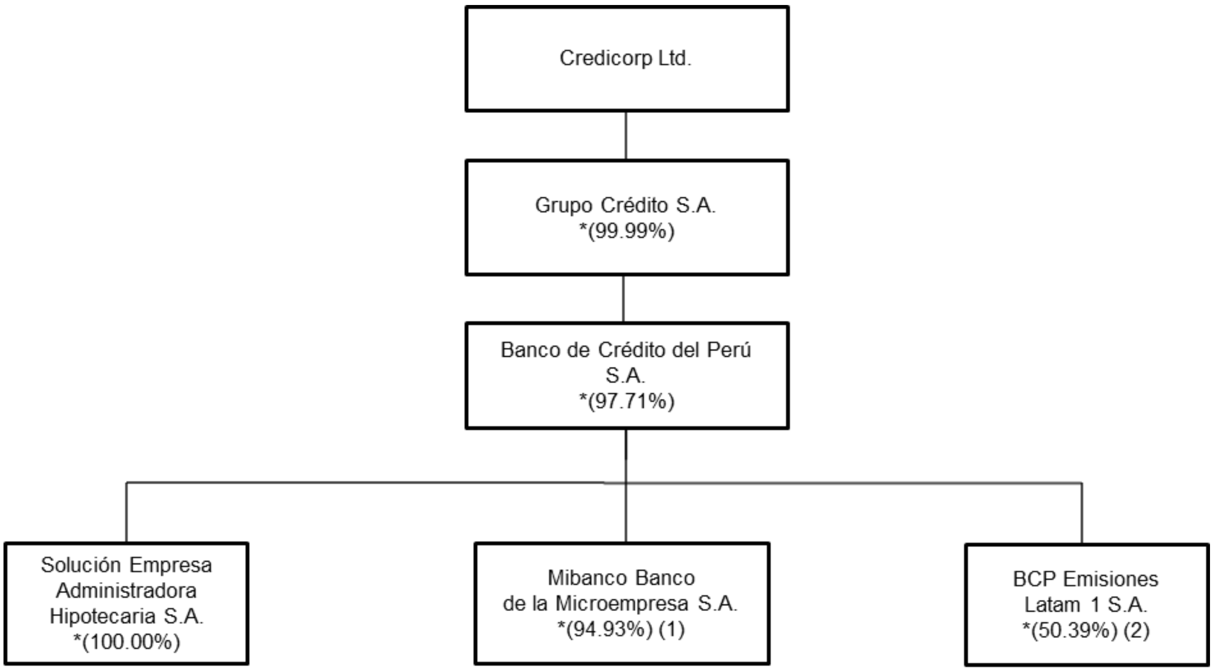
At the beginning of 2018, Credicorp changed its internal organization from one based on subsidiaries to one based on four business lines: (i) Universal Banking, composed of BCP and Banco de Credito de Bolivia, (ii) Microfinance, composed of Mibanco and Encumbra, (iii) Insurance and Pensions, composed of Grupo Pacífico and Prima AFP, and (iv) Investment Banking and Wealth Management, composed of Credicorp Capital, Atlantic Security Bank and the private banking segment of BCP. The creation of the Investment Banking & Wealth Management business unit was intended to combine BCP's stand-alone Wealth Management Division and Atlantic Security Bank ("ASB") with Credicorp Capital. The objective behind this joint operation is to have a single regional wealth management business, operating under a unified model, within one business unit, instead of three different models under different business units. This new structure facilitates the sharing of best practices and delivery of a regional value proposition, with ASB supporting all wealth management business units and clients (instead of focusing on Peru-based wealth management customers).

On April 18, 2018, Credicorp Ltd., through its subsidiaries Grupo Credito S.A. and BCP acquired 3.23% and 0.06%, respectively, of the share capital of Mibanco from minority shareholders for approximately S/129.0 million and S/2.4 million, respectively. Additionally, on May 22 and 23, 2018, BCP acquired 1.22% and 0.05%, respectively, of the share capital of Mibanco from minority shareholders for approximately S/47.3 million and S/1.9 million, respectively. These acquisitions of non-controlling interest were recorded as equity transactions. Through these acquisitions, Credicorp Ltd. increased its interest in the share capital of Mibanco from 93.18% to 97.74%.

On May 7, 2018, Credicorp Ltd. sold to its subsidiary Grupo Credito S.A. 220,113,636 shares of BCP owned by Credicorp Ltd., which represented 2.77% of BCP's share capital. The amount paid per share was S/6.61. Following this sale, Credicorp, in conjunction with its subsidiary Grupo Credito, continued to own 97.7% of the shares of BCP.

Corporate Structure

The following chart illustrates the current ownership structure of BCP and BCP's subsidiaries.



*Percentage of participation of the direct majority shareholder.

(1) Grupo Credito S.A. participates in 4.99%.

(2) Grupo Credito S.A. participates in 49.56%.

In addition to our direct and indirect local subsidiaries (Mibanco and SEAH), we have an agency in Miami and a branch in Panama.

In 2020, we accounted for 72.7% of Credicorp's total revenues, 82.4% of its total assets, 76.2% of its net income and 72.1% of its shareholders' equity. As of December 31, 2020, our issued capital consisted of 11,067.4 million fully subscribed and paid common shares and we had an unconsolidated capital adequacy ratio of 14.9%, compared to 14.5% as of December 31, 2019. Our operations are supervised and regulated by the SBS and the Peruvian Central Bank.

Our Panamanian branch is subject to the supervision of the SBS and the PSB. It operates under an international banking license issued by the PSB, which permits us to engage in international banking operations from Panama, such as taking deposits from, and making loans to, persons outside of Panama, but does not allow us to undertake domestic banking operations in Panama. The offices of our Panamanian branch are located at Calle 50 con Elvira Méndez, Edificio Tower Financial Center Piso 13, Panama City, Panama.

Our Miami agency is licensed by the State of Florida and is supervised by the Florida state government and the United States federal government. The agency offers a diverse range of financial services to our customers, including checking and money market accounts, time deposits, fund transfers and collection services. The Miami agency is located at 121 Alhambra Plaza, Suite 1200, Coral Gables, Florida.

BCP's Subsidiaries

Our subsidiaries are as follows:

- Mibanco is owned by BCP, which holds a 94.93% interest, and by Grupo Credito S.A., which holds a 4.99% interest. The corporate purpose of Mibanco is to engage in multiple banking services with a special emphasis on the micro and small business segments. Mibanco's operations are governed by Peruvian Banking Law. Mibanco S.A. is authorized by SBS to operate as a bank in accordance with Peruvian law.

- BCP Emisiones Latam 1 S.A. is a special purpose company domiciled in Santiago, Chile. It was established in January 2009 and its sole purpose is to invest in all types of real estate securities and debt securities, which are financed through bond issuances in Chile. Currently, BCP holds 50.39% of its shares and Grupo Credito owns the remaining 49.56%.

- SEAH is a subsidiary specialized in offering mortgage loans. Prior to May 25, 2010 SEAH operated as a financial company (*empresa financiera*) under the name Solución Financiera de Crédito del Perú and its business included mortgage lending, consumer lending and SME financing. On May 25, 2010 SEAH (formerly Solución Financiera de Crédito del Perú) changed its name and social purpose to comply with regulatory requirements arising from the acquisition by BCP of Edyficar. On February 23, 2015, a merger transaction between Edyficar and SEAH was agreed upon. Such transaction became effective as of September 1, 2017. As a result of such merger, Edyficar was absorbed by SEAH. BCP owns 100% of its shares.

The following table shows the contributions of our operating entities as of and for the fiscal year ended December 31, 2020, after eliminations for consolidation.

Operating entity	Total Assets	Total Revenue	Net Income	Shareholders' Equity
		(In percentages)		
BCP	93.5	84.0	105.1	87.7
Mibanco	6.5	15.9	-5.7	12.0
SEAH	0.0	0.1	0.6	0.3
BCP Emisiones Latam 1 S.A.	0.0	0.0	0.0	0.0

Operating entity	Total Assets	Total Revenue	Net Income	Shareholders' Equity
		(In percentages)		
Total	**100.0**	**100.0**	**100.0**	**100.0**

Distribution Network

We have the largest branch network of any commercial bank in Peru and the most extensive ATM network in Peru.

	As of December 31,		
	2018	2019	2020
BCP			
Branches	414	379	368
Lima and Callao	261	240	231
Provinces of Peru	151	137	135
Offshore	2	2	2
ATMs	2,271	2,294	2,319
BCP Agents	6,764	7,187	7,003
Total BCP	**9,449**	**9,860**	**9,690**
Electronic Transactions (% of total transactions)	94.1%	96.0%	99.2%
Mibanco Branches	**331**	**329**	**329**

Source: SBS, BCP

BCP's network has expanded from 345 branches, 1,373 ATMs and 4,674 agents in 2011 to 422 branches, 2,226 ATMs and 5,157 agents in 2014 to branches, 2,319 ATMs and 7,003 agents as of December 31, 2020. BCP's electronic transactions have also grown from 84.2% electronic transactions and 15.8% teller transactions in 2011 to 89.1% electronic transactions and 10.9% teller transactions in 2014 and to 98.2% electronic transactions and 1.8% teller transactions as of December 31, 2020. BCP's number of average daily transactions has accordingly increased from 60.8 million for the year 2011 to 266.2 million as of December 31, 2020.

Competition

As of December 31, 2020, the Peruvian financial system was composed of 60 financial institutions, including 16 commercial banks, 10 financial companies, 12 municipal and 7 rural savings and loan associations (*cajas*), 10 small-business development non-bank institutions, one leasing company and the following four state-owned financial institutions (not including the Peruvian Central Bank), Banco de la Nación, Agrobanco, Corporación Financiera de Desarrollo S.A. – Cofide and Fondo Mivivienda S.A. ("Mivivienda"). As of December 31, 2020, the Peruvian financial sector also included 18 insurance companies and four private pension fund administrators.

Larger Peruvian companies have gained access to new sources of capital through the local and international capital markets, and BCP's existing and new competitors have increasingly made inroads into the higher margin, middle market and retail banking sectors. Such increased competition, with entrants who may have greater access to capital at lower costs, has affected BCP's loan growth as well as reduced the average interest rates that BCP can charge its customers.

As a result of Peru's strong economic growth, which has outpaced growth by nearby countries, in recent years, several foreign companies have shown interest in entering the Peruvian market while financial companies already in Peru have taken steps to expand operations and develop new businesses.

In 2010 and 2011 no major commercial banks entered the Peruvian financial system. In 2012, Banco Cencosud from the Chilean group of the same name, in a joint enterprise with the Peruvian group Wong, started operations in the first half 2012. Later that year, GNB Sudameris Group, a Colombia-based entity, acquired HSBC Peru and renamed it Banco GNB Peru. In 2013, there was a merger between the rural savings bank ("CRAC") (known by its

Spanish acronym), Nuestra Gente and the financial firm Confianza. The entity resulting from the merger operates as a financial firm by the name of Financiera Confianza.

In 2014, ICBC Group established its first subsidiary in Peru, ICBC Bank Peru, and became the first Chinese-owned bank entering the Peruvian financial system. In February 2014, Edyficar reached an agreement with Grupo ACP Corp to buy the shares that they held in Mibanco (60.68% of total shares). In May 2014, the SBS started an intervention to the municipal savings bank Pisco ("CMAC") (known by its Spanish acronym), due to its financial instability and the failure of the Financial Recovery Plan. This CMAC was acquired by Financiera TFC.

In December 2014, Citibank del Peru decided to spin-off their retail banking unit and reached an agreement with Scotiabank Peru to acquire their retail banking unit. This acquisition was approved by the SBS through Resolution No. 2403-2015, and was completed on May 1, 2015.

The integration of Mibanco and Edyficar took place on March 2, 2015. Also, in 2015, the SBS intervened in the CRAC Caja Señor de Luren due to losses of more than 50% of its capital stock. This CRAC was acquired by CMAC Arequipa Financiera. In July 2015, CRAC Credinka merged with Financiera Nueva Vision, the new entity operates as a financial firm by the name of Financiera Credinka. In October 2015 the financial firm Financiera TFC merged with CRAC Libertadores de Ayacucho.

In April 2016, the SBS authorized J.P. Morgan Banco de Inversion to operate as an investment bank in Peru, and its Peruvian operations commenced in March 2017. JPMorgan already had a representative office in Peru and had advised local businesses regarding U.S. equity markets. Now, through its authorized investment bank, JP Morgan can participate in sales and trading of BCRP and Government instruments, as well as foreign exchange ("FX") trading.

In June 2017, the SBS authorized a merger between Caja Rural de Ahorro y Credito Los Andes S.A. (a rural Peruvian savings bank) and EDPYME Solidaridad y Desarrollo Empresarial S.A.C., with Los Andes surviving the merger. In November 2017, Los Andes also bought part of the portfolio from its peer, Caja Municipal de Ahorro y Credito del Santa S.A.

In August 2017, the SBS authorized the dissolution and liquidation of Leasing Peru, which at the time was a member of the Bancolombia Group. Leasing Peru officially closed in October 2017.

In August 2017, Bank of China Limited requested the SBS approval to establish a bank in Peru. In January 2019, the SBS authorized the organization of this bank as a multiple-operations bank and the commencement of its operations.

In May 2018, Scotiabank acquired 51% of Banco Cencosud, authorized by the regulator. This acquisition increased Scotiabank's market share in the retail-banking segment in Peru, as it allowed them to jointly manage both portfolios. Afterwards, in February 2019, the regulator approved the conversion of Banco Cencosud from a bank to a rural savings bank.

In January 2019, Law No. 30822, or the "Coopac Law," came into force. The Coopac Law created a registry of cooperatives and the creation of the cooperative deposit insurance fund. It also designates the SBS as a supervisor of these cooperatives, based on a modular scheme according to the size of each cooperative's assets.

In December 2019, the SBS ordered the closure of Financiera TFC S.A., or "TFC," for having reported a reduction of its effective equity greater than 50% in the preceding twelve months. TFC operated within the microfinance sector; however, most of its loans were focused on the medium, mortgage and small segments. We won the contest held by the Peruvian deposit insurance fund, and are now responsible for the funds of the TFC to its clients.

In September 2020, a strategic alliance was formed between Interbank and Rappi to form RappiBank. This fintech allows users of the Rappi app to access different financial products and services through the Interbank platform.

Although new entries into the Peruvian banking system over the last three years have slowed down, Peru's history of strong economic growth continues to attract foreign-owned banks. Several such institutions have shown interest in entering the Peruvian market, while financial companies already in Peru have taken steps to expand operations and develop new lines of business. In recent years, foreign financial institutions, such as Itaú Unibanco, Bladex, Bank of America, Goldman Sachs, Morgan Stanley Bank, Bank of Tokyo Mitsubishi, Sumitomo Mitsui Banking and Bank of China, have opened representative offices in Peru and, in some cases, have been granted licenses by the SBS to provide diverse financial services in Peru. In addition, Legislative Decree 1321 which entered into effect on February 2017 now allows more than one financial entity owned by the same majority shareholder to operate in the country concurrently, provided that the shareholder qualifies as a first class bank as determined by the Peruvian Central Bank. For instance, in April 2020, the SBS authorized Bank of China to operate as a multipurpose banking entity, thus allowing entry to a new local competitor that had already announced its intention to open more representative offices in Peru and launch new commercial banking products and services in the country. We expect that the new regulation will lead to more specialization, a greater supply of financial services in different currencies and increased competition in Peru's financial system.

The table below shows, according to figures published by the SBS, the distribution by type of institution, of assets, direct loans and deposits of the Peruvian financial system, excluding insurance companies and private pension fund managers, as of December 31, 2020:

As of December 31, 2020	**Assets**	**Direct Loans**	**Deposits**
		(in percentages)	
Commercial Banks	83.6	86.5	81.7
Financial Companies	2.5	3.5	2.1
Municipal Savings and Loans Associations	5.7	7.0	6.3
Rural Savings and Loans Associations	0.5	0.6	0.4
Small Business Non-bank Institutions	0.5	0.7	-
State-owned Banks(1)	7.2	1.6	81.7
Total	100.0	100.0	100.0

(1) Banco de la Nación and Banco Agropecuario.

As of December 31, 2020, according to unconsolidated figures published by the SBS, we were the largest financial institution operating in Peru in terms of assets, deposits and loans.

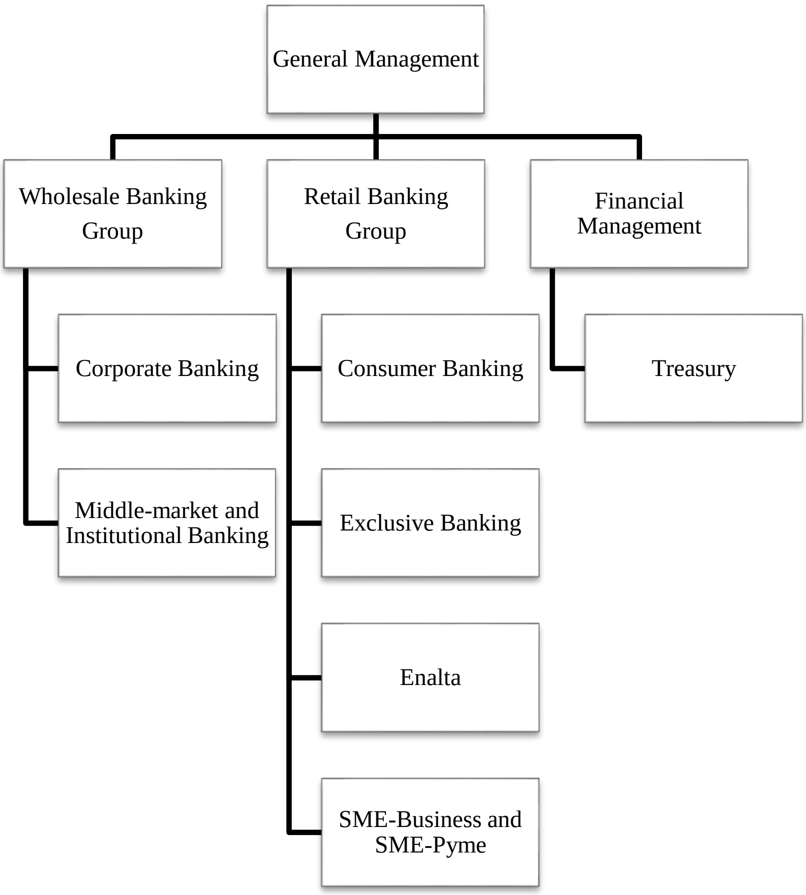
As of December 31, 2020	**Assets**	**Deposits**	**Loans**
		(in percentages)	
BCP(1)	31.9	31.9	33.0
BBVA Continental	18.8	19.5	20.2
Scotiabank Peru	13.5	12.2	13.2
Interbank(1)	11.9	12.0	12.1
Others	23.9	24.4	21.6
Total Peruvian financial system	**100.0**	**100.0**	**100.0**

(1) Includes offshore branches

Source: SBS.

Business Units

The following chart summarizes BCP's current business organizational structure.



The table below shows our average loan balances on a consolidated basis by business unit.

	Average Loans and Dollarization for the year ended:					
	December 31, 2018		December 31, 2019		December 31, 2020	
	Average Loans (S/ Bn)	Dollarization(1)	Average Loans (S/ Bn)	Dollarization(1)	Average Loans (S/ Bn)	Dollarization(1)
Wholesale Banking						
Corporate Banking	28.1	56.9%	28.3	57.6%	30.9	55.7%
Middle-market Banking	16.7	52.1%	17.8	52.8%	21.3	44.1%
Total Wholesale Banking	**44.8**	**55.1%**	**46.0**	**56.1%**	**52.2**	**51.0%**
Retail Banking						
Consumer	6.8	4.4%	8.0	3.8%	8.4	3.6%
Enalta	4.8	41.7%	5.9	35.6%	6.3	31.7%
Exclusive	12.0	14.2%	13.4	11.2%	14.2	8.5%
SME	14.7	21.1%	15.6	19.2%	23.2	12.1%
Other	1.4	35.7%	1.5	33.3%	1.9	31.6%
Total Retail Banking	**39.7**	**19.1%**	**44.4**	**16.7%**	**54.0**	**13.0%**
Wealth Management (2)	0.3	33.3%	0.2	50.0%	0.4	50.0%
Mibanco	9.6	5.6%	10.1	5.4%	11.4	4.6%

	Average Loans and Dollarization for the year ended:					
	December 31, 2018		December 31, 2019		December 31, 2020	
	Average Loans (S/ Bn)	Dollarization(1)	Average Loans (S/ Bn)	Dollarization(1)	Average Loans (S/ Bn)	Dollarization(1)
Total BCP	**94.4**	**35.0%**	**100.7**	**33.5%**	**118.0**	**29.0%**

(1) Calculated as the percentage of loans in U.S. dollars.

(2) Wealth management, previously known as private banking, is no longer a business unit under BCP management; it reports directly to Credicorp Capital.

The table below shows our average deposit balances on an unconsolidated basis by business unit:

	Average Deposits and Dollarization for the year ended:					
	December 2018		December 2019		December 2020	
	Average Deposits (S/ Bn)	Dollarization(1)	Average Deposits (S/ Bn)	Dollarization (1)	Average Deposits (S/ Bn)	Dollarization(1)
Wholesale Banking						
Corporate Banking	13.8	54.3%	14.6	52.1%	17.9	55.3%
Middle-market Banking	14.8	44.6%	17.7	39.0%	20.0	39.0%
Total Wholesale Banking................................	**28.6**	**49.3%**	**32.2**	**45.0%**	**37.8**	**46.8%**
Total Retail Banking......................................	**46.6**	**45.5%**	**51.6**	**44.2%**	**65.3**	**39.1%**
Wealth Management (2)	**4.3**	**88.4%**	**3.1**	**87.1%**	**2.8**	**82.1%**
Total BCP	**79.5**	**49.2%**	**86.9**	**46.0%**	**105.9**	**43.0%**

(1) Calculated as the percentage of loans in U.S. dollars.

(2) Wealth management, previously known as private banking, is no longer a business unit under BCP management; it reports directly to Credicorp Capital.

Retail Banking Group

Our retail banking group offers products and services for individuals and small and medium enterprises with annual sales of up to S/32 million or debt levels of less than S/10 million.

As of December 31, 2020, retail banking related loans represented 45.8% of BCP's total average loans, while deposits accounted for 61.7% of BCP's total average deposits. Net income from retail banking constituted 188.4% of BCP's net income, while income from related fees constituted 71.7% of BCP's total fee income.

Enalta

Enalta provides investment advisory, securities-based lending, financial planning, and day-to-day banking services including loans and cash accounts. Customers of Enalta have access to exclusive branches in Lima and in Arequipa, where they can perform financial transactions and obtain personalized advice from investment, insurance and loan experts based on their risk profiles and financial needs. Enalta also offers customers: (i) access to exclusive products, (ii) specialized account managers and/or expert phone banking, (iii) preferential service by tellers at branches, and (iv) preferential interest rates on loans. The segment is made up of customers with incomes greater than S/20 thousand or liabilities greater than U.S.$200 thousand. As of December 31, 2020, Enalta had approximately 44,000 customers.

Affluent / Exclusive Banking

Customers in BCP's "mass affluent" segment receive a differentiated value proposition that includes: dedicated customer services channels, such as specialized account managers, preferential service by tellers at branches and through our call center phone banking, and preferential interest rates on loans. Most of these clients are serviced through specialized account managers responsible for improving per-client profitability and achieving long-term relationships through personalized service, cross-selling, and share-of-wallet strategies. As part of our remote banking model, during 2020 we redeployed the remaining account managers from the physical branches to this unit. This has allowed us to offer clients longer service hours, remote processes, and more personalized services through off-branch channels. The Exclusive Banking segment is made up of customers with monthly incomes greater than S/5,000 (U.S.$1,482.4) and less than S/20,000 (U.S.$5,523.3). As of December 31, 2020, BCP had approximately 344,000 mass affluent customers.

Consumer banking

Our Consumer Banking segment is in charge of developing strategies for the retail customers who are not included in affluent banking or small business banking. Its customer base consists of approximately 8.7 million (taking into account only clients with at least one product) medium-to-low-income individuals. Consumer Banking focuses on customers who receive their payroll through us. Its strategies vary from basic acquisition of new accounts for wage-earners with special terms regarding fees and interest rates, to more sophisticated, aggressive cross-sell and retention programs that may include non-banking benefits (such as access to discounts on non-banking products) and access to payroll advances.

SME-Business and SME-Pyme

The SME-Pyme segment is made up of clients with debts of up to S/1.2 million (U.S.$355.8 thousands) in the financial system, or have annual sales up to S/5.6 million. The segment serves approximately 585,566 clients. During most of 2020, we were focused on supporting the *Reactiva Peru* program and providing debt rescheduling solutions to our clients, while also digitalizing our processes and systems. We launched specialized teams in order to serve customers most affected by the COVID-19 pandemic. Almost 56,000 clients received Reactiva Peru loans through BCP and 46,273 clients used debt rescheduling, valued in S/ 9,000 million and S/ 7,262 million, respectively. The SME-Business Banking segment is composed of clients with debt in the financial system of more than S/1.2 million (U.S.$355.8 thousand) and up to S/10 million (U.S.$2.9 million), or have annual sales between S/5.6 million (U.S.$1.7 million) and up to S/32 million (U.S.$9.5 million). The SME-Business segment has 10,773 clients and SME-Pyme serves approximately 586,000 small and microbusiness clients. In 2020 we experienced an unprecedented growth trend in loans and deposits, 64% and 51%, respectively, greatly due to Reactiva Peru Program. If we exclude the Reactiva Peru effect, we had a reduction of 20.1% in loans.

Products

Credit card and Consumer loans

2020 was a challenging year due to a contraction in consumption given lockdowns and social distancing restrictions imposed by the Peruvian government in order to contain the COVID-19 pandemic. We focused our efforts on maintaining continuity in payments and encouraging contactless transactions.

In April 2020, due to the lockdown imposed in connection with the COVID-19 pandemic, consumption decreased significantly compared to the previous year. Through different campaigns and targeted actions to promote the use in the main market categories, we were able to recover 85% of the previous year's consumption. Contactless payments were promoted through credit cards and mobile payment, increasing the number of contactless transactions to 23%. We remained the leaders in credit card sales with a 15.44% of market share in December 2020.

Regarding consumer loans, the COVID-19 pandemic forced us to change our plans and put in place different ways of helping clients whose income was negatively affected by the COVID-19 pandemic to ensure they would be able to afford their loan payments. We helped 150,000 clients with extended terms to repay their debts, grace periods to allow them to solve current problems and rescheduling debt payments. These initiatives allowed default rates to be controlled in spite of the impact of COVID-19 had on the Peruvian economy. Towards the end of the year we increased the offer of loans at attractive rates. Digital sales accounted for 60% of the total loans sold. We also recorded a decrease of over S/594.0 thousand in outstanding balances from credit cards from 2019 to 2020 (taking into account the annual average).

Mortgage lending

We were the largest mortgage lender in Peru with a market share of 33.7% of total mortgage loans in the Peruvian banking system as of December 31, 2020, according to the SBS (excluding Mibanco). This was largely the result of BCP's extensive marketing campaigns and its improvements to procedures for extending credit and establishing guarantees.

All of our mortgage-financing programs are available to customers with a minimum monthly income of S/1,500. The maximum maturity of the mortgage loans BCP offered under the program was 25 years.

One of the product lines responsible for recent growth in the low-income segment is MiVivienda. The MiVivienda program provides government-funded loans to assist purchasers of properties in making down payments on properties with a value of up to S/436,100. This program is intended to address the lack of housing for the lower-income segments of the Peruvian population. In addition, the MiVivienda Sostenible product allows banks to obtain lower-cost funding through Cofide. This translates into lower interest rates and installment payments for clients, which results in more accessible products to clients. We have been making the largest number of Mivivienda loans in the Peruvian financial system, with about 2,980 loans in 2020 and a sales market share of 47%.

We generally record relatively lower losses on mortgage loans compared to other products because of their low loan to value. Mortgage loans have the added benefit of generating opportunities for cross-selling other banking products to customers.

Wealth management

Credicorp is constantly improving the value proposition it offers to affluent customers to increase their loyalty and ultimately their profitability. This is why, since 2018, our wealth management unit has operated under the *Investment Banking and Wealth Management* business line at Credicorp. Our private banking unit operates as part of our wealth management group. This segment includes customers with assets for investment greater than U.S.$1 million.

Our financial and investment advisory business is focused on high-net-worth and ultra-high-net-worth individuals. We provide a single relationship manager who coordinates various financial services for their clients (including investment advisory, investment management, long-term financial planning, banking services, and credit solutions) and offer a multi-platform that provides access to local, regional and international markets, including the US. In December 2020 we launched our Vicctus brand, our renewed multi-family office service for the ultra-high-net-worth clientele of the region led by a senior team. We have launched this brand to reflect the growth of our wealth management service, which today reaches Peru, Chile, Colombia, Panama and the U.S.

Distribution Channels

In order to address customer needs, we offer an efficient and profitable network. We have a migration strategy towards more cost-efficient channels. We are constantly looking for ways to improve the customer experience, and one of them is to evaluate branches by their customer contribution, allowing the most profitable branches to continue operating and the least profitable to be relocated, resized or consolidated. Some of our branches are located inside the facilities of other companies to provide customers with payroll services.

As of December 31, 2020, based on figures published by the SBS and excluding Mibanco, our branch network consisted of the highest number of branches with the most extensive country coverage of any privately held bank in Peru. We believe that our branch network has been largely responsible for our success in attracting stable, relatively low-cost deposits. As of December 31, 2020, we had one of the most extensive ATM network in Peru, consisting of 2,319 ATMs and 7,003 BCP Agents. In addition, we have other channels, including the internet and telephone banking, which provide clients with a wider array of services and reduce congestion in the branches. As of December 31, 2020, Mibanco's distribution networks consisted of 329 branches.

In 2020, our monthly average total transactions increased from 217 million in 2019 to 325 million. In 2019 transactions from mobile, Yape, internet and non-digital others represented 42%, 3%, 12% and 42%, of our total transactions, respectively. In 2020 transactions from mobile, Yape, internet and non-digital others represented 52%, 13%, 11% and 24% of the total transactions, respectively.

Traditional channels

BCP closed 11 branches in 2020. The decrease is due to a channel optimization strategy and the creation of Banca Bex Digital, which allows our Exclusive Banking clients to operate with the bank without going to a branch. Also, this is consistent with our multichannel strategy and the pandemic helped with the migration of transactions from traditional channel to digital ones. In Mibanco, at the end of 2020 we remained the same number of branches as of 2019.

Self-served channels

During 2020, monetary transactions using ATMs decreased by 36% and total transactions decreased by 38% because our clients preferred to use digital channels, and they were programmed to allow cash out of the government financial assistance. Our digital platforms recorded 12.4 million transactions and allowed 1.1 million people to open saving accounts and/or pick up debit cards.

Digital channels

Internet banking Via BCP transactions increased from 218 million to 321 million between 2019 and 2020. By the end of 2020, more than one million clients used the channel on a monthly basis. Mobile banking represented 52% of total transactions, the app was used by 3.7 million clients each month (a 46% increase compared to 2019) and servicing transactions increased 149%. The app won, for the seventh year on the row, the price of the Best App for Banking Transactions in the XIX Annual Executive Survey conducted by the Lima Chamber of Commerce.

We have promoted the use of digital channels to acquire products through a digital marketing strategy. Thus, despite having registered a decrease of 16.6% in sales of retail banking products during 2020, caused by the strict lockdown measures which were in place from March to September 2020, the percentage of these products sold by digital channels increased from 13% in 2019 to 27% in 2020. This was due to the fact that clients migrated to these channels as a result of social distancing measures. Saving accounts and Bancassurance have been the most important products sold digitally, representing, in December 2020, 585% and 427% of the amounts sold in January 2020, respectively. On the other hand, in December 2020, advance on wages and personal loans represented 104% and 80%, respectively, of the amounts recorded in January 2020.

This strategy, coupled with an increase in product supply, has allowed us to more than double the number of units sold through digital channels compared to 2018. In fact, these channels accounted for 21% of the total number of units of products sold in in the three months ended March 31, 2020, compared to 13% and 6% in 2019 and 2018, respectively. Advance on wages has been the most important product sold digitally, with digital sales accounting for 59% of total sales of the product in the three months ended March 31, 2020, compared to 46% and 25% in 2019 and 2018, respectively. Another product where we have seen an increase in digital sales is consumer loans, in which digital sales represented 51% of the product's total sales in the three months ended March 31, 2020, compared to 49% and 44% in 2019 and 2018, respectively. Furthermore, the number of savings accounts opened by digital means accounted for 13% of the total savings account openings in the three months ended March 31, 2020, compared to 6% and almost none in 2019 and 2018, respectively.

Retail Banking Innovations

Yape

We launched Yape in 2017 to continue improving customer experience. Yape is an app used to make money transfers and payments through a cell phone. Yape users can receive money transfers to their bank accounts or make transfers and payments to other accounts which are linked to their cell phone number and/or to a unique QR code. The purpose of this app is to replace the use of cash when making small recurring transfers or payment for services such as utilities, among others. Yape does not aim to compete with other bank's applications but with physical currency. The goal of Yape is to achieve financial inclusion for the almost two thirds of Peruvians which today do not have access to banking services. We also launched Yapecard, a prepaid digital account, in May 2020. Any Peruvian citizen 18 years or older can register on Yapecard and use Yape without having a BCP bank account.

We believe that Yapecard was a key contributor in the distribution and payment of the *Bono Familiar Universal* (Universal Family Allowance) given by the Peruvian government as a financial support measure given the COVID-19 pandemic to over 110,000 Peruvians who were not users of the formal banking system. Thanks to Yapecard those citizens received financial aid provided by the Peruvian government in a timely and safe manner.

As of December 31, 2020, Yape had more than 5.1 million users, 20 million of monthly transactions, S/7,200 million transferred and more than 761,000 affiliated small businesses. As of December 31, 2019, the number of users and amount transferred were 1.9 million and S/906 million, respectively. Over 45% of user use Yape at least once a month. Yape experienced a growth rate of approximately 11 thousand registrations per day during 2019 and 2020.

We believe that Yape adds value to our organization in four key ways:

- Since cash transactions are replaced by digital ones, it is possible to register information about payments and transfers from small businesses and, as a consequence, improve risk assessment and develop new products targeted to this segment.

- The balance on bank accounts remains positive for longer periods of time since the use of cash is less frequent as it is replaced with digital transactions. In addition, there is a reduction in the use of tellers or ATMs thus reducing associated operating costs.

- Yape has brought a significant number of new customers to BCP with a small investment of marketing resources. Since those clients are mostly digital clients, customer service costs are reduced too. In addition, there are more than one million Yapecard members which can become potential users of BCP bank accounts.

- Our current clients can become digital clients, i.e. make a more frequent use of digital channels which lowers the costs incurred in servicing them. The use of Yape increases demand for debit and credit cards, promotes cross-selling of other products and in general, generates more revenue with lower costs.

Retail Banking Group Actions in Respect of COVID-19

In connection with the COVID-19 pandemic, our retail banking group issued financial facilities to approximately 500,000 clients for an aggregate amount of 22,000 million soles, including through deferred payments, freezes on installments, restructured loans and debt consolidation. As of December 31, 2020, reprogrammed loans, internally considered as active, as a percentage of total gross loans in the retail banking group, the wholesale banking group and in Mibanco, was 6.8%, 1.9% and 3.5%, respectively.

With respect to the payment of maturing installments at BCP's retail banking unit, on-time payments on structural retail loans (i.e., the total amount of loans that have matured on that date), increased to 96% as of December 31, 2020, compared to 39% at May 2020, the first month in which the reprogrammed loans began to mature. The improvement in the payment ratio was mainly due to the lower level of reprogrammed loans, which reached 0.2% as of December 31, 2020, compared to 59% as of May 31, 2020. This has also been accompanied by a recovery of the local economy and an increase in liquidiy in the financial system. Internally, faster adjustments of our credit models, the segmentation of our loan portfolio, and better communication with our clients has allowed us to achieve an effective management of these loans, including identifying customers that required temporary aid and distinguishing them from customers that required structural aid, and designing credit facilities and payment solutions consistent with their needs. As of December 31, 2020, our total retail banking structural portfolio, (i.e., excluding portions of the portfolio offered through the *Reactiva Peru* and FAE-Mype government programs, special accounts portfolio, portfolios with more than 120 days past due or portfolio under legal collection), was S/42.9 billion, which was composed of the following: 20% were reprogrammed and up-to-date loans, where 3% are still in grace period and 17% have had their grace period expire; 74% were non-reprogrammed up-to-date loans and 6% overdue loans. As of December 31, 2020, our high uncertainty portfolio, decreased to 9% from 18% as of September 30, 2020. As of December 31, 2020, our high uncertainty portfolio consisted of 6% of loans that are overdue and 3% of loans that are within grace period.

Wholesale Banking Group

In 2020, wholesale banking represented 44.2% and 35.7% of BCP's total average loans and total average deposits, respectively. In 2020 net income from wholesale banking constituted 151.7% of BCP's net income, while income from related fees constituted 27.7% of BCP's total fee income. Since Peruvian companies were not able to access international funding sources until the mid-1990s, we were an important source of funding, which in turn allowed us to establish long-standing client relationships with virtually all of the major industrial and commercial groups in Peru. These client relationships provide the wholesale banking division with a competitive advantage that has helped us maintain our market share despite an increasingly competitive environment.

The wholesale banking business unit provides our customers with cash management solutions, short-, medium- and long-term loans, local and foreign currency loans, foreign trade-related financing and lease financing.

The wholesale banking business unit is divided into the following divisions and support areas:

Wholesale Banking Group Divisions

Corporate and International Division (CID)

The Corporate and International Division provides financing for capital expenditures and investments, sales, international trade, and inventories. It offers medium- and long-term financing, financial leases, and project financing and includes the following subdivisions:

- Corporate banking subdivision, which provides loans and other credit and financial services. This division focuses on serving large-sized companies in Peru that have annual sales of over US$100 million, corporate governance, audited financial statements, and dominant market positions in their particular brands or product areas. Even if clients do not meet any of these criteria, the CID may provide services to firms under this category if they belong to a large economic group that is part of an important industry for Peru's economy.

- International banking & leasing subdivision manages relationships with financial institutions (locally and abroad) and provides trade products, international operational services, and financial leasing products.

- Correspondent Banking Unit focuses on obtaining and providing short-term funding for international trade, as well as medium-term lines of credit funded by international commercial banks and other countries' governmental institutions. In addition, this unit earns fees by confirming letters of credit and guarantees issued by international banks and otherwise by providing international payment and trade finance services. The unit also provides funding to some other Latin American banks which send their international trade and guarantee flows to Peru through us. This unit also promotes international trade activities with its local clients by structuring trade products and services, organizing and sponsoring conferences, and advising customers through a wide range of trade products.

Despite intense competition from foreign banks, that may offer lower interest rates to the local market (given that they can have lower costs to finance their operations from their headquarters), BCP has a leading position in the Peruvian banking system with 35.9% of the market share for corporate banking loans, according to the SBS.

Middle-Market Banking Division

Our Middle-Market Banking Division provides banking services targeted to medium-sized companies, organizations and institutions. In identifying potential clients, the Middle-Market Banking Division considers a mix of different characteristics, such as annual revenues, financial leverage, overall debt and product penetration and complexity. Clients from this division have annual revenues generally between U.S.$10 million and U.S.$100 million (equivalent to S/36 million to S/360 million).

In Lima, a specialized team in wholesale banking serves governmental entities, educational institutions, religious organizations, international bodies, nongovernmental organizations, civil associations and regulated entities such as microfinance institutions, insurance companies, pension funds and private funds. In other provinces, a specialized remote team partners with BCP's retail banking area to serve clients.

Cash management and transactional services subdivision, which develops products and services to support clients' daily cash management activities, collections payments, and investments, among others.

The annual average deposit amount in BCP's Institutional Banking Unit (Lima and provinces) reached S/9,128.1 million (U.S.$ 2,520.9 million) in 2020. The Institutional Banking Unit is also important because its clients offer great potential for generating fee income and other cross-selling opportunities. BCP's strategy in this unit is focused on building customer loyalty by offering customized services at competitive rates and providing outstanding service. Our institutional banking clients typically require remote office banking, collections, automated payroll payment services and structured long-term and medium-term financing loans.

The products offered to middle-market clients are similar to those offered to corporate banking clients. The major types of products are:

- Revolving credit lines to finance working capital needs and international trade financing;
- Stand-by letters of credit and bond guarantees;
- Structured long-term and medium-term financing, through loans or financial leasing; and
- Cash Management, transactional products and electronic banking.

Wholesale Banking Group Support Areas

Wholesale Banking Group Tribes

In 2019, we incorporated in the Wholesale Banking Group a new working organization called "The Tribes". This organization use agile methodology to assess different projects during their development cycle. There are three Tribes in the Wholesale Banking Group and their main objectives are:

- *Business Credit Products Tribe:* Giving their business clients access to efficient financial solutions which satisfy their main needs.
- *Transactional Products for Businesses Tribe*: Giving their business clients complete solutions to simplify their cash management processes and generate customer loyalty.
- *Digital Platforms for Businesses Tribe*: Giving their business clients a market-leading digital experience in order to become their clients' "top of mind" choice.

Digital Transformation

Within the Wholesale Banking Group we aim to serve our clients by improving business profitability, preserving risk quality, and enhancing our digital platforms. Our strategy focuses on the following:

- *Collections defense:* due to greater competition in the non-lending business, today we have projects focused on digitalizing our clients' collection process to provide them with an enhanced customer experience to allow us to maintain a leading position in the market.
- *A unique and powerful digital platform offering:* we aim to make our remote office banking the best digital platform in the local financial market in a way that allows us to assist our clients throughout their entire business process, offering a digital end to end solution with 24/7 accessibility to our product and services portfolio.
- *Financial ecosystems development:* we focus on creating an interconnected services network that allows users to satisfy multiple needs through a single integrated digital experience.

Wholesale Banking Group Actions in Respect of COVID-19

Since the declaration COVID-19 pandemic in mid-March 2020, most companies in Peru suffered large economic losses. In addition to their liquidity needs, many of our clients required special services and ad hoc structuring to help them address the crisis. We have implemented the following initiatives in response to the COVID-19 pandemic to assist our wholesale banking clients.

- *The creation of the Restructured Customer area:* In line with our purpose of transforming our clients' objectives into reality, we have made personalized attention to our clients' specific needs a priority. We believe this will allow us to provide specialized solutions, maintain long-term relationships and control the level of provisions.

- *Credit Rescheduling:* In response to liquidity needs, the Wholesale Banking Group restructured the payment schedule of short and long-term loans to its clients to provide them with a new schedule that better suits their payment capacity. We restructured the payment schedule for a total of approximately 34,800 facilities in the aggregate amount of approximately S/3,166 million.

- *Reactiva Peru Program:* The Government implemented the Reactiva Peru Program, which was aimed at ensuring the continuity of payment flows, providing guarantees to micro, small, medium, and large companies to access working capital loans and comply with their short-term obligations. Our Wholesale Banking Group participated in the program, and we granted loans to 1,773 clients in the aggregate amount of approximately S/7,127 million, which represents 47% of the total loans granted to corporations and medium-sized companies).

Treasury, Foreign Exchange and Proprietary Trading

BCP's Treasury function is divided into four primary units: the ALM Group, the Sales and Trading Unit (comprising the FX, Derivatives, and Proprietary Trading Units), the FX and Derivatives Distribution Unit and the Treasury Tribe. The team is formed by highly trained professionals with years of experience in various markets.

The ALM group is responsible for managing BCP's statement of financial position and for taking reasonable interest rate and liquidity risks under the oversight of our Asset and Liabilities Committee ("ALCO"). The ALM Group is also responsible for maintaining our liquidity asset portfolio and compliance with Liquidity Coverage Ratio ("LCR") and Common Equity Tier 1 ("CET1") ratio under Basel III standards. In addition, the ALM group is an active participant in money and debt capital markets, oversees reserve requirements, manage BCP's liquidity and the bank´s balance sheet. The group has been active in auctions held by the Peruvian Central Bank for certificates of deposit as well as in financing its funding needs through certificates of deposit, interbank transactions and guaranteed negotiable notes, among other instruments.

The BCP Sales and Trading Unit manages both FX and Interest Rate Risk exposure for proprietary trading purposes. The managed risk originates mainly from client transactions and from open proprietary positions. Market risk exposures and limits are independently defined by the Market Risk Unit and closely monitored by the Treasury Risk Unit. Additionally, we have recently launched an Investor Sales team within the Sales & Trading desk to actively cover the Institutional Investor segment, providing direct access to market maker prices and liquidity.

The FX Desk offers liquidity for FX spot and forward transactions for its clients in U.S. dollars, soles, other Latin-American currencies, and G-10 currencies. The FX Trading Desk also manages a FX volatility book for U.S. dollar/soles transactions. Additionally, the desk participates in FX transactions related to different instruments designed by the BCRP in the local currency market.

The Rates Desk manages the risk originated from both fixed income and wwap transactions from clients and from proprietary positions. The fixed income portfolio consists mainly of government bonds (both in local and hard currency) from Latin-American countries and U.S. Treasuries. The BCP Fixed Income desk is one of the main liquidity providers in the Peruvian government bond market, where it is a leading participant of the Market Maker Program of the Ministry of Economy of Peru.

BCP's FX and Derivatives Distribution Unit helps both individuals and companies with their foreign exchange needs (spot and hedging) through the distribution channels The broad portfolio of foreign exchange products provided to its broad client base has allowed the Unit to position itself as the largest participant by trading volume in the FX business in the Peruvian market.

The Treasury Tribe is responsible for providing technological support to the different units that make up the Treasury through the enabling of platforms and technological tools; as well as, through the implementation of different initiatives that allow business scalability. The tribe is made up of six squads, five for the development of initiatives related to products, such as Exchange, FX & Derivatives, Investments & Funding, Liquidity, ALM and one for the requirements to cross to these products.

Additionally, as of December 31, 2020, trading securities, investments available-for-sale and investments held-to-maturity totaled S/36.7 billion, which represented 18.8% of BCP's total assets. As of December 31, 2020, the balance included mainly BCRP certificates of deposit (securities issued at discount through public auctions, negotiated in the Peruvian secondary market and settled in Soles) amounting to S/17.2 billion and Peruvian government bonds amounting to S/13.9 million, among others.

Lending Policies and Procedures

The Bank has adopted a risk appetite framework and established objective metrics and thresholds to periodically monitor the Bank's evolving risk profile. The framework was approved by the Board of Directors; and is managed and monitored by the Risk Management Division within BCP Stand-alone's Central Risk Management Group. The adoption of a risk appetite framework reflects BCP Stand-alone's commitment to aligning its forward-looking business strategy with its corporate risk vision.

BCP's credit approval process is based primarily on an evaluation of each borrower's repayment capacity and commercial and banking references. BCP determines a corporate borrower's repayment capacity by analyzing the historical and projected financial condition of the company and of the industry in which it operates. Other important factors that BCP analyzes include the company's current management, banking references, past experiences in similar transactions, and the quality of any collateral to be provided. In addition, BCP's credit officers analyze the corporate client's ability to repay obligations, estimate the probability of default of the client using an internal risk rating model, and define the maximum credit exposure that BCP wants to hold with the client.

The process of standardized risk modeling and monitoring based on new sources of information and innovative statistical techniques has been crucial to the Bank's transformation for decision-making in the lending process, including through issuance of new loans, monitoring and recovery. In particular, more complex models with enriched data allow for the inclusion of lesser-known customers into the BCP and Mibanco portfolios and a more precise estimation of income and sales, which otherwise would have been done by physical means. These models are continuously monitored in order to assess their accuracy and revised if necessary.

BCP evaluates individual and small business borrowers by considering the client's repayment capacity, a documented set of policies (including, among other issues, the client's financial track record and the degree of knowledge of the client) and credit scores, which assign loan-loss probabilities relative to the expected return of each market segment. A significant part of BCP's credit card and consumer loan, and SME loan application decisions, are made through automatic means. Loan application decisions in BCP's mortgage segment and the remaining portions of its small business and consumer segments are made by credit officers who use credit scores and profitability models as inputs for their evaluations and report to a centralized unit. Since 2020, BCP's Credit Risk Department has adopted an agile framework, in which Tribes and Squads follow an agile operating model that allows them to plan, prioritize and focus on initiatives that directly contribute to established objectives, providing flexibility and agility, in order to create value for our clients.

Our performance in the small business and personal lending areas depends largely on BCP Stand-alone's ability to obtain reliable credit and client information about prospective borrowers. BCP Stand-alone has a large body of transactional information that is used in credit risk models. Also, the SBS has an extensive credit bureau, which has expanded its credit exposure database service to cover businesses and individuals that have borrowed any amounts from Peruvian financial institutions.

In connection with the COVID-19 pandemic, BCP Stand-alone has introduced methodological adjustments and new sources of information (including thousands of surveys applied to different pools of clients to capture the impact of COVID-19 on their personal income or level of operations) to calibrate the expected loss models. Some of these improvements include a greater granularity and better capture of the real situation in respect of deterioration in client credit (mainly SME-Pyme and Consumer portfolios). This led to closely monitoring the potential continued effects and impacts of COVID-19, as well as the effectiveness of actions and measures, particularly for our vulnerable clients.

BCP Stand-alone has a strictly enforced policy that limits the lending authority of its loan officers. It also has procedures to ensure that these limits are adhered to before a loan is disbursed. Under BCP Stand-alone's credit approval process, the lending authority for the Wholesale Banking Group is centralized into a specialized credit risk analysis division; and there is another specialized credit risk analysis division for the Retail Banking Group. These divisions are operated by officers that have specific lending limits. In addition to the controls built into the loan approval workflow systems, the credit risk management divisions and internal auditors regularly review credit approvals to ensure compliance with lending policies.

In accordance with international standards, BCP has established the limit of the lending authority based on risk rating (probability of default) and particular guarantees of the borrower. Requests for credit facilities in excess of the limits set for Credit Officers are reviewed by the Chief Operating Officer, Executive Committee or, if the amount requested is sufficiently large, by the Board of Directors.

In addition, BCP has approved concentration limits by industry, based on its target market share and loan portfolio participation.

BCP believes that an important factor to maintain the quality of its loan portfolio is the selection and training of its loan and risk officers. BCP requires loan officers to have degrees in economics, accounting, business administration or related fields from competitive local or foreign universities. In addition, training for new loan officers begins with a three-month program that covers all aspects of banking and finance. Subsequently, loan officers receive training in specific matters throughout their careers at BCP. Laterally-hired officers are generally required to have prior experience as loan officers.

BCP Stand-alone operates in substantial part as a secured lender. As of December 31, 2020, approximately S/59.3 billion of its loan portfolio and off-balance-sheet exposure was secured by collateral, which represents 47.2% of its total loan portfolio based on unconsolidated figures (excluding BCP Panama and BCP Miami, branch offices located overseas), as compared to 38.3% in 2019 and 39.3% in 2018.

Liquid collateral is a small portion of BCP Stand-alone's total collateral. BCP Stand-alone requires collateral for the extension of credit depending on the risk profile and the business segment of the client, among other factors. When BCP Stand-alone requires collateral, it is usually valued at between 110% and 150% of the principal amount of the credit facility granted. The appraisal of illiquid collateral, in particular real estate assets, machinery and equipment, is performed by independent experts. BCP Stand-alone's internal audit division conducts selected revisions and analyses on borrowers' financial statements, consistent with the local banking regulations of the jurisdictions in which it operates.

Pursuant to a Peruvian regulation (Article 222° under the Peruvian Banking Law) that became effective in December 1998, the existence of collateral does not affect the loan classification process. For Peruvian accounting purposes, secured loans (or the portion of any loans covered by collateral) that are classified in Class "B," "C," or "D" risk categories or that is otherwise classified as substandard loans have a lower loan loss provision requirement than similar unsecured loans. If a borrower is classified as substandard or below, then BCP's entire credit exposure to that borrower is so classified.

BCP's internal audit division conducts selected revisions and analyses on borrower's financial statements, consistent with the local banking regulations of the jurisdictions in which it operates.

To understand the impact of the COVID-19 pandemic on each client, a risk management procedure was established that prioritized the review of "high risk" and "above average risk" clients, and to a lesser extent those of "moderate risk" (as assessed based on our internal ratings). To this end, more than 1,600 clients were reviewed, including more than once, with more than 2,000 special COVID-19 reviews being carried out. Likewise, a sector map was developed to characterize the client portfolio based on the economic activity they carry out; based on this sector map, a level of exposure to risk was assigned in relation to the scenario arising out of the COVID-19 pandemic: "limited", "moderate", "above average", "high". Finally, an internal credit guideline was drawn up to guide decision-making, taking into account the economic activity performed by each client and their financial capacity to face shocks associated with COVID-19.

Deposits

Deposits are managed principally by our retail banking group. The main objective of our retail banking operations has historically been to develop a diversified and stable deposit base in order to provide a low-cost source of funding. This deposit base has traditionally been one of our greatest strengths. We have historically relied on more traditional, stable, low-cost deposits, which we consider to be our core deposits: demand deposits, savings and CTS deposits. CTS deposits are funded by companies on behalf of their employees, totaling to one month's salary per year, and may be withdrawn by the employee only upon termination of employment or upon transfer to another bank, subject to certain exceptions.

The table below shows the breakdown of our average deposit balances on an unconsolidated basis by business unit and products for the periods presented:

	Breakdown of Average Deposits		
	December 2018	December 2019	December 2020
Total deposits			
Wholesale Banking	35.4%	37.6%	34.4%
Retail Banking	64.6%	62.4%	65.6%
Total	**100.0%**	**100.0%**	**100.0%**
Core deposits (1) / total deposits			
Wholesale Banking	41.4%	41.9%	53.6%
Retail Banking	96.3%	95.5%	97.3%
Total	**76.8%**	**75.3%**	**82.3%**
Dollarization			
Wholesale Banking	47.2%	46.3%	47.2%
Retail Banking	47.2%	45.4%	39.5%
Total	**47.2%**	**45.8%**	**42.2%**
Wholesale deposits			
Savings	2.2%	2.5%	3.2%
Demand	61.2%	58.4%	70.0%
Time	36.6%	39.1%	26.7%
Total wholesale deposits	**100.0%**	**100.0%**	**100.0%**
Retail deposits			
Savings	51.6%	51.9%	55.7%
Demand	21.9%	23.2%	29.1%
CTS	13.7%	13.2%	9.7%
Time	12.9%	11.8%	5.5%
Total retail deposits	**100.00%**	**100.00%**	**100.00%**

(1) Core deposits: non-remunerated demand deposits, savings deposit, CTS deposits and retail time deposits.

Corporate Compliance

Our corporate compliance programs cover all companies within the group of Credicorp companies (the "Credicorp Group") and have been developed under a comprehensive approach based on international best practices and ethical principles and values of the Group.

Our compliance team is responsible for managing the following corporate programs:

- Anti-Money Laundering and Counter-Terrorism Financing;
- Sanction Lists and International Control Lists;

- Fiscal Transparency;
- Regulatory Compliance;
- Ethics and Conduct;
- Anti-Corruption;
- Market Abuse Prevention;
- Protection of Personal Information;
- Occupational Safety and Health; and
- Consumer Protection.

Our corporate program management model includes the designation of compliance officers in each company of the Credicorp Group, who report to the Corporate Compliance Officer of Credicorp, who in turn reports to the Board.

The Corporate Compliance Division sets forth the guidelines and policies that regulate compliance programs in order to provide reasonable assurance of compliance with local and international standards, mitigation of risks, and to strengthen ethical behavior and values in Credicorp.

Anti-Money Laundering Policies

Peru has long-standing laws criminalizing money laundering activities, and such laws were further strengthened in 1996 with the adoption of the Peruvian Banking Law, which incorporated the guidelines of the Organization of American States directly into Peruvian law. Pursuant to Law No. 27693, as amended, and Supreme Decree No. 020-2017, as amended, a designated government agency, the Financial Intelligence Unit (*Unidad de Inteligencia Financiera*) (“UIF”), currently under the authority of the SBS, is responsible for directing anti-money laundering actions and monitoring information that public and private companies are required to provide. The SBS has the authority to request detailed reports with respect to the movement of funds and the identity of depositors in accordance with SBS Resolution No. 4353-2017, which regulates the handling of information protected by bank secrecy. In accordance with recently enacted regulations, mainly Law No. 28306, SBS Resolution No. 2660-2015, as amended, and Legislative Decree No. 1249, financial institutions must adopt internal mechanisms, appoint a full-time compliance officer reporting directly to the Board of Directors and conduct special personnel training programs and procedures to detect and report unusual or suspicious transactions as defined therein.

We have programs in place to comply with the “know your customer” regulations in the countries in which we operate, including our agency in Miami and our branch in Panama, which has an international banking license. In addition to complying with the provisions of Peruvian law described in “Regulatory Environment—Anti-Money Laundering Rules,” we have had internal “know your customer” policies since 1995.

Risk Culture

Risk assessment at BCP is conducted by specialized personnel with adequate knowledge of processes to identify, assess, measure, treat and control risks. For this purpose, and to consolidate a risk culture that is aligned with best practices in the industry, we provide on-going training for employees who are involved in risk management at our principal subsidiaries. In 2020, the following education and training programs were developed:

- In the Wholesale Banking Unit, we implemented a Basic Risk Certification, which was carried out entirely in a remote context. Furthermore, we continue to operate our Credit Analyst Induction Program and developed the Intermediate Risk Seminar, which seeks to reduce the learning curve of new collaborators, as well as homogenize risk concepts. Also, we started the Business Clients Trainee Program, which seeks to attract and retain the best university talent through an induction and rotation scheme, which involves performing functions in the main business and risk areas of the Wholesale Banking Group.

- As part of our efforts to develop new capacities to manage non-financial risks, we held face-to-face workshops, aimed at risk managers in different banking units; we also carried out virtual courses, aimed at all employees.

- In addition, we implemented a Cybersecurity Awareness Program in three stages. In the first stage, we promoted awareness throughout the organization with periodic training. In the second stage, we developed a Digital Cybersecurity Training program, focused on collaborators acting as part of agile teams. We also implemented a specialized course on Safe Development for teams whose members have development or systems modeling roles. Finally, in the third stage, in the search to provide greater knowledge to our cybersecurity specialists, we formed a multidisciplinary team (Cybersecurity-IT Security Human Development Management) to implement our Security Specialization Program.

Risk Appetite

Risk appetite refers to the maximum amount of relevant risk that we are willing to assume and can withstand in order to achieve our business objectives; this entails establishing the maximum deviations that we consider acceptable. The main objective is to develop a risk profile that reflects the expectations of our board of directors and that is consistent with the following five strategic pillars: (i) solvency, (ii) liquidity, (iii) profit and growth, (iv) stability of results and (v) balance sheet structure. These five pillars are supported by a taxonomy of risk that allows us to qualitatively and quantitatively monitor our risk profile.

The Risk Committee is responsible for monitoring the appetite for risk framework. In addition, it should be noted that the government scheme has been designed in such a way that the business units are mainly responsible for managing the risks inherent in the assets they manage. If any metric exceeds the established limit, the business unit is responsible for designing strategies and corrective action plans that allow returning to the approved tolerance levels.

Currently, we have risk appetite boards for both the BCP at the aggregate level and for the main business units: wholesale banking (consolidated and open for corporate banking and corporate banking), retail banking and treasury. Additionally, we have boards for active retail products: credit card, cash credit, mortgage, SMEs and business banking.

Corporate Governance of Risk Management

The Central Risk Management is responsible for Risk Management at BCP. This individual is in charge of defining corporate policies for risk and ensuring that they are correctly applied while articulating risk management at the corporate levels and leading the process to define and follow up on the appetite for risk.

In this regard, and in order to formalize and decentralize the decisions related to risk management, BCP has set up the Risk Committee, which represents the Board of Directors in the decision-making process for risk management.

In order to achieve effective management, the Risk Committee relies on the following committees:

- Non-Retail Credit Risk Committee

- Retail Credit Risk Committee

- Treasury and ALM Risk Committee

- Operation Risk Committee

- Model Committee

Credit risk

Credit risk is the risk that a counterparty causes a financial loss by failing to discharge an obligation. Credit risk is the most important risk for our business; therefore, our management carefully manages its exposure to credit risk.

Credit exposures arise principally in lending activities that lead to loans and receivables from security borrowings, and investment activities that bring debt securities and other obligations into our asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as contingent credits (indirect loans), which expose BCP to similar risks to loans (direct loans); they are both mitigated by the same control processes and policies. Likewise, credit risk arising from derivative financial instruments is, at any time, limited to those with positive market values, as recorded in the consolidated statements of financial position.

We seek to mitigate exposure to credit risk (direct and indirect) through control processes and policies. We define levels of credit risk based on risk exposure limits, which are frequently monitored. These risks are established in relation to the amounts of exposure to one debtor or group of debtors, geographical segments and the industry. Risk limits by product, industry sector and geographic segment are approved by the Risk Management Committee.

Credit Process

Our credit approval process is based primarily on an evaluation of each borrower's repayment capacity and commercial and banking references. The following figures summarize our credit approval process across our businesses.

Wholesale Banking

Admission	**Follow-up**	**Recovery**
• Elaborated for each client or economic group. • The policies and procedures to approve transactions are based on conservative criteria that are applied through processes that have common structures. • The loan approval process is based mainly on the client's capacity to generate the resources necessary to pay loan principals and interest in given time frames. The assessment requires an analysis of the financial statements and their forecasts as well as the client's credit rating. • Under the national emergency arising as a result of COVID-19, we developed a Sector Map tool in order to prioritize the review of clients in the most affected economic sectors.	• Involves identifying clients that represent a potential risk of impairment by instituting early detection alerts to permanently review clients whose alerts are more critical, and/or which represent a higher chance of non-performance and take corrective action. • Development of the Sector Map tool to characterize the customers of the wholesale portfolio based on economic activity. • Assignment of the appropriate risk level under the current context. To this end, credit guidelines were established adjusted to the new levels of exposure,	• Exhaustive evaluation of the disposition and payment capacity of a borrower to cover a past due debt and/or normalize the situation. • Based on this, a recovery strategy is established that includes refinancing, judicial recoveries and/or debt forgiveness. • Faced with the COVID-19 situation, the team was sized based on the number of clients who entered recoveries. • According to the Sector Map, aggressive trading strategies were applied, differentiated according to type of risk.

Retail Banking

Admission	**Follow-up**	**Recovery**
• We have acceptance models and guidelines to grant loans that have been established by the Risk Units in accordance with the guidelines approved	• We use performance models that allow us to group clients into risk levels; corrective measures are applied	• The recovery process is aligned with the industry's best practices, whose stages include pre-delinquency management, automatic

Admission	Follow-up	Recovery
by the Risk Committees. • Loan policies for products include an analysis of payment capacity; loan history; and scores obtained from scoring models among other factors. • Due to COVID-19, "impact scores" were created in order to adjust our models to the effect that our clients could face in the crisis.	accordingly. • Follow up on indicators for delinquency of portfolio and harvests, profitability and expected loss. • Since the beginning of COVID-19, new monitoring metrics have been created using new information collected, from (i) surveys carried out with our clients, (ii) demographic information, (iii) request for aid to the government and the bank, (iv) decrease in savings or payment of assets; among others.	management of early delinquency, telephone collections, field collections, judicial recoveries, and recoveries in the charge-off portfolio. • The negotiations channel with clients is open throughout the collections process to consider refinancing alternatives that are aligned with credit situations. • Sales of the charged-off and judicial recovery portfolio, which helps improve the NPL ratio. • To face COVID-19, the focus on recoveries was modified, adjusting protocols, designing new products according to the risk and liquidity levels of the clients, and seeking to provide customer service alternatives by improving the negotiation and closing process for pursuing recoveries.

Models and methodologies for credit risk management

The use of statistical models is a fundamental part of our credit risk management. Therefore, we have technological tools and documented standards that guide the construction and monitoring of them.

During 2020, the needs established in the master plan and in the governance of models were met in terms of the construction of new models and the recalibration of existing ones. With this, the adequate health and adequate level of coverage of the Bank's model map was ensured, in line with the appetite for risk approved. This included improvements in the models of qualification and estimation of parameters, as well as their deployment in the management, both in the Wholesale Banking and in the Retail Banking.

Additionally, throughout the year, internal models for calculating expected loss were reviewed, in line with the international regulations for calculation of IFRS 9 provisions. In addition, advances were made in research, development and innovation in terms of advanced analytics, including the use and deployment of machine learning models in line with government requirements for models, which involved the deployment of the specific tracking and validation scheme for this type of models. Finally, new sources of information were explored through different channels.

Market risk

We 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. These products are exposed to general and specific market movements and changes in the level of volatility of prices such as interest rates, credit spreads, foreign exchange rates and equity prices. Due to the mandate of our current activities, commodity price risk has not been approved; consequently, we do not trade in commodities.

We separate exposures to market risk in two groups: (i) those arising from value fluctuation of trading portfolios recognized at fair value through profit or loss due to movements of market rates or prices (Trading Book) and (ii) those arising from changes in the structural positions of non-trading portfolios due to movements of the interest rates, prices and foreign exchange ratios (Banking Book) and that are recorded at amortized cost and at fair value with changes in other comprehensive income.

The risks that trading portfolios face are managed through Value at Risk (VaR) historical simulation techniques; while non-trading portfolios (banking book) are monitored using rate sensitivity metrics, which are a part of Asset and Liability Management (ALM).

Our decisions regarding management of liquidity, interest rate policy, foreign exchange position and other significant ALM matters are made by the Treasury and ALM Risk Committee, which meets monthly. Additionally, we have an Asset and Liability Committee that meets monthly to review the overall balance sheet risk and to decide on strategies to improve our financial structure. Also, our capital markets group has an Investment Committee that makes decisions on positions held on all possible types of securities. Day-to-day ALM decisions are made by the treasury department and reviewed in weekly meetings of our senior management. The market risk unit is in charge of the assessment, control and follow-up of all positions that involve market risk exposure.

Trading Book

The trading book is characterized by liquid positions in stocks, bonds, foreign currencies and derivatives, arising from market-making transactions where we act as principal with the customers or with the market. This portfolio includes investments and derivatives classified by our management as held for trading.

To manage the trading book, we apply the VaR (Value at Risk) methodology to its trading portfolio to calculate the market risk of the main positions taken and to determine the maximum loss expected based on a series of assumptions that cover a variety of changes in market conditions. The daily measurement of VaR is a statistical estimate of the potential maximum loss on the current portfolio based on adverse movements in the market and with a confidence level of 99%. The time horizon used to calculate VaR is one day. Nevertheless, the VaR for one day is extended to a time frame of ten days by multiplying the VaR of a day by the square root of 10.

The VaR calculation does not include the effects of the exchange rate, given that these effects are measured in the sensibility of the net monetary position. Additionally, risk management of the trading book is complemented with indicators of stressed VaR and economic capital, which determine the trading portfolio's exposure in the case of extreme movements in the risk factors to which it is exposed.

Indicators have specific limits, which depend on the size of the positions and/or volatility of the risk factors inherent to each financial instrument. This structure is aligned with the group's risk appetite. Regular reports are prepared for the Treasury and ALM Risk Committees and for the Risk Committee. The trading book for Credicorp is also subject to a risk appetite limit that is constantly monitored. Corresponding reports are sent to the Treasury and ALM Risk Committee.

Exchange rate risk is measured through the sensitivity of each foreign exchange position (the calculation considers the foreign exchange position in dollars given that the position in other currencies is not significant) and, as is the case in other trading positions, it also contemplates a VaR indicator to measure exposure to market fluctuations. The market risk unit monitors and controls each foreign exchange position and the exchange rate risk derived from the same.

BCP has defined an optimum level of risk in foreign currency (structural exchange position), which is controlled and monitored daily. Additional exchange rate management strategies are outlined in each of the trading book's portfolios and are within the limits set. There is also a limit for the global exchange rate in foreign currency (all currencies different from BCP's functional currency) within the trading book, which is constantly monitored. Reports on this concept are sent to the Treasury and ALM Risk Committee.

Banking Book

Banking book management at BCP covers the identification, measurement, evaluation, control and monitoring of Liquidity Risk and Structural Interest rate Risk.

Liquidity risk management entails an inability to pay or refinance obligations that have been previously agreed on to maturity due to situations of mismatching of assets and liabilities, and the inability to liquidate investment positions that are subject to Price Risk, without generating adverse changes in the value of these positions.

We manage liquidity risk according to corporate indicators:

- ILCR, which measures liquidity risk for periods of 15, 30 and 60 days. This ratio is calculated by currency and by scenario (Systemic and Specific).

- Internal Net Stable Funding Ratio ("NSFR"), which measures structural liquidity risk for periods over one year. This indicator ensures that a bank is financed by stable funding.

Additionally, we follow up on the liquidity gap, which is also known as the duration gap, which provides a picture of the liquidity status within a specific gap. There are risk appetite limits for those indicators, which are monitored and reported by the Treasury and ALM Risk Committee.

Interest rate risk management in the banking book monitors variations in the interest rate that can negatively affect anticipated gains or the market value of assets and liabilities in the banking book. We follow up on all products that are sensitive to interest rate variations through the Repricing Gap, which is a sensitivity analysis that uses the gains on risk ("GON") calculation methodology and net economic value ("NEV"). Interest rate risk management is complemented with calculations of Economic Capital for ALM, which contemplates adverse and extreme behavior in the interest rate curves that place stress on the financial and asset structure.

The sensitivity analysis of interest rates on ALM is performed by conducting an assessment of the sensitivity of the financial margin, which measures fluctuations in the expected accruals over a given period of time and in the event of a parallel movement of the interest rate curves together with the sensitivity of the net economic value, which is a long-term measurement determined as the difference between the net carrying amount of assets and liabilities before and after a change in interest rates.

The re-pricing gap analysis consists of aggregating re-pricing timeframes into buckets and checking if each bucket nets to zero. Different bucketing schemes may be used. An interest rate gap is simply a positive or negative net re-pricing timeframe for any of the buckets. By this analysis, management can identify the tranches in which the interest rate variations may have a potential impact. The investments carried at fair value through profit or loss and trading derivatives are not considered in the re-pricing gap because these instruments are included in the trading book, and VaR methodology is used to assess this type of risk.

Derivatives trading activities

We provide our customers with access to a wide range of products from the securities, foreign exchange, and, to a lesser extent, derivatives markets. We enter into trading activities primarily as a financial intermediary for customers, and, to a lesser extent, for our own account. In acting for our own account, we may take positions in some of these instruments with the objective of generating trading profits.

The only derivatives transactions in which we engage on behalf of clients are foreign currency forward contracts, interest rate swaps, options and cross-currency swaps. To hedge our own risks, we also enter into interest rate swaps, cross-currency swaps, and forwards. Our position in derivative instruments is closely monitored and is also subject to nominal and VaR limits.

As of December 31, 2020, the notional amount of outstanding forward contracts was S/15.6 billion or U.S.$ 4.3 billion. All of those contracts were entered into solely to serve customer needs. Interest rate swap and currency swap operations as of December 31, 2020 amounted to S/14.8 billion or U.S.$ 4.1 billion and S/8.2 billion or U.S.$ 2.3 billion, respectively. These contracts are recorded at fair value, with both realized and unrealized gains and losses recorded in the consolidated income statements.

Operational risk

Operational risk is the possibility of the occurrence of losses arising from inadequate processes, human error, information technology failure, poor relations with third parties or external events. Operational risks can, lead to financial losses and have legal or regulatory compliance consequences. This definition excludes strategic and reputational risk (with the exception of companies under Colombian regulations, where reputational risk is included in operational risk).

Operational risks are classified as internal fraud, external fraud, labor relations and job security, relations with customers, business products and practices, damages to material assets, business and systems interruption, and failures in process execution, delivery and management of processes.

Accordingly, we focus on operational risk from three fronts:

- *Operational risk management:* one of our pillars is to develop an efficient risk culture. To accomplish this, we have a map of risks and process controls to monitor, prioritize and propose mitigating actions based on a previously established governance scheme.

- *Business continuity management*: we have strategies that enable the establishment, implementation, operation, monitoring, review, maintenance and improvement of business continuity based on best practices and regulatory requirements. The effectiveness of these strategies is measured periodically.

- *Information security management:* conducted through a systemic process that is documented and known by the entire organization; based on best practices and regulatory requirements. We design and develop corporate guidelines with strategies that contemplate the availability, privacy and integrity of the organization's information assets.

Cybersecurity

We are focusing our efforts on the most effective strategies to reduce our exposure to cybersecurity risk and achieve our objective risk appetite at a significantly lower cost, applying the appropriate level of control to the relevant areas of potential risk. For this reason, we maintain an important investment program, which allows us to have the necessary technologies and processes to keep our operations and assets safe.

We have defined the following cybersecurity priorities for all of our companies:

- *Cybersecurity governance structure*: Each company, according to its complexity, is responsible for defining the structure and responsibilities for cybersecurity risk management. That structure consists of three lines of defense (IT Security, Cybersecurity and Audit). Additionally, all companies have to implement corporate cybersecurity policies.

- *Adoption of the National Institute of Standards and Technology (NIST) cybersecurity framework*: We believe that it is necessary to have a guide to identify the best practices and the minimum necessary controls to manage cybersecurity risk. For this reason, we have taken the NIST cybersecurity framework as a base, and using the Federal Financial Institutions Examination Council (FFIEC) Cybersecurity Assessment Tool, we have performed a self-assessment to determine the risk profile of each company, and based on the results, the required controls, as well as a work plan with periodic objectives, are being implemented.

- *Awareness program*: The technology to prevent cyber-attacks is not enough; the weakest point in an organization is, typically, the internal user due to the incorrect handling of digital tools and their exposure to possible cyber-attacks. Therefore, BCP generated an awareness strategy at the end of 2018, defining parameters and best practices for training users for preventing and responding to cyber-attacks. This awareness strategy was shared with all of our companies during 2019 and includes periodic phishing tests to improve user response and campaigns to create awareness in order to generate a cultural change in the organization.

- *Cybersecurity indicators*: It is necessary to verify whether the controls we implement are effective. For this reason, BCP defined significant cybersecurity indicators (KRI's and KPI's) for the organization, such as patches deployment, computers with latest antivirus, legacy servers, etc. which were shared with other companies in our group and were adopted and adapted according to each company´s particularities and specific needs.

- *Third party governance*: To ensure that the information we share with our suppliers complies with our standards, we have updated the critical supplier's evaluation process including a questionnaire with cybersecurity controls. Additionally, within BCP Stand-alone we have implemented an online monitoring tool for those critical providers that have access to our information.

- *Implementation of security technologies*: Cyber-attacks are increasingly sophisticated, so the threat trend is periodically analyzed to generate a list of minimum technologies necessary to address these risks. Each Credicorp company, according to its risk profile, has worked to implement the necessary tools according to its established strategy and plan.

- *"Tabletop" tests:* Due to the increase in cyber-attacks in the world, it was decided to carry out "tabletop" tests to determine the level of maturity in responding to cybersecurity incidents. These tests were carried out in the group companies in order to identify improvements to the established procedures.

Properties

Our principal property is our headquarters building located in Lima, Peru, which we own and which has a total area of approximately 44,000 square meters. In addition, we own or lease land and buildings in various locations through the country for our branches.

Employees

As of December 31, 2020, we had 27,551 total employees, compared to 28,558 as of December 31, 2019 and 26,973 as of December 31, 2018. The number for December 31, 2020 includes 10,781 employees of Mibanco.

All employees of banks in Peru are given the option of belonging to an employees' union, and such employees' unions are collectively represented by the Federation of Banking Employees (*Federación de Empleados Bancarios*) ("FEB"). In July 2013, we were informed of the establishment of the BCP independent employee union, which represented 0.17% of the BCP's employees at that time. Today, the employee union represents 0.82% of the total employees of BCP. We consider our relations with our employees to be good. The last strike by union employees occurred in 1991 and did not interfere with our operations.

Legal Proceedings

We, along with our subsidiaries, are involved in certain legal proceedings that arise in the normal course of conducting business. See "Regulatory Matter— Recent Regulatory Actions. We do not believe that any liabilities that may result from such proceedings would have a material adverse effect on our financial condition or results of operations, or on the financial condition or results of operations of any of our subsidiaries.

REGULATORY ENVIRONMENT

Peruvian Regulation

Peruvian banking regulation follows the standards set by the Basel Committee on Banking Supervision. Peruvian banks and other Peruvian financial institutions are primarily governed by two banking regulatory authorities: the SBS and the Peruvian Central Bank. The Peruvian Constitution establishes that the SBS's main function and responsibility is to protect depositors of the Peruvian banking and financial sector, while the main function of the Peruvian Central Bank is to preserve monetary stability.

The regulatory framework for the operations of the Peruvian financial sector is set forth in the Peruvian Banking Law. In accordance with the Peruvian Banking Law, the SBS is responsible for issuing banking regulations and for monitoring the Peruvian banking and financial sector. The SBS supervises and regulates financial institutions such as commercial banks, financial companies, financial leasing companies, small business financial companies, savings and loan corporations, financial services companies, such as trust companies and investment banks, insurance companies and private pension fund managers (other financial institutions such as stock brokerage houses and mutual fund managers are subject to different legal frameworks and to the supervision of the SMV). The SBS became operational in 1931.

Financial institutions must seek the authorization of the SBS before initiating operations. The SBS has administrative and financial autonomy, and its head office is located in Lima. The current chairman of the SBS is María del Socorro Heysen Zegarra.

The SBS enforces the Peruvian Banking Law on an ongoing basis through periodic resolutions. The Peruvian Banking Law provides for more stringent loan loss reserve standards, brings asset risk –weighting in line with the Basel Committee on Banking Supervision guidelines and broadens the supervision of financial institutions by the SBS to include holding companies.

On a periodic basis, banks are required to provide the SBS with all relevant information that is necessary to allow for off-site evaluation of its financial performance, including audited and unaudited financial statements on a consolidated basis, Board of Directors' reports, auditor's reports, and other reports which reflect the operation of a bank's business. Under current practice, such reporting is required on a daily, weekly, monthly, quarterly and semi-annual basis, depending on the nature of the information to be reported.

The SBS is also responsible for conducting on-site examinations of banks on an annual basis, implementing the provisions of the Peruvian Banking Law and other related legislation, examining all banking operations, and analyzing the relationship between assets, liabilities, net worth, profit and loss accounts and all other factors affecting a bank's financial structure.

The SBS has the power to impose administrative sanctions on financial institutions and their directors and employees upon any violation of the rules that govern the activities of the Peruvian banking and financial sector. Sanctions may vary from monetary fines to license cancellation. The SBS may also sanction directors and other officers of financial institutions for breaching SBS regulations.

The Peruvian Central Bank was founded in 1922 and performs the functions common to a central or reserve bank, such as issuing bank notes, implementing governmental monetary policies, regulating the money supply, managing official gold and foreign exchange reserves and managing the interbank cash clearance system. The Peruvian Central Bank exercises its power and authority independently and is responsible for its affairs in accordance with the government's policies. The Peruvian Central Bank is empowered to determine the inflation target and to adopt a monetary policy in accordance thereof, and is also responsible for establishing mandatory minimum liquidity reserves.

The SMV is the Peruvian capital markets regulatory entity attached to the Ministry of Economy and Finance (*Ministerio de Economia y Finanzas)*. The main purpose of the SMV is to promote, regulate and supervise the Peruvian capital markets. The SMV, controls compliance and sanctions any violation of the Peruvian Securities Market Law, the ordered text of which (*Texto Único Ordenado*) was approved by Supreme Decree No. 093-2002-EF (*Ley del Mercado de Valores*) ("Peruvian Securities Market Law") and its regulations.

Pursuant to article 29 of the Peruvian Banking Law, the issued and outstanding shares of Peruvian banks must be registered before the SMV and listed with the BVL. Therefore, according to the Peruvian Securities Market Law and its regulations, banks are required to file before the SMV and the BVL, in Spanish and on a going forward basis, quarterly and annual reports and notices of material events (*hechos de importancia*).

Implementation of Basel Principles

In order to implement the Basel II Framework, the SBS has approved a two-phase schedule based on a mandatory phase and a voluntary phase. During the first phase, which started in 2008 and ended in June 2009, the SBS performed quantitative impact studies and drafted the most relevant regulations. On June 22, 2008, President Garcia issued Legislative Decree No. 1028, which contains certain amendments to the Peruvian Banking Law, most of which are aimed at adapting it to Basel II Framework standards.

To conform to Basel II Framework standards, the methodology for measuring credit, market and operational risks has been amended to permit standardized and internal model-based methods for measuring market and credit risks. Peruvian financial institutions will also be able to request validation and approval to implement the internal ratings-based ("IRB") methodology. Only those financial institutions which apply to use the IRB methodology will follow the second implementation phase of the Basel II standards.

The second phase consists of a validation process and an approval by the SBS of the IRB methodology. Once the SBS has validated and approved the IRB methodology, the financial institution in question will use regulatory capital floors to calculate its capital requirements. The amount of required capital (*patrimonio efectivo*) shall not be less than the percentage of capital requirements obtained under the alternative methodology.

	First Year	Second Year	Third Year
Basic IRB and Internal Models of Credit Risk	95%	90%	80%
Advanced Models of Credit Risk and/or Operational Risk	90%	90%(1)	—

(1) 80% for operational risk.

Capital adequacy

Under the provisions of article 199 of the Peruvian Banking Law, and on an unconsolidated basis, the regulatory capital (*patrimonio efectivo*) shall not be lower than 10% of its total weighted assets, which is equivalent to the sum of: (i) ten times the regulatory capital allocated to cover market risks, (ii) ten times the regulatory capital allocated to cover operational risks and (iii) the total amount of credit risk-weighted assets.

According to articles 184 and 185 of the Peruvian Banking Law, the regulatory capital (patrimonio efectivo) will be constituted by the sum of: (i) basic capital and (ii) supplementary capital.

Basic capital or tier I capital is comprised of paid-in capital (which includes common stock and non-cumulative perpetual preferred shares), legal reserves, supplementary capital premiums, voluntary reserves which may be reduced only with prior SBS approval and retained earnings with capitalization agreements (earnings that the general shareholders' meeting or the Board of Directors, as the case may be, have committed to capitalize as common stock). It also includes other instruments, which have the characteristics of permanence and loss absorption, issued in compliance with regulations recently enacted by the SBS. Basic capital excludes, losses of past years and of the current year, any deficit due to provisions and goodwill resulting from corporate reorganizations and acquisitions. Basic capital is also subject to certain additional deductions (e.g., 50% of the investments in shares and subordinated debt issued by other local or foreign financial institutions or financial insurance companies, etc.).

Supplementary capital is constituted by the sum of tier II and tier III capital. Tier II capital consists of voluntary reserves (which could be reduced without any prior consent from the SBS), the eligible portion of redeemable subordinated debt instruments that have mixed debt and equity features and the generic loan loss provision (up to certain limits). Tier II capital is subject to certain deductions foreseen by the Peruvian Banking law (e.g., 50% of the investments in shares and subordinated debt issued by other local or foreign financial institutions or financial insurance companies, etc.). Tier III capital consists of redeemable subordinated debt that is incurred for the exclusive purpose of covering market risk.

On February 24, 2016, the SBS issued SBS Resolution No. 975-2016 – the "Subordinated Debt Regulation," as amended, which aims to improve the quality of the total regulatory capital (*patrimonio efectivo*), increase solvency requirements and align Peruvian regulation towards Basel III, by modifying (i) the characteristics that subordinated debt must meet to be considered in the calculation of total regulatory capital and (ii) the calculation of risk-weighted assets.

In addition, this SBS Resolution also includes changes to the calculation of risk-weighted assets for intangibles (excluding goodwill), DTAs, that originate from operating losses and DTAs that exceed the threshold of 10% of "adjusted total capital." In each case, DTAs must be calculated net of deferred income tax liabilities. To replicate the deductions established by Basel III, these assets will experience a gradual increase in their risk weightings until they reach a maximum of 1,000% in 2026. The risk-weighted assets calculated based on these risk weightings will be used exclusively for calculating Basel III ratios. SBS Resolution No. 4280-2018, adopted in October 2018, modified the risk weight applied to intangibles (excluding goodwill) to speed up the increase in this risk weighting to 1,000% in order to close the regulatory gap with Basel III guidelines, which clearly require intangibles to be fully deducted from core capital measurements.

Additional regulatory capital requirements

On July 20, 2011, the SBS issued SBS Resolution No. 8425-2011, as amended, establishing the methodologies and the implementation schedule of additional capital requirements consistent with certain aspects of Basel III. The new capital requirements include requirements to cover concentration, interest rate and systemic risk. Additionally, pro-cyclical capital requirements were also established. These additional requirements were fully implemented in July 2016.

Credit risks

According to article 186 of the Peruvian Banking Law, and SBS Resolution No. 14354-2009, as amended, enacted in November 2009, financial institutions are allowed to use the standardized methodology and, with the prior approval of the SBS, the IRB methodology for calculating their regulatory capital requirement for credit risk. BCP will eventually adopt the IRB methodology once it is fully implemented and after having received prior approval from the SBS.

According to the Peruvian Banking Law, as of July 1, 2009, financial institutions would have been allowed to use the IRB methodology instead of the standardized methodology after receiving prior approval from the SBS. However, full implementation of both standardized and IRB methodologies by Peruvian financial institutions are still subject to the issuance of further regulations.

SBS Resolution No. 3780-2011, enacted in March 2011, as amended, establishes further guidelines and requirements regarding credit risk management.

SBS Resolution No. 8548-2012, enacted in November 2012, establishes new guidelines for calculation of risk weighted assets for personnel, credit card and mortgage exposure resulting in more capital requirements for credit risk.

SBS Resolution No. 2793-2020, enacted in November 2020, establishes certain extraordinary guidelines regarding credit risk provisions related to credit operations with guarantees in the context of the COVID-19 Guarantee Program.

Market risks

Regulations for the supervision of market risks enacted in May 1998 require financial institutions to establish internal policies and procedures to monitor these risks, as well as market risk exposure limits. Regulations define market risks as the probable loss derived from exposure to various classes of commodities, securities, foreign exchange, derivative operations or commercial assets that banks may hold in their portfolios, which may not be reflected in their balance sheets. On June 2009, the SBS enacted SBS Resolution No. 6328-2009, as amended, which defines the methodology to be applied, and the requirements to be satisfied, to calculate the regulatory capital requirement for market risks under the standard methodology and the IRB methodology.

Since July 1, 2009, financial institutions have been allowed to use the IRB methodology, rather than the standardized methodology, subject to prior approval from the SBS.

SBS Resolution No. 4906-2017, enacted in December 20, 2017, as amended, establishes further guidelines and requirements regarding market risk supervision and management.

Operational risk

SBS Resolution No. 2115-2009, enacted in April 2009, as amended, defines the methodology to be applied, and the requirements to be satisfied by financial institutions in calculating their regulatory capital requirement for operational risk under the IRB methodology, the alternative standardized methodology and the advanced methodologies. The IRB methodology uses a bank's gross operational margin as "exposure indicator" and its application does not require the prior approval by the SBS. Application of the alternative standardized methodology or the advanced methodologies requires compliance with certain provisions included in SBS Resolution No. 2115-2009 and prior approval from the SBS.

SBS Resolution No. 2116-2009, enacted in April 2009, as amended, which approves the guidelines for managing operational risk, defines "operational risk" as the possibility of suffering losses due to inadequate procedures, failures of personnel, information technology or external events, including, without limitation, legal risks (but excluding strategic and reputational risk). It also establishes that a bank's board of directors is responsible for designing the general policies to manage operational risk and that a bank's management is in charge of implementing such policies, for which it may create the committees that it deems appropriate Finally, it provides that each bank is obligated to create a database of all of such bank's losses due to operational risk, classifying such losses by event.

Loan Loss Reserves

Procedures relating to loan loss reserves and loan portfolio classification are set out in regulations issued by the SBS. Pursuant to SBS Resolution No. 11356-2008, enacted in November 2008 and in force since July 2010, as amended, banks must consider certain criteria with respect to the borrower, including the securities; the credit category; the borrower's liquidity, including whether the borrower has adequate equity and a low amount of outstanding debt relative to their ability to generate profits; whether the borrower or its industry is susceptible to significant variation in cash flow; whether the borrower has a history of prompt payments on its debt; and whether the borrower is part of an economic sector that demonstrates a trend towards growth. Additional criteria regarding financial institutions' operational risk losses' database, was established by SBS through Circular No. G-191-2017, issued January 25, 2017.

Risk Categories according to days of delay:

Classification	Corporate, Large Business, Medium Business	Small Business, Micro Business, Revolving Consumer, Non revolving Consumer	Residential Mortgage
Class "A" Normal	0 to 30	0 to 8	0 to 30
Class "B" Potential Problem	31 to 60	9 to 30	31 to 60
Class "C" Substandard	61 to 120	31 to 60	61 to 120
Class "D" Doubtful	121 to 365	61 to 120	121 to 365
Class "E" Loss	366+	121+	366+

SBS regulations require the following minimum reserves to be recorded for statutory purposes for all types of credit: a 1% reserve on loans and credits classified as Standard with respect to which no credit issues have been identified, and a 5%, 25%, 60% and 100% specific reserve on loans for the unsecured portion and credits in risk categories Potential Problem, Substandard, Doubtful and Loss, respectively. Whenever such loans or credits, or any portion thereof, are secured with "preferred" collateral, required reserves for risk categories Potential Problem, Substandard, Doubtful and Loss are 2.5%, 12.5%, 30% and 60%, respectively. The amount of the reserve for any such loans or credits, or portions thereof, secured with "self-liquidity" collateral may be reduced by 50%. Loans or credits, or the portions thereof, secured with "preferred readily realizable collateral" collateral, require at least a 1% reserve. When the collateral is insufficient to secure the outstanding balances, the higher percentage requirements are applicable to the unsecured portion of the loans or credits. In the case of consumer loans, the required reserves are as follows: a 1% reserve on loans classified as Standard with respect to which no credit issues have been identified, and a 5%, 25%, 60% and 100% specific reserve on loans in risk categories Potential Problem, Substandard, Doubtful and Loss, respectively.

SBS regulations require Peruvian banks to maintain two types of loan loss reserves: (a) "generic" loan loss reserves (*provisiones genéricas*) on their total direct and indirect loan portfolio that is classified as category "A" (standard) at an allowance rate of (i) 0.7% for corporate loans, big business loans and residential mortgage loans, and (ii) 1.0% for medium business loans, small business loans, micro business loans, revolving consumer loans and non-revolving consumer loans, and (b) specific reserves (*provisiones específicas*) on their total direct and indirect loan portfolio classified under categories "B" (Potential Problems) through "E" (Loss) described above at an allowance rate of 5%, 25%, 60%, and 100%. These percentages may be reduced if the loans are secured with certain types of collateral and for certain special types of loans, provided that certain requirements set forth under SBS Resolution No. 11356-2008, as amended, are satisfied.

As of December 31, 2008, banks were required to make dynamic loan loss reserves (*provisiones procíclicas*) based on the behavior of Peru's annualized average GDP over the last 30 months as determined and published by the Peruvian Central Bank.

On November 27, 2014, the SBS, through Circular No. B-2224-2014, announced the suspension of the pro-cyclical requirements. As a result, pro-cyclical provisions may be reassigned to cover specific reserves (*provisiones específicas*). Pro-cyclical provisions, however, may not be used to increase the banks' net income.

Banks must report loan classifications on a monthly basis to the SBS. The worst classification assigned to a single person by any bank affects classification and allowance requirements for all other banks, which means that all banks are bound by the worst classification that is assigned to any given debtor by any bank in the Peruvian banking and financial sector.

Risk of Over-indebtedness by Consumer Banking Customers

According to SBS Resolution No. 6941-2008, as amended, banks and other financial entities must adopt a system to manage the risk of over-indebtedness that (a) allows the mitigation of such risk before and after making the loan, (b) permits the performance of a permanent monitoring of the portfolio to identify over indebted borrowers and (c) includes the periodic evaluation of the control mechanisms being used and of the corrective actions or required improvements, as the case may be. The board of directors of such banks and other financial entities are responsible for (i) establishing and reviewing the policies and proceedings for the identification, measuring, treatment, control, reporting and monitoring of the risk from the level of indebtedness of its consumer banking customers and (ii) causing the management to adopt the necessary measures to monitor and control such risks. In addition, the board of directors must cause the bank and/or financial entity to have an organizational structure that guarantees total independence between the risk and the commercial divisions and that the incentive schemes for employees' performance does not cause a conflict of interest with risk management policies.

Banks and financial entities that are in the process of implementing a system to manage the risk of over-indebtedness or are not able to monitor, control and identify the risk of over-indebtedness are obliged to maintain a special loan loss reserve.

On November 27, 2019, the SBS, through SBS Resolution No. 5570-2019, as amended, modified the existing credit and debit card regulations, in order to make adjustments to the definition of credit and debit cards to classify them as payment instruments, as well as to add details regarding lines of credit granted by companies, which can be revolving or non-revolving.

Lending Limits

Under article 206 of the Peruvian Banking Law, the total amount of direct and indirect credits and financings granted in favor of a person shall not exceed 10% of a bank's regulatory capital. A person is defined for the purposes therein as a person or group of persons or entities representing a common or single risk.

The 10% limit indicated above may be raised to 15%, 20% and 30%, depending on the type of collateral securing the excess over each limit. Accordingly, the limit can be extended to 15% when the excess is secured by a mortgage, pledge, warrant or trust, it may be extended to 20% when the excess is collateralized with securities listed on the ISBVL (index of most liquid stock trading in the BVL) or with shares or bonds with high liquidity, registered in certain foreign stock exchanges, and it may be extended to 30% when the excess is secured with deposits that are maintained and pledged with the bank.

Other special lending limits have been considered, such as lending to related parties or affiliates (30% of regulatory capital), to local banks (30%), and to foreign banks (from 5% for non-regulated banks to 30% for first category international banks (as defined by the Peruvian Central Bank from time to time), which may also be raised to 50% when backed by letters of credit). There are other limits that require banks to diversify their portfolio in different types of assets, benefiting liquid and low risk assets.

Lending to Related Parties

The Peruvian Banking Law regulates and limits transactions with related parties and affiliates of financial institutions on an unconsolidated basis. In 1997, the SBS and the SMV enacted regulations defining indirect ownership, related parties and economic groups, which were superseded by regulations enacted by the SBS in 2000 and by the SMV in 2010, which in turn were replaced by SBS Resolution No. 5780-2015 and SMV Resolution No. 019-2015-SMV-01, as amended, currently in effect. These regulations serve as the basis for determining limits on transactions with related parties and affiliates and also provide the basis for the development of specific standards for the supervision of financial and mixed conglomerates formed by financial institutions.

Under article 202 of the Peruvian Banking Law, the aggregate amount of loans to related party borrowers cannot exceed 30% of a bank's regulatory capital. For purposes of this test, a related party borrower includes any corporation holding, directly or indirectly, 4% or more of a bank's shares, directors, certain principal executive officers or persons affiliated with the administrators of the bank. All loans to related parties must be made on an arm's length basis with terms no more favorable than the best terms that the bank offers to the public.

Also, under article 201 of the Peruvian Banking Law the total amount of loans to directors, employees or close relatives of any such persons may not exceed 7% of a bank's regulatory capital per person. All loans made to any single related party borrower may not exceed 0.35% of the regulatory capital (i.e., 5% of the overall 7% limit), for purposes of this restriction, a single related party includes that party's spouse and relatives.

Country Risk Reserve Requirements

SBS Resolution No. 7932-2015, enacted in December 2015, and in effect since July 1, 2016, as amended, requires the establishment of reserves to cover exposure to country risk, which includes sovereign risk, transfer risk and expropriation or nationalization risk, all of which may affect operations with companies or individuals in foreign countries. The SBS has also established guidelines indicating the procedures and responsibilities that are necessary for coping with country risk.

Integral Risk Management

SBS Resolution No. 272-2017, issued on January 18, 2017 and in effect since April 1, 2018, as amended, contains guidelines for integral risk management of financial institutions. Integral risk management is a process intended to identify potential events that can affect banks and to manage those events according to its nature and risk level. This regulation covers several kinds of risks that could affect a banking operation, such as operational, market, credit, strategic, liquidity, legal, technical and reputational risks. SBS Resolution No. 00211-2021, which amended SBS Resolution No. 272-2017, establishes that a bank's board of directors is responsible for approving policies and procedures with regard to the economic solvency and the moral and technical suitability of its shareholders, final beneficiaries, directors, managers and key officials, as well as for overviewing the implementation of such policies and procedures and implementing the corresponding corrective measures. Also, it establishes that financial institutions must prepare reports for the SBS with regard to (i) shareholders that acquire less than 10% of the company's capital stock, and their compliance with applicable requirements, and (ii) the new directors, managers, and key officials that have been appointed, and their compliance with applicable requirements.

SBS Resolution No. 272-2017, which replaced SBS Resolution No. 37-2008, introduced corporate governance guidelines and criteria in order to reinforce integral risk and conflict of interest management and regulates risk management on additional risks, such as money laundering, financing of terrorism, technical risks and reinsurance.

Investments in Financial Instruments

Investment in financial instruments by Peruvian banks is restricted to those financial instruments listed in the Peruvian Banking Law, such as equity instruments traded on a stock exchange, debt instruments (to the extent that certain requirements are satisfied), sovereign debt instruments and quotas in mutual and investment funds, among others.

Pursuant to SBS Resolution No. 7033-2012, effective as of January 1, 2013, as amended, investments in financial instruments by Peruvian banks shall be classified into any of the following categories: (a) investments at fair value with changes in results (short term), (b) investments available-for-sale, (c) investments held to maturity (long term) and (d) investments in subsidiaries and affiliates.

Reserve Requirements Required by the Peruvian Central Bank

Under the Peruvian Banking Law, all financial institutions regulated by the SBS (except for small-business development non-bank institutions) are required to maintain a legal reserve (*encaje*) for certain obligations. The Peruvian Central Bank may require additional and marginal reserves. The exact level and method of calculation of the reserve requirement is set by the Peruvian Central Bank, which has issued different sets of regulations for foreign and local currency-denominated obligations of banks. Among others, the following liabilities are subject to the reserve requirement: demand and time deposits, savings accounts, certain bonds and funds administered by the bank and amounts due to foreign banks and other foreign financial companies (in certain circumstances).

Currently, the minimum legal reserve requirement for local currency deposits is 4.0% and for foreign currency obligations is 9.0%. Foreign currency deposits collected from the general public are subject to a marginal rate of 35% for funds that exceed a certain level set by the Peruvian Central Bank. Local and foreign currency borrowings from certain foreign sources with an original maturity of two years or less are subject to a 9.0% special rate. Financial institutions may satisfy the minimum reserve requirements with funds that they hold in vaults or that they have deposited in their accounts at the Peruvian Central Bank.

Subject to certain requirements, the regulation excludes from the reserve requirement mid-term and long-term funding (i.e. liabilities with a minimum average maturity of more than two years, subject to other conditions) through the issuance of securities such as the notes.

They must also keep at least 0.75% and 3.0% of their local and foreign currency subject to reserve requirements, respectively, deposited in the Peruvian Central Bank. The Peruvian Central Bank oversees compliance with the reserve requirements.

The Peruvian Central Bank also establishes the interest rate payable on reserves that exceed the minimum legal reserve requirement applicable to both local and foreign currency deposits. The current applicable interest rate: (a) for local currency reserves, different from those described below, is the highest of 0.0% or the overnight deposits interest rate, minus 195 basis points; and, (b) for foreign currency deposits is the highest of 0.0% and 25.0% of the one-month LIBOR interest rate minus one eighth of 1%. Currently, no interest rate is payable in respect of local currency deposits to certain foreign sources, such as financial institutions, hedge funds, brokerage firms, pension funds and others with a foreign parent company, except for those authorized by the SBS to collect deposits from the general public in Peru. The applicable interest rate is expected to be periodically revised by the Peruvian Central Bank in accordance with monetary policy objectives.

In the past years, the Peruvian Central Bank has on numerous occasions changed the deposit reserve requirements applicable to Peruvian commercial banks and the amount of deposit reserves on which no interest is payable by the Peruvian Central Bank.

Deposit Insurance Fund

Bank deposits are protected by the Deposit Insurance Fund (*Fondo de Seguro de Depósitos*) (“FSD”) against bank failure. Specifically, savings deposit accounts maintained by individuals, savings deposit accounts maintained by non-profit entities and checking accounts are covered in full up to an amount that is revised quarterly by SBS. For the period between March 2021 and May 2021, the maximum coverage amount is S/104,377.00 per person per financial institution.

The FSD was established in 1991 and was organized as a private corporation in 1996. Its governing body is led by a representative of the SBS. The additional members are appointed by the Peruvian Central Bank (1), the Ministry of Economy and Finance (1) and by financial institutions (3). The SBS provides the necessary administrative and operational resources. The financial resources available to the FSD pursuant to the Peruvian Banking Law include, among others, the original contribution from the Peruvian Central Bank, insurance premiums paid by banks, unclaimed bank deposits after ten years and fines imposed by the SBS for violations of the Peruvian Banking Law.

In addition, the FSD may, in extraordinary situations, borrow funds with authorization from the Treasury or borrow long-term government securities from the Treasury.

Anti-Money Laundering, Anti-Terrorism Financing and Bribery Prevention Rules

Money laundering is considered a criminal act in Peru. A special legal framework was established in April 2002, which follows the 40 recommendations of the Financial Action Task Force on Money Laundering ("FATF"), established by the G-7. Since then, this legal framework has been amended in order to improve and increase the efficiency of the Peruvian anti-money laundering system.

Money laundering includes a wide range of serious offenses such as tax evasion, financing terrorism, drug trafficking, corruption and other criminal activities. A special set of anti-money laundering rules applies specifically to banks, which includes specific rules for customer and employee due-diligence and record-keeping. In March 2008, the SBS enacted additional anti-money laundering provisions, pursuant to which, among other things, banks must establish a set of policies and procedures specifically aimed to prevent asset laundering and the financing of terrorist activities. In November 2008, the SBS modified the anti-money laundering provisions to include, among other changes, the obligations of Peruvian banks to verify that their branches and foreign subsidiaries comply with the anti-money laundering and terrorism financing provisions enacted by the SBS and with the recommendations of the FATF. In accordance with recently enacted regulations, mainly Law No. 28306, SBS Resolution No. 2660-2015, as amended, and Legislative Decree No. 1249, financial institutions must adopt internal mechanisms, appoint a full-time compliance officer reporting directly to the Board of Directors and conduct special personnel training programs and procedures to detect and report unusual or suspicious transactions as defined therein.

The government agency responsible for supervising the anti-money laundering system is the UIF, which was absorbed by the SBS in July 2007. The chairman of this agency is appointed by the chairman of the SBS.

Additionally, Law No. 30424, enacted in April 2016 and which took effect on January 1, 2018, as amended, attributes criminal liability to legal entities when money laundering, terrorist financing and/or bribery (including multinational bribery) crimes are committed on its behalf or in its benefit by any legal representative or *de facto* or *de jure* executive. Such regulation establishes that criminal liability will be exempted or mitigated if the legal entity has adopted an adequate and suitable prevention model following the criteria and minimum guidelines outlined in Law No. 30424. On January 9, 2019, Supreme Decree 002-2019-JUS (*Reglamento de la Ley N° 30424*) was enacted and took effect, setting forth further regulations and guidelines related to, among other things, the suitable prevention model to be implemented in accordance with Law No. 30424.

Data Management and Cyber Security Regulations

By means of SBS Resolution No. 504-2021, the SBS approved regulations regarding data management and cybersecurity (most of which will become effective on July 1, 2021), by virtue of which financial entities are required to (i) implement data management and cybersecurity measures, and (ii) have a multidisciplinary team in charge of managing cybersecurity incidents, which must be duly qualified to implement such policies and procedures. It also establishes that a bank's board of directors is responsible for approving these policies and procedures, and that a bank's management is responsible for implementing them.

Disclosure of Material Information

All banks that are organized as corporations (the only exception being the Peruvian branches of foreign banks) are listed on the BVL and are registered in SMV. As a result, they are subject to the disclosure and reporting rules contained in the Peruvian Securities Market Law and its regulations, as well as in the internal regulations of the BVL.

Under these rules, listed companies such as banks are required to disclose to the market in a timely manner (within the same day that the event occurs) all information that investors are reasonably likely to consider material. Special regulation provides for specific parameters to determine what is considered relevant information in connection with the company, its securities and its business. Banks are also subject to full disclosure and reporting obligations under the banking regulatory framework.

Intervention by the SBS and Liquidation

Pursuant to the Peruvian Banking Law, the SBS has the power to interrupt the operations of a bank in order to prevent it from, or to control and reduce the effects of, a bank failure. Accordingly, the SBS may intervene in a bank's business by adopting either a temporary surveillance regime or a definitive intervention regime ("Intervention") depending on how critical the situation is deemed to be by the SBS. Either of these actions may be taken upon the occurrence of certain events, including (a) suspension of payments; (b) repeated failure to comply with instructions from the SBS or the Peruvian Central Bank; (c) repeated violation of the Peruvian Banking Law or the Bank's by-laws; (d) unauthorized or unsound management; or (e) deficit of regulatory capital (to the extent that if it is in excess of 50%, then an Intervention is mandatory). Less drastic measures, such as (i) placing additional requirements, (ii) ordering a capital increase or an asset divesture, or (iii) imposing a financial restructuring plan, may be adopted by the SBS when the situation allows for them.

An Intervention may halt a bank's operations up to 45 days, which may be extended for a second period of up to 45 additional days, during which time the SBS may institute measures such as (a) canceling losses by reducing reserves, capital and subordinated debt; (b) segregating certain assets and liabilities for transfer to another financial institution; and (c) merging the intervened bank with another acquiring institution. After an Intervention, the SBS will proceed to dissolve and liquidate the bank unless the preceding option (c) was applied.

Beginning on the date on which a resolution of the SBS subjecting a bank to an Intervention regime is issued, and continuing until such Intervention is concluded (which period ends when the liquidation process begins), the Peruvian Banking Law prevents any creditor of the bank from: (a) initiating any judicial or administrative procedure for the collection of any amount owed by the bank, (b) enforcing any judicial decision rendered against the bank to secure payment of any of its obligations, (c) constituting a lien or attachment over any of the assets of the bank to secure payment of any of its obligations, or (d) making any payment, advance or compensation or assuming any obligation on behalf of the bank, with the funds or assets that may belong to it and are held by third parties, except for: (i) set-off compensation payments that are made between regulated entities of the Peruvian banking and financial sector and insurance systems, and (ii) set-off of reciprocal obligations arising from repurchase agreements and operations with financial derivatives entered into with local or foreign financial and insurance institutions.

During liquidation, claims of bank creditors rank as follows:

First order - Labor claims:

1st. Employee remunerations.

2nd. Social benefits, contributions to the private and public pension system and other labor claims against the bank accrued until the date when the dissolution is declared, retirement pensions or the capital required to redeem those pensions or to secure them by purchasing annuities.

Second order - Claims for bank deposits and other types of saving instruments provided under the Peruvian Banking Law, in the portion not covered by the FSD, as well as any claims of the FSD with respect to its contributions.

Third order - Taxes:

First. Claims by the Peruvian social security administration (*EsSalud*) related to health care benefits for which the bank is responsible as employer.

Second. Taxes.

Fourth order - Unsecured and non-privileged credits and subordinated debt:

First. All unsecured and non-privileged credits against the bank, ranked on the basis of (i) the date they were assumed or incurred by the bank whereby obligations assumed or incurred on an earlier date shall rank senior in right of payment to obligations assumed or incurred by the bank at a later date (except for those unsecured creditors who have accepted to be treated *pari passu* with other unsecured creditors), and (ii) obligations assumed or incurred by the bank on a date that cannot be determined shall rank junior in right of payment to all the obligations comprised in (i) above and *pari passu* among themselves.

Second. The legal interest on the Bank's obligations that may accrue during the liquidation.

Third. Subordinated debt.

Except for unsecured and non-privileged claims, all claims within an order will be ranked pari passu among themselves. Each category of creditors will collect in the order indicated above, whereby distributions in one order will be subject to completing full distribution in the prior order.

In the event that BCP becomes subject to liquidation, the SBS will limit the rate at which interest will accrue on the notes during such liquidation process to the legal interest rate for U.S. dollar-denominated indebtedness determined by the Peruvian Central Bank. Historically, this rate has been the average rate paid by Peruvian banks on their U.S. dollar-denominated deposits as calculated by the SBS.

Any security interest created before the issuance of the resolution declaring the Bank's dissolution and the initiation of the liquidation process shall subsist in order to guarantee the obligations it secures. The secured creditors shall retain the right to collect from the proceeds of the sale of the collateral, on a preferred basis (except with respect to labor claims and savings, which are privileged claims), subject to certain rules established under article 119 of the Peruvian Banking Law.

Peruvian banks are not subject to the regime of insolvency and bankruptcy otherwise applicable to Peruvian corporations in general.

Recent Regulatory Actions

Mr. Dionisio Romero Paoletti and Mr. Raimundo Morales, members of the board of directors of Banco de Crédito del Perú were summoned (in their respective capacities as former Chairman and current Vice Chairman of the Board of Directors of Credicorp) as witnesses by Peruvian prosecutors, along with 26 other Peruvian business leaders, to testify in connection with an investigation that is being carried out regarding contributions made to the electoral campaign of Ms. Keiko Fujimori in the 2011 Peruvian presidential elections. Mr. Romero testified on November 18, 2019 and Mr. Morales testified on December 9, 2019. Mr. Romero informed prosecutors that in 2010 and 2011 Credicorp made donations totaling U.S.$3.65 million to the presidential campaign of Ms. Fujimori (in total amounts of U.S.$1.7 million in 2010 and U.S.$1.95 million in 2011) and that in 2016, BCP, Mibanco and our affiliate Pacifico Compañia de Seguros made political contributions to the political party Peruanos por el Kambio (PPK) totaling S/711,000 (approximately U.S.$200,000.00). These contributions do not pose, in our opinion, any legal liability to Credicorp or to BCP except as referred to below.

The SMV has initiated a sanctioning proceeding against Credicorp for not having disclosed to the market, at the appropriate time, the contributions made to political campaigns in 2011 and 2016 and against each of BCP, Mibanco and Pacifico Compañia de Seguros for not disclosing to the market political contributions made in the 2016 presidential campaign. Credicorp and BCP were notified on March 5, 2021 and March 10, 2021, respectively, of first instance resolutions pursuant to which the SMV imposed a fine on Credicorp in an amount of S/1,909,500.00 (approximately U.S.$530,000.00) and a fine on BCP in an amount of S/691,250.00 (approximately U.S.$ 190,000.00). Credicorp and BCP intend to appeal said resolutions. The proceedings against Mibanco and Pacifico Compañía de Seguros are still pending and no resolution has been issued. Additionally, the SBS has initiated an administrative proceeding against BCP for alleged infractions on operational matters, including some related to the political contributions made by Credicorp to the Keiko Fujimori 2011 presidential campaign. This proceeding is still pending and no resolution has been issued.

We do not believe any if these proceedings (including any fines that have been or may be imposed as a result thereof) will materially affect our business, financial position or profitability.

MANAGEMENT

We are managed by our Board of Directors, Chief Executive Officer and Deputy Chief Executive Officers. Our Board of Directors consists of:

Name	Position	Board Member Since
Mr. Dionisio Romero Paoletti	Chairman	2003
Mr. José Raimundo Morales Dasso	Vice Chairman	2009
Mr. Fernando Fort Marie	Member of the Board of Directors	1990
Mr. Juan Carlos Verme Giannoni	Member of the Board of Directors	1990
Mr. Eduardo Hochschild Beeck	Member of the Board of Directors	2003
Mr. Roque Benavides Ganoza	Member of the Board of Directors	2009
Mr. Alexandre Gouvêa	Member of the Board of Directors	2020
Mr. Luis Enrique Romero Belismelis	Member of the Board of Directors	2009
Mrs. María Teresa Aranzabal Harreguy	Member of the Board of Directors	2020
Mrs. Bárbara Bruce Ventura	Member of the Board of Directors	2015
Mrs. Patricia Lizarraga Guthertz	Member of the Board of Directors	2017
Mr. Pedro Rubio Feijoo	Member of the Board of Directors	2018
Mr. Irzio Pinasco Menchelli	Member of the Board of Directors	2018
Mr. Martín Pérez Monteverde	Alternate Member of the Board of Directors	2014

The members of our Board of Directors can be reached at our address at Calle Centenario 156, Urbanizacion Las Laderas de Melgarejo, La Molina, Lima, Peru.

Detailed below is a brief biographical description of the members of our Board of Directors.

Mr. Dionisio Romero Paoletti is the Chairman of the Board of Directors of Banco de Credito since 2009. He is also the Chairman of Pacifico Compañia de Seguros y Reaseguros S.A., Atlantic Security Holding Corporation, Credicorp Peru S.A.C., Alicorp S.A.A., Palmas del Espino S.A., and Agricola del Chira S.A., among others. Furthermore, Mr. Romero is director of Ransa Comercial S.A., Trabajos Marítimos S.A., Corporación Primax S.A., Inversiones Centenario S.A.A., Sierra Metals Inc., among others. Mr. Romero Paoletti has a bachelor’s degree in economics from Brown University (United States) and holds an MBA from Stanford University (United States).

Mr. Raimundo Morales Dasso has been the Vice-Chairman of the Board of Directors since 2009. He is also a director of Credicorp Ltd., Grupo Credito S.A., Pacifico Compañia de Seguros y Reaseguros, Solucion Empresa Adminsitradora Hipotecaria S.A. Atlantic Security Holding Corporation, Banco de Crédito de Bolivia and Credicorp Capital Holding Perú. He joined BCP in 1980 and held different executive management positions, including Chief Executive Officer (“CEO”) of BCP from 1990 to 2008, as well as Executive Vice-President for Wholesale Banking and Credit and Risk Management. Mr. Morales was also CEO of Atlantic Security Bank (subsidiary of Credicorp). He led the IPO for the listing of Credicorp’s shares on the NYSE in October 1995. He also has experience in a range of organizations, including the Association of Banks of Peru (“ASBANC”), Association of AFPs, and was Vice-Chairman of the National Confederation of Private Business Institutions in Peru (“CONFIEP”). Mr. Morales has a bachelor’s degree in Economics and Administration from the Universidad del Pacifico (Peru) and holds an MBA from the Wharton Graduate School of Finance of the University of Pennsylvania (United States).

Mr. Fernando Fort Marie has been a Director of Credicorp Ltd. since 1999, and of BCP since 1990. He is also director of Grupo Crédito S.A., Atlantic Security Holding Corporation, Inversiones Centenario S.A.A., Hermes Transportes Blindados SAC. y Modasa. Mr. Fort is a senior partner at Estudio Fort, Bertorini, Godoy & Asociados, which specializes in business advisory services. In the past he has given advice to firms with international presence such as Pepsico, Inc., lnternational Finance Corporation (“IFC”), Alcatel, lnternational Telephone & Telegraph (“ITT”), Sheraton Hotels, Volvo Corp., Sandvik, Procter & Gamble, Crown Cork, Chrysler Corp., etc. He has been a member of the board of numerous private companies in Peru. Mr. Fort’s contribution to Credicorp and BCP is focused primarily on legal matters. He is an attorney at law with a law degree from the Pontificia Universidad Catolica del Peru.

Mr. Juan Carlos Verme Giannoni has been a director of BCP since 1990. He is currently the Chairman of Inversiones Centenario S.A.A. and director of Atlantic Security Holding Corporation as well as other Peruvian companies in the industrial, health and education sectors. Mr. Verme is a private investor and entrepreneur. He served as directors of Credicorp Ltd. from 1995 to 2020. He is Chairman of the Board of Trustees of the Museo de Arte de Lima ("MALI") and Trustee of the Tate Americas Foundation from the United Kingdom, as well as Vice President of the Museo Reina Sofia Foundation from Madrid, Spain.

Mr. Eduardo Hochschild Beeck has been director of BCP since 2003. He is Chairman of the Board of Directors of the UTEC University of Engineering and Technology and Vice Chairman of the Board of Directors of Fosfatos del Pacifico S.A. Mr. Hochschild serves as Vice Chairman of the Patronato de Plata del Perú and director of Comex Perú and Sociedad Nacional de Minería, Petroleo y Energia. He is Executive President of Hochschild Mining PLC, Cementos Pacasmayo S.A.A. and the TECSUP Promotion Association. He is a Physical and Mechanical Engineer with a specialization in Mechanics and Physics and has a bachelor's degree from the Tufts University (United States).

Mr. Roque Benavides Ganoza has been director of BCP since 2009. He is Chairman of the Board of Directors of the Compañía de Minas Buenaventura S.A.A. and director of the Sociedad Minera El Brocal S.A.A. He worked at Compañía de Minas Buenaventura S.A.A. since 1977 and was Chairman of the National Society of Mining, Petroleum and Energy ("SNMPE") and the National Confederation of Private Business Institutions ("CONFIEP"). Mr. Roque is a Civil Engineer from the Pontifica Universidad Catolica del Peru and an MBA from Henley, University of Reading (United Kingdom). He completed the Management Development Program at Harvard Business School (United States) and the Advanced Management Program at Templeton College, University of Oxford (United Kingdom).

Mr. Alexandre Gouvêa has been director of BCP, Credicorp Ltd. and Grupo Credito S.A. since 2020. He recently retired as director at McKinsey & Co. He is currently on the Board of Lojas Renner (the largest retailer in Brazil) and of Habitat for Humanity International. Mr. Gouvêa is Brazilian and has 30 years of international experience at the firm and specializes in providing advice to financial services clients. Mr. Gouvea is an expert in retail banking and insurance (including technological transition and digital transformation). He has experience in the financial services sector in Latin America and built the Practica de Organizaciones y la Unidad de Recuperación y Transformación. Mr. Gouvêa has a degree in Mechanical Engineering from Universidade Federal do Rio de Janeiro, Brazil and has an MBA from Anderson School of Management, UCLA.

Mr. Luis Enrique Romero Belismelis has been a director of BCP since 2009. He is also Executive Chairman and Chairman of the Board of Credicorp Ltd. and Grupo Credito S.A., as well as director of Pacífico Compañía de Seguros y Reaseguros and Atlantic Security Holding Corporation. He was loan officer at Atlantic Security Bank. Mr. Romero has worked as Head of Finance and General Manager of different groups in Grupo Romero's consumption and service segments. Currently, he is Chairman of the Board of the storage and logistics sector and port terminals and Vice Chairman of the Board of companies in the consumer, real estate, textile, industrial, commerce and service sectors. Mr. Romero B. holds a bachelor's degree in economics from Boston University (United States).

Mrs. Maria Teresa Aranzabal Harreguy has been director of BCP, Credicorp Ltd. and Grupo Credito S.A. since 2020. She is a Spanish executive with an international career and relevant experience on Boards of public and private companies and NGO. She began her career at McKinsey & Company in Spain and Argentina where she consulted with clients in multiple industries, including retail banking. Following this, she joined Grupo Cortefiel, a family-owned retailer, where she successfully led franchise marketing, strategy and international growth. Focusing on the fashion retail business, she collaborated with Advent International, the private equity firm, as retail expert, supporting analysis of potential acquisitions in the fashion and retail spaces, as well as leading the turnaround of one business (KA International, €40 million in sales). She currently leads her own consulting company, which specializes in retail and real estate businesses, Alir Consulting and Trade, and participates as a member of the Board of Adolfo Dominguez SA (listed company). Mrs. Aranzabal is a graduate in Business Administration by ICADE (Spain) and holds an MBA from The Wharton School of the University of Pennsylvania (United States).

Mrs. Barbara Bruce Ventura has been director of BCP since 2015. Since June 2017, she has been the Chief Executive Officer and Director of GeoPark Peru. Barbara Bruce is a well-known consultant in the field of hydrocarbons and energy. She began his professional career at Occidental Petroleum, where he worked in various related areas in international positions. Returning to Peru, he served as Deputy Chairman of the then Peruvian Petro-Tech Company (today "Savia"). She joined Hunt Oil in December 2004 as Deputy General Manager, and in 2006 was appointed General Manager of PERU LNG leading the construction and start-up of PERU LNG, the first LNG plant in Peru and South America. From January 2011 to May 2016 she held the position of Chairman and Chief

Executive Officer of Hunt Oil Company of Peru. Mrs. Bruce graduated as a Geological Engineer from the National University of Engineering of Peru and then completed a master's degree in Reservoir Engineering (in the area of Hydrocarbons) at the Colorado School of Mines (United States). In April 2010, she obtained an MBA from the Adolfo Ibañez School in Miami.

Mrs. Patricia Lizarraga is director of BCP since 2017. She is also director of Credicorp Ltd. and Grupo Credito S.A. Ms. Lizarraga is an experienced Wall Street executive with over 25 years working in international mergers and acquisitions, capital markets, private equity and valuation experience. She is the founder and Chief Executive Officer of Hypatia Capital Group, since 2007, and founder and major shareholder of family group Grupo del Ande. Her board experience includes serving as both Chairman of the Board and Chair of the Audit Committee of non-profit organizations, as well as private company board experience. She served as President of the Privatization Committee of Toll Roads of Peru. Ms. Lizarraga received her Bachelor of Arts degree from Yale University and her MBA from Harvard Business School (United States).

Mr. Pedro Rubio Feijoo has been director of BCP since 2018. He is also director of Prima AFP, Credicorp Capital Ltd., Credicorp Capital Holding Perú S.A., Atlantic Security Bank, Banco de Crédito Bolivia S.A., Inversiones Credicorp Bolivia S.A., ASB Bank Corp. y Grupo Crédito Inversiones S.A. He began his career at BCP in 1983 as an executive in Business Banking, then held various positions such as: Manager of the International Business Area, General Manager of Banco Tequendama, in Bogotá, Colombia and Manager of the Corporate and Business Banking Division. Until March 2018 he held the Central Management of Wholesale Banking. Mr. Rubio has a degree in industrial engineering from North Carolina State University (United States).

Mr. Irzio Pinasco Menchelli has been director of BCP since 2018. He is also director of Credicorp Ltd. and Grupo Credito S.A. since 2020, as well as director and promoter of SIGMA Sociedad Administradora de Fondos de Inversión. He is currently the Corporate Manager of Acurio Restaurantes, a company within the food services industry dedicated to developing and operating food services concepts since 2006. Between 2003 and 2005 he was General Manager of the Organizing Committee of the Copa América Peru 2004, the company in charge of the organization of this tournament. He was founder, promoter and director of Decajon.com (2000-2003) and Business Director of Grupo Romero (1997 and 2000). Mr. Pinasco is an economist graduated from the Universidad del Pacífico and has an MBA from Columbia Business School, New York (United States). He has studied economics at Brown University, Rhode Island (United States). He has also completed a specialization in Marketing for Executives at ESAN.

Mr. Martín Pérez Monteverde has been an alternate director of BCP since 2014. He is also director of Pacifico Compañia de Seguros y Reaseguros since 2017. He has more than 25 years of experience in the private sector as both Chief Executive Officer and director of leading financial and real estate companies in Peru, including Grupo Pacifico, Toyota, Mitsui & Co. Peru. Additionally, Mr. Perez has led institutions linked to the economic sector, including the Instituto Peruano de Economia (former Chairman), the Sociedad de Comercio Exterior del Peru (Director) and Asociacion in Peru (Director). He was also President of the Confederacion Nacional de Instituciones Empresariales Privadas (CONFIEP), from 2015 to 2017 and director of Credicorp Ltd. since 2014 to 2020. His contributions to the board reflect his rich experience in negotiation, advanced financial analysis, strategic planning and mergers and acquisitions. Mr. Perez has a degree in Business Administration, Marketing and Finance from the Universidad del Pacifico; a Diploma from the Programa de Alta Dirección of the Universidad de Piura; and has participated in the Wharton Management Congress at the University of Pennsylvania (United States).

Executive Committee and Audit Committee

Our Executive Committee meets twice a month and is responsible for approving credit operations beyond the authority of our management. In addition, the Executive Committee approves, modifies or dismisses issues on which it has been consulted by our managers and provides guidance on the actions of our management. The Executive Committee participates in the review of our financial statements and in certain urgent circumstances, the Executive Committee has the authority to make decisions in place of the Board of Directors, which are subsequently ratified by the Board of Directors.

The corporate Audit Committee was authorized by the Superintendency of Banks, insurance and pension funds of Peru authorized to act as such by Resolution SBS No. 764-2011. It is responsible for monitoring our internal controls and reports to our Board of Directors on the execution of our internal controls, policies and procedures. The

Audit Committee approves and oversees the execution of the working plan of our Audit Group and is also responsible for evaluating the performance of our external auditors. The Audit Committee meets once a month.

The members of our Executive Committee and our Audit Committee can be reached at our address at Calle Centenario 156, Urbanizacion Las Laderas de Melgarejo, La Molina, Lima, Peru.

The members of our Executive Committee are:

Name	Position
Mr. Dionisio Romero Paoletti	Chairman
Mr. Raimundo Morales Dasso	Member of the Board of Directors
Mr. Fernando Fort Marie	Member of the Board of Directors
Mr. Martín Pérez Monteverde	Member of the Board of Directors
Mr. Luis Romero Belismelis	Member of the Board of Directors
Mr. Juan Carlos Verme Giannoni	Member of the Board of Directors
Mr. Pedro Rubio Feijóo	Member of the Board of Directors

The members of our Audit Committee are:

Name	Position
Mrs. Patricia Lizárraga Guthertz	Chairwoman
Mr. Irzio Pinasco Menchelli	Member of the Board of Directors
Mrs. María Teresa Aranzabal Harreguy	Member of the Board of Directors

Senior Management

Our principal executives are as follows:

Name	Position	Year Joined Bank
Mr. Gianfranco Ferrari de las Casas	Chief Executive Officer	1995
Mr. Diego Cavero Belaunde	Deputy Chief Executive Officer of Companies	1994
Mrs. Francesca Raffo Paine	Deputy Chief Executive Officer of People and Small Business	1994
Mr. Cesar Ríos Briceño	Planning and Finance Central Manager	1993
Mr. Percy Urteaga	Transformation Central Manager	2003
Mr. Reynaldo Llosa Benavides	Risk Central Manager	1997
Mr. Cesar Casabonne	Segment and People Channel Division Manager	1994
Mr. José Luis Muñoz Rivera	Accounting Division Manager	1997
Mr. José Esposito Li-Carrillo	Audit Division Manager	1996
Mrs. Barbara Falero	Compliance Division Manager	2006
Mr. Guillermo Morales Valentin	Legal and General Secretariat Division Manager	2007
Mr. Bernardo Sambra Graña	Human Resources Division Manager	1999

The members of our senior management can be reached at our address at Calle Centenario 156, La Molina, Urbanizacion Las Laderas de Melgarejo, Lima, Peru. Set forth below is brief biographical information regarding our current officers who are not directors.

Mr. Gianfranco Ferrari de las Casas has been appointed as Deputy CEO and Head of Universal Banking of Credicorp Ltd. and as Chief Executive Officer of BCP since April 2018. He has worked at Credicorp Ltd. since 1995. Mr. Ferrari has an extensive and diverse experience after holding strategic roles such as Head of Corporate Banking & Corporate Finance, Head of Retail Banking & Wealth Management at BCP, and CEO of BCP Bolivia from 2005 to 2008. He led the acquisition of Edyficar in 2009 and Mibanco in 2014. In 2015, he started leading the Digital Transformation Strategy. He is also the Vice Chairman of the Board of Directors at Mibanco, and a member of the Board of Banco de Credito de Bolivia and Inversiones Credicorp Bolivia. Mr. Ferrari holds a degree in Business Administration from Universidad del Pacifico and has an MBA from Kellogg Graduate School of Management, Northwestern University (United States).

Mr. Diego Cavero Belaunde has been Deputy Chief Executive Officer of Companies since July 1, 2020. He was the Head of Wholesale Banking at BCP since April 2018 to June 2020. His previous position was Managing Director of the Efficiency, Administration and Processes Division since its launch. The aforementioned Division includes the Areas of Efficiency, Administration, Customer Service / Operations, Processes Improvement, Retail Banking Credits, Retail Banking Collections and Integral Security for Businesses. Mr. Cavero led the creation of the Efficiency Division and the implementation of the Efficiency program at BCP. Before that, Mr. Cavero has worked in several executive positions, such as Head of Corporate Banking Division, CEO of BCP Bolivia and Head of Middle Market Commercial Banking, among others. He is currently a Board Member of BCP Bolivia. Mr. Cavero began working at Credicorp Ltd. in 1994. He graduated from the University of Lima in Administrative Sciences at the University of Lima, Peru, and holds a MBA from the University of Texas at Austin (United States).

Mrs. Francesca Raffo Paine has been the Deputy Chief Executive Officer of People and Small Businesses since July 1, 2020. She was the Head of Transformation at BCP since April 2017 to June 2020. She has worked at Credicorp since 1994, when she joined BCP as part of a pioneering team of Business Process Reengineering. In 1996, she was appointed Head of the Affluent segment at BCP, after she led the Personal Products Area in Retail Banking. From 2000 until 2013 she was in charge of managing several Strategic Projects for Retail Banking. In 2014 she was Head of Marketing Services, which included communications, research, client experience, CRM and Analytics. In 2015 she took on the challenge to create the first innovation center for BCP (Centro de InnovaCXion), to create a distinctive customer experience by delivering digital journeys. In 2016 she was appointed as Head of the Happy Customer Division. Mrs. Raffo holds a Bachelor's Degree in Business Administration and an MBA in Management Information Systems, both from American University of Washington, DC (United States).

Mr. Cesar Ríos Briceño has been Chief Financial Officer of Credicorp and BCP since April 2018. He has worked at Credicorp since 1993, when he joined as an Associate in Corporate Finance. In 1997, he was appointed Chief Financial Officer ("CFO") and Chief Operating Officer ("COO") of Banco Capital in Salvador, after Credicorp acquired this institution. In 2003, Mr. Rios re-joined BCP, where he worked in strategic roles such as Head of Credit and Operating Risk in the Risk Management Unit; Head of Collections for Retail Banking; and Head of Corporate Strategy, which includes corporate strategy, internal consulting, mergers and acquisitions, and business incubation. In 2013, he became Head of Financial Planning and Control at BCP. Currently, Mr. Rios is a board member of several of Credicorp's subsidiaries such as Mibanco, Solucion Empresa Administradora Hipotecaria S.A. and Grupo Credito, among others. Mr. Rios holds a Bachelor's Degree in Engineering from Pontificia Universidad Catolica in Peru; a Master's Degree from ESAN Escuela de Administración de Negocios para Graduados in Peru; and an MBA from the Massachusetts Institute of Technology Sloan Fellows Program in the United States.

Mr. Percy Urteaga Crovetto has been the Transformation Central Manager since 2021. Mr. Urteaga has worked at Credicorp Ltd. since 1998, holding various positions such as Central Manager of Retail Banking, Head of Strategic Planning & Business Development of Wholesale Banking at BCP, CFO of BCP Bolivia, and Head of Strategic Planning of Retail Banking at BCP. In 2012 he was appointed as Vice-Chairman of Edyficar's Board of Directors, and from 2014 to 2017 he was the CEO of Mibanco. Additionally, he serves as the Vice-Chairman of the Board of the Association of Microlending Companies of Peru ("Asomif"). Mr. Urteaga holds a degree in Civil Engineering from Universidad Nacional de Ingeniería, and has an MBA from IESE Business School, Universidad de Navarra.

*Mr. Reynaldo Llosa Benavide*s is the Chief Risk Officer of Credicorp Ltd. and BCP since January 2012. Previously, Mr. Llosa held different positions at BCP as Head of Risk, Head of Middle-Market Banking and Head of Corporate Banking. Currently, he is a member of the Board at Mibanco, Inversiones Credicorp Bolivia and BCP Bolivia. Mr. Llosa holds a Bachelor's degree in Business Administration from St. Mary's University, San Antonio, Texas, (United States) and an MBA with specialization in Finance from Northwestern University (J.L. Kellogg Graduate School of Management), Chicago, Illinois (United States).

Mr. Cesar Casabonne has been the Segment and People Channel Division Manager since February 2021. Previously, he served as the Head of Products and Digital Channels Division and the Manager in the Personal Banking Division, SME-Pyme, SME-Business and Consumer Area. He joined BCP in April 2000. He holds a degree in Industrial Engineering from Universidad de Lima and a Master's degree in Business Administration from Universidad de Piura-IESE.

Mr. José Luis Muñoz Rivera has been Chief General Accounting Division of BCP since 1997. Previously, he was a manager in the Audit and Business Advising divisions of Arthur Andersen in Peru. Mr. Muñoz has also been an Accounting and Audit Professor in Universidad del Pacífico and Universidad de Lima. He has been with the Bank since 1997. He is an accountant with an Executive Master's degree in Business Administration from Universidad de Piura.

Mr. Jose Esposito Li-Carrillo has been the Audit Division Manager since 1996 and Chief Corporate Audit Officer of Credicorp Ltd. since January 2010. He is Member of the Financial Services Guidance Committee Board of IIA Global. Mr. Esposito has served as Chairman of the Committee of Internal Auditors of the Latin American Federation of Banks ("FELABAN") and Chairman of the Committee of Internal Auditors of the Peruvian Association of Banks ("ASBANC"). He is also Lecturer in the Master of Finance program at the Universidad del Pacifico. He began working in Credicorp Ltd. since 1996, through its different subsidiaries and his last position prior to leading the Audit Division at Credicorp Ltd. was at Pacifico Peruano Suiza Compañía de Seguros y Reaseguros S.A., where he was CFO and the Controller's Officer. He was also the Vice Chairman of the Board of Directors of Pacifico Salud EPS S.A., Vice Chairman and Director of the Board of the Lima Stock Exchange, Director of Cavali ICLV S.A. and Chairman of the Board and General Manager of Credibolsa SAB S.A. Mr. Esposito holds an Economics degree from Universidad del Pacifico, Lima; Master of Arts in Economics from the University of Wisconsin-Milwaukee (United States); Certified Internal Auditor ("CIA") and Certified in Risk Management Assurance ("CRMA") by the Institute of Internal Auditors Global ("IIA"); Certified in Risk and Information Systems Control ("CRISC") by ISACA; and an Anti-Money Laundering Certified Associate ("AML/CA") from the Florida International Bankers Association and Florida International University (United States).

Mrs. Barbara Falero has been the Chief Compliance and Ethics Officer at Credicorp Ltd. and BCP since February 2008, reporting directly to Credicorp Ltd.'s Board of Directors. Before coming to Peru, Ms. Falero was the Compliance Officer and Vice President of BCP Miami Agency and prior to that, for six years she worked as a regulator for the Federal Reserve Bank of Atlanta in supervision and regulation of international banks. Ms. Falero has held various positions including being the community reinvestment Officer at BAC Florida Bank, Miami, Florida. Ms. Falero has been president of the Committee of Compliance Officers of Association of Banks in Peru ("ASBANC") and during a three-year period, was a Member of the Advisory Committee of the Florida International Bankers Association ("FIBA"). She has a Bachelor of Finance from Florida International University (United States) and a MBA from St. Thomas University, Miami, Florida (United States).

Mr. Guillermo Morales Valentín has been the Head of Legal at Credicorp Ltd. since April 2018 and the Legal and General Secretariat Division Manager of BCP since January 2010. Previously, Mr. Morales was Manager of the Legal Advisory Area at BCP from September 2007 to December 2009, Legal Manager at Grupo Santander Peru SA from January 2003 to July 2007 and Legal Manager at Banco Santander Central Hispano Peru from April 2000 to December 2002. He was director of Edelnor S.A.A., Red Eléctrica del Sur ("Redesur") and Universia Peru S.A. Mr. Morales holds a law degree from the Pontificia Universidad Catolica del Peru and a Master of Laws ("LL.M") from the University of Texas at Austin (United States).

Mr. Bernardo Sambra Graña has been the Chief Human Resources Officer of Credicorp Ltd. since April 2018 and Management and Human Resources Manager at BCP since August 2010. He joined BCP in April 1999 as Manager of Electronic Cash Management Solutions in the Wholesale Banking Division. Prior to joining Credicorp Ltd., Mr. Sambra worked for nine years at Royal Dutch Shell Group. His last position at this organization was Head of Business Framework Implementation. In addition to his responsibilities Mr. Sambra has been acting as the President of the Human Resources Committee at Peruvian Association of Banks ("ASBANC"), Director of the Peruvian Association of Human Resources ("APERHU") and Director of Patronato BCP. Mr. Sambra has a degree in Business Administration from Universidad de Lima, with a Master's degree in Finance from Universidad del Pacifico and Human Resources specialization from Ross School of Business at the University of Michigan (United States), as well as from Stanford University Business School, London Business School and Harvard Business School.s

OWNERSHIP

BCP's capital stock consists of a single series of common shares, all with equal rights and a par value of S/1.00. As of December 31, 2020, BCP had 11,067.4 million common shares issued and outstanding and total issued capital in the amount of S/11,067.4 million. All outstanding shares are fully paid-in, and there are no outstanding convertible bonds, warrants or any other security convertible to shares of common stock. BCP does not currently hold any of its own shares nor does any subsidiary of BCP hold BCP shares.

BCP is the principal subsidiary of Credicorp, a financial holding company to various financial institutions, which directly and indirectly owns 97.7% of our common stock. The remaining 2.3% is diluted among individual investors. Credicorp's common stock trades on the NYSE under the symbol "BAP."

As of December 31, 2020, Credicorp had issued 94,382,317 fully subscribed and paid common shares.

The following table provides the percentages of common shares owned by holders of 5% or more of the common shares of Credicorp as stated in its annual report.

Shareholder	Nominal amount of shares	% Ownership(1)
Atlantic Security Holding Corporation	14,620,846	15.49
Romero family(2)	12,212,591	12.94

(1) As a percentage of issued and outstanding shares (including shares held by Atlantic Security Holding Corporation, or "ASHC").

(2) Includes common shares directly or indirectly owned by Mr. Luis Enrique Romero B., Mr. Dionisio Romero Paoletti and his family or companies owned or controlled by them. Mr. Luis Romero Belismelis is the Chairman of the Board of Directors since June 2020.

RELATED PARTY TRANSACTIONS

We have entered into various transactions with related parties. Under the Peruvian Banking Law, all loans to related parties must be provided on terms no more favorable than the best terms that we offer to the public. We believe that we are in full compliance with this requirement and all other related-party transaction requirements under the Peruvian Banking Law.

Our related-party transactions include:

- acquiring bonds, extending loans, supplying and soliciting banking services, correspondent relationships and other operations with Credicorp subsidiaries; and
- extending direct and indirect loans to non-Credicorp related parties, which consist principally of loans to companies controlled by the controlling shareholders of Credicorp.

The following is a summary of such commitments with Credicorp subsidiaries, categorized by transaction type, as of and for the years ended December 31, 2018, 2019 and 2020:

	As of and for the year ended December 31,		
	2018	2019	2020
	(Soles in thousands)		
Related-party transactions with Credicorp subsidiaries			
Assets			
Cash	13,306	5,363	31,505
Loans, net	271,511	217,093	403,113
Available-for-sale investments	80,891	86,074	97,617
Other assets	79,351	132,231	136,377
Liabilities			
Deposits and obligations	1,578,990	1,567,775	1,657,910
Due to banks, correspondents and other entities	543,266	367,266	234,490
Bonds and subordinated notes issued	132,445	50,016	123,649
Other liabilities	8,360	12,216	20,370
Other off-balance sheet accounts	471,542	252,633	369,078
Income and expenses			
Financial income	8,018	12,764	23,386
Financial expenses	70,544	65,080	36,533
Other income, net	348,167	406,492	343,464

The following is a summary of direct and indirect loans extended to non-Credicorp related parties, which consist principally of companies controlled by the controlling shareholders of Credicorp, as of and for the years ended December 31, 2018, 2019 and 2020:

	As of and for the year ended December 31,		
	2018	2019	2020
	(Soles in thousands)		
Related-party transactions with non-Credicorp subsidiaries			
Loans, net	2,544,431	1,607,944	1909,516
Indirect loans	325,427	373,865	431,089
Derivatives at market value	890	4,984	4,408
Deposits and obligations	425,938	470,142	1,582,412

In addition, we also held securities-available-for-sale in related parties in the amount of S/80.9 million, S/86.1 million and S/97.6 million as of December 31, 2018, December 31, 2019 and December 31, 2020, respectively.

On an unconsolidated basis and in accordance with the Peruvian Banking Law, the SBS regulates and closely monitors loans to related-parties and has established a limit on related-party loans equivalent to 30% of a bank's regulatory capital. Our total related-party loans (including loans to Credicorp subsidiaries and to non-Credicorp subsidiaries) on an unconsolidated basis were 14.34% of our regulatory capital as of December 31, 2020, 11.78% of our regulatory capital as of December 31, 2019 and 19.78% of our regulatory capital as of December 31, 2018. We intend to continue to enter into transactions with related parties on terms similar to those that would be offered by or to an unaffiliated third party.

DESCRIPTION OF THE NOTES

General

The Issuer may issue and have outstanding from time to time up to U.S.$6,000,000,000 principal amount in the aggregate of Medium-Term Notes (the "Notes") under this Program. The minimum specified denomination of the Notes will be Euro 100,000 (or, if the Notes are denominated in a currency other than the Euro, the equivalent amount in such currency) or such higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. The Notes will have the terms described below, including, as described below, the terms specified in the Final Terms of the applicable Series of Notes, except that references below to interest payments and interest-related information do not apply to certain Notes issued with original issue discount.

The Notes are to be issued under a Fiscal and Paying Agency Agreement dated as of July 19, 2019 among the Issuer, Citibank, N.A., London Branch, as fiscal agent (in such capacity, the "Fiscal and Paying Agent"), non-U.S. paying agent, non-U.S. registrar, non-U.S. transfer agent and Calculation Agent, Citibank, N.A., London Branch, as U.S. paying agent, U.S. registrar, U.S. transfer agent and U.S. authenticating agent, Banque Internationale à Luxembourg, S.A., as the Luxembourg listing agent, and the other paying agents and transfer agents named therein, as further amended and supplemented from time to time (the "Fiscal Agency Agreement"), in registered or bearer form as specified in the applicable Final Terms. The following description of certain provisions of the Fiscal Agency Agreement is subject to, and qualified in its entirety by reference to, all the provisions of the Fiscal Agency Agreement, including the definitions therein of certain terms.

The Issuer may, from time to time, re-open one or more series of Notes (each, a "Series") and issue Additional Notes (as defined below in "Additional Notes") with the same terms (including maturity and interest payment terms but excluding original issue date and public offering price) as Notes issued on an earlier date; provided that a Series of Notes may not comprise both Notes in bearer form and Notes in registered form. After such Additional Notes are issued they will be fungible with the previously issued Notes to the extent specified in the applicable Final Terms (except that any such Additional Notes offered and sold in compliance with Regulation S will have temporary CUSIP, ISIN and Common Code numbers during a 40-day distribution compliance period commencing on the date of issuance of such Additional Notes), provided further that if the Additional Notes are Registered Notes and are not fungible with the earlier Notes for United States federal income tax purposes, the Additional Notes will have a separate CUSIP number. Each such Series may contain one or more tranches of Notes (each, a "Tranche") having identical terms, including the original issue date and the public offering price; provided that a Tranche of Notes may not comprise both Notes in bearer form and Notes in registered form.

Each Note will be unsecured and will be either a senior or a subordinated debt obligation. Notes which are senior debt obligations will rank equally with all other unsecured and unsubordinated obligations of the Issuer thereof. Notes which are subordinated debt obligations will rank equally in right of payment with all other subordinated debt obligations and junior in right of payment to all senior indebtedness as specified in the applicable Final Terms, which will set forth the precise terms of such subordination.

The Final Terms relating to a Tranche of Notes issued by the Issuer will describe the following terms: (i) the currency or composite currency in which the Notes of such Tranche will be denominated (each such currency or composite currency, a "Specified Currency") and, if other than the Specified Currency, the currency or composite currency in which payments on the Notes of such Series will be made (and, if the Specified Currency or currency or composite currency of payment is other than U.S. Dollars, certain other terms relating to such Notes (a "Foreign Currency Note") and such Specified Currency or such currency or composite currency of payment); (ii) whether such Notes are Fixed Rate Notes or Floating Rate Notes (including whether such Notes are Regular Floating Rate Notes, Floating Rate/Fixed Rate Notes or Inverse Floating Rate Notes, each as defined below); (iii) the price at which such Notes will be issued (the "Issue Price"); (iv) the date on which such Notes will be issued (the "Original Issue Date"); (v) the date on which such Notes will mature; (vi) whether such notes are senior or subordinated and, if subordinated, the terms of the subordination; (vii) if such Notes are Fixed Rate Notes, the rate per annum at which such Notes will bear interest, if any; (viii) if such Notes are Floating Rate Notes, the base rate (the "Base Rate"), the initial interest rate (the "Initial Interest Rate"), the minimum interest rate (the "Minimum Interest Rate") (provided that if no Minimum Interest Rate is specified or if indicated that the Minimum Interest Rate is "not applicable," the Minimum Interest Rate shall be zero), the maximum interest rate (the "Maximum Interest Rate"), the Interest Payment Dates, the period to maturity of the instrument, obligation or index with respect to which the Calculation

Agent (as defined below) will calculate the interest rate basis or bases (the "Index Maturity"), the Spread and/or Spread Multiplier (all as defined below), if any (all as defined below) and any other terms relating to the particular method of calculating the interest rate for such Notes; (ix) if such Notes are Indexed Notes, the terms relating to the particular Notes; (x) if such Notes are Dual Currency Notes, the terms relating to the particular Notes; (xi) if such Notes are Amortizing Notes, the amortization schedule and any other terms relating to the particular Notes; (xii) whether such Notes may be redeemed at the option of the Issuer, or repaid at the option of the holder, prior to its stated maturity as described under "—Optional Redemption" and "—Repayment at the Noteholders' Option; Repurchase" below and, if so, the provisions relating to such redemption or repayment, including, in the case of any Original Issue Discount Notes, the information necessary to determine the amount due upon redemption or repayment; (xiii) any relevant tax consequences associated with the terms of the Notes which have not been described under "Taxation—United States Federal Income Taxation" below; (xiv) if such Notes are Additional Notes (as defined below), a description of the original issue date and aggregate principal amount of the prior Tranche of Notes having terms (other than the original issue date and public offering price) identical to such Additional Notes; and (xv) any other terms of such Notes not inconsistent with the provisions of the Fiscal Agency Agreement. In addition, each Final Terms with respect to a Tranche of Notes will identify the Dealer(s) participating in the distribution of such Notes. See "Plan of Distribution." Each Final Terms relating to Notes will be in, or substantially in, the relevant forms included under "Form of Final Terms" below.

If any Notes are to be issued as Foreign Currency Notes, the applicable Final Terms will specify the currency or currencies, which may be composite currencies, in which the purchase price of such Notes are to be paid by the purchaser, and the currency or currencies, which may be composite currencies, in which the principal at maturity or earlier redemption, premium, if any, and interest, if any, with respect to such Notes may be paid, if applicable, along with any other terms relating to the non-U.S. Dollar denomination. See "Special Provisions Relating to Foreign Currency Notes."

Subject to such additional restrictions as are described under "Special Provisions Relating to Foreign Currency Notes," Notes of each Tranche will mature on a day specified in the applicable Final Terms, as selected by the initial purchaser and agreed to by the Issuer. In the event that such maturity date of any Notes or any date fixed for redemption or repayment of any Notes (collectively, the "Maturity Date") is not a Business Day (as defined below), principal and interest payable at maturity or upon such redemption or repayment will be paid on the next succeeding Business Day with the same effect as if such Business Day were the Maturity Date. No interest shall accrue for the period from and after the Maturity Date to such next succeeding Business Day. Except as may be specified in the applicable Final Terms and except for Indexed Notes (as defined below), all Notes will mature at par.

In the case of Fixed Rate Notes, the applicable Final Terms will specify the yield as of the Original Issue Date. The yield is calculated at the Original Issue Date on the basis of the Issue Price. It is not an indication of future yield.

"Business Day" means, unless otherwise specified herein and in the applicable Final Terms, any day other than a Saturday or Sunday or any other day on which banking institutions are generally authorized or obligated by law or regulation to close in (i) the principal financial center of the country of the currency in which the Notes are denominated (if the Note is denominated in a Specified Currency other than Euro) and (ii) any additional financial center specified in the applicable Final Terms (as the case may be); provided, however, that with respect to Notes denominated in Euro, such day is a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

Forms of Notes

Bearer Notes

If specified in the applicable Final Terms, Notes of each Tranche will be in bearer form ("Bearer Notes") and will initially be represented by one or more temporary global Notes or permanent global Notes, without interest coupons attached and, in the case of definitive Notes, will be serially numbered and will:

(i) if any such global Note is intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered to a common safekeeper (the "Common Safekeeper") for Euroclear Bank S.A./N.V. as operator of the Euroclear System and CBL(each an "ICSD" and together the "ICSDs"):

(b) *records of the ICSDs*. The principal amount and/or number of each Note represented by the global Note shall be the amount from time to time entered in the records of both ICSDs, provided, however, that the aggregate principal amount of Notes represented by a global Note shall be as set forth on the face of such note. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the principal amount and/or number of each Note represented by the global Note and, for these purposes, a statement (which statement shall be made available to the bearer upon request) issued by an ICSD stating the principal amount and/or number of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time;

(c) on any redemption or payment of an installment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by such global Note the Issuer shall procure that details of any redemption, payment, or purchase and cancellation (as the case may be) in respect of the global Note shall be entered pro rata in the records of the ICSDs and, upon any such entry being made, the principal amount and/or number of the Notes recorded in the records of the ICSDs and represented by the global Note shall be reduced by the aggregate principal amount and/or number of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such installment so paid; and

(ii) if any such global Note is to be issued in classic global note form ("CGN"), be delivered to a common depositary (the "Common Depositary") for Euroclear and CBL, Luxembourg or any other recognized or agreed clearing system.

Bearer Notes in definitive form will be issued with coupons attached. Except as set out below, title to Bearer Notes and any coupons will pass by delivery. The Issuer, the Fiscal Agent and any Paying Agent (as defined below) may deem and treat the bearer of any Bearer Note or coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding sentence. For so long as any of the Notes are represented by a global Note, each person who is for the time being shown in the records of Euroclear or CBL, Luxembourg as the holder of a particular principal amount of Notes (in which regard any certificate or other document issued by Euroclear or CBL, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer, the Fiscal Agent and any Paying Agent as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, the right to which shall be vested, as against the Issuer, the Fiscal Agent and any Paying Agent solely in the bearer of the relevant global Note in accordance with and subject to its terms (and the expressions "Noteholder" and "Holder of Notes" and related expressions shall be construed accordingly). Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of CBL, Luxembourg, as the case may be.

References herein to "Bearer Notes" shall, except where otherwise indicated, include interests in a temporary or permanent global Note as well as definitive Notes and any coupons attached thereto.

The applicable Final Terms will specify whether (i) United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form as such rules for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended), (the "TEFRA C Rules"), (ii) United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form as such rules for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended) (the "TEFRA D Rules") or (iii) if the Notes do not have a maturity of more than 365 days (including unilateral rights to rollover or extend), neither the TEFRA C Rules nor the TEFRA D Rules, are applicable to the Notes. If so specified in the applicable Final Terms, in the case of a Bearer Note to which the TEFRA D Rules have not been specified to apply, the Bearer Notes may be represented upon issue by one or more permanent global Notes.

Each Bearer Note having a maturity of more than 365 days (including unilateral rights to rollover or extend) and interest coupons pertaining to such Note, if any, will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code."

In general, Bearer Notes that are subject to the TEFRA C Rules or the TEFRA D Rules may not be offered, sold or delivered within the United States or to United States persons. In particular, if the applicable Final Terms specify that the TEFRA D Rules apply, the Bearer Notes may not be delivered, offered, sold or resold, directly or indirectly, in connection with their original issuance or during the Restricted Period (as defined below), in the United States (as defined below) or to or for the account of any United States person (as defined below), other than to certain persons as provided under United States Treasury Regulations. An offer or sale will be considered to be made to a person within the United States if the offeror or seller has an address within the United States for the offeree or purchaser with respect to the offer or sale. In addition, any underwriters, agents and dealers will represent that they have procedures reasonably designed to ensure that their employees or agents who are directly engaged in selling Bearer Notes are aware of the restrictions on the offering, sale, resale or delivery of Bearer Notes.

As used herein, "United States" means the United States (including the States and the District of Columbia), its territories and its possessions. "United States person" means (i) a citizen or individual resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States, any state thereof or the District of Columbia or (iii) an estate or a trust the income of which is subject to U.S. federal income taxation regardless of its source. "Restricted Period" with respect to each Tranche of Notes means the period which begins on the earlier of the settlement date (or the date on which the Issuer receives the proceeds of the sale of Bearer Notes of such Tranche), or the first date on which the Bearer Notes of such Tranche are offered to persons other than the Dealers, and which ends 40 days after the settlement date (or the date on which the Issuer receives the proceeds of the sale of such Bearer Notes); provided that with respect to a Bearer Note held as part of an unsold allotment or subscription, any offer or sale of such Bearer Note by the Issuer or any Dealer shall be deemed to be during the Restricted Period. An "Ownership Certificate" is a certificate (in a form to be provided), signed or sent by the beneficial owner of the relevant Bearer Note or by a financial institution or clearing organization through which the beneficial owner holds the Bearer Note providing certification that the beneficial owner is not a United States person or person who has purchased for resale to any United States person as required by United States Treasury Regulations.

Unless otherwise specified in the applicable Final Terms, each Bearer Note will be represented initially by a temporary global Note, without interest coupons which will (a) if the temporary global Note is intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the Original Issue Date of the Tranche of Notes to a Common Safekeeper for Euroclear and CBL or (b) if the temporary global Note is to be issued in CGN form, be delivered on or prior to the Original Issue Date of the Tranche of Notes to a Common Depositary for Euroclear and CBL, or any other recognized or agreed clearing system in the case of a temporary global Note issued in CGN form. Upon deposit of each such temporary global Note, Euroclear or CBL, as the case may be, will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid. The interests of the beneficial owner or owners in a temporary global Note will be exchangeable after the expiration of the Restricted Period (the "Exchange Date") for an interest in a permanent global Note which will (a) if the permanent global Note is intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered to a Common Safekeeper for Euroclear and CBL or (b) if the permanent global Note is not intended to be issued in NGN form, be delivered to a Common Depositary for Euroclear and CBL, for credit to the account designated by or on behalf of the beneficial owner thereof, or for definitive Bearer Notes or definitive Registered Notes, as provided in the applicable Final Terms; provided, however, that such exchange will be made only upon receipt of Ownership Certificates in the case of Bearer Notes to which the TEFRA D Rules have been specified to apply.

If so specified in the applicable Final Terms, in the case of a Bearer Note to which the TEFRA D Rules have not been specified to apply, the Bearer Notes may be represented upon issue by one or more permanent global Notes.

Registered Notes

If specified in the applicable Final Terms, Notes of each Tranche will be in fully registered form ("Registered Notes"). The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will be represented by a global note in registered form (a "Regulation S Global Note"). Prior to the expiration of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person and such Regulation S Global Note will bear a legend regarding such restrictions on transfer; *provided further* that owners of a beneficial interest in a Regulation S Global Note prior to the expiration of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes may transfer such interest (or any portion thereof) to a QIB (as defined below) pursuant to Rule 144A if the relevant QIB wishes to hold its interest through a beneficial interest in the corresponding Rule 144A Global Note (as defined below), subject to the applicable procedures of the corresponding depository.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act ("QIBs"). The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a "Rule 144A Global Note" and, together with a Regulation S Global Note, the "Registered Global Notes").

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("DTC"), (ii) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and CBL, as specified in the applicable Final Terms (and in either case the "Register"). Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Rule 144A Global Note will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will be made to the person shown on the Register as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or any Registrar (as defined below) will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will be made to the persons shown on the Register on the relevant Record Date (as defined below) immediately preceding the due date for payment in the manner provided in that paragraph.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons, receipts or talons attached only upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depositary for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, (ii) in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and CBL, the Issuer has been notified that both Euroclear and CBL have been closed for business for a continuous period of fourteen days (other than by reason of holiday, statutory or otherwise) or have announced an intention to permanently cease business or have in fact done so and, in any such case, no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form.

In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or CBL (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the relevant Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the relevant Registrar.

Exchange and Transfer of Notes

A temporary global Note will be exchangeable in whole but not in part for definitive Bearer Notes (i) if Euroclear and/or CBL or any other agreed clearing system, as applicable, has informed the Issuer that it has or they have, as the case may be, ceased or will cease to act as the clearing system(s) in respect of the relevant temporary global Note or, (ii) if required by law; but only, in each case, in the case of Bearer Notes to which the TEFRA D Rules have been specified to apply, on or after the Exchange Date and upon delivery of Ownership Certificates. No definitive Bearer Note will be delivered in or to the United States or to a United States person, except as specifically provided by applicable United States Treasury Regulations. In the event that the relevant temporary global Note is not, in the case of (i) or (ii) above, duly exchanged for definitive Bearer Notes then the terms of such temporary global Note provide for relevant account holders with Euroclear and CBL and any other agreed clearing system, as applicable, to be able to enforce against the Issuer all rights which they would have had if they had been holding definitive Bearer Notes of the relevant value at the time of such event. Payments by the Issuer to the relevant account holders will be considered as payments to the relevant Noteholder and operate as full and final discharge to the Issuer in this respect.

Bearer Notes represented by a permanent global Note will be exchangeable in whole but not in part for definitive Bearer Notes if Euroclear and/or CBL or any other agreed clearing system, as applicable, has informed the Issuer that it has or they have, as the case may be, ceased or will cease to act as the clearing system(s) in respect of the relevant permanent global Note. In order to make such request the holder must, not less than 45 days before the date on which delivery of definitive Bearer Notes is required, deposit the relevant permanent global Note with the relevant Paying Agent (as defined below) at its specified office outside the United States for the purposes of the Notes with the form of exchange notice endorsed thereon duly completed. No definitive Bearer Note will be delivered in or to the United States or to a United States person, except as specifically provided by applicable United States Treasury Regulations. In the event that the relevant permanent global Note is not, in the case of (i) or (ii) above, duly exchanged for definitive Bearer Notes then the terms of such permanent global Note provide for relevant account holders with Euroclear and CBL and any other agreed clearing system as applicable, to be able to enforce against the Issuer all rights which they would have had if they had been holding definitive Bearer Notes of the relevant value at the time of such event. Payments by the Issuer to the relevant account holders will be considered as payments to the relevant Noteholder and operate as full and final discharge to the Issuer in this respect.

Global Notes exchangeable for definitive Notes at the option of the Noteholders in circumstances other than in the limited circumstances, shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

If specified in the applicable Final Terms, and subject to the terms of the Fiscal Agency Agreement, definitive Bearer Notes (along with all unmatured coupons, and all matured coupons, if any, in default) will be exchangeable at the option of the holder into Registered Notes of any authorized denominations of like tenor and in an equal aggregate principal amount, in accordance with the provisions of the Fiscal Agency Agreement at the office of the relevant Registrar or at the office of any Transfer Agent outside the United States designated by the Issuer for such purpose. See "Registrar, Transfer Agents, Calculation Agent and Authenticating Agent" below. Definitive Bearer Notes surrendered in exchange for Registered Notes after the close of business at any such office (i) on or after any record date for the payment of interest (a "Regular Record Date") on a Registered Note on an Interest Payment Date (as defined below) and before the close of business at such office on the date prior to the relevant Interest Payment Date, or (ii) on or after any record date to be established for the payment of defaulted interest on a Registered Note ("Special Record Date") and before the opening of business at such office on the related proposed date for payment of defaulted interest, shall be surrendered without the coupon relating to such date for payment of interest. Definitive Bearer Notes will be exchangeable for definitive Bearer Notes in other authorized denominations, in an equal aggregate principal amount, in accordance with the provisions of the Fiscal Agency Agreement and at the offices of any Paying Agent outside the United States appointed by the Issuer for such purpose. See "Registrar, Transfer Agents, Calculation Agent and Authenticating Agent" below.

Registered Notes will be exchangeable for Registered Notes in other authorized denominations, in an equal aggregate principal amount upon surrender of any such Notes to be exchanged at the offices of the relevant Registrar or any transfer agent designated by the Issuer for such purpose. Registered Notes will not be exchangeable for Bearer Notes. Registered Notes may be presented for registration of transfer at the offices of the relevant Registrar or any transfer agent designated by the Issuer and for such purpose. See "Registrar, Transfer Agents, Calculation Agent and Authenticating Agent" below. No service charge will be made for any registration of transfer or exchange of Notes but the Issuer may require payment of a sum sufficient to cover any transfer taxes payable in connection therewith. Except as described above, Bearer Notes and any coupons appertaining thereto will be transferable by delivery. See "—Forms of Notes—Bearer Notes" above.

The Issuer shall not be required (i) to register the transfer of or exchange Notes to be redeemed for a period of fifteen calendar days preceding the first publication of the relevant notice of redemption, or if Registered Notes are outstanding and there is no publication, the mailing of the relevant notice of redemption, (ii) to register the transfer of or exchange any Registered Note selected for redemption or surrendered for optional repayment, in whole or in part, except the unredeemed or unpaid portion of any such Registered Note being redeemed or repaid, as the case may be, in part, (iii) to exchange any Bearer Note selected for redemption or surrendered for optional repayment, except that such Bearer Note may be exchanged for a Registered Note of like tenor, provided that such Registered Note shall be simultaneously surrendered for redemption or repayment, as the case may be, or (iv) to register transfer of or exchange any Notes surrendered for optional repayment, in whole or in part.

Payments and Paying Agents

Principal and premium, if any, and interest, if any, payable on a Bearer Note represented by a temporary global Note or any portion thereof in respect of an Interest Payment Date will be paid in the Specified Currency (unless otherwise specified in the applicable Final Terms) by the relevant Paying Agent to each of Euroclear and CBL, as the case may be, with respect to that portion of such temporary global Note held for its account (upon presentation to the Non-U.S. Paying Agent of the temporary global Note, if the temporary global Note is not issued in NGN form) and, in the case of a Note to which the TEFRA D Rules have been specified to apply, upon delivery of an Ownership Certificate signed by Euroclear or CBL, as the case may be, dated no earlier than such Interest Payment Date, which certificate must be based on Ownership Certificates provided to Euroclear or CBL, as the case may be, by its member organizations. Each of Euroclear and CBL, as the case may be, will in such circumstances credit any principal and interest received by it in respect of such temporary global Note or any portion thereof to the accounts of the beneficial owners thereof.

Principal and premium, if any, and interest, if any, payable on a Bearer Note represented by a permanent global Note in respect of an Interest Payment Date will be paid in the Specified Currency (unless otherwise specified in the applicable Final Terms) by the relevant Paying Agent to each of Euroclear and CBL, as the case may be, with respect to that portion of such permanent global Note held for its account (upon presentation to the Non-U.S. Paying Agent of the permanent global Note if the permanent global Note is not issued in NGN form). Each of Euroclear and CBL will in such circumstances credit any principal and interest received by it in respect of such permanent global Note to the respective accounts of the beneficial owners of such permanent global Note at maturity, redemption or repayment or on such Interest Payment Date, as the case may be. If a Registered Note is issued in exchange for a permanent global Note after the close of business at the office or agency where such exchange occurs (a) on or after any Regular Record Date and before the opening of business at such office or agency on the relevant Interest Payment Date, or (b) on or after any Special Record Date and before the opening of business at such office or agency on the related proposed date for payment of defaulted interest, any interest or defaulted interest, as the case may be, will not be payable on such Interest Payment Date or proposed date for payment, as the case may be, in respect of such Registered Note, but will be payable on such Interest Payment Date or proposed date for payment, as the case may be, only to Euroclear and CBL, and Euroclear and CBL will in such circumstances credit any such interest to the account of the beneficial owner of such permanent global Note on such Regular Record Date or Special Record Date, as the case may be. Payment of principal and of premium, if any, and any interest due at maturity, redemption or repayment (in the event, with respect to payment of interest, that any such maturity date or redemption or repayment date is other than an Interest Payment Date) in respect of any permanent global Note will be made to Euroclear and CBL in immediately available funds.

Payments of principal and of premium, if any, and interest on definitive Bearer Notes will be made in immediately available funds in the Specified Currency (unless otherwise specified in the applicable Final Terms), subject to any applicable laws and regulations, only against presentation and surrender of such Note and any coupons at the offices of a Paying Agent outside the United States or, at the option of the holder, by wire transfer of immediately available funds to an account maintained by the payee with a bank located outside the United States if appropriate wire instructions have been received by a Paying Agent not less than 10 calendar days prior to an applicable payment date. No payment with respect to any Bearer Note will be made at any office or agency of the Issuer in the United States or by wire transfer to an account maintained with a bank located in the United States, except as may be permitted under United States federal tax laws and regulations then in effect. Notwithstanding the foregoing, payments of principal and of premium, if any, and interest on Bearer Notes denominated and payable in U.S. Dollars will be made at the office of the paying agent of the Issuer, in the Borough of Manhattan, The City of New York, if and only if (i) payment of the full amount thereof in U.S. Dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (ii) such paying agent in the Borough of Manhattan, The City of New York, under applicable law and regulations, would be able to make such payment.

Payment of principal and of premium, if any, and interest on Registered Notes at maturity or upon redemption or repayment will be made in immediately available funds in the Specified Currency (unless otherwise specified in the applicable Final Terms) against presentation of such Note at the office of the relevant Paying Agent. Payment of interest on Registered Notes will be made to the person in whose name such Note is registered at the close of business on the Regular Record Date next preceding the Interest Payment Date by wire transfer to an account selected by the person entitled thereto if appropriate wire instructions have been received by the relevant Paying Agent not less than 10 calendar days prior to the applicable payment date; provided, however, that (i) if the Issuer fails to pay such interest on such Interest Payment Date, such defaulted interest will be paid to the person in whose name such Note is registered at the close of business on the Special Record Date and (ii) interest payable at maturity, redemption or repayment will be payable to the person to whom principal shall be payable. The first payment of interest on any Registered Note originally issued between a Regular Record Date and an Interest Payment Date will be made on the Interest Payment Date following the next succeeding Regular Record Date to the registered owner on such next Regular Record Date. Interest rates and interest rate formulae are subject to change by the Issuer from time to time but no such change will affect any Note theretofore issued. Unless otherwise specified in the applicable Final Terms, the Interest Payment Dates and the Regular Record Dates for Fixed Rate Notes shall be as described below under “Fixed Rate Notes.” The Interest Payment Dates for Floating Rate Notes shall be as indicated in the applicable Final Terms and in such Note, and, unless otherwise specified in the applicable Final Terms, each Regular Record Date for a Registered Floating Rate Note will be the calendar day (whether or not a Business Day) next preceding each Interest Payment Date.

Payments of principal, interest and any other amount in respect of the Registered Notes will, in the absence of provision to the contrary, be made to the person shown on the Register on the relevant Record Date (as defined below) as the registered holder of the Registered Notes. None of the Issuer, any Paying and Transfer Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Payments in respect of Registered Notes represented by Global Notes shall be made to the person shown on the Register at the close of business on the first Business Day prior to the Entitlement date (the “Record Date”). For definitive Notes, the Record Date shall be considered as the close of business on the fifteenth Business Day before the Entitlement date.

Pursuant to the Fiscal Agency Agreement, the Issuer has initially designated Citibank, N.A., London Branch as its non-U.S. Paying agent (in such capacity, and including any successor non-U.S. paying agent appointed thereunder, the “Non-U.S. Paying Agent”) and Citibank, N.A., London Branch as its U.S. paying agent for Notes sold within the United States, (in such capacity and including any successor U.S. paying agent appointed thereunder, the “U.S. Paying Agent,” and together with the Non-U.S. Paying Agent and any other paying agents appointed by the Issuer, the “Paying Agents”). So long as any Notes are listed and/or admitted to trading on or by any stock exchange, competent authority and/or market, there will at all times be a Paying Agent with a specified office in each location, if any, required by the rules and regulations of the relevant stock exchange(s), competent authority (ies) and/or market(s) on or by which such Notes are listed and/or admitted to trading. So long as any Notes are listed and/or admitted to trading on or by any stock exchange, competent authority and/or market and the rules of such exchange, competent authority and/or market so require, the Issuer will notify the holders of its Notes in the manner specified under “Notices” below in the event that the Issuer appoints a Paying Agent with respect to such Notes other than the Paying Agents designated as such in this Prospectus or in the applicable Final Terms.

All moneys paid by the Issuer to any Paying Agent for the payment of any amounts payable on any Notes which remain unclaimed at the end of three years after such amounts shall have become due and payable shall be repaid to the Issuer and the holders of the Notes shall thereafter look only to the Issuer for payment. The Notes shall become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

“Entitlement” is defined to include any distribution of cash or securities, being the payment due date, as determined by the issue specific terms, for cash or the settlement date for securities.

“Relevant Date” means the date on which such payment first becomes due, except that, if the full amount of moneys payable has not been duly received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the holders of the Notes as described under “Notices” below.

Registrar, Transfer Agents, Calculation Agent and Authenticating Agent

Pursuant to the Fiscal Agency Agreement, the Issuer has initially designated Citibank, N.A., London Branch as U.S. registrar in respect of the Rule 144A Global Notes and also the Regulation S Global Notes which are deposited with a custodian for, and registered in the name of a nominee of, DTC (in such capacity and including any successor U.S. registrar appointed thereunder, the "U.S. Registrar"). Additionally, the Issuer has initially designated Citibank, N.A., London Branch, as non-U.S. registrar in respect of the Regulation S Global Notes which are deposited with a common depositary for, and registered in the name of a common nominee of Euroclear, Clearstream or any other clearing system (in such capacity and including any successor non-U.S. registrar appointed thereunder, the "non-U.S. Registrar," and, together with the U.S. Registrar and any other registrar appointed by the Issuer, the "Registrars"). The Issuer has initially designated Citibank, N.A., London Branch as non-U.S. transfer agent in respect of the Notes (in such capacity and including any successor non-U.S. transfer agent appointed thereunder, the "Non-U.S. Transfer Agent"). Additionally, the Issuer has initially designated Citibank, N.A., London Branch as U.S. transfer agent in respect of the Notes (in such capacity and including any successor U.S. transfer agent in respect of the Notes, the "U.S. Transfer Agent" and, together with the Non-U.S. Transfer Agent and any other transfer agent appointed by the Issuer, the "Transfer Agents"). For so long as any Notes are listed and/or admitted to trading on or by any stock exchange, competent authority and/or market, the Issuer will maintain a Transfer Agent with a specified office in each location required by the rules and regulations of the relevant stock exchange, competent authority and/or market. Any initial designation by the Issuer of the Registrar or a Transfer Agent may be rescinded at any time. The Issuer may at any time designate additional Transfer Agents with respect to the Notes. So long as any Notes are listed and/or admitted to trading on or by any stock exchange, competent authority and/or market and the rules of such exchange, competent authority and/or market so require, the Issuer will notify the holders of its Notes in the manner specified under "Notices" below in the event that the Issuer appoints a Registrar or Transfer Agent with respect to such Notes other than the Registrar and Transfer Agents designated as such in this Prospectus or in the applicable Final Terms.

Pursuant to the Fiscal Agency Agreement and unless otherwise specified in the applicable Final Terms, the Issuer has also initially designated (i) Citibank, N.A., London Branch as calculation agent in respect of the Notes (in such capacity and including any successor calculation agent appointed thereunder, the "Calculation Agent"), and (ii) Citibank, N.A., London Branch as U.S. authenticating agent in respect of the Rule 144A Global Notes and also the Regulation S Global Notes which are deposited with a custodian for, and registered in the name of a nominee of, DTC (in such capacity and including any successor U.S. authenticating agent appointed thereunder, the "U.S. Authenticating Agent").

Optional Redemption

Each applicable Final Terms will indicate either that the relevant Tranche of Notes of a Series cannot be redeemed prior to maturity (other than as provided under "—Redemption Prior to Maturity Solely for Taxation Reasons" below) or that the Notes will be redeemable at the option of the Issuer, and such Final Terms shall specify the price at which such Notes are to be redeemed (which price shall in no event be less than 100% of the outstanding principal amount of the Notes to be redeemed), including, but not limited to, any USD Make Whole Amount or Non-USD Make Whole Amount, in each case as defined below (the "Optional Redemption Price") and the relevant date upon which such Notes will be so redeemed (each such date, an "Issuer Optional Redemption Date"); provided, however, that Notes denominated in currencies other than U.S. Dollars may be subject to different restrictions on redemption as set forth under "Special Provisions Relating to Foreign Currency Notes—Minimum Denominations, Restrictions on Maturities, Repayment and Redemption" herein. Notice of any redemption to holders of Bearer Notes shall be published as described under "Notices" below once in each of three successive calendar weeks, the first publication to be not less than 30 nor more than 60 calendar days prior to the Issuer Optional Redemption Date. Notice of any redemption to holders of Registered Notes shall be provided as described under "Notices" below at least 10 and not more than 60 calendar days prior to the Issuer Optional Redemption Date.

Optional Redemption by Issuer in Foreign Currency

The "Non-USD Make Whole Amount" per Note shall be an amount equal to the greater of (i) 100% of the principal amount of the Notes and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Benchmark Yield plus an amount of basis points to be specified in the applicable Final Terms, plus, in each case, accrued interest thereon to the date of redemption and any Additional Amounts payable with respect thereto. The "Benchmark Yield" shall be the yield to maturity at the Redemption Calculation Date of a benchmark security selected by the Issuer with a constant maturity (as compiled and published in a publicly available source of market data selected by the Issuer) most nearly equal to the period from the Issuer Optional Redemption Date to the Maturity Date; provided, however, that if the period from the Issuer Optional Redemption Date to the Maturity Date is not equal to the constant maturity of such benchmark security for which a weekly average yield is given, the Benchmark Yield shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of such benchmark security for which such yields are given, except that if the period from the Issuer Optional Redemption Date to the Maturity Date is less than one year, the weekly average yield on such actually traded benchmark security adjusted to a constant maturity of one year shall be used. "Redemption Calculation Date" means the sixth Business Day prior to the date on which the Notes are redeemed pursuant to this section.

Optional Redemption by Issuer in USD

The "USD Make Whole Amount" per Note shall be an amount equal to the greater of (i) 100% of the principal amount of the Notes and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus an amount of basis points to be specified in the applicable Final Terms, plus, in each case, accrued interest thereon to the date of redemption and any Additional Amounts payable with respect thereto.

On and after the redemption date, interest on the Notes or any portion of the Notes called for redemption will cease to accrue (unless the Issuer defaults in the payment of the redemption price and accrued interest). On or before the redemption date, the Issuer will deposit with the relevant Paying Agent funds sufficient to pay the redemption price and accrued interest, through the redemption date, on the Notes subject to redemption. If the redemption date falls after a record date but on or prior to the corresponding interest payment date, the Issuer will pay accrued interest to the holder of record on the corresponding record date, which may or may not be the person who will receive payment of the redemption price (which will exclude such accrued interest). If less than all the Notes are to be redeemed, the Notes to be redeemed that are not held through DTC will be selected by the relevant Paying Agent by lot pro rata, or by such other method as the relevant Paying Agent shall deem fair and appropriate, and the Notes to be redeemed that are held through DTC will be selected by DTC in accordance with its procedures.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of the Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (A) the average, as calculated by the Issuer, of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Issuer obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Issuer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Issuer, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Reference Treasury Dealer" means each of the Dealers specified in the applicable Final Terms, or their respective affiliates or successors which are primary U.S. government securities Dealers, and no less than two other leading primary U.S. government securities Dealers in the City of New York reasonably designated by the Issuer; provided, however, that if any of the foregoing or their affiliates shall cease to be a primary U.S. government securities dealer in the City of New York (a "Primary Treasury Dealer"), the Issuer shall substitute therefor another Primary Treasury Dealer.

Repurchase

The Issuer may at any time purchase Notes at any price in the open market or otherwise.

Redemption Prior to Maturity Solely for Taxation Reasons

The Issuer may, at its election, subject to applicable Peruvian law, redeem any Series of Notes in whole, but not in part, upon giving not less than 30 nor more than 60 days' notice to the holders of the Notes of such Series, at their principal amount, plus Additional Amounts (as defined in "—Payment of Additional Amounts"), if any, together with any accrued and unpaid interest to the date fixed for redemption, if:

(i) as a result of a Change in Tax Law, as defined below, the Issuer has or will become obligated to pay or will be liable for Additional Amounts in respect of such Series of Notes in excess of the gross amount of Additional Amounts payable in respect of such Series of Notes prior to any Change in Tax Law; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it (such measures not involving any material cost to the Issuer or the incurring by the Issuer of any other tax or penalty). For the avoidance of doubt, reasonable measures shall include a change in the jurisdiction of the paying agent(s).

Such redemption will be permitted so long as the Issuer determines that: (i) it is not prohibited by Peruvian laws or Peruvian Central Bank regulations and (ii) it does not cause the Issuer to incur increased mandatory reserve requirements (*encaje*).

"Change in Tax Law" means (a) any change in or amendment (including any announced prospective change) to the laws, treaties or regulations of any Relevant Taxing Jurisdiction (as defined below) or any political subdivision or governmental authority thereof or (b) any judicial decision, official administrative announcement or regulatory procedure of any Relevant Taxing Jurisdiction (each an "Administrative Action"), or (c) any amendment to or change in the official position or the official interpretation of such Administrative Action that provides for a position with respect to such Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body having appropriate jurisdiction, irrespective of the manner in which such amendment or change is made known, which amendment or change is effective or such pronouncement or decision is announced, in respect of Peru, on or after the date of issuance of the Notes, and in respect of any other Relevant Taxing Jurisdiction, on or after the date such jurisdiction becomes a Relevant Taxing Jurisdiction.

Before giving notice of redemption, the Issuer shall deliver to the Fiscal and Paying Agent and any other relevant Paying Agent an officers' certificate stating that the Issuer is entitled to effect such redemption in accordance with the terms set forth in the Fiscal Agency Agreement and setting forth in reasonable detail a statement of the facts relating thereto.

Interest and Interest Rates

General

Each Note will bear interest at either:

(a) a fixed rate; or

(b) a floating rate determined by reference to an interest rate basis, which may be adjusted by a Spread and/or Spread Multiplier (as defined below). Any Floating Rate Note may also have either or both of the following:

(i) a maximum interest rate limitation, or ceiling, on the rate at which interest may accrue during any interest period; and

(ii) a minimum interest rate limitation, or floor, on the rate at which interest may accrue during any interest period, provided that if no minimum interest rate is specified or if the Final Terms indicate that the minimum interest rate is "not applicable," then the minimum interest rate shall be zero.

The applicable Final Terms will designate:

(a) a fixed rate per annum, in which case such Notes will be "Fixed Rate Notes;" or

(b) one or more of the following interest rate bases as applicable to such Notes, in which case such Notes will be "Floating Rate Notes:"

(i) the CD Rate, in which case such Notes will be "CD Rate Notes;"

(ii) the Commercial Paper Rate, in which case such Notes will be "Commercial Paper Rate Notes;"

(iii) the Eleventh District Cost of Funds Rate, in which case such Notes will be "Eleventh District Cost of Funds Rate Notes;"

(iv) the Federal Funds Rate, in which case such Notes will be "Federal Funds Rate Notes;"

(v) LIBOR, in which case such Notes will be "LIBOR Notes;"

(vi) EURIBOR, in which case such Notes will be "EURIBOR Notes;"

(vii) the Treasury Rate, in which case such Notes will be "Treasury Rate Notes;"

(viii) the Prime Rate, in which case such Notes will be "Prime Rate Notes;" or

(ix) such other interest rate basis or formula as is set forth in such Final Terms.

Each Note will bear interest from its date of issue or from the most recent date to which interest on such Note has been paid or duly provided for, at the annual rate, or at a rate determined pursuant to an interest rate formula, stated herein. Interest will accrue on a Note until the principal thereof is paid or made available for payment.

Interest will be payable on each Interest Payment Date and at maturity or on redemption or repayment, if any, except for:

(a) certain Original Issue Discount Notes; and

(b) Notes originally issued between a Regular Record Date and an Interest Payment Date.

The first payment of interest on any Registered Note originally issued between a Regular Record Date and an Interest Payment Date will be made on the Interest Payment Date following the next succeeding Regular Record Date. Such interest will be payable by the Issuer to the registered owner on such next Regular Record Date.

Interest will be payable on a Registered Note on each Interest Payment Date to the person in whose name such Note is registered at the close of business on the Regular Record Date next preceding the Interest Payment Date; provided, however, that:

(a) if the Issuer fails to pay such interest on such Interest Payment Date, such defaulted interest will be paid to the person in whose name such Registered Note is registered at the close of business on the record date to be established for the payment of defaulted interest; and

(b) interest payable at maturity, redemption or repayment will be payable to the person to whom principal shall be payable.

Unless otherwise specified in the applicable Final Terms:

(a) for Fixed Rate Notes, the Interest Payment Dates and any Regular Record Dates shall be as described below under "Fixed Rate Notes;" and

(b) for Floating Rate Notes:

(i) the Interest Payment Dates shall be as indicated in the applicable Final Terms and in such Note; and

(ii) any Regular Record Date will be the calendar day (whether or not a Business Day) next preceding each Interest Payment Date.

"LIBOR" means the London Inter-bank Offered Rate for deposits in a specified currency.

"Spread" means the number of basis points expressed as a percentage (one basis point equals one-hundredth of a percentage point) that the Calculation Agent will add or subtract from the related Interest Rate Basis or Bases applicable to a Floating Rate Note.

"Spread Multiplier" means the percentage of the related Interest Rate Basis or Bases applicable to a Floating Rate Note by which the Calculation Agent will multiply such Interest Rate Basis or Bases to determine the applicable interest rate on such Floating Rate Note.

Fixed Rate Notes

General. Each Fixed Rate Note will bear interest at the annual rate specified in the Note and in the applicable Final Terms (the "Fixed Rate of Interest"). Interest on the Fixed Rate Notes will be paid on the dates specified in the applicable Final Terms (each, a "Fixed Interest Payment Date"). The Regular Record Dates for Fixed Rate Notes in registered form will be on the dates specified in the applicable Final Terms. In the event that any Fixed Interest Payment Date or Maturity Date for any Fixed Rate Note is not a Business Day, interest on such Fixed Rate Note will be paid on the next succeeding Business Day without additional interest. If interest is required to be calculated for a period other than a Fixed Interest Period (as defined below), such interest shall be calculated by applying the Fixed Rate of Interest to each specified denomination of the Notes of such Series, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards, or otherwise in accordance with applicable market convention.

Day Count Fraction. Unless otherwise indicated in the applicable Final Terms, "Fixed Day Count Fraction" means:

(1) in the case of Notes denominated in a currency other than U.S. Dollars, "Actual/Actual (ICMA)," meaning:

(a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Fixed Interest Payment Date (or, if none, the interest commencement date (the "Interest Commencement Date") (as specified in the applicable Final Terms)) to (but excluding) the relevant payment date (the "Calculation Period") is equal to or shorter than the Determination Period (as defined below) during which the Calculation Period ends, the number of days in such Calculation Period divided by the product of (1) the number of days in such Determination Period and (2) the number of determination dates (each, a "Determination Date") (as specified in the applicable Final Terms) that would occur in one calendar year; or

(b) in the case of Notes where the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:

(i) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

(ii) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) in the case of Notes denominated in U.S. Dollars "30/360," meaning the number of days in the period from and including the most recent Fixed Interest Payment Date (or, if none, the Interest Commencement Date (as specified in the applicable Final Terms)) to but excluding the relevant payment date (such number of days being calculated on the basis of a year of 360 days with twelve 30-day months) divided by 360.

Where:

"Determination Period" means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date (as specified in the applicable Final Terms) or the final Fixed Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

"Fixed Interest Period" means the period from (and including) a Fixed Interest Payment Date (or, if none, the Interest Commencement Date (as specified in the applicable Final Terms)) to (but excluding) the next (or first) Fixed Interest Payment Date.

"sub-unit" means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euro, means one cent.

Floating Rate Notes

General. Floating Rate Notes generally will be issued as described below. Each applicable Final Terms will specify the following terms with respect to which such Floating Rate Note is being delivered:

(a) whether such Floating Rate Note is a Regular Floating Rate Note, a Floating Rate/Fixed Rate Note or an Inverse Floating Rate Note, each as defined below;

(b) the Interest Rate Basis or Bases, Initial Interest Rate, Interest Reset Dates, Interest Reset Period, Regular Record Dates (if any) and Interest Payment Dates;

(c) the Index Maturity;

(d) the Spread and/or Spread Multiplier, if any;

(e) the maximum interest rate and minimum interest rate, if any (provided that if no minimum interest rate is specified or if the Final Terms indicate that the minimum interest rate is "not applicable," then the minimum interest rate shall be zero); and

(f) the Designated LIBOR Currency, if one or more of the specified Interest Rate Bases is LIBOR.

The Issuer may change the Spread, Spread Multiplier, Index Maturity and other variable terms of the Floating Rate Notes from time to time. However, no such change will affect any Floating Rate Note previously issued or as to which an offer has been accepted by the Issuer.

The interest rate in effect on each day shall be:

(a) if such day is an Interest Reset Date, the interest rate determined on the Interest Determination Date immediately preceding such Interest Reset Date; or

(b) if such day is not an Interest Reset Date, the interest rate determined on the Interest Determination Date immediately preceding the next preceding Interest Reset Date.

Regular Floating Rate Note; Floating Rate/Fixed Rate Note; Inverse Floating Rate Note

The Interest Rate Basis applicable to each Regular Floating Rate Note, Floating Rate/Fixed Rate Note and Inverse Floating Rate Note may be subject to a Spread or Spread Multiplier, provided that the interest rate on an Inverse Floating Rate Note will not be less than zero.

Regular Floating Rate Note. A Regular Floating Rate Note will bear interest at the rate determined by reference to the applicable Interest Rate Basis. The rate at which interest shall be payable shall be reset as of each Interest Reset Date commencing on the Initial Interest Reset Date. However:

(a) the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date will be the Initial Interest Rate; and

(b) the interest rate in effect for the ten calendar days immediately prior to a Maturity Date shall be that in effect on the tenth calendar day preceding such Maturity Date, unless otherwise specified in the applicable Final Terms.

Floating Rate/Fixed Rate Note. A Floating Rate/Fixed Rate Note will initially bear interest at the rate determined by reference to the applicable Interest Rate Basis. The rate at which interest shall be payable shall be reset as of each Interest Reset Date commencing on the Initial Interest Reset Date. However:

(a) the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date will be the Initial Interest Rate;

(b) the interest rate in effect for the 10 calendar days immediately prior to the fixed rate commencement date shall be that in effect on the tenth calendar day preceding the fixed rate commencement date, unless otherwise specified in the applicable Final Terms; and

(c) the interest rate in effect commencing on, and including, the fixed rate commencement date to the Maturity Date shall be the Fixed Interest Rate, if such rate is specified in the applicable Final Terms, or if no such Fixed Interest Rate is so specified and the Floating Rate/Fixed Rate Note is still outstanding on such day, the interest rate in effect thereon on the day immediately preceding the fixed rate commencement date.

Inverse Floating Rate Note. An Inverse Floating Rate Note will bear interest equal to the Fixed Interest Rate specified in the related Final Terms minus the rate determined by reference to the Interest Rate Basis. The rate at which interest is payable shall be reset as of each Interest Reset Date commencing on the Initial Interest Reset Date. However:

(a) the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date will be the Initial Interest Rate; and

(b) the interest rate in effect for the ten calendar days immediately prior to a Maturity Date shall be that in effect on the tenth calendar day preceding such Maturity Date, unless otherwise specified in the applicable Final Terms.

Interest Rate Bases

Each Floating Rate Note will have one or more of the following interest rate bases, as specified in the Final Terms:

(a) the CD Rate;

(b) the Commercial Paper Rate;

(c) the Eleventh District Cost of Funds Rate;

(d) the Federal Funds Rate;

(e) LIBOR;

(f) EURIBOR;

(g) the Treasury Rate;

(h) the Prime Rate;

(i) the lowest of two or more Interest Rate Bases; or

(j) such other rate specified in the applicable Final Terms.

Date of Interest Rate Change

The interest rate on each Floating Rate Note may be reset daily, weekly, monthly, quarterly, semi-annually or annually, as specified in the applicable Final Terms (this period is the "Interest Reset Period" and the first day of each Interest Reset Period is the "Interest Reset Date").

If an Interest Reset Date for any Floating Rate Note falls on a day that is not a Business Day, it will be postponed to the following Business Day, except that if that Business Day is in the next calendar month, the Interest Reset Date will be the immediately preceding Business Day.

How Interest Is Calculated

General. Unless otherwise specified in the applicable Final Terms, the Calculation Agent will be the calculation agent for each Series of Floating Rate Notes. Floating Rate Notes will accrue interest from and including the original issue date or the last date to which the Issuer has paid or provided for interest, to but excluding the applicable Interest Payment Date, as described below, or the Maturity Date, as the case may be. However, in the case of Registered Notes that are Floating Rate Notes on which the interest rate is reset daily or weekly, each interest payment will include interest accrued from and including the date of issue or from but excluding the last Regular Record Date on which, unless otherwise specified in the applicable Final Terms, interest has been paid, through and including the Regular Record Date next preceding the applicable Interest Payment Date, and provided further that the interest payments on Floating Rate Notes made on the Maturity Date will include interest accrued to but excluding such Maturity Date.

Day Count Fraction. The amount of interest (the "Interest Amount") payable on any Series of Floating Rate Notes shall be calculated with respect to each specified denomination of such Floating Rate Notes of such Series for the relevant Interest Reset Period. Each Interest Amount shall be calculated by applying the relevant Interest Rate Basis, Spread and/or Spread Multiplier to each specified denomination and multiplying such sum by the applicable Floating Day Count Fraction.

"Floating Day Count Fraction" means, in respect of the calculation of the Interest Amount for any Interest Reset Period:

if "Actual/Actual" or "Actual/Actual (ISDA)" is specified in the applicable Final Terms, the actual number of days in the Interest Reset Period divided by 365 (or, if any portion of that Interest Reset Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Reset Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Reset Period falling in a non-leap year divided by 365);

(a) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Reset Period divided by 365;

(b) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Reset Period divided by 360;

(c) if "30/360," "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Reset Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Reset Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Reset Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Reset Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Reset Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Reset Period, unless such number is 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Reset Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(d) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Reset Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Reset Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Reset Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Reset Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Reset Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Reset Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Reset Period, unless such number would be 31, in which case D2 will be 30; and

(e) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Reset Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Reset Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Reset Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Reset Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Reset Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Reset Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Reset Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

Unless otherwise specified in the applicable Final Terms, the Day Count Fraction in respect of the calculation of the Interest Amount on any Floating Rate Note will (a) in the case of a Note denominated in U.S. Dollars be Actual/360 or (b) in the case of a Note denominated in any other Specified Currency, be Actual/Actual. Notes for which the interest rate may be calculated with reference to two or more Interest Rate Bases will be calculated in each period by selecting one such Interest Rate Basis for such period. For these calculations, the interest rate in effect on any Interest Reset Date will be the new reset rate.

The Calculation Agent will round all percentages resulting from any calculation of the rate of interest on a Floating Rate Note, to the nearest 1/100,000 of 1% (0.0000001), with five one-millionths of a percentage point rounded upward (e.g. 9.876545% (or 0.09876545) would be rounded to 9.87655% (or 0.0987655)) and the Calculation Agent will round all currency amounts used in or resulting from any calculation to the nearest one-hundredth of a unit (with 0.005 of a unit being rounded upward).

The Calculation Agent will promptly, and no later than the fourth Business Day, notify the Fiscal Agent and the Issuer of each determination of the interest rate. The Calculation Agent will also notify the relevant stock exchange, competent authority and/or market (in the case of Notes that are listed or admitted to trading on or by a stock exchange, competent authority and/or market) and the relevant Paying Agents of the interest rate, the interest amount, the interest period and the Interest Payment Date related to each Interest Reset Date as soon as such information is available, and no later than the first Business Day of the interest period. The relevant Paying Agents will make such information available to the holders of Notes. The Fiscal Agent will, upon the request of the holder of any Floating Rate Note, provide the interest rate then in effect and, if determined, the interest rate which will become effective as a result of a determination made with respect to the most recent Interest Determination Date relating to such Note.

So long as any Notes are listed on or by any exchange, competent authority and/or market and the rules of such exchange(s), competent authority(ies) and/or market(s) so require, the Issuer shall maintain a calculation agent for the Notes, and the Issuer will notify the holders of its Notes in the manner specified under “Notices” below in the event that the Issuer appoints a calculation agent with respect to such Notes other than the Calculation Agent or the calculation agent designated as such in the applicable Final Terms.

When Interest Is Paid

The Issuer will pay interest on Floating Rate Notes on the dates specified in the applicable Final Terms. Each such date upon which the Issuer is required to pay interest is an “Interest Payment Date.” The Issuer will also pay interest on the relevant Floating Rate Notes at the Maturity Date.

If an Interest Payment Date (other than the Maturity Date) for a Floating Rate Note falls on a day that is not a Business Day, the Issuer will postpone payment of interest to the following Business Day at which time the Issuer will pay additional interest that has accrued up to but excluding such following Business Day, except that if that Business Day would fall in the next calendar month, the Interest Payment Date will be the immediately preceding Business Day.

If the Maturity Date for a Floating Rate Note falls on a day that is not a Business Day, the Issuer will make the payment on the next Business Day, without additional interest.

Date of Interest Rate Determination

The interest rate for each Interest Reset Period commencing on the Interest Reset Date will be the rate determined on the relevant Interest Determination Date for such Interest Reset Date for the relevant type of Floating Rate Note, as set forth in the applicable Final Terms.

Types of Floating Rate Notes

CD Rate Notes

Each CD Rate Note will bear interest at a specified rate that will be reset periodically based on the CD Rate and any Spread and/or Spread Multiplier.

"CD Rate" means, with respect to any Interest Determination Date, the rate on that Interest Determination Date for negotiable certificates of deposit having the specified Index Maturity as published in H.15(519) under the heading "CDs (secondary market)."

The following procedures will apply if the rate cannot be set as described above:

(a) If the rate is not published in H.15(519) prior to 3:00 p.m., New York City time, on the Interest Determination Date, then the CD Rate will be the rate for negotiable certificates of deposit having the specified Index Maturity as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "CDs (secondary market)."

(b) If the rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the Interest Determination Date, the CD Rate will be the average of the secondary market offered rates, as of 10:00 a.m., New York City time, of three leading non-bank dealers of negotiable U.S. Dollar certificates of deposit in The City of New York selected by the Issuer for negotiable certificates of deposit of major money market banks with a remaining maturity closest to the specified Index Maturity in a denomination of U.S.$5,000,000.

(c) If fewer than three dealers are providing quotes, the rate will be the same as the rate used in the prior interest period.

"H.15(519)" means the publication entitled "Statistical Release H.15(519), Selected Interest Rates," or any successor publication published by the Federal Reserve.

"H.15 Daily Update" means the daily update of H.15(519), available through the web site of the Federal Reserve at http://www.federalreserve.gov/releases/h15/update/default.htm, or any successor service.

Commercial Paper Rate Notes

Each Commercial Paper Rate Note will bear interest at a specified rate that will be reset periodically based on the Commercial Paper Rate and any Spread and/or Spread Multiplier.

"Commercial Paper Rate" means, with respect to any Interest Determination Date, the Money Market Yield of the rate on that Interest Determination Date for commercial paper having the specified Index Maturity as published in H.15(519) under the heading "Commercial Paper Nonfinancial."

The following procedures will apply if the rate cannot be set as described above:

(a) If the rate is not published in H.15(519) prior to 3:00 p.m., New York City time, on the Interest Determination Date, then the Commercial Paper Rate will be the Money Market Yield of the rate for commercial paper having the specified Index Maturity as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Commercial Paper Nonfinancial."

(b) If the rate is not published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the Interest Determination Date, the Commercial Paper Rate will be the Money Market Yield of the average for the offered rates, as of 11:00 a.m., New York City time, on that Interest Determination Date, of three leading dealers of commercial paper in The City of New York selected by the Issuer for commercial paper having the specified Index Maturity placed for an industrial issuer whose bond rating is "AA", or the equivalent, by a nationally recognized rating agency.

(c) If fewer than three dealers are providing quotes, the rate will be the same as the rate used in the prior interest period.

"Money Market Yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the period for which interest is being calculated.

Eleventh District Cost of Funds Rate Notes

Each Eleventh District Cost of Funds Rate Note will bear interest at a specified rate that will be reset periodically based on the Eleventh District Cost of Funds Rate and any Spread and/or Spread Multiplier.

"Eleventh District Cost of Funds Rate" means, with respect to any Interest Determination Date, the rate equal to the monthly weighted average cost of funds for the calendar month preceding such Interest Determination Date as set forth under the caption "11th District" on Reuters Screen COFI/ARMS (or such other page as is specified in the applicable Final Terms) as of 11:00 a.m. San Francisco time, on such Interest Determination Date.

The following procedures will apply if the rate cannot be set as described above:

(a) If such rate does not appear on Reuters Screen COFI/ARMS, the Eleventh District Cost of Funds Rate shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced by the Federal Home Loan Bank of San Francisco as such cost of funds for the calendar month preceding the date of such announcement.

(b) If the Federal Home Loan Bank of San Francisco fails to announce such rate for the calendar month next preceding such Interest Determination Date, then the Eleventh District Cost of Funds Rate will be the same as the rate used in the prior interest period.

Federal Funds Rate Notes

Each Federal Funds Rate Note will bear interest at a specified rate that will be reset periodically based on the Federal Funds Rate and any Spread and/or Spread Multiplier.

"Federal Funds Rate" means, with respect to any Interest Determination Date unless otherwise specified in any applicable Final Terms, the rate on specified dates for federal funds published in H.15(519) prior to 11:00 a.m., New York City time, under the heading "Federal Funds Effective," as such rate is displayed on Reuters Screen FEDFUNDS1 Page (or any such other page as specified in the applicable Final Terms).

The following procedures will apply if the rate cannot be set as described above:

(a) If the rate does not appear on Reuters Screen FEDFUNDS1 Page (or any other pages as may replace such pages on such service) or is not published in H.15(519) prior to 11:00 a.m., New York City time, on the Interest Determination Date, then the Federal Funds Rate will be the rate on such Interest Determination Date published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Federal Funds (Effective)."

(b) If the rate does not appear on Reuters Screen FEDFUNDS1 Page (or any other pages as may replace such pages on such service) or is not published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the Interest Determination Date, the Federal Funds Rate will be the average of the rates, as of 11:00 a.m., New York City time, on that Interest Determination Date, for the last transaction in overnight federal funds arranged by three leading brokers of federal funds transactions in The City of New York selected by the Issuer.

(c) If fewer than three brokers are providing quotes, the rate will be the same as the rate used in the prior interest period.

LIBOR Notes

Each LIBOR Note will bear interest at a specified rate that will be reset periodically based on LIBOR and any Spread and/or Spread Multiplier.

The Calculation Agent will determine LIBOR on each Interest Determination Date as follows:

(a) With respect to any Interest Determination Date, LIBOR will be generally determined as either:

(i) If at least two offered rates appear on the Designated LIBOR Page, the average of the offered rates for deposits in the Designated LIBOR Currency having the specified Index Maturity beginning on the relevant Interest Reset Date, that appear on the Designated LIBOR Page as of 11:00 a.m., London time, on that Interest Determination Date; or

(ii) If fewer than two offered rates appear on the Designated LIBOR Page, the rate for deposits in the London interbank market in the Designated LIBOR Currency having the specified Index Maturity beginning on the relevant Interest Reset Date, that appears on the Designated LIBOR Page as of 11:00 a.m., London time, on that Interest Determination Date.

(iii) If no rate appears on the Designated LIBOR Page, LIBOR for that Interest Determination Date will be determined based on the rates on that Interest Determination Date at approximately 11:00 a.m., London time, at which deposits on that date in the Designated LIBOR Currency for the period of the specified Index Maturity beginning on the relevant Interest Reset Date are offered to prime banks in the London interbank market by four major banks in that market selected by the Issuer and in a Representative Amount. The Calculation Agent will request the principal London office of each of these banks to quote its rate. If the Calculation Agent receives at least two quotations, LIBOR will be the average of those quotations.

(b) If the Calculation Agent receives fewer than two quotations, LIBOR will be the average of the rates quoted at approximately 11:00 a.m., New York City time, on the Interest Determination Date by three major banks in the principal financial center selected by the Issuer. The rates will be for loans in the Designated LIBOR Currency to leading European banks having the specified Index Maturity beginning on the relevant Interest Reset Date and in a Representative Amount.

(c) If fewer than three major banks provide quotes as described in clause (b) above, then LIBOR for such interest period will be the same as LIBOR for the immediately preceding interest period.

(d) If LIBOR has been permanently discontinued, the Calculation Agent will use, solely at the prior written direction of the Issuer with no obligation to verify, review or confirm such directions and with no liability for following such directions, as a substitute for LIBOR and for each future Interest Determination Date, the alternative reference rate selected by the central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof) that is consistent with accepted market practice (the "Alternative Rate"). As part of such substitution, the Calculation Agent will, solely at the prior written direction of the Issuer with no obligation to verify, review or confirm such directions and with no liability for following such directions, make such adjustments to the Alternative Rate or the spread thereon, as well as the business day convention, Interest Determination Dates and related provisions and definitions ("Adjustments"), in each case that are consistent with accepted market practice for the use of such Alternative Rate for debt obligations such as the notes. If the Issuer determines there is no clear market consensus as to whether any rate has replaced LIBOR in customary market usage, the Issuer will appoint in its sole discretion an independent financial advisor (the "IFA") to determine an appropriate Alternative Rate, and any Adjustments, and the decision of the IFA will be binding on the Issuer, the Calculation Agent and the holders of the relevant Notes.

"Designated LIBOR Currency" means the currency (including composite currencies and Euro) specified in the Final Terms as to which LIBOR shall be calculated. If no such currency is specified in the Final Terms, the Designated LIBOR Currency shall be U.S. Dollars.

"Designated LIBOR Page" means Capital Markets Report Screen LIBOR01 of Reuters, or any other page as may replace such page on such service.

EURIBOR Notes

Each EURIBOR Note will bear interest at a specified rate that will be reset periodically based on EURIBOR and any Spread and/or Spread Multiplier.

"EURIBOR" means the European Interbank Offered Rate and, with respect to each Interest Determination Date, the rate for deposits in Euro having the Index Maturity beginning on the relevant Interest Reset Date that appears on the Designated EURIBOR Page as of 11:00 a.m., Brussels time, on that Interest Determination Date.

The following procedures will apply if the rate cannot be set as described above:

(a) If such rate does not appear on the Designated EURIBOR Page as of 11:00 a.m., Brussels time, on the related Interest Determination Date, then the Calculation Agent will request the principal offices of four major banks (one of which may be an affiliate of the Calculation Agent) in the Euro-zone selected by the Issuer to provide such bank's offered quotation to prime banks in the Euro-zone interbank market for deposits in Euro having the Index Maturity beginning on the relevant Interest Reset Date as of 11:00 a.m., Brussels time, on such Interest Determination Date and in a Representative Amount. If at least two quotations are provided, EURIBOR for that date will be the average (if necessary rounded upwards) of the quotations.

(b) If fewer than two quotations are provided, EURIBOR will be the average (if necessary rounded upwards) of the rates quoted by major banks (which may include an affiliate of the Calculation Agent) in the Euro-zone, selected by the Issuer, at approximately 11:00 a.m., Brussels time, on the Interest Determination Date for loans in Euro to leading European banks for a period of time corresponding to the Index Maturity beginning on the relevant Interest Reset Date and in a Representative Amount.

(c) If no rates are quoted by major banks, the rate will be the same as the rate used for the prior interest period.

"Designated EURIBOR Page" means Capital Markets Report Screen EURIBOR01 of Reuters, or any other page as may replace such page on such service.

Treasury Rate Notes

Each Treasury Rate Note will bear interest at a specified rate that will be revised periodically based on the Treasury Rate and any Spread and/or Spread Multiplier.

"Treasury Rate" means, with respect to any Interest Determination Date, the rate for the most recent auction of direct obligations of the United States ("Treasury bills") having the specified Index Maturity as it appears under the caption "INVEST RATE" on either Reuters Screen USAUCTION10 Page or Reuters Screen USAUCTION11 Page (or any other pages as may replace such pages on such service).

The following procedures will apply if the rate cannot be set as described above:

(a) If the rate is not so published by 3:00 p.m., New York City time, on the Interest Determination Date, the rate will be the auction average rate for such Treasury bills (expressed as a bond equivalent, on the basis of a year of 365 or 366 days as applicable, and applied on a daily basis) for such auction as otherwise announced by the U.S. Department of the Treasury.

(b) If the results of the auction of Treasury bills are not so published by 3:00 p.m., New York City time, on the Interest Determination Date, or if no such auction is held, the Treasury Rate will be the rate (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) on such Interest Determination Date of such Treasury bills having the specified Index Maturity as published in H.15(519) under the caption "U.S. Government Securities/Treasury Bills/Auction high."

(c) If such rate is not so published in H.15(519) by 3:00 p.m., New York City time, on the related Interest Determination Date, the rate on such Interest Determination Date of such Treasury bills will be as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. Government Securities/Treasury Bills/Auction high."

(d) If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source, then the Treasury Rate will be a yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the average of the secondary market bid rates as of approximately 3:30 p.m., New York City time, on the Interest Determination Date, of three leading primary U.S. government securities dealers in The City of New York selected by the Issuer for the issue of Treasury bills with a remaining maturity closest to the specified Index Maturity.

(e) If fewer than three dealers are providing quotes, the rate will be the same as the rate used in the prior interest period.

Prime Rate Notes

Each Prime Rate Note will bear interest at a specified rate that will be reset periodically based on the Prime Rate and any Spread and/or Spread Multiplier.

"Prime Rate" means, with respect to any Interest Determination Date, unless otherwise specified in any applicable Final Terms, the rate set forth on that Interest Determination Date in H.15(519) under the heading "Bank Prime Loan."

The following procedures will apply if the rate cannot be set as described above:

(a) If the rate is not published in H.15(519) by 3:00 p.m., New York City time, on the Interest Determination Date, then the Prime Rate will be the rate as published on such Interest Determination Date in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate under the caption "Bank Prime Loan."

(b) If the rate is not published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the Interest Determination Date, then the Prime Rate will be the average (rounded upwards, if necessary, to the next higher one-hundred thousandth of a percentage point) of the rates publicly announced by each bank on the Reuters Screen USPRIME1 Page as its prime rate or base lending rate for that Interest Determination Date.

(c) If fewer than four, but more than one, rates appear on the Reuters Screen USPRIME1 Page, the Prime Rate will be the average of the prime rates (quoted on the basis of the actual number of days in the year divided by a 360-day year) as of the close of business on the Interest Determination Date by four major money center banks in The City of New York selected by the Issuer.

(d) If fewer than two rates appear, the Prime Rate will be determined based on the rates furnished in The City of New York by the appropriate number of substitute banks or trust companies organized and doing business under the laws of the United States, or any State thereof, having total equity capital of at least U.S.$500 million and being subject to supervision or examination by a Federal or State authority, as selected by the Issuer.

(e) If no banks are providing quotes, the rate will be the same as the rate used for the prior interest period.

Indexed Notes

Notes may be issued with the principal amount payable at maturity or interest to be paid thereon, or both, to be determined with reference to the price or prices of specified commodities or stocks, indices, formulae or other assets or bases of reference as may be specified in such Note and the applicable Final Terms ("Indexed Notes"). Holders of such Indexed Notes may receive a principal amount on the Maturity Date that is greater than or less than the face amount of the Indexed Notes, or an interest rate that is greater than or less than the stated interest rate on the Indexed Notes, or both, depending upon the structure of the Indexed Note and the relative value on the Maturity Date or at the relevant Interest Payment Date, as the case may be, of the specified indexed item. Information as to the method for determining the principal amount payable on the Maturity Date, the currency base rate (the "Currency Base Rate"), the manner of determining the interest rate, the determination agent (the "Determination Agent"), certain historical information with respect to the specified indexed item and tax considerations associated with an investment in Indexed Notes will be set forth in the applicable Final Terms.

A separate prospectus comprising the relevant Note will be used for the documentation of an issuance of Indexed Notes, including, but not limited to a discussion of market and settlement disruptions and adjustments. For further information regarding certain risks inherent in Indexed Notes, see "Risk Factors—Risks Related to the Notes Generally—Indexed Notes." Indexed Notes will not be admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange.

Dual Currency Notes

In general, "Dual Currency Notes" refer to Notes as to which the Issuer is permitted under certain specified circumstances to pay principal, premium, if any, and/or interest, in more than one currency or composite currency. The terms of any Dual Currency Notes will be as set forth in the applicable Final Terms related to any such Notes, including the face amount currency (the "Face Amount Currency"), the option value calculation agent (the "Option Value Calculation Agent"), the optional payment currency (the "Optional Payment Currency"), the option election date(s) (the "Option Election Date(s)"), and the designated exchange rate (the "Designated Exchange Rate").

For further information regarding certain risks inherent in Notes denominated in currencies other than U.S. Dollars, see "Risk Factors— Risks Related to the Notes Generally—Exchange rate risk and exchange controls."

Amortizing Notes

Amortizing Notes are Fixed Rate Notes for which payments combining principal and interest are made in installments over the life of the Note ("Amortizing Notes"). Unless otherwise specified herein and in the applicable Final Terms, interest on each Amortizing Note will be computed on the basis of a 360-day year of twelve 30-day months. Payments with respect to Amortizing Notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof. Further information concerning specific terms of any issue of Amortizing Notes, including the amortization schedule (the "Amortization Schedule"), will be provided in the applicable Final Terms. A table setting forth repayment information in respect of each Amortizing Note will be included in the applicable Final Terms and set forth on such Notes.

Original Issue Discount Notes

Original Issue Discount Notes are Notes issued at more than a *de minimis* discount from the principal amount payable at maturity. Certain additional considerations relating to Original Issue Discount Notes may be described in the applicable Final Terms relating thereto.

Additional Notes

The Issuer may issue Notes from time to time having terms identical to a prior Tranche of Notes but for the original issue date and the public offering price ("Additional Notes"). Any such Additional Notes that are Regulation S Global Notes will be issued in the form of a temporary global Note which will be exchangeable for a beneficial interest in a permanent global Note on or after the Exchange Date specified in the applicable Final Terms relating to such Additional Notes. Additional Notes may be issued prior to or after the Exchange Date relating to such prior Tranche of Notes of the same Series. In the event Additional Notes are issued prior to the Exchange Date for the prior Tranche, the Exchange Date relating to such prior Tranche shall be moved to a date not earlier than 40 calendar days after the original issue date of the related Additional Notes; provided, however, in no event shall the Exchange Date for a Tranche of Notes be extended to a date more than 160 calendar days after the date such Tranche was issued. Once any Additional Notes have been issued, whether Regulation S Global Notes or Rule 144A Global Notes, such Additional Notes together with each prior and subsequent Tranche of Notes of the same Series, shall constitute one and the same Series of Notes for all purposes to the extent specified in the applicable Final Terms (except that any such Additional Notes offered and sold in compliance with Regulation S will have temporary CUSIP, ISIN and Common Code numbers during a 40-day distribution compliance period commencing on the date of issuance of such Additional Notes); provided, however, that in the case of Regulation S Global Notes, or Notes to which the TEFRA D Rules apply, such consolidation of Additional Notes issued after the Exchange Date will occur only following the exchange of interests in the temporary global Note for interests in the permanent global Note upon receipt of certificates described below; and provided further that if the Additional Notes are Registered Notes and are not fungible with the earlier Notes for United States federal income tax purposes, the Additional Notes will have a separate CUSIP number. The Final Terms relating to any Additional Notes will set forth matters related to the issuance, exchange and transfer of Additional Notes, including identifying the prior Tranche of Notes, their original issue date and aggregate principal amount. Any Additional Notes that are Bearer Notes will be subject to the same restrictions as are set forth under "Forms of Notes—Bearer Notes" above.

Other Provisions

Any provisions with respect to Notes, including without limitation the determination of an Interest Rate Basis, the specification of an Interest Rate Basis, calculation of the interest rate applicable to a Floating Rate Note, its Interest Payment Dates or any other matter relating thereto may be modified by the terms specified under "Other Provisions" on the face thereof, if so specified on the face thereof or in the applicable Final Terms.

Covenants

The Issuer has agreed to restrictions on its activities for the benefit of holders of each Series of Notes. The following restrictions will apply separately to each Series of Notes:

Consolidation, Merger, Sale or Conveyance

The Issuer may not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any person, unless:

(i) the successor corporation (if not BCP) shall (x) be a corporation organized and existing under the laws of (A) the Republic of Peru, (B) the United States or any state thereof or the District of Columbia, (C) any country that is a member of the Organisation for Economic Co-operation and Development or the G-20 or (D) any other country having an international investment grade rating from each of Moody's Investors Service, Inc. and S&P Global Ratings at the time of such merger or consolidation, and any state thereof (to the extent applicable), and (y) expressly assume, by a supplement to the Fiscal Agency Agreement, executed and delivered to the Fiscal and Paying Agent, the due and punctual payment of the principal of (and premium, if any) and interest on all the outstanding Notes and the performance of every covenant in the Fiscal Agency Agreement on the part of the Issuer to be performed or observed;

(ii) immediately after giving effect to such transaction, no Event of Default shall have happened and be continuing; and

(iii) The Issuer shall have delivered to the Fiscal and Paying Agent an officers' certificate and an opinion of counsel, each stating that such consolidation, merger, conveyance or transfer and such supplement to the Fiscal Agency Agreement comply with the foregoing provisions relating to such transaction.

In case of any such consolidation, merger, conveyance or transfer such successor corporation will succeed to and be substituted for the Issuer as obligor on each Series of Notes with the same effect as if it had issued such Series of Notes. Upon the assumption of its obligations by any such successor corporation in such circumstances subject to certain exceptions, the Issuer will be discharged from all obligations under the Notes and the Fiscal Agency Agreement.

For purposes of the above, "G-20" means the Group of Twenty (G-20) Finance Ministers and Central Bank Governors.

Periodic Reports

The Fiscal Agency Agreement provides that if the Issuer is not required to file with the SEC information, documents, or reports pursuant to Section 13 or Section 15(d) of the Exchange Act, the Issuer shall make available, upon request, to any holder of the Notes, any owner of a beneficial interest in any Note or any prospective purchaser designated by a holder or owner of a beneficial interest in any Note, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Events of Default

An "Event of Default," with respect to each Series of Notes is defined in the Fiscal Agency Agreement as:

(i) The Issuer's default in the payment of any principal of any of the Notes of such Series, when due and payable, whether at maturity or otherwise; or

(ii) The Issuer's default in the payment of any interest or any Additional Amounts when due and payable on any of the Notes of such Series and the continuance of such default for a period of 30 days; or

(iii) The Issuer's default in the performance or observance of any other covenant or obligation of the Issuer in respect of the Notes of such Series or the Fiscal Agency Agreement, not otherwise expressly defined as an Event of Default in (i) or (ii) above, and the continuance of such default for more than 60 days after written notice of such default has been received by the Issuer from the Fiscal and Paying Agent or the holders of at least 25% in aggregate principal amount of the Notes of such Series outstanding specifying such default and requiring it to be remedied and stating that such notice is a "Notice of Default;" or

(iv) The occurrence with respect to any of the Relevant Indebtedness (as defined below) of the Issuer or any of its Significant Subsidiaries (as defined below) having an outstanding principal amount of U.S.$75,000,000 or more in the aggregate for all such Relevant Indebtedness of all such persons (a) of an event of default that results in such Relevant Indebtedness being accelerated prior to its scheduled maturity or (b) failure to make any payment of such Relevant Indebtedness when due and such defaulted payment is not made, waived or extended within the applicable grace period; or

(v) A resolution by the SBS or any similar Peruvian governmental authority is issued with respect to us ordering a definitive intervention regime ("Intervention") or a similar regime under the applicable regulation; or

(vi) any proceeding is instituted by or against the Issuer or any of its Significant Subsidiaries seeking to adjudicate the Issuer or any of its Significant Subsidiaries bankrupt or insolvent, or seeking the liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of any Relevant Indebtedness, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for the Issuer or any of its Significant Subsidiaries or for any substantial part of the property of the Issuer or that of any of its Significant Subsidiaries, under Peruvian banking regulation and any other applicable regulation, or order for Intervention or a similar regime under the applicable regulation, and, in the case of any of the foregoing actions instituted against the Issuer or any of its Significant Subsidiaries, such proceeding or action is not dismissed or discharged and remains in effect for 60 days; or we or any of our Significant Subsidiaries take corporate action to authorize any of the actions set forth in this clause (vi); or

(vii) any event occurs that under the laws of Peru or any political subdivision thereof or any other country has substantially the same effect as any of the events referred to in any of clause (v) or (vi).

For purposes of the above, "Relevant Indebtedness" means, with respect to any person (without duplication) (i) money borrowed and premiums (if any) and accrued interest in respect thereof, (ii) liabilities under or in respect of any acceptance or credit, (iii) the principal and premium (if any) and any accrued and unpaid interest in respect of any bonds, notes, debentures, debenture stock, loan stock, certificates of deposit or other securities whether issued for cash or in whole or in part for a consideration other than cash, (iv) all obligations issued or assumed as the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement (but excluding trade accounts payable in the ordinary course of business), and (v) guarantees and other contingent obligations in respect of Relevant Indebtedness referred to in clauses (i) through (iv) above.

The term "Significant Subsidiary" as used in this Section means a subsidiary of the Issuer organized under the laws of the Republic of Peru which would be a "significant subsidiary" within the meaning of Article 1, Rule 1-02 (w)(l) or (2) of Regulation S-X promulgated under the Securities Act in effect on the date of this Prospectus assuming for purposes of that definition that the Issuer is the registrant referred to in such definition.

If an Event of Default described in paragraph (iv) above has occurred and is continuing with respect to any Series of Notes, such Event of Default will be automatically rescinded and annulled once the default triggering such Event of Default pursuant to clause (iv) is remedied or cured by the Issuer or waived by the holders of the Relevant Indebtedness; provided that no declaration of acceleration has been made and is continuing with respect to such Series of Notes as a result of such Event of Default. No such rescission and annulment will affect any subsequent Event of Default or impair any right consequent thereto.

The Fiscal Agency Agreement provides that if an Event of Default with respect to any Series of Notes described in paragraphs (i), (ii), (iii) or (iv) above occurs and is continuing with respect to the Notes of any Series, then and in each and every such case, unless the principal of all the Notes of such Series shall have already become due and payable, the holders of not less than 25% in aggregate principal amount of the Notes of such Series then outstanding (each such Series acting as a separate class), by notice in writing to the Issuer and to the Fiscal and Paying Agent, may declare the principal amount of all the Notes of such Series then outstanding and all accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Fiscal Agency Agreement or in the Notes of such Series contained to the contrary notwithstanding. If an Event of Default described in paragraph (v), (vi) or (vii) of the above occurs and is continuing with respect to any Series of Notes, then the principal amount of such Notes then outstanding and all accrued interest thereon shall, without any notice to the Issuer or any other act on the part of the Fiscal and Paying Agent or any holder of such Notes, become and be immediately due and payable.

At any time after such a declaration of acceleration has been made (in the case of an Event of Default described in paragraphs (i), (ii), (iii) or (iv) above) with respect to the Notes of such Series and before a final judgment for payment of the money due has been obtained, the holders of a majority in aggregate principal amount of the outstanding Notes of such Series, by written notice to the Issuer and the Fiscal and Paying Agent, may rescind and annul such declaration and its consequences if: (1) the Issuer has paid or deposited with the Fiscal and Paying Agent a sum sufficient to pay: (i) all overdue installments of interest on the outstanding Notes of such Series, (ii) the principal of (and premium, if any, on) any outstanding Notes of such Series which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Notes of such Series, to the extent that payment of such interest is lawful, (iii) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Notes of such Series, to the extent that payment of such interest is lawful, and all sums paid or advanced by the Fiscal and Paying Agent hereunder and the reasonable and duly documented compensation, expenses, disbursements and advances of the Fiscal and Paying Agent, its agents and counsel and all other amounts due to the Fiscal and Paying Agent under the Fiscal Agency Agreement; and (2) all Events of Default with respect to such Series of Notes, other than the nonpayment of the principal in respect of the Notes of such Series which have become due solely by such acceleration, have been cured or waived. No such rescission shall affect any subsequent default or impair any right consequent thereon.

Notes owned by the Issuer or any of its affiliates shall not be deemed to be outstanding for purposes of declaring the acceleration of the Notes.

Payment of Additional Amounts

The Issuer is required to make all payments in respect of each Series of Notes free and clear of, and without withholding or deduction for or on account of, any present or future Taxes (as defined below), unless such withholding or deduction is required by law or the official interpretation thereof, or by the administration thereof, or pursuant to any agreement between BCP and the United States or any authority thereof. If the Issuer is required by any law of any Relevant Taxing Jurisdiction (as defined below) to withhold or deduct any Taxes from or in respect of any sum payable under the Notes of a Series, the Issuer shall (i) pay to the holders of such Series of Notes, or the relevant Paying Agent, as the case may be, such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts receivable by the holders of such Series of Notes after such withholding or deduction shall equal the respective amounts which would have been receivable by holders of such Series of Notes in the absence of such withholding or deduction, (ii) make such withholding or deduction, and (iii) pay the full amount withheld or deducted to the relevant tax or other authority in accordance with applicable law, except that no such Additional Amounts shall be payable in respect of any Note:

(i) to the extent that such Taxes are imposed or levied by reason of such holder (or the beneficial owner) having some present or former connection with the Relevant Taxing Jurisdiction other than the mere holding (or beneficial ownership) of such Note, receiving principal or interest payments on the Notes or enforcing rights thereunder (including but not limited to citizenship, nationality, residence, domicile, or existence of a business, permanent establishment, a dependent agent, a place of business or a place of management present or deemed present in the Relevant Taxing Jurisdiction);

(ii) to the extent that any Taxes are imposed other than by deduction or withholding from payments of principal, premium, if any, or interest on or in respect of the Notes;

(iii) in the event that the holder (or beneficial owner) fails to comply with any certification, identification or other reporting requirement concerning nationality, residence, identity or connection with the Relevant Taxing Jurisdiction if (1) compliance is required by applicable law, regulation, administrative practice or treaty as a precondition to exemption from all or part of the Taxes, and (2) if the certification, identification or other reporting requirement does not concern nationality, residence or identity with the Relevant Taxing Jurisdiction, the holder (or beneficial owner) is able to comply with these requirements without undue hardship;

(iv) in the case of payments for which presentation of such Note is required, presented for payment more than 30 days after the later of:

(a) the date on which such payment first became due, and

(b) if the full amount payable has not been received in the place of payment by the relevant Paying Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the holders by the relevant Paying Agent (in a form provided by the Issuer), except to the extent that the holder would have been entitled to such Additional Amounts on presenting such Note for payment on the last day of such period of 30 days;

(v) to the extent that such Taxes are imposed by reason of an estate, inheritance, gift, personal property, value added, use or sales tax or any similar taxes, assessments or other governmental charges;

(vi) for any Taxes which would have been avoided by a holder presenting the relevant Note (if presentation is required) or requesting that such payment be made to another Paying Agent in a member state of the European Union;

(vii) where such withholding or deduction is imposed on or in respect of any Note pursuant to sections 871(m) or 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or any successor law or regulation implementing or complying with, or introduced in order to conform to, such sections or any intergovernmental agreement or any agreement entered into pursuant to section 1471(b)(1) of the Code; or

(viii) any combination of items (i) to (vii) above,

nor will Additional Amounts be paid with respect to any payment on a Note to a holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of that payment to the extent that payment would be required by the laws of a Relevant Taxing Jurisdiction (or any political subdivision thereof) to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in a limited liability company or a beneficial owner who would not have been entitled to the Additional Amounts had that beneficiary, settlor, member or beneficial owner been the holder.

Notwithstanding the language above in (v), Additional Amounts will be payable in respect of any Note to the extent that a Peruvian value added tax is imposed on payments of interest on the Notes.

Any reference to payments, premium, if any, redemption price, interest or any other amount payable under or with respect to any Note, shall be deemed also to include any Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof. However, no holder of a Note shall be entitled to receive any Additional Amounts greater than the amounts necessary in order that the net amounts receivable by such holder after such withholding or deduction equal the respective amounts which would have been receivable by such holder in the absence of such withholding or deduction, subject to the exceptions above.

The Issuer will provide to the holders of any Series of Notes, upon request, a copy of either (i)(a) the "PDT" (*Programa de Declaración Telemática*) specifying the amount of any Taxes withheld from payment on such Series of Notes and the name of the beneficiary (in whose name the Tax is being paid), and (b) an electronic receipt evidencing payment of such Taxes, or (ii) an executed certificate indicating (a) the date of payment of interest and taxes, (b) the monthly declaration number, (c) taxes withheld in U.S. Dollars and (d) taxes withheld in Peruvian Soles.

"Taxes" means, with respect to payments on any Series of Notes, all taxes, withholdings, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Peru or pursuant to any agreement between BCP and the United States, or in the event that we appoint additional paying agents, by the jurisdictions of such additional paying agents, or the jurisdiction of any successor corporation (each, a "Relevant Taxing Jurisdiction"), or any political subdivision thereof or any authority or agency therein or thereof having power to tax.

The foregoing provisions will survive any termination or discharge of the Fiscal Agency Agreement (and any transfer of a holder or beneficial owner of its Notes). For a discussion of Peruvian withholding taxes applicable to payments under or with respect to the Notes, see "Taxation."

Modification of Fiscal Agency Agreement and Notes

The Fiscal Agency Agreement may be amended by the Issuer and the Fiscal Agent, without the consent of the holder of any Note of a Series for the purposes, among others, of curing any ambiguity, or of correcting or supplementing any defective or inconsistent provisions contained therein, to effect any assumption of the Issuer's obligations thereunder and under the Notes of a Series under the circumstances described under "Consolidation, Merger, Sale or Conveyance" above, to change the paying agent if such change is made to avoid or mitigate the Issuer's obligation to pay Additional Amounts with respect to any Series of Notes, or in any other manner which the Issuer and the Fiscal Agent may deem necessary or desirable or which, in the sole judgment of the Issuer, does not adversely affect in any material respect the interests of the holders of Notes of such Series outstanding on the date of such amendment. Nothing in the Fiscal Agency Agreement prevents the Issuer and the Fiscal Agent from amending the Fiscal Agency Agreement in such a manner as to only have a prospective effect on Notes issued on or after the date of such amendment.

Modifications and amendments to the Fiscal Agency Agreement and, to the terms of the Notes of a Series may also be made, and future compliance therewith or past Events of Default by the Issuer may be waived, by holders of a majority in aggregate principal amount of the Notes of such Series (or, in each case, such lesser amount as shall have acted at a meeting of holders of such Notes, as described below), provided, however, that no such modification or amendment to the Fiscal Agency Agreement, or to the terms of the Notes of a Series may, without the consent of the holders of each Note of such Series directly and adversely affected thereby:

(a) change the stated maturity of the principal of any Note of such Series or extend the scheduled date for payment of interest or Additional Amounts thereon;

(b) reduce the principal amount of any Note of such Series or reduce the stated rate of interest or Additional Amounts payable thereon or the amount payable thereon in the event of redemption or acceleration (or in the case of Original Issue Discount Notes, change the amount that would be due and payable upon an acceleration thereof);

(c) change the currency of payment of principal of, or any other amounts payable on, any Note of such Series;

(d) change the place where payment of principal of or interest on the Notes of any Series is made to the registered holder(s) of such Notes;

(e) amend the contractual right in the Notes of any Series to institute suit for any payment on or with respect to the Notes of such Series on or after the respective due dates provided for in such Notes;

(f) reduce the above-stated percentage of the principal amount of Notes of such Series, the consent of whose holders is necessary to modify or amend the Fiscal Agency Agreement, the terms of the Notes or reduce the percentage of Notes of such Series required for the taking of action or the quorum required at any such meeting of holders of Notes of such Series; or

(g) amend the foregoing requirements to reduce the percentage of outstanding Notes of such Series necessary to waive any future compliance or past default.

The persons entitled to vote a majority in principal amount of the Notes of a Series outstanding shall constitute a quorum at a meeting of Noteholders of such Series except as hereinafter provided. In the absence of such a quorum, a meeting of Noteholders called by the Issuer shall be adjourned for a period of not less than 10 days, and in the absence of a quorum at any such adjourned meeting, the meeting shall be further adjourned for another period of not less than 10 days, at which further adjourned meeting persons entitled to vote 25% in principal amount of Notes of a Series at the time outstanding shall constitute a quorum. Except for modifications or amendments in (a) to

(f) above which require the consent of the holders of each Note of such series directly and adversely affected thereby, any modifications, amendments or waivers to the Fiscal Agency Agreement, the terms of the Notes of a Series at a meeting of Noteholders require a favorable vote of holders of the lesser of (i) a majority in principal amount of the outstanding Notes of such Series or (ii) a majority of the principal amount of Notes of such Series represented and voting at the meeting. Any such modifications, amendments or waivers will be conclusive and binding on all holders of Notes of such Series, whether or not they have given such consent or were present at such meeting and whether or not notation of such modifications, amendments or waivers is made upon the Notes, and on all future holders of Notes of such Series. Any instruments given by or on behalf of any holder of a Note of a Series in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent holders of such Note.

Notes owned by the Issuer or any of its affiliates shall not be deemed to be outstanding for purposes of making any modification or amendment of the Notes of such Series.

Replacement of Notes and Coupons

Any Notes or coupons that become mutilated, destroyed, lost or stolen or are apparently destroyed, lost or stolen will be replaced by the Issuer at the expense of the holder upon delivery of the Notes or coupons or satisfactory evidence of the destruction, loss or theft thereof to the Issuer and the Fiscal Agent. In each case, an indemnity satisfactory to the Issuer and the Fiscal Agent may be required at the expense of the holder of such Note or coupon before a replacement Note or coupon will be issued. For so long as the Notes are listed or admitted to trading on or by any other stock exchange, competent authority and/or market and the rules of such stock exchange(s), competent authority(ies) and/or market(s) so require, a noteholder shall be able to obtain a replacement Note or coupon at the offices of the paying agent located in each location required by the rules and regulations of such stock exchange(s), competent authority(ies) and/or market(s).

Applicable Law

The Fiscal Agency Agreement and the Notes will be governed by, and construed in accordance with, the laws of the State of New York, United States.

Notices

All notices concerning the Notes shall be published in a newspaper having a general circulation in Luxembourg (which is currently expected to be *LuxemburgerWort*) or on the official website of the Luxembourg Stock Exchange (www.bourse.lu), if and for so long as the Notes are listed on the Luxembourg Stock Exchange and for so long as the rules of the Luxembourg Stock Exchange so require. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of the first such publication).Notices to holders of Registered Notes will also be given by mailing such notices to each holder by first class mail, postage prepaid, at the respective address of each holder as that address appears upon the books of the relevant Registrar.

So long as no definitive Bearer Notes or definitive Registered Notes are in issue in respect of a particular Series, there may, so long as the global Note(s) for such Series is or are held in its or their entirety on behalf of DTC, Euroclear and/or CBL, and/or another clearance system, as the case may be, and the Notes for such Series are not listed and/or admitted to trading on a stock exchange, competent authority and/or market, or if so listed or admitted to trading, for so long as the relevant stock exchange, competent authority and/or market so permits, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to DTC, Euroclear, CBL and/or such other clearance system for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to DTC, Euroclear, CBL and/or such other clearance system.

Notices to be given by a Noteholder shall be in writing and given by lodging the same, together with the related Note or Notes, with the Fiscal Agent. While any Notes are represented by a global Note, such notice may be given by a Noteholder to the Fiscal Agent via Euroclear, CBL, and/or such other clearance system, as the case may be, in such manner as the Fiscal Agent and Euroclear, CBL and/or such other clearance system may approve for this purpose.

If the Notes are no longer listed on the Luxembourg Stock Exchange, unless otherwise indicated, notices to holders of Bearer Notes will be valid if published (i) in a leading daily English language newspaper with general circulation in Europe, or (iii) so long as the Notes are listed on any other securities exchange, such newspaper or website as the rules of such exchange may require.

Consent to Service

The Issuer has designated Cogency Global Inc., presently located at 10 E 40th Street, New York, New York 10016, as authorized agent for service of process in any legal action or proceeding arising out of or relating to the Fiscal Agency Agreement or the Notes brought in any federal or state court in the Borough of Manhattan, the City of New York, State of New York.

Consent to Jurisdiction

(a) The Issuer irrevocably consents to the exclusive jurisdiction of any court of the State of New York or any United States Federal court sitting, in each case, in the borough of Manhattan, city of New York, State of New York, United States, and any appellate court from any thereof, and waives any immunity from the jurisdiction of such courts over any suit, action or proceeding that may be brought by the Fiscal and Paying Agent or a holder in connection with the Fiscal Agency Agreement or the Notes. The Issuer irrevocably waives, to the fullest extent permitted by law, any objection to any suit, action or proceeding that may be brought in connection with the Fiscal Agency Agreement or the Notes in such courts on the grounds of venue or on the ground that any such suit, action or proceeding has been brought in an inconvenient forum. The Issuer agrees that final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon the Issuer and may be enforced in any court to the jurisdiction of which the Issuer is subject by a suit upon such judgment; provided that service of process is effected upon the Issuer in the manner provided by the Fiscal Agency Agreement. Notwithstanding the foregoing, any suit, action or proceeding brought in connection with the Fiscal Agency Agreement or the Notes against the Issuer may be instituted in any competent court in the Republic of Peru.

(b) The Issuer agrees that service of all writs, process and summonses in any suit, action or proceeding brought in connection with the Fiscal Agency Agreement or the Notes against the Issuer in any court of the State of New York or any United States Federal court sitting, in each case, in the Borough of Manhattan, The City of New York, may be made upon Cogency Global Inc., presently located at 10 E 40th Street, New York, New York 10016.

(c) Nothing in this Section shall affect the right of any party to serve legal process in any other manner permitted by law or affect the right of any party to bring any action or proceeding against any other party or its property in the courts of other jurisdictions.

Judgment Currency

The Issuer agrees, to the fullest extent that it may effectively do so under applicable law, that (a) if for the purpose of obtaining judgment in any court it is necessary to convert the sum due in respect of the principal of, or premium or interest, if any, on the Notes of any Series (the "Required Currency") into a currency in which a judgment will be rendered (the "Judgment Currency"), the rate of exchange used shall be the rate at which, in accordance with normal banking procedures, the Issuer could purchase the Required Currency with the Judgment Currency and (b) its obligations under the Fiscal Agency Agreement to make payments in the Required Currency (i) shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment (whether or not entered in accordance with subsection (a)), in any currency other than the Required Currency, except to the extent that such tender or recovery shall result in the actual receipt, by the payee, of the full amount of the Required Currency expressed to be payable in respect of such payments, (ii) shall be enforceable as an alternative or additional cause of action for the purpose of recovering in the Required Currency the amount, if any, by which such actual receipt shall fall short of the full amount of the Required Currency so expressed to be payable and (iii) shall not be affected by judgment being obtained for any other sum due under the Fiscal Agency Agreement.

FORM OF FINAL TERMS

[**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subject to MiFID II subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.] [*Legend to be included on front of the Final Terms if transaction is in scope of MiFID II and following the ICMA 1 "all bonds to all professionals" target market approach.*]

PRIIPs Regulation / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"), (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs Regulation / PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565, as amended, as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, as amended, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014, as amended, as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended, as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

FINAL TERMS NO. [●]
Dated [●]

BANCO DE CRÉDITO DEL PERÚ (the "Issuer")
LEI (Legal Entity Identifier): 549300EQYQ8SCQZ4BY14
ISSUE OF MEDIUM-TERM NOTES
[●]% [Fixed Rate][Floating Rate] Notes Due [●]

Series No.: [●]

PART A - CONTRACTUAL TERMS

This document must be read in conjunction with the base prospectus dated [●] [and the supplement(s) to it dated [●]] ([collectively,] the "Base Prospectus"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus has been, and these Final Terms will be, published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

1. General Information:

(i) Series Number:	[●]
(ii) Tranche Number:	[●] [The Notes will be fungible with, have identical terms and conditions (other than issue date and issue price) as, will constitute part of the same series as, and vote together as a single class with, the [●] notes due [●], issued on [●]]
(iii) Trade Date:	[●]
(iv) Settlement Date (Original Issue Date):	[●]
(v) Maturity Date:	[●]
(vi) Specified Currency:	[●]
(vii) Principal Amount (in Specified Currency):	[●]
(viii) Dealer's Discount or Commission:	[●]
(ix) Price to Public (Issue Price):	[●]
(x) Ranking:	[Senior][Subordinated]
(xi) Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on [●] at [●] per cent. of their nominal amount. [*The redemption price shall in no event be less than 100% of the outstanding principal amount of Notes to be redeemed.*] [*For non-U.S. dollar denominated Notes only*: The provisions set out in "Special Provisions Relating to Foreign Currency Notes—Payments on Foreign Currency Notes" [do not] apply. [*If the provisions set out in "Special Provisions Relating to Foreign Currency Notes—Payments on Foreign Currency Notes" are applicable*: Payments of principal and interest in respect of Notes denominated in a Specified Currency other than U.S. dollars will be made in the Specified Currency unless the holder of such Notes elects to receive payments in U.S. dollars in accordance with the provisions set out in "Special Provisions Relating to Foreign Currency Notes—Payments on Foreign Currency Notes."]] [*For non-U.S. dollar denominated Notes where the Specified Currency (a) is unavailable due to imposition of exchange controls or other circumstances beyond the Issuer's control or (b) is no longer used by the government of the country issuing such Specified Currency*: The provisions set out in "Special Provisions Relating to Foreign Currency Notes—Changing the Specified Currency of Foreign Currency Notes" [do not] apply. [*If the provisions set out in "Special Provisions Relating to Foreign Currency Notes—Changing the Specified Currency of Foreign Currency Notes" are applicable*: The Issuer may settle any payment due in respect of the Notes in a currency other than the Specified Currency on the due date for such payment in the circumstances described in "Special Provisions Relating to Foreign Currency Notes—Changing the Specified Currency of Foreign Currency Notes."]]

(xii) Use of Proceeds:	[The net proceeds from the offering will be used for general corporate purposes.][●]
2. Payment of Additional Amounts:	[Applicable/Not applicable]
3. Authorization/Approval:	
(i) Date Board approval for issuance of Notes obtained:	[●] [Not applicable]
4. Fixed Rate Notes Only Interest Rate:	[Applicable/Not applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(i) Fixed Interest Rate:	[●]
(ii) Interest Payment Period:	[Annual] [Semi-Annual] [Quarterly] [Monthly]
(iii) Fixed Interest Payment Dates:	Each [●], commencing [●]
(iv) Day Count Fraction:	[30/360] *[in the case of Notes denominated in U.S. Dollars]* [Actual/Actual (ICMA)] *[in the case of Notes denominated in a currency other than U.S. Dollars]*
(v) Regular Record Dates (if any):	[The 15th calendar day prior to each Interest Payment Date] [The business day prior to each Interest Payment Date][relevant only to Registered Notes] [Not applicable]
(vi) Determination Dates:	[Each [●]] [Not applicable] [relevant only to Registered Notes]
(vii) Interest Commencement Date:	[●] [Not applicable]
5. Floating Rate Notes Only Interest Rate:	[Applicable/Not applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(i) Interest Calculation:	[Regular Floating Rate] [Floating Rate/Fixed Rate] [Inverse Floating Rate]
(ii) Interest Rate Basis:	[CD Rate] [Commercial Paper Rate] [Eleventh District Cost of Funds Rate] [Federal Funds Rate] [LIBOR] [EURIBOR] [Treasury Rate] [Prime Rate]
(iii) Spread (Plus or Minus):	[plus/minus [●]%]
(iv) Spread Multiplier:	[●]
(v) Index Maturity:	[●] Months
(vi) Designated LIBOR Currency:	[●]
(vii) Maximum Interest Rate:	[●]
(viii) Minimum Interest Rate:	[●][Not applicable] (*if no minimum interest rate is specified or if the Final Terms indicate that the minimum interest rate is "not applicable," then the minimum interest rate shall be zero*)

(ix) Interest Payment Period:	[Daily/Monthly/Quarterly/Semi-annually]
(x) Interest Payment Date:	Each [list interest payment dates]
(xi) Initial Interest Rate Per Annum:	To be determined [●] Business Days prior to the Original Issue Date based upon [interest rate basis plus/minus the spread amount]
(xii) Interest Reset Periods and Dates:	[Daily/monthly/quarterly/semi-annually] on each Interest Payment Date
(xiii) Interest Determination Date:	[●] Business Days prior to each Interest Reset Date
(xiv) Regular Record Dates (if any):	[The 15th calendar day prior to each Interest Payment Date] [The business day prior to each Interest Payment Date][relevant only to Registered Notes][Not applicable]
(xv) Day Count Fraction:	[Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]
(xvi) Calculation Agent:	[Fiscal Agent] [Other][if Other, insert name]

6. Repayment and Redemption:

(i) Issuer Optional Redemption Date:	[Applicable/Not Applicable][if applicable, provide date]
(ii) Redemption Price:	[●]
(iii) Make Whole Redemption:	[Applicable/Not applicable] [if applicable, specify agent calculating the Make Whole Amount][if applicable, specify spread]
(iv) Calculation Agent:	[Applicable/Not Applicable] [Fiscal Agent] [Other]

7. Indexed Notes:

(i) Currency Base Rate:	[●]
(ii) Determination Agent:	[●]

8. Form of Notes:

(i) Temporary global Note to permanent global Note:	[Applicable/Not applicable]
(ii) Permanent global Note:	[Applicable/Not applicable][Bearer/Registered]
(iii) Bearer Note:	[Applicable/Not applicable]
(iv) Registered Notes:	[Applicable/Not applicable]
(v) New global Note:	[Applicable/Not applicable]
(vi) Exchange of temporary global Notes into definitive Bearer Notes:	[Not applicable][Specify Exchange Date]
(vii) Exchange of permanent global Notes into definitive Bearer Notes:	[Not applicable][Specify Exchange Date]
(viii) Exchange of definitive Bearer Notes into Registered Notes:	[Not applicable][Specify Exchange Date]

(ix) Exchange of Registered Notes into Registered Notes in other authorized denominations:	[Not applicable][Specify Exchange Date]
9. U.S. Selling Restrictions:	[Rule 144A restrictions on transfers and Regulation S Compliance Category 2]; [TEFRA C/TEFRA D/TEFRA not applicable]
10. Distribution:	[Rule 144A/Regulation S]
11. Denominations:	The Notes will be available in denominations of [●] and integral multiples of [●] in excess thereof.
12. Managers:	[●]: [●](*List all Managers (legal names)* (*List amount*)
(i) The Notes are being purchased[, on a several and not joint basis,] by the following financial institutions (each a "Manager" and collectively, the "Managers") in the respective amounts set forth next to the name of each Manager pursuant to a Terms Agreement between Issuer and the Managers dated [●], executed under the Dealer Agreement. To the extent that any of the Managers are not named as Dealers in the Dealer Agreement, Banco de Crédito del Perú has appointed them as Dealers thereunder for this transaction pursuant to the relevant Terms Agreement.	Total: [●]
(ii) Stabilizing manager(s):	[●][Not applicable]

Part B Other Information

1. Admissions to Listing and Trading:

[(i) Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to listing on the Official List of the [Luxembourg Stock Exchange.]]

[(ii) Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [Euro MTF Market of the Luxembourg Stock Exchange.]]

[(iii) *Other admissions to listing and trading to be specified if applicable*]

Estimated expenses related to the admission to trading: [●][Not applicable]

2. Ratings:

The Notes to be issued [have been][are expected to be] rated:

(i) Moody's:	[●][Not applicable]
(ii) Standard & Poor's:	[●][Not applicable]
(iii) Fitch:	[●][Not applicable]
(iv) [Other]:	[●][*Insert the full legal name of credit rating agency*]
	[[*Insert the full legal name of credit rating agency*] is [not]

	incorporated in the European Union [or][and] registered under Regulation (EC) No 1060/2009, as amended by Regulation (EC) No 513/2011.]
The Notes to be issued are not expected to be rated:	[●][Not applicable]

A rating is not a recommendation to buy, sell or hold Notes issued under the Program and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to the Issuer may adversely affect the market price of the Notes issued under the Program.

3. Interests of Natural and Legal Persons Involved in the Issue:

[●]/[So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The Dealers and their affiliates have engaged, and/or may in the future engage, in investment banking and/or commercial banking transactions with, and/or may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

4. Fixed Rate Notes Only Yield:

(i) Indication of yield as of the Original Issue Date:	[●][Not applicable]

5. Operational Information:

(i)	ISIN:	[●]
(ii)	CUSIP:	[●]
(iii)	Common Code:	[●]
(iv)	CFI:	[Not applicable] [●] [*If the CFI is not required, requested or available, it should be specified to be "Not Applicable"*]
(v)	FISN:	[Not applicable] [●] [*If the FISN is not required, requested or available, it should be specified to be "Not Applicable*"]
(vi)	Book-entry Clearing Systems:	[Euroclear Bank S.A./N.V.][Clearstream Banking, *société anonyme*][The Depository Trust Company]
(vii)	Names and addresses of additional Paying Agent(s) (if any):	[Not applicable] [●]
(viii)	Intended to be held in a manner which would allow Eurosystem eligibility:	[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognized as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank (ECB) being satisfied that Eurosystem eligibility criteria have been met.]

TAXATION

General

The following discussion summarizes certain Peruvian tax and United States federal income tax consequences from the acquisition, ownership and disposition of the Notes. This overview does not purport to be a comprehensive description of all potential Peruvian tax and United States federal income tax considerations that may be relevant and is not intended as tax advice to any particular investor. This overview does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Peru and the United States. As of this date, there is no applicable income tax treaty in effect between the United States and Peru.

Investors should consult their own tax advisors as to the Peruvian, United States or other tax consequences of the acquisition, ownership and disposition of the Notes, including, in particular, the application of the tax considerations discussed below to their particular situations, as well as the application of state, local, foreign or other tax laws.

Peruvian Taxation

The following summary of certain Peruvian tax matters as in force on the date of this Prospectus describes the principal tax consequences of an investment in the Notes by a person or an entity who is not domiciled in Peru for tax purposes. This summary does not intend to be a comprehensive description of all of the tax considerations that may be relevant to a decision to make an investment in the Notes. In addition, it does not intend to describe any tax consequences: (i) arising under the laws of any taxing jurisdiction other than Peru or (ii) applicable to a person or entity domiciled in Peru or to the permanent establishment of foreign entities in Peru.

In this section, the term "Peruvian Holder" means the holder or beneficial owner, as applicable, of a Note who, for Peruvian income tax purposes, is treated as a resident of Peru. A legal entity is treated as a Peruvian tax resident if it has been incorporated in Peru, or if it is deemed to be a permanent establishment in Peru of a foreign entity. An individual is deemed to be a Peruvian tax resident if such individual (i) is a Peruvian citizen and has a regular residence in Peru or, (ii) is not a Peruvian citizen but has resided in Peru for a period of at least 183 days during any 12-month period.

The term "Non-Peruvian Holder" means the holder or beneficial owner of a Note, as applicable, who is not a Peruvian Holder.

Peru has executed treaties to avoid double taxation with the Andean Community (Bolivia, Colombia and Ecuador), Brazil, Canada, Chile, Switzerland, South Korea, Mexico, Portugal and Japan all of which are currently in force. Non-Peruvian Holders that are domiciled in any of these countries should consult an independent tax advisor regarding the application of the relevant tax treaty.

Payment of Interest

In the case of Non-Peruvian Holders, interest paid on debt is subject to income tax withholding, which generally would be imposed at a rate of 30%. However, interest paid on bonds and other debentures issued by Peruvian financial entities are subject to income tax withholding at a preferential rate of 4.99%, provided that the following conditions are met: (i) the Non-Peruvian Holders and the issuer are not considered to be related parties pursuant to Peruvian Income Tax Law and (ii) in the case of Non-Peruvian Holders that are individuals, the interest (a) does not derive from a transaction from or through a low or no-tax jurisdiction or a non-cooperative jurisdiction; and/or (b) is not subject to a preferential tax regime.

The Issuer is required to act as withholding agent for any income tax due with respect to interest paid on the Notes. However, if the Notes are listed on the BVL, the Peruvian clearing house, CAVALI ICLV S.A. ("CAVALI"), will act as withholding agent with respect to interest paid on the Notes. The Issuer has agreed, subject to specified exceptions and limitations, to pay additional amounts to the holders of the Notes in respect of the Peruvian income taxes mentioned above. See "Description of the Notes—Payment of Additional Amounts."

Sale of the Notes

Any gain by a Non-Peruvian Holder arising from the sale, exchange or other disposition of the beneficial interest in the Notes held through a foreign clearing system will not be subject to Peruvian income tax.

In the case of Bearer Notes or in the event that the beneficial interests in the Notes are exchanged for definitive notes, any capital gain arising from the sale, exchange or other disposition of these Bearer Notes or definitive Notes by Non-Peruvian Holders will be subject to Peruvian income tax at a preferential rate of 5% if the following conditions are met: (i) the Bearer Notes or definitive Notes, as applicable, are registered with the Peruvian Securities Public Registry (*Registro Público del Mercado de Valores*), and (ii) the Bearer Notes or definitive Notes, as applicable, are negotiated on the BVL (in which case CAVALI will act as withholding agent with respect to such capital gain). If such requirements are not met, capital gains will be taxed at a 30% income tax rate.

A capital gain will be equal to the difference between (i) the amount realized on the sale, exchange or disposition of the Bearer Notes or definitive Notes, as applicable, and (ii) the acquisition cost (purchase price) of the Notes, which must be certified by the Peruvian tax administration unless the sale, exchange or disposition is made through the BVL. Each holder should discuss with its own tax advisors the formal obligations that may arise in relation with the determination of the acquisition cost of the Notes.

An exemption from Peruvian income tax is currently applicable to the sale or disposition of the Bearer Notes or definitive Notes, provided they are traded within the BVL, and additional requirements are met. This exemption is in force until December 31, 2022.

Redemption of the Notes

If any premium received upon an early redemption of the Notes is deemed to be Peruvian-source income, such premium received would be subject to withholding at an income tax rate of either: (i) 4.99% or 30% if the premium is characterized as interest, depending on whether the conditions for the preferential income tax rate described in the section "Taxation—Peruvian Taxation—Payment of Interest" are met; or (ii) 30% if the premium is characterized as capital gain.

The Issuer has agreed, subject to certain exceptions and limitations, to pay Additional Amounts to the holders of the Notes if we are required by Peruvian law to withhold or deduct any taxes from or in respect of any sum payable under the Notes, including the income taxes described above. See "Description of the Notes—Payment of Additional Amounts."

Value added tax

Interest paid on the Notes is not subject to Peruvian Value Added Tax (*Impuesto General a las Ventas*, or "VAT").

The sale, exchange or disposition of the Notes or the beneficial interests in the Notes is not subject to VAT.

Financial Transaction Tax

Deposits in and withdrawals from accounts held in Peruvian banks or other financial institutions, whether in Soles or foreign currency, are levied with a financial transactions tax ("FTT") at a 0.005% rate. Therefore, payment of the issue price, interest and principal of the Notes will be levied with FTT, provided they are deposited in or withdrawn from a bank account held in a Peruvian bank or other financial institution.

United States Federal Income Taxation

The following is a discussion of certain U.S. federal income tax consequences of the ownership and disposition of the Notes. This disclosure does not address Bearer Notes, which generally may not be offered or sold in the United States or to U.S. Holders (as defined below). This discussion applies only to Notes that are:

- purchased by those initial holders who purchase the Notes at their "issue price," which generally will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Notes is sold for money;

- held as capital assets (generally, property held for investment purposes); and
- beneficially owned by U.S. Holders.

This discussion does not describe all of the tax consequences, including Medicare Contribution Tax consequences, that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as:

- financial institutions;
- regulated investment companies;
- insurance companies;
- real estate investment trusts;
- dealers in securities;
- traders in securities that elect to use a mark-to-market method of tax accounting;
- persons holding Notes as part of a hedging transaction, straddle or other integrated transaction;
- persons whose functional currency is not the U.S. dollar;
- partnerships or other entities or arrangements classified as partnerships for U.S. federal income tax purposes;
- an accrual method taxpayer subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an "applicable financial statement";
- persons subject to the alternative minimum tax; or
- persons that own, or are deemed to own, ten percent or more of any class of the Issuer's stock.

If a partnership (or other entity or arrangement classified as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Thus, partnerships holding Notes and partners therein should consult their tax advisers.

This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, changes to any of which subsequent to the date of this Base Prospectus may affect the tax consequences described herein, possibly with retroactive effect. Persons considering the purchase of Notes are urged to consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

This discussion applies only to Notes that are classified as indebtedness for U.S. federal income tax purposes. This discussion does not apply to every type of Note that may be issued under the Program, including certain Floating Rate Notes. In particular, this discussion does not address the tax consequences of any Notes, including Indexed Notes, that are treated under applicable Treasury regulations as providing for contingent payments and subject to special rules thereunder. Additional material U.S. federal income tax consequences of any such Notes will be addressed in an applicable supplement to this Prospectus.

As used herein, the term "U.S. Holder" means, for U.S. federal income tax purposes, a beneficial owner of a Note that is:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Payments of Interest

Interest paid on a Note will be taxable to you as ordinary interest income at the time it accrues or is received, in accordance with your method of accounting for U.S. federal income tax purposes, provided that the interest is qualified stated interest (as defined below). Any amounts withheld with respect to interest paid on the Notes and any Additional Amounts paid with respect to interest will be treated as ordinary interest income. Interest income you earn with respect to a Note will constitute foreign-source income for U.S. federal income tax purposes, which may be relevant in calculating your foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to two specific classes of income. For this purpose, interest income on the Notes generally will constitute "passive category income" or, in the case of certain U.S. Holders, "general category income." The rules governing foreign tax credits are complex and, therefore, you should consult your own tax adviser regarding the availability of foreign tax credits in your particular circumstances. Instead of claiming a credit, you may elect to deduct withheld taxes in computing your taxable income. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all applicable foreign taxes paid or accrued in the taxable year.

Special rules governing the treatment of interest paid with respect to OID Notes and Foreign Currency Notes are described under "—Original Issue Discount" and "—Foreign Currency Notes" below.

Original Issue Discount

A Note that is issued at an issue price less than its "stated redemption price at maturity" will be considered to have been issued with original issue discount for U.S. federal income tax purposes (and will be referred to in this section as an "OID Note") unless the Note satisfies a de minimis threshold (as described below). The "stated redemption price at maturity" of a Note will equal the sum of all payments required under the Note other than payments of "qualified stated interest." "Qualified stated interest" is stated interest unconditionally payable as a series of payments in cash or property (other than in debt instruments of the Issuer) at least annually during the entire term of the Note and equal to the outstanding principal balance of the Note multiplied by a single fixed rate of interest or, subject to certain conditions, based on one or more floating rates or indices.

All stated interest on a Variable Rate Note (as defined below) will constitute qualified stated interest if the Note provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof that is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually. Therefore, such a Variable Rate Note will not be treated as having been issued with original issue discount unless it is issued at a "true" discount (i.e., at a price below the Note's stated principal amount that equals or exceeds a specified de minimis amount). In general, a "Variable Rate Note" is a Note that provides for one or more qualified floating rates of interest, a single fixed rate and one or more qualified floating rates, a single objective rate, or a single fixed rate and a single objective rate that is a qualified inverse floating rate (as such terms are defined in applicable Treasury regulations), provided that certain other requirements are satisfied.

A "qualified floating rate" is any variable rate variations in the value of which can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Rate Note is denominated. An interest rate that is based on a fixed multiple of a qualified floating rate that is greater than .65 but not more than 1.35, or that subjects a qualified floating rate to a cap, floor, governor or similar restriction, may also be treated as a qualified floating rate if certain conditions are satisfied. An "objective rate" is generally a rate that is determined using a single fixed formula and that is based on objective financial or economic information. If a Variable Rate Note provides for two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Note, the qualified floating rates together constitute a single qualified floating rate. Two or more qualified floating rates will be conclusively presumed to meet the requirements of the preceding sentence if the values of the applicable rates on the issue date are within 25 basis points of each other. If interest on a debt instrument is stated at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and the value of the variable rate on the issue date is intended to approximate the fixed rate, the fixed rate and the variable rate together constitute a single qualified floating rate or objective rate. A fixed rate and a variable rate will be conclusively presumed to meet the requirements of the preceding sentence if the values of the variable rate and the fixed rate on the issue date are within 25 basis points of each other. If, after application of these rules, a Variable Rate Note is treated as having been issued with interest other than qualified stated interest or as issued at a "true" discount, the U.S. federal income tax treatment of such Note will be more fully described in the applicable supplement to this Prospectus.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a de minimis amount, i.e., 1/4 of one percent of the stated redemption price at maturity multiplied by the number of complete years to maturity (or weighted average maturity, if any amount included in the stated redemption price at maturity is payable before maturity), then the Note will not be considered to have original issue discount.

Subject to the rules applicable to Short-Term Notes, discussed below, if you hold an OID Note, you will be required to include any qualified stated interest payments in income in accordance with your method of accounting for U.S. federal income tax purposes, and you will be required to include original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant-yield method based on a compounding of interest. Under this method, you will generally be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

You may make an election to include in gross income all interest that accrues on any Note (including stated interest and original issue discount or de minimis original issue discount, as adjusted by any amortizable bond premium) in accordance with a constant-yield method based on the compounding of interest (a "constant-yield election").

A Note that matures one year or less from its date of issuance (a "Short-Term Note") will be treated as being issued at a discount, and none of the interest paid on the Note will be treated as qualified stated interest. In general, if you are a cash-method U.S. Holder of a Short-Term Note, you will not be required to accrue the discount for U.S. federal income tax purposes unless you elect to do so. If you make such an election, or if you report income on the accrual method of accounting for U.S. federal income tax purposes, you will be required to include the discount in income as it accrues on a straight-line basis, unless you make another election to accrue the discount according to a constant-yield method based on daily compounding. If you are not required and do not elect to include the discount in income currently, you will treat any gain realized on the sale, exchange, retirement or other taxable disposition of the Short-Term Note as ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant-yield method based on daily compounding) through the date of sale, exchange, retirement or other taxable disposition, and you will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry Short-Term Notes, in an amount not exceeding the accrued discount, until the accrued discount is included in income or you dispose of the Note in a taxable transaction.

Under applicable Treasury regulations, if the Issuer or you have an unconditional option to redeem a Note prior to its Maturity Date, the Issuer will generally be presumed to exercise an option to redeem a Note if the exercise of the option will lower the yield on the Note. Conversely, you will generally be presumed to exercise an option to require the Issuer to repurchase a Note if the exercise of the option will increase the yield on the Note. If such an option is not in fact exercised, the Note will be treated, solely for purposes of calculating original issue discount, as if it were redeemed and a new Note were issued on the presumed exercise date for an amount equal to the Note's "adjusted issue price" on that date. The "adjusted issue price" of an OID Note at the beginning of any accrual period is the sum of the issue price of the OID Note plus the amount of OID allocable to all prior accrual periods reduced by any payments received on the OID Note that were not qualified stated interest. The rules governing Short-Term Notes described above may apply to a Note treated as reissued. You should consult your own tax adviser regarding the possible application of these rules.

Amortizable Bond Premium

If you purchase a Note for an amount that is greater than the sum of all amounts payable on the Note other than qualified stated interest, you will be considered to have purchased the Note with amortizable bond premium in an amount equal to that excess. In general, you may elect to amortize this premium, using a constant-yield method, over the remaining term of the Note. Special rules may apply in the case of Notes that are subject to optional redemption. You generally may use the amortizable bond premium allocable to an accrual period to offset qualified stated interest required to be included in your income with respect to the Note in that accrual period. If you elect to amortize bond premium, you must reduce your tax basis in the Note by the amount of the premium allowable as an offset in any year. An election to amortize bond premium applies to all taxable debt obligations that you then own and thereafter acquire and may be revoked only with the consent of the Internal Revenue Service (the "**IRS**").

If you make a constant-yield election (as described under "—Original Issue Discount" above) for a Note with amortizable bond premium, that election will result in a deemed election to amortize bond premium for all of your debt instruments with amortizable bond premium, and may be revoked only with the permission of the IRS, and only with respect to debt instruments acquired after revocation.

Sale, Exchange, Retirement or Other Taxable Disposition of the Notes

Upon the sale, exchange, retirement or other taxable disposition of a Note, you will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, retirement or other taxable disposition and your adjusted tax basis in the Note. For these purposes, the amount realized does not include any amount attributable to accrued qualified stated interest, which will be treated as interest as described under "—Payments of Interest" above. Your adjusted tax basis in a Note generally will equal your initial investment in the Note increased by any original issue discount included in income and decreased by any bond premium previously amortized and any payments, other than qualified stated interest, previously received. Gain or loss, if any, generally will be U.S.-source for purposes of computing your foreign tax credit limitation. Consequently, you may not be able to claim a credit for any Peruvian tax imposed upon a disposition of a note unless the credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources.

Gain or loss realized on the sale, exchange, retirement or other taxable disposition of a Note will be capital gain or loss, which will be long-term capital gain or loss if at the time of sale, exchange, retirement or other taxable disposition, you have held the Note for more than one year. Long-term capital gain of a non-corporate U.S. Holder generally is taxed at preferential rates. The deductibility of capital losses is subject to limitations.

Foreign Currency Notes

The rules applicable to Notes issued in a currency other than U.S. dollars ("Foreign Currency Notes") could require some or all of the gain or loss on the sale, exchange or other taxable disposition of a Foreign Currency Note to be treated as ordinary income or loss. The rules applicable to Foreign Currency Notes are complex. You are urged to consult your tax adviser regarding the U.S. federal income tax consequences of the ownership and disposition of Foreign Currency Notes.

If you use the cash method of accounting and receive a payment of qualified stated interest (or receive proceeds from a sale, exchange or other disposition attributable to accrued qualified stated interest) in a foreign currency with respect to a Foreign Currency Note, you will be required to include in income the U.S. dollar value of the foreign currency payment (determined based on a spot rate on the date the payment is received) regardless of whether the payment is in fact converted into U.S. dollars at that time, and this U.S. dollar value will be your tax basis in the foreign currency received.

If you are an accrual-method U.S. Holder, you will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount, but reduced by amortizable bond premium to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a Foreign Currency Note during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. You may recognize ordinary income or loss (which will not be treated as interest income or expense) with respect to accrued interest income on the date the interest payment or proceeds from the sale, exchange or other taxable disposition attributable to accrued interest is actually received. The amount of ordinary income or loss recognized will equal the difference between the U.S. dollar value of the foreign currency payment received (determined based on the spot rate on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above). Rules similar to these rules apply if you are a cash-method U.S. Holder who is required currently to accrue original issue discount on a Foreign Currency Note. If you are an accrual-method U.S. Holder (including a cash-method U.S. Holder with respect to original issue discount), you may elect to translate interest income (including original issue discount) into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, on the last day of the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, on the date of receipt. If you make this election, you must apply it consistently to all debt instruments from year to year, and you may not change the election without the consent of the IRS.

Original issue discount and amortizable bond premium on a Foreign Currency Note are determined in the relevant foreign currency. If you make an election to amortize bond premium, amortizable bond premium taken into account on a current basis will reduce interest income in units of the relevant foreign currency. Gain or loss attributable to fluctuations in exchange rates is realized on amortized bond premium with respect to any period by treating the bond premium amortized in the period in the same manner as it would have been treated on the sale, exchange, retirement or other taxable disposition of the Foreign Currency Note. Any such exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any bond premium will be taken into account in determining the overall gain or loss on the Notes.

As discussed above under "—Sale, Exchange, Retirement or Other Taxable Disposition of a Note," you will generally recognize gain or loss on the sale, exchange, retirement or other taxable disposition of a Note equal to the difference between the amount realized on the sale, retirement or other taxable disposition and your adjusted tax basis in the Note. Your adjusted tax basis in a Foreign Currency Note will equal the amount you paid for the Foreign Currency Note, increased by the amounts of any OID previously included in income with respect to the Foreign Currency Note and reduced by any amortized bond premium and any principal payments received in respect of the Foreign Currency Note. The amount of any payment in or adjustments measured by foreign currency will be equal to the U.S. dollar value of the foreign currency on the date of the purchase or adjustment. If, however, a Foreign Currency Note is traded on an established securities market and you use the cash basis method of tax accounting, you will determine the U.S. dollar value of the amount you paid for the Foreign Currency Note by translating the foreign currency payment at the spot rate of exchange on the settlement date of the purchase. If you use the accrual basis method of tax accounting, you may elect the same treatment with respect to the purchase of Foreign Currency Notes traded on an established securities market, provided that the election is applied consistently. This election cannot be changed without the consent of the IRS.

The amount realized will be based on the U.S. dollar value of the foreign currency on the date the payment is received or the Foreign Currency Note is disposed of. If, however, a Foreign Currency Note is traded on an established securities market and you use the cash basis method of tax accounting, you will determine the U.S. dollar value of the amount realized by translating the foreign currency payment at the spot rate of exchange on the settlement date of the sale. If you use the accrual basis method of tax accounting, you may elect the same treatment with respect to the sale of Foreign Currency Notes traded on an established securities market, provided that the election is applied consistently. This election cannot be changed without the consent of the IRS.

Gain or loss on the sale, exchange, retirement or other taxable disposition of a Foreign Currency Note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates generally will equal the difference between (i) the U.S. dollar value of your purchase price for the Foreign Currency Note (or if less, the principal amount of the Foreign Currency Note), determined on the date the payment is received or the Note is disposed of (or if the Note is traded on an established securities market, and you are a cash-method U.S. Holder or an electing accrual-method U.S. Holder, on the settlement date); and (ii) the U.S. dollar value of your purchase price for the Foreign Currency Note (or if less, the principal amount of the Foreign Currency Note), determined on the date you acquired the Note (or if the Note is traded on an established securities market and you are a cash-method U.S. Holder or an electing accrual-method U.S. Holder, on the settlement date). Payments received attributable to accrued qualified stated interest will be treated in accordance with the rules applicable to payments of interest on Foreign Currency Notes described above. The foreign currency gain or loss (including any foreign currency gain or loss with respect to accrued interest on a disposition) will be recognized only to the extent of the total gain or loss you realize on the sale, exchange, retirement or other taxable disposition of the Foreign Currency Note. The foreign currency gain or loss will be U.S.-source. Any gain or loss in excess of the foreign currency gain or loss will be capital gain or loss (except, in the case of a Short-Term Note, to the extent of any discount not previously included in income).

You will have a tax basis in any foreign currency received on the sale, exchange, retirement or other taxable disposition of a Foreign Currency Note equal to the U.S. dollar value of the foreign currency, determined at the time of receipt. As noted above, if the Foreign Currency Notes are traded on an established securities market, a cash-method U.S. Holder or an electing accrual-method U.S. Holder who buys or sells a Foreign Currency Note is required to translate units of foreign currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Any gain or loss realized on a sale or other taxable disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase Foreign Currency Notes) will be ordinary income or loss.

You may be required to file a reportable transaction disclosure statement with your U.S. federal income tax return if you realize a loss on the sale or other taxable disposition of a Foreign Currency Note that is greater than an applicable threshold amount, which depends on your status. If you claim a loss with respect to a Foreign Currency Note, you should consult your tax adviser regarding the need to file a reportable transaction disclosure statement.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments on the Notes and the proceeds from a sale or other taxable disposition of the Notes. You may be subject to backup withholding on these payments if you fail to provide your taxpayer identification number and comply with certain certification procedures or otherwise establish an exemption. The amount of any backup withholding will be allowed as a credit against your U.S. federal income tax liability, and may entitle you to a refund, provided that the required information is timely furnished to the IRS.

Legislation enacted in 2010 requires certain U.S. Holders to report information relating to an interest in the Issuer's Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). You should consult your tax adviser regarding the effect, if any, of this legislation.

FATCA

Provisions of the Code commonly referred to as "FATCA" require withholding of 30% on payments of interest on and gross proceeds of the disposition of the Notes to "foreign financial institutions" (which is broadly defined for this purpose and in general includes investment vehicles) and certain other non-U.S. entities unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) have been satisfied, or an exemption applies. Under proposed regulations, this withholding tax will not apply to the gross proceeds from the sale or other disposition of the Notes. The preamble to these proposed regulations states that taxpayers may rely on them until final regulations are issued. An intergovernmental agreement (IGA) between the United States and an applicable foreign country may modify these requirements. If we determine that FATCA withholding is required with respect to payments on an issuance of notes, the applicable Final Terms will so indicate. We will not pay additional amounts with respect to any such withholding taxes. If FATCA withholding is imposed, a beneficial owner that is not a foreign financial institution generally may obtain a refund of any amounts withheld by filing a U.S. federal income tax return (which may entail significant administrative burden). You should consult your tax advisors regarding the potential application of FATCA to the Notes.

The Proposed Financial Transactions Tax

The European Commission has published a proposal (the "Commission's Proposal") for a Directive for a common financial transactions tax ("FTT") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the "participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT remains subject to negotiation between the participating Member States and the legality of the proposal is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear.

Additional EU Member States may decide to participate and/or certain of the participating Member States may decide to withdraw. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SPECIAL PROVISIONS RELATING TO FOREIGN CURRENCY NOTES

General

Unless otherwise specified in the applicable Final Terms, the following provisions shall apply to Foreign Currency Notes which are in addition to, and to the extent inconsistent therewith replace, the description of general terms and provisions of the Notes set forth elsewhere in this Prospectus.

Payments on Foreign Currency Notes

Purchasers are required to pay for the Notes in the currency specified in the applicable Final Terms. In certain jurisdictions, there may be limited facilities for conversion of home currencies into foreign currencies, and vice versa. In addition, in certain jurisdictions, many banks may not offer foreign currency denominated checking or savings account facilities.

Payment of principal, premium, if any, and interest, if any, on each Note will be made in immediately available funds in the Specified Currency unless otherwise specified in the applicable Final Terms and except as provided under "Changing the Specified Currency of Foreign Currency Notes" below.

If so provided in the applicable Final Terms, a holder of the equivalent of U.S.$1,000,000 or more aggregate principal amount of a definitive Registered Note denominated in a Specified Currency other than U.S. Dollars may elect subsequent to the issuance thereof that future payments be converted, or not be converted, as the case may be, at the Market Exchange Rate to U.S. Dollars by transmitting a written request for such payments to the relevant Paying Agent on or prior to the Regular Record Date or at least 16 days prior to maturity or earlier redemption or repayment, as the case may be. Such request shall include appropriate payment instructions and shall be in writing (mail or hand delivered) or by cable, telex or facsimile transmission. A holder may elect to receive all future payments of principal, premium, if any, and interest in either the Specified Currency or in U.S. Dollars, as specified in the written request, and need not file a separate election for each payment. Such election will remain in effect until revoked by a subsequent election made in the manner and at the times prescribed in this paragraph. Owners of beneficial interests in permanent global Notes or holders of definitive Bearer Notes should contact their broker or nominee to determine whether and how an election to receive payment in either U.S. Dollars or the Specified Currency may be made.

The "Market Exchange Rate" means, as of any time of determination which shall be two business days prior to payment date the Specified Currencies other than U.S. Dollars to U.S. dollar exchange rate as quoted by the Exchange Rate Agent for similar client driven orders.

All determinations made by the Exchange Rate Agent shall be at its sole discretion and, in the absence of demonstrable error, shall be conclusive for all purposes and binding on holders of the Notes and the Exchange Rate Agent shall have no liability therefor. Under no circumstances shall BCP bear any responsibility for losses incurred by a holder due to fluctuations in the Market Exchange Rate.

Specific information about the Specified Currency in which a particular Foreign Currency Note is denominated will be set forth in the applicable Final Terms. Any information therein concerning exchange rates is furnished as a matter of information only and should not be regarded as indicative of the range of or trends in fluctuations in currency exchange rates that may occur in the future.

Minimum Denominations, Restrictions on Maturities, Repayment and Redemption

General. Notes denominated in Specified Currencies other than U.S. Dollars shall have such minimum denominations and be subject to such restrictions on maturities, repayment and redemption as are set forth below or as are set forth in the applicable Final Terms in the event different restrictions on minimum denominations, maturities, repayment and redemption may be permitted or required from time to time by any relevant central bank or equivalent governmental body, however designated, or by such laws or regulations as are applicable to the Notes or the Specified Currency. Certain restrictions related to the distribution of Notes denominated in Specified Currencies other than U.S. Dollars are set forth under "Plan of Distribution" in this Prospectus. Any other restrictions applicable to Notes denominated in Specified Currencies other than U.S. Dollars will be set forth in the applicable Final Terms relating to such Notes.

Minimum Denominations. Unless permitted by then current laws, regulations and directives, Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are received by the Issuer in the United Kingdom and which have a maturity of less than one year will only be issued if (a) the redemption value of each such Note is at least £100,000 as determined at the time of issuance or an amount of equivalent value denominated wholly or partly in a currency other than Sterling, (b) no part of any Note may be transferred unless the redemption value of that part is at least £100,000, or such an equivalent amount, and (c) such Notes are issued to a limited class of professional investors, unless the relevant Note(s) can be issued and sold without contravention of Section 19 of the FSMA. See "Plan of Distribution."

Restrictions on Maturities, Repayment and Redemption. All Notes (irrespective of the Specified Currency in which they are denominated) will comply with applicable legal, regulatory and/or central bank requirements in respect of minimum required maturities and limitations on redemption by the Issuer or holder of such Note.

Redenomination

The Issuer may, without the consent of holders of Notes denominated in a Specified Currency of a member state of the European Union, which on or after the issue date of such Notes participates in the European Economic and Monetary Union, on giving at least 30 days' prior notice (the "Redenomination Notice") to the holders of such Notes and on prior notice to the Fiscal Agent, and Euroclear, CBL and/or any other relevant clearing system, elect that, with effect from the date specified in the Redenomination Notice (the "Redenomination Date"), such Notes shall be redenominated in Euro.

The election will have effect as follows:

(a) the Notes shall be deemed to be redenominated into Euro in the denomination of €0.01 with a nominal amount for each Note equal to the nominal amount of that Note in the Specified Currency, converted into Euro at the Established Rate (defined below); provided that, if the Issuer determines after consultation with the Fiscal Agent that the then market practice in respect of the redenomination into Euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the holders of Notes, any stock exchange on which the Notes may be listed, the Fiscal Agent and the relevant Paying Agents of such deemed amendments;

(b) save to the extent that an Exchange Notice (defined below) has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01;

(c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued, subject to compliance with all applicable laws and regulations, at the expense of the Issuer in the denominations of €1,000, €10,000, €100,000 and (but only to the extent of any remaining amounts less than €1,000 or such smaller denominations as the relevant Paying Agent may approve) €0.01 and such other denominations as the Issuer shall determine and notify to the Noteholders;

(d) if issued prior to the Redenomination Date, all unmatured coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "Exchange Notice") that replacement Euro-denominated Notes and coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes so issued will also become void on that date although such Notes will continue to constitute valid exchange obligations of the Issuer. New Euro-denominated Notes and coupons, if any, will be issued in exchange for Notes and coupons, if any, denominated in the Specified Currency in such manner as the relevant Paying Agent may specify and as shall be notified to the holders of Notes in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(e) after the Redenomination Date, all payments in respect of the Notes and the coupons, if any, including payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Notes to the Specified Currency were to Euro. Payments will be made in Euro by credit or transfer to a Euro account outside the United States (or any other account to which Euro may be credited or transferred) specified by the payee;

(f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Fixed Interest Rate to each specified denomination, multiplying such sum by the applicable Fixed Day Count Fraction specified in the applicable Final Terms, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention;

(g) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and

(h) such other changes shall be made as the Issuer may decide, after consultation with the relevant Paying Agent and the Calculation Agent (if applicable), and as may be specified in the Redenomination Notice, to conform them to conventions then applicable to instruments denominated in Euro.

"Established Rate" means the rate for the conversion of the Specified Currency (including compliance with rules relating to rounding in accordance with applicable European Union regulations) into Euro established by the Council of European Union pursuant to Article 109L(4) of the treaty establishing the European Communities, as amended by the Treaty on European Union.

"sub-unit" means, with respect to any Specified Currency other than Euro, the lowest amount of such Specified Currency that is available as legal tender in the country of such Specified Currency and, with respect to Euro, means one cent.

Changing the Specified Currency of Foreign Currency Notes

Unless otherwise specified in the Final Terms, payments of principal, premium, if any, and interest, if any, on any Note denominated in a Specified Currency other than U.S. Dollars shall be made in U.S. Dollars if, on any payment date, such Specified Currency (a) is unavailable due to imposition of exchange controls or other circumstances beyond the Issuer's control or (b) is no longer used by the government of the country issuing such Specified Currency or for the settlement of transactions by public institutions in that country or within the international banking community. Such payments shall be made in U.S. Dollars on such payment date and on all subsequent payment dates until such Specified Currency is again available or so used as determined by such Issuer.

Amounts so payable on any such date in such Specified Currency shall be converted into U.S. Dollars at a rate determined by the Exchange Rate Agent (as defined below) on the basis of the most recently available Market Exchange Rate. The "Exchange Rate Agent" shall be a bank of international standing to be specified by the Issuer. Any payment required to be made on Foreign Currency Notes denominated in a Specified Currency that is instead made in U.S. Dollars under the circumstances described above will not constitute a default of any obligation of the Issuer under such Notes.

The provisions of the two preceding paragraphs shall not apply in the event of the introduction in the country issuing any Specified Currency of the Euro pursuant to the entry of such country into European Economic and Monetary Union. In such an event, payments of principal, premium, if any, and interest, if any, on any Note denominated in any such Specified Currency shall be effected in Euro at such time as is required by, and otherwise in conformity with, legally applicable measures adopted with reference to such country's entry into the European Economic and Monetary Union.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear, CBL or CBF (together, the "Clearing Systems") currently in effect. The information in this section concerning the Clearing Systems has been accurately reproduced and far as the Issuer is aware and able to ascertain from information published by such third-party Clearing Systems, no facts have been omitted that would render the reproduced information inaccurate or misleading. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Fiscal Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-Entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to section 17A of the Exchange Act. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "Rules"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("DTC Notes") as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the SEC. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("Owners") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "Transfer and Selling Restrictions."

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear, CBL and CBF

Euroclear, CBL and CBF each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear, CBL and CBF provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear, CBL and CBF also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear, CBL and CBF have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear, CBL and CBF customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear, CBL and CBF is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-Entry Ownership of and Payments in Respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective principal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including the respective depositories of Euroclear and CBL. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Calculation Agent on behalf of DTC or its nominee and the Calculation Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and CBL will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of notes in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. However, as discussed above, such exchanges will generally not be available. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "Transfer and Selling Restrictions," cross-market transfers between DTC, on the one hand, and directly or indirectly through CBL or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the relevant Registrar, the relevant Paying Agent and any custodian ("Custodian") with whom the relevant Registered Global Notes have been deposited.

On or after the Original Issue Date for any Series, transfers of Notes of such Series between accountholders in CBL and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in CBL or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Transfers of interests in the relevant Registered Global Notes will be effected through the relevant Registrar, the relevant Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or CBL accountholders and DTC participants cannot be made on a delivery versus payment basis. The notes will be delivered on a free delivery basis and arrangements for payment must be made separately. However, in the case of transfers within DTC or within Euroclear or CBL, transfers can be made on a delivery versus payment basis.

DTC, CBL and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, CBL and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents nor any Dealer will be responsible for any performance by DTC, CBL or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

PLAN OF DISTRIBUTION

In connection with an offering of the Notes, one or more Dealers designated as Managers in the relevant Final Terms will initially propose to offer the Notes for resale at the issue price that appears in the relevant Final Terms. After the initial offering, the relevant Managers may change the offering price and any other selling terms. Managers may offer and sell Notes through certain of their affiliates.

In connection with any offering of Notes, the Managers may purchase and sell such Notes in the open market. These transactions may include short sales, purchases to cover positions created by short sales and stabilizing transactions.

Short sales involve the sale by a Manager of a greater principal amount of Notes than it is required to purchase in the offering. A Manager may close out any short position by purchasing Notes in the open market. A short position is more likely to be created if a Manager is concerned that there may be downward pressure on the price of the Notes in the open market prior to the completion of the offering.

Stabilizing transactions consist of various bids for or purchases of the Notes made by a Manager in the open market prior to the completion of the offering.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or slowing a decline in the market price of the Notes. Additionally, these purchases may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market. However, there is no assurance that the Managers will undertake stabilization transactions. If the Managers engage in stabilizing or short-covering transactions, they may discontinue them at any time, and if begun, must be brought to an end after a limited period. Any over-allotment stabilizing and short- covering transaction must be conducted by the relevant managers, or persons acting on their behalf, in accordance with applicable laws. These transactions may be effected in the over-the-counter market or otherwise.

Some of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. If any of the Managers or their affiliates has a lending relationship with the Issuer, certain of those Managers or their affiliates routinely hedge, and certain other of those Managers or their affiliates may hedge, their credit exposure to the Issuer consistent with customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer’s securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of any issuance of Notes. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In connection with the issue of any Tranche of Notes under the Program, the Dealer or Dealers (if any) named as the stabilizing manager(s) in the applicable Final Terms (the “Stabilizing Managers”) (or persons acting on their behalf) may over-allot Notes, or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager(s) (or persons acting on their behalf) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than 30 days after the date on which the Issuer received the proceeds of the relevant Tranche of Notes or no later than 60 days after the date of the allotment of the relevant Tranche of Notes, whichever is earlier.

TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in the Dealer Agreement, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Description of the Notes.*" In the Dealer Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Program and the issue of Notes under the Program and to indemnify the Dealers for certain liabilities incurred by them in connection therewith.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes. Each purchaser of Registered Notes or person wishing to transfer an interest from one Registered Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) that either: (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (ii) it is outside the United States and is not a U.S. person;

(b) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(c) that, unless it holds an interest in a Regulation S Global Note, the applicable distribution compliance period has elapsed and it is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so only (i) to the Issuer or any affiliate thereof, (ii) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A and which takes delivery in the form of an interest in the Rule 144A Global Note, (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to another available exemption from registration under the Securities Act or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

(d) that it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (c) above, if then applicable;

(e) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes; and

(f) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE NOTES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE NOTES EXCEPT IN ACCORDANCE WITH THE FISCAL AGENCY AGREEMENT AND OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN

ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A UNDER THE SECURITIES ACT FOR RESALE OF THIS NOTE."

THIS LEGEND CAN ONLY BE REMOVED AT THE OPTION OF THE ISSUER.

(g) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the 40-day distribution compliance period which commences upon completion of distribution of all the Notes of the Tranche of which the Notes being resold or otherwise transferred forms a part of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (i) outside the United States in compliance with Rule 903 or 904 under the Securities Act and (ii) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE FISCAL AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF FORTY DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.";

(h) that either: (i) no portion of the assets used by it to purchase and hold the Notes constitutes assets of (a) any employee benefit plan subject to Title I of ERISA, (b) any plan, individual retirement account or other arrangement subject to section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), (c) any entity whose underlying assets are considered to include "plan assets" (as defined in ERISA) of any such employee benefit, plan, account or arrangement or (d) any non-U.S., governmental or church plan subject to any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code ("Similar Law") and/or laws or regulations that provide that the assets of the Issuer could be deemed to include "plan assets" of such plan (each, an "Other Plan Investor"), or (ii) the purchase and holding of the Notes by such purchaser will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of Other Plan Investors, will not result in a non-exempt violation of any applicable Similar Law and will not subject the Issuer to any laws, rules, or regulations applicable to such Other Plan Investor solely as the result of the investment in the Issuer by such Other Plan Investor; and such purchaser acknowledges that the Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"EACH PURCHASER OR TRANSFEREE OF THIS NOTE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER: (i) no portion of the assets used by it to purchase and hold the Notes constitutes assets of (a) any employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (b) any plan, individual retirement account or other arrangement subject to section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), (c) any entity whose underlying assets are considered to include "plan assets" (as defined in ERISA) of any such employee benefit, plan, account or arrangement or (d) any non-U.S., governmental or church plan subject to any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code ("Similar Law") and/or laws or regulations that provide that the assets of the Issuer could be deemed to include "plan assets" of such plan (each, an "Other Plan Investor"), or (ii) the purchase and holding of the Notes by such purchaser will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of Other Plan Investors, will not result in a non-exempt violation of any applicable Similar Law and will not subject the Issuer to any laws, rules, or regulations applicable to such Other Plan Investor solely as the result of the investment in the Issuer by such Other Plan Investor;

(i) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.$100,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$100,000 (or its foreign currency equivalent) of Registered Notes.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

In connection with any Notes which are offered or sold outside the United States in reliance on the safe harbor from the registration requirements of the Securities Act provided under Regulation S ("Regulation S Notes"), each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (a) as part of their distribution at any time or (b) otherwise until forty days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Program will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons.

Until forty days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers, directly or through their respective U.S. broker dealer affiliates, may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.$100,000 (or the approximate equivalent thereof in any other Specified Currency). To the extent that the Issuer is not subject to or does not comply with the reporting requirements of section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4) so long as the Notes are considered "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by United States Treasury Regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The applicable Final Terms will specify whether the TEFRA C Rules or the TEFRA D Rules are applicable to the Bearer Notes, or whether neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

In the case of Bearer Notes to which the TEFRA D Rules have been specified to apply, the Notes may not be delivered, offered, sold or resold, directly or indirectly, in connection with their original issuance or during the Restricted Period in the United States to or for the account of any United States person, other than to certain persons as provided under United States Treasury Regulations. An offer or sale will be considered to be made to a person within the United States if the offeror or seller has an address within the United States for the offeree or purchaser with respect to the offer or sale. In addition, each Dealer has represented and agreed (and each further Dealer appointed under the Program will be required to represent and agree) that:

(a) except to the extent permitted under the TEFRA D Rules, (i) it has not offered or sold, and during the Restricted Period will not offer or sell, Notes in bearer form to a person who is within the United States or to a United States person, and (ii) such Dealer has not delivered and will not deliver within the United States definitive Notes in bearer form that are sold during the Restricted Period;

(b) it has and throughout the Restricted Period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the Restricted Period to a person who is within the United States or to a United States person, except as permitted by the TEFRA D Rules;

(c) if such Dealer is a United States person, it represents that it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and, if such Dealer retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of United States Treasury Regulation §1.163-5(c)(2)(i)(D)(6); and

(d) with respect to each affiliate (if any) that acquires from such Dealer Notes in bearer form for the purposes of offering or selling such Notes during the Restricted Period, such Dealer either (i) hereby represents and agrees on behalf of such affiliate (if any) to the effect set forth in sub-paragraphs (a), (b) and (c) of this paragraph or (ii) agrees that it will obtain from such affiliate (if any) for the benefit of the Issuer the representations and agreements contained in sub-paragraphs (a), (b) and (c) of this paragraph.

Where the TEFRA C Rules are specified in the applicable Final Terms as being applicable to any Tranche of Bearer Notes, such Notes must be issued and delivered outside the United States in connection with their original issuance. Accordingly, each Dealer has represented and agreed (and each additional Dealer appointed under the Program will be required to represent and agree) in respect of such Notes that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any such Notes within the United States in connection with the original issuance. Further, each Dealer has represented and agreed (and each further Dealer appointed under the Program will be required to represent and agree) in connection with the original issuance of such Notes in bearer form, that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such Dealer or such purchaser is within the United States or its possessions and will not otherwise involve the U.S. office of such Dealer in the offer and sale of Notes.

Each Dealer has agreed, and each further Dealer appointed under the Program will be required to agree, that it has not entered and will not enter into any contractual arrangements with respect to the distribution or delivery of Notes except with its affiliates (if any) or with the prior written consent of the Issuer.

Each Bearer Note having a maturity of more than 365 days (including unilateral rights to rollover) and interest coupons pertaining to such Note, if any, will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code.”

Each issuance of Indexed Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

EEA

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”), (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “Insurance Distribution

Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes included in this offering in circumstances in which Section 21(1) of the FSMA does not apply to the Bank;

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes included in this offering in, from or otherwise involving the United Kingdom; and

(c) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments(as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Bank.

France

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

(a) offer to the public in France:

it has only made and will only make an offer of Notes to the public (*offre au public*) in France in the period (i) beginning (A) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* (“AMF”), on the date of such publication or (B) when a prospectus has been approved by the competent authority of another Member State of the EEA which has implemented the Regulation (EU) 2017/1129, on the date of notification of such approval to the AMF and (ii) ending at the latest on the date which is twelve months after the date of approval of such prospectus – all in accordance with Articles L.412-1 and L.621-8 of the French Code *monétaire et financier* and the *Règlement général* of the AMF; or

(b) private placement in France:

in connection with their initial distribution, it has not offered or sold, and will not offer or sell, directly or indirectly, Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France this Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (i) provider of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French Code *monétaire et financier*.

This Prospectus has not been submitted to the clearance procedure of the AMF.

Italy

To the extent that the offering of the Notes has not been registered pursuant to Italian securities legislation and, therefore, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*) as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "Financial Services Act") and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("Regulation No. 11971"); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "Banking Act"); and

(ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (a) and (b) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer will be required to represent and agree, that any Notes with a maturity of less than twelve months and a denomination of less than Euro 50,000 will only be offered in the Netherlands to professional market parties as defined in the Financial Supervision Act and the decrees issued pursuant thereto.

People's Republic of China

Each of the Dealers has represented, warranted and undertaken that the Notes may not be offered or sold directly or indirectly within the PRC. This Prospectus or any information contained herein does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. This Prospectus, any information contained herein or the Notes have not been, and will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. The Notes may only be invested in by PRC investors that are authorized to engage in the investment in the Notes of the type being offered or sold. Investors are responsible for obtaining all relevant governmental approvals, verifications, licenses or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange, the China Securities Regulatory Commission, the China Banking Regulatory Commission, the China Insurance Regulatory Commission and/or other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

Hong Kong

Each Dealer has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the "Financial Instruments and Exchange Act") and each Dealer has agreed and each further Dealer appointed under the Program will be required to agree that it has not offered or sold and it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Act (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each Dealer has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA.

In connection with Section 309B of the SFA and the Capital Markets Products (the "CMP") Regulations 2018, the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in Monetary Authority of Singapore Notice SFA 04-N12: Notice on the Sale of Investment Products and Monetary Authority of Singapore Notice FAA-N16: Notice on Recommendations on Investment Products).

Australia

No prospectus or other disclosure document (as defined by the Corporations Act 2001 of Australia (the "Corporations Act")) in relation to the Program or any Notes has been, or will be, lodged with the Australian Securities and Investments Commission ("ASIC").

Each Dealer has represented and agreed that unless the applicable Final Terms (or a supplement to this Prospectus) otherwise provides, it:

(a) has not made offers or invited applications (directly or indirectly), and will not make offers or invite applications, for the issue, sale or purchase of the Notes in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, this Prospectus, any Supplement, any other prospectus, any disclosure document, advertisement or other offering material relating to the Notes in Australia,

unless:

(i) the offeree is a "wholesale client" within the meaning of section 761G(4) of the Corporations Act;

(ii) the aggregate consideration payable by each offeree is at least A$500,000 (or its equivalent in any alternative currency but, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Corporations Act;

(iii) such action complies with all applicable laws, regulations and directives (including, without limitation, the licensing requirements of Chapter 7 of the Corporations Act); and

(iv) such action does not require any document to be lodged with ASIC.

Section 708(19) of the Corporations Act provides that an offer of debentures for issue or sale does not need disclosure to investors under Part 6D.2 of the Corporations Act if the Issuer is an Australian ADI (as defined in the Corporations Act). As at the date of this Prospectus, Banco de Crédito del Perú is an Australian ADI for the purposes of the Corporations Act.

Switzerland

The Dealers have agreed, and each further dealer appointed under the Program will be required to agree, that it will comply with any laws, regulations or guidelines in Switzerland from time to time, including, but not limited to, any regulations made by the Swiss Federal Banking Commission and/or the Swiss National Bank (if any) in relation to the offer, sale, delivery or transfer of the Notes or the distribution of any offering material in Switzerland in respect of such Notes.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT Module) of the Dubai Financial Services Authority (the "DFSA") rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module of the DFSA rulebook.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Brazil

The offer of Notes described in this Prospectus will not be carried out by any means that would constitute a public offering in Brazil under Law No. 6,385, of December 7, 1976, as amended, and under CVM Rule (*Instrução*) No. 400, of December 29, 2003, as amended. The offer and sale of the Notes have not been and will not be registered with the *Comissão de Valores Mobiliários* in Brazil. The Notes have not been offered or sold, and will not be offered or sold in Brazil, except in circumstances that do not constitute a public offering or distribution under Brazilian laws and regulations.

Peru

The Notes and the information contained in this Prospectus have not been and will not be registered with or approved by SMV or the BVL. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the Notes and therefore, the disclosure obligations set forth therein will not be applicable to the Issuer or the sellers of the Notes before or after their acquisition by prospective investors. Accordingly, the Notes cannot be offered or sold in Peru, except if (i) the notes are previously registered with the SMV, or (ii) such offering is considered a private offering under the securities laws and regulations of Peru. The Peruvian Securities Market Law establishes, among others, that an offer directed exclusively to institutional investors qualifies as a private offering.

In making an investment decision, institutional investors, as defined by Peruvian law, must rely on their own examination of the issuer and the terms of the offering of the notes and the guarantees in order to determine their legal ability to invest in the notes.

Chile

The Notes will not be registered under Law 18,045, as amended, of Chile with the CMF, nor with the Superintendency of Banks, and accordingly, they may be not be offered to persons in Chile, except in circumstances that do not constitute a public offering under Chilean law.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Program.

General

Each Dealer has represented and agreed and each further Dealer appointed under the Program will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

LEGAL MATTERS

Certain U.S. legal matters relating to the issuance of the notes will be passed upon for us by Davis Polk & Wardwell LLP, New York, New York, and Peruvian legal matters will be passed upon for us by Payet, Rey, Cauvi, Pérez Abogados, Lima, Peru. Certain legal matters will be passed upon for the Dealers by Milbank LLP, New York, New York.

INDEPENDENT AUDITORS

The consolidated financial statements as of December 31, 2020, 2019 and 2018 and for the years then ended, included in this Prospectus, have been audited by GAA, a member firm of PricewaterhouseCoopers International Limited, independent auditors, as stated in their report appearing herein.

GENERAL INFORMATION

General

1. The Issuer is identified with the tax identification number 20100047218.

2. The Notes are intended to be accepted for clearing and settlement through Euroclear, Clearstream Luxembourg and DTC. The Common Code for the Bearer Notes, together with the relevant ISIN Code or CUSIP number for the Registered Notes, will be contained in the Final Terms relating thereto.

3. There has been no material adverse change in the prospects of the Issuer since December 31, 2020.

4. So long as any Notes are listed on the Luxembourg Stock Exchange, the Issuer will maintain a Paying Agent and a Transfer Agent in Luxembourg. The Issuer has appointed Banque Internationale à Luxembourg, S.A., as its Listing Agent and as its Paying Agent in Luxembourg. The Issuer has also appointed Citibank, N.A., London Branch, as Fiscal Agent, Non-U.S. Registrar, Non-U.S. Paying Agent and Non-U.S. Transfer Agent and has appointed Citibank, N.A., London Branch, as U.S. Registrar, U.S. Paying Agent and U.S. Transfer Agent. The Issuer reserves the right to vary such appointment.

5. The Issuer is involved in routine litigation and other proceedings in the ordinary course of business. The Issuer is not engaged in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) which might have or have had during the 12 months prior to the date of this Prospectus a material adverse effect on our financial position or profitability.

6. Except as disclosed elsewhere in this Prospectus, there has been no significant change in our financial position since December 31, 2020.

7. So long as Notes are outstanding and listed on the Luxembourg Stock Exchange, and the rules of the Luxembourg Stock Exchange so require, the Issuer will make available physical and electronic copies of its by-laws, latest annual report, annual financial statements, as well as this Base Prospectus and any supplements to this Base Prospectus, each Final Terms and the Fiscal Agency Agreement, free of charge, at the specified office of the Paying Agent in Luxembourg during normal business hours.

8. In connection with the offering, the Agents are not acting for anyone other than the Issuer and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients nor for providing advice in relation to the offering.

9. As of the date of this Prospectus, there were no material contracts that are reasonably likely to have a material effect on the Issuer.

10. There are no potential conflicts of interest between any duties to the Issuer by any of the members of either the board of directors or management in respect of their private or other duties.

11. We have approved the establishment of this program through a resolution of our executive committee dated May 15, 2019.

Clearing Systems

The relevant Final Terms will specify which clearing system or systems (including DTC, CBL and/or Euroclear) had/have accepted the relevant Notes for clearance and provide any further appropriate information.

DOCUMENTS ON DISPLAY

So long as Notes are capable of being issued under the Program, physical and electronic copies of the following documents will be available from the Issuer and from the specified office of the Fiscal Agent for the time being in London:

(a) the by-laws of the Issuer;

(b) the Issuer's audited consolidated financial statements as of and for the years ended December 31, 2018, 2019 and 2020;

(c) the Dealer Agreement, the Fiscal Agency Agreement, and the forms of the Notes;

(d) a copy of this Prospectus; and

(e) any future supplements to this Prospectus and Final Terms to this Prospectus.

APPENDIX A

ACCOUNTING PRACTICES

Basis of presentation of the financial statements of Banco de Crédito del Perú and subsidiaries

The annual consolidated financial statements have been prepared from our accounting records, which are carried in nominal Soles as of the date of the transactions, in accordance with accounting standards prescribed by the Peruvian Superintendency of Banks, Insurance and Private Pension Fund Administrators (*Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones* or "SBS") for Peruvian financial entities (Peruvian GAAP), established in the SBS's "Accounting Manual for Financial Entities."

Peruvian GAAP principles differ in certain material respects from International Financial Reporting Standards (IFRS) and U.S. GAAP. We have not undertaken efforts to prepare a quantitative reconciliation of specific differences among Peruvian GAAP, IFRS and U.S. GAAP. Had such an effort been undertaken other potentially significant differences might have been identified and disclosed herein.

As of January 1, 2018, IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" are effective, and replacing mainly IAS 39 "Financial Instruments: Recognition and Measurement" and IAS 18 "Revenue," respectively.

The following paragraphs summarize the areas in which differences among Peruvian GAAP, IFRS and U.S. GAAP could be significant to our consolidated results of operations and consolidated financial position and that exist as of December 31, 2020. This analysis does not include differences related to IFRS standards that have been issued but are not effective as of December 31, 2020. We have not prepared consolidated financial statements in accordance with IFRS or U.S. GAAP and, accordingly, cannot offer any assurances that all existing differences have been identified and that the differences described below would, in fact, be the largest differences between our financial statements prepared under IFRS or U.S. GAAP. In addition, we cannot estimate the net effect that applying IFRS or U.S. GAAP would have on our consolidated result of operations or consolidated financial position or any component thereof, in any of the presentations of financial information in the Prospectus. However, the effect of such differences may be, individually or in aggregate, material, and in particular, as a result of such, it may be that the total shareholders' equity, prepared on the basis of Peruvian GAAP would be materially different from the shareholders' equity reported under IFRS or U.S. GAAP. Differences in the presentation of the financial statements as well as differences in the information provided in the footnotes to the financial statements have not been reported.

Highlights of certain differences among Peruvian GAAP, IFRS and U.S. GAAP

Content and format of the financial statements

Under Peruvian GAAP, the presentation and content of the accounts included in the financial statements are detailed in the "Accounting Manual for Financial Entities" issued by the SBS. Under IFRS, IAS 1 and IFRS 7, there are principles about the presentation of the financial statements for financial services. Under U.S. GAAP, the SEC has established detailed rules about the form and content of the financial statements for banks in its S X regulation.

Cash flow statements

Under Peruvian GAAP, cash flow statements are presented in accordance with the "Accounting Manual for Financial Entities" issued by the SBS and contain significant presentational differences in respect of cash flow statements prepared in accordance with IFRS (IAS 7) and U.S. GAAP.

The format of a cash flow statements prepared under IAS 7 is essentially the same as a cash flow statement prepared under U.S. GAAP. Both standards require cash flows to be classified into three broad categories: operating activities, investing activities and financing activities. However, presentational differences can arise due to differences between IFRS and U.S. GAAP in respect of the definition of cash, and the classification of specific items.

Consolidation and investment in SPEs

The key principle for consolidation under IFRS is IFRS 10 Consolidated Financial Statements, and under U.S. GAAP it is ASC 810 Consolidations. Consolidation principles under Peruvian GAAP and IFRS (IFRS 10) are based upon the concept of control and are substantially similar, requiring consolidation of all controlled entities irrespective of the sector in which they operate.

Under both IFRS and U.S. GAAP, the determination of whether or not entities are consolidated by a reporting enterprise is based on control, although differences exist in the definition of control. Under IFRS 10, the control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. In addition, it is said that an investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's returns. Under U.S. GAAP, all entities are first evaluated as potential variable interest entities (VIEs). Entities controlled by voting rights are consolidated as subsidiaries, but potential voting rights are not included in this consideration.

Investments in associates:

Under Peruvian GAAP, investments in associates are recorded in accordance with criteria established by SBS Resolution No. 7033-2012, which became effective on January 1, 2013. This category includes only equity securities acquired with the purpose of (i) having equity participation and/or (ii) having significant influence in other entities or institutions, as defined by IAS 28. Their initial recognition is at fair value; subsequently they are recorded using the equity participation method. Under IFRS (IAS 28) and U.S. GAAP (ASC 323) all the associates in which an entity has significant influence are accounted for using the equity method. For this purpose, under IFRS and U.S. GAAP significant influence is generally presumed if an investor holds directly or indirectly 20% or more of the voting power of the investee. The other investments not considered associates should usually be considered as available for-sale securities, if they are marketable securities as per ASC 320.

Business combinations

A business combination involves the bringing together of separate entities into one economic entity. In practice, there are three types of business combinations: acquisitions (one of the combining entities obtains control over the other, enabling an acquirer to be identified), a uniting of interests or pooling (where it is not possible to identify an acquirer and the shareholders of the combining entities join in substantially equal arrangements to share control), and a group reorganization (transactions among entities which operate under common control).

Under Peruvian GAAP, business combinations are accounted for as acquisitions and they require use of the acquisition method of accounting to portray the financial effect of an acquisition. Under IFRS 3(R) and ASC 805, all business combinations must be recorded and accounted for using the acquisition method. Under the acquisition method, upon obtaining control of another entity, the underlying transaction should be measured at fair value, and this should be the basis on which the assets, liabilities and non-controlling interests of the acquired entity are measured, with limited exceptions.

Indefinite useful live intangible assets (Goodwill)

Under Peruvian GAAP and IFRS, goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Under Peruvian GAAP, in accordance with the SBS Resolution No. 1967-2010, indefinite useful live assets, such as goodwill, registered before January 1, 2010, are amortized following regulations in force on the date of initial recognition, considering a period of no more than 5 years. Goodwill generated after January 1, 2010 is recognized at cost; then it is measured at cost less any impairment loss.

Peruvian GAAP (to goodwill registered after January 1, 2010), IFRS and U.S. GAAP require goodwill to be reviewed annually or more frequently when any event or change in circumstances indicates that the fair value may be impaired.

Under Peruvian GAAP and IFRS, the method of determining impairment of goodwill requires that an impairment test be done at the cash generating unit (CGU) level by comparing the CGU's carrying amount, including goodwill, with its recoverable amount. Impairment loss on the CGU (amount by which the CGU's carrying amount, including goodwill, exceeds its recoverable amount) is allocated first to reduce goodwill to zero, then, subject to certain limitations, the carrying amounts of other assets in the CGU are reduced pro rata, based on the carrying amounts of each asset.

Under U.S. GAAP, the method of determining impairment of goodwill requires a recoverability test to be performed first at the reporting unit level (carrying amount of the reporting unit is compared to the reporting unit's fair value). If the carrying amount of the reporting unit exceeds its fair value, then impairment testing must be performed. The impairment loss is the amount by which the carrying amount of goodwill exceeds the implied fair value of the goodwill within its reporting unit.

Property, plant and equipment

ASC 835-20 Capitalization of Interest and IAS 23 Borrowing Costs address the capitalization of borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset under U.S. GAAP and IFRS, respectively. Qualifying assets are generally defined similarly under both accounting models and both standards require interest costs to be capitalized as part of the cost of a qualifying asset.

However, under IFRS, borrowing costs are offset by investment income earned on those borrowings. For borrowings associated with a specific qualifying asset, actual borrowing costs are capitalized.

Under U.S. GAAP, eligible borrowing costs do not include exchange rate differences. Interest earned on the investment of borrowed funds generally cannot offset interest costs incurred during the period. For borrowings associated with a specific qualifying asset, borrowing costs equal to the weighted average accumulated expenditures times the borrowing rate are capitalized.

Under IFRS, a company has the alternative to account for certain fixed assets at amortized historical cost or re-value to fair value. Useful lives and methods of depreciation are reviewed periodically. Under Peruvian and U.S. GAAP, historical cost is the only alternative, and thus fixed asset revaluations are not allowed.

Intangible assets

The definition of intangible assets as nonmonetary assets without physical substance is similar under both U.S. GAAP and IFRS. The recognition criteria for both accounting models generally require that there be probable future economic benefits and costs that can be reliably measured.

Under Peruvian GAAP and IFRS, development costs are capitalized when technical and economic feasibility of a project can be demonstrated in accordance with specific criteria. Some of the stated criteria include demonstrating technical feasibility, intent to complete the asset and ability to sell the asset in the future. Although application of these principles may be largely consistent with U.S. GAAP, there is no separate guidance addressing computer software development costs.

Under U.S. GAAP, development costs are expensed as incurred unless addressed by a separate standard. In the case of software developed for internal use, only those costs incurred during the application development stage may be capitalized.

Amortization of intangible assets over their estimated useful lives is required under both U.S. GAAP and IFRS. If there is no foreseeable limit to the period over which an intangible asset is expected to generate net cash inflows to the entity, the useful life is considered to be indefinite and the asset is not amortized.

Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Impairment

Peruvian GAAP, IFRS (IAS 36) and U.S. GAAP (ASC 350, and ASC 360-10) require that specific and clearly detailed tests be carried out to adjust the carrying value of certain assets (long-lived assets) when indicators of potential impairment exist (or annually for goodwill and intangible assets with an indefinite life).

Impairments under Peruvian GAAP and IFRS are based on discounted cash flows. Under U.S. GAAP, only if an asset's estimated undiscounted future cash flows are below its carrying amount is a determination required of the amount of any impairment based on discounted cash flows. There is no undiscounted test under Peruvian GAAP and IFRS.

Under Peruvian GAAP and IFRS, goodwill is allocated to "cash generating units," which are the smallest group of identifiable assets that include the goodwill under review for impairment and generate cash inflows from continuing use that are largely independent of the cash inflows from other assets. Under U.S. GAAP, goodwill is allocated to "reporting units," which are operating segments or one level below an operating segment (as defined in ASC 280). The goodwill impairment test under U.S. GAAP compares the carrying value for each reporting unit to its fair value based on discounted cash flows.

Under Peruvian GAAP and IFRS, impairment losses are reversed when there has been a change in economic conditions or in the expected use of the asset. Under U.S. GAAP, impairment losses cannot be reversed for assets to be held and used, as the impairment loss results in a new cost basis for the asset.

Debt and equity securities

Under Peruvian GAAP, the initial recognition and the subsequent measurement of investments in debt and equity securities are recorded in accordance with criteria established by SBS Resolution No. 7033-2012, which became effective on January 1, 2013 and is to be applied prospectively. Investments at fair value through profit or loss (formerly recorded as trading securities) are initially recognized at cost (excluding acquisitions costs, which are recorded as expenses) and subsequently are measured at fair value. Available-for-sale investments and held to-maturity investments are initially recognized at cost including acquisition costs that are directly attributable to the acquisition and subsequently re-measured at fair value and amortized cost (using the effective interest rate method), respectively. Additionally, Resolution No. 7033-2012 established an additional category: Investments in subsidiaries, associates and joint ventures are initially recognized at fair value, and thereafter, are recorded following the equity participation method.

Under IFRS (IAS 32, IFRS 9 and IFRS 13) and U.S. GAAP (ASC 320), all investments in securities are initially recognized at fair value (plus the incremental costs related to the transactions that are directly attributable to the purchase) being the fair value of the consideration given and including acquisition costs associated with the investment. IFRS 13 establishes the definition of fair value and contains a single source of guidance under IFRS for all fair value measurements. Subsequent measurement of investments is based upon the valuation principles of the portfolios they are classified, in at the time of purchase, in one of the categories defined by IFRS 9, financial assets at fair value through profit or loss, at fair value though other comprehensive income and at amortized cost, based on:

- The business model for managing the financial assets, which reflects how the financial assets are managed to generate cash flows, and does not depend on management's intentions with regard to an individual instrument. Financial assets can be managed for the purpose of: (i) obtaining contractual cash flows; (ii) obtaining contractual cash flows and sale or (iii) others.

- The characteristics of the contractual cash flows of the financial asset.

Under Peruvian GAAP and IFRS, foreign exchange gains and losses on the amortized cost of all financial instruments are recognized in the income statement. U.S. GAAP establishes that the foreign exchange gains and losses related to the amortized cost of debt securities classified as available-for-sale must be recognized in equity.

Impairment of debt and equity securities

Under Peruvian GAAP, the impairment of debt and equity securities is determined following guidelines established by SBS Resolution No. 7033-2012 – Annex Standard Methodology for identification of impairment on financial instruments as available-for-sale and held-to-maturity prescribed by SBS, which became effective on January 1, 2013 and is to be applied prospectively.

Under IFRS, the financial assets classified or designated at fair value through profit of loss and the equity instruments designated at fair value through other comprehensive income, are not subject to impairment evaluation. The impairment is based on a forward looking basis the expected credit losses associated with its debt instruments carried at fair value through other comprehensive income, or "FVOCI." The impairment methodology applied depends on whether there has been a significant increase in credit risk. The calculations of credit losses are products of models with a series of underlying assumptions with regard to the choice of the variable inputs and their interdependencies. The impairment mode for expected credit loss reflects the present value of all the cash deficit events related to the events of default, whether (i) during the following twelve months or (ii) during the expected useful life of a financial instrument depending on the impairment of the credit from the beginning. The expected credit loss reflects an unbiased result weighted by probability that considers a range of multiple outcomes based on reasonable and supportable forecasts.

The provisions for credit losses is measured on each reporting date following a three-stage model of expected credit losses based on the degree of credit impairment from its origin:

- Stage 1: Financial assets whose credit risk has not increased significantly since its initial recognition, a reserve will be recognized for losses equivalent to the credit losses expected to occur from defaults in the following 12 months. For those instruments with a maturity less than 12 months, a probability of default corresponding to the remaining term until maturity is used.

- Stage 2: Financial assets that have presented a significant increase in credit risk compared with initial recognition, but are not considered impaired, a reserve will be recognized for losses equivalent to the credit losses expected to occur during the remaining life of the asset.

- Stage 3: Financial assets with evidence of impairment on the reporting date, a reserve will be recognized for losses equivalent to the expected credit losses during the entire life of the asset. The interest income will be recognized based on the carrying amount of the asset, net of the loss reserve.

The measurement of the expected credit loss is mainly based on the product of probability of default, or "PD," loss given default, or "LGD", and exposure at default, or "EAD," discounted at the reporting date and considering the expected macroeconomic effects and all in accordance with the new regulation.

Under IFRS, Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows solely represent payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

Debt instruments measured at fair value through other comprehensive income: it does not recognize any provision in the statement of financial position because the carrying amount of these assets is their fair value; however, the expected credit loss is presented in other comprehensive income.

Under U.S. GAAP, declines in fair value below cost may result in an impairment loss being recognized in the income statement on an AFS debt instrument due solely to a change in interest rate (risk-free or otherwise) if the entity has the intent to sell the debt instrument or it is more likely than not that it will be required to sell the debt instrument before its anticipated recovery. The impairment loss is measured as the difference between the debt instrument's amortized cost basis and its fair value. When a credit loss exists, but the entity does not intend to sell the debt instrument, nor is it more likely than not that the entity will be required to sell the debt instrument before the recovery of the remaining cost basis, the impairment is separated into (i) the amount representing the credit loss and (ii) the amount related to all other factors. The amount of the total impairment related to the credit loss is recognized in the income statement and the amount related to all other factors is recognized in other comprehensive income, net of applicable taxes.

Under U.S. GAAP, for an AFS equity instrument, an impairment is recognized in the income statement, measured as the difference between the equity instrument's amortized cost basis and its fair value, if the equity instrument's fair value is not expected to recover sufficiently in the near-term to allow a full recovery of the entity's cost basis. An entity must have the intent and ability to hold an impaired security until such near-term recovery; otherwise an impairment loss must be recognized in the income statement. The impairment loss is calculated as the difference between the equity instrument's cost basis and its fair value.

Under IFRS, the impairment loss of a amortized cost investment is measured as the difference between the carrying amount of the investment and the expected credit loss value. The carrying amount of the financial asset is reduced either directly or through the use of an allowance account. The amount of impairment loss is recognized in the income statement.

Under U.S. GAAP, the impairment loss of an amortized cost investment is measured as the difference between its fair value and amortized cost basis. When the entity does not intend to sell the debt instrument and it is not more likely than not that the entity will be required to sell the debt instrument before recovery of its amortized cost basis, the amount of the total impairment related to the credit loss is recognized in the income statement and the amount related to all other factors is recognized in other comprehensive income.

Under U.S. GAAP, the carrying amount of an amortized cost investment after the recognition of an impairment is the fair value of the debt instrument at the date of the impairment. The new cost basis of the debt instrument is equal to the previous cost basis minus the impairment recognized in earnings. The impairment recognized in other comprehensive income is accreted to the carrying amount of amortized cost instrument through other comprehensive income over its remaining life.

Allowance for loan losses

Under Peruvian GAAP, the allowance for loan losses is determinate following guidelines established by SBS Resolutions No. 11356-2008 and No. 6941-2008.

Under U.S. GAAP (ASC 450, and ASC 310-10-35), if there is objective evidence that all amounts due (principal and interest) according to original contractual terms of the loan will not be collected, such loans are considered impaired and the amount of the loss is measured as the difference between the loan's carrying amount and the present value of expected future cash flows discounted at the loan's original effective interest rate or as the difference between the carrying value of the loan and fair value of the collateral, if the loan is collateralized and foreclosure is probable. Impairment and uncollectibility are measured and recognized individually for loans and receivables that are individually significant and on a portfolio basis for a group of similar loans and receivables that are not individually identified as impaired if a loss is probable and quantifiable.

Under IFRS (IFRS 9), the impairment loss is calculated using the expected credit loss approach, and recognized in the consolidated income statement. Additionally, the measurement of the expected credit loss is mainly based on the product of PD, LGD, and EAD, discounted at the reporting date and considering the expected macroeconomic effects and all in accordance with the new regulation.

The details of these statistical parameters are the following:

- PD: is an estimate of the probability of default in a determined time horizon. A default can only occur at a determined moment during the remaining estimated life, if the provision has not been previously derecognized and it is still in the loan portfolio.

- LGD: is an estimate of the loss produced in the case a predetermined value is produced at a given time. It is based on the difference between the contractual cash flows owed and those that the lender would expect to receive, even after the liquidation of any guarantee. Generally, it is expressed as a percentage of the EAD.

- EAD: is an estimate of the exposure on a future default date, which considers the changes expected in the exposure after the reporting date, including the reimbursements of principal and interest, whether programmed by contract or otherwise, and the interest accrued due to default payments.

The fundamental difference between the credit loss considered as Stage 1 and Stage 2 is the PD horizon. The estimates of Stage 1 use a 12-month horizon, while those situated in Stage 2 use an expected loss calculated with the remaining term of the asset and considers the effect of the significant increase in credit risk. Finally, Stage 3 will estimate the expected loss based on the best estimate ("ELBE"), according to the situation of the collection process of each asset. Additionally, all the accounts that are classified as default on the reporting date are considered as stage 3. The significant risk increase evaluations from their initial recognition and of credit impairment are carried out independently on each reporting date. The assets can move in both directions, from one stage to another.

Under Peruvian GAAP, recoveries are recorded in a separate income line item under other income. Charge-offs are recorded directly as loan loss provision in the income statement. Under IFRS and U.S. GAAP, recoveries and charge-offs would be recorded in the allowance for loan losses in the balance sheet.

Income tax

Under Peruvian GAAP, IFRS and U.S. GAAP, deferred taxes should be recorded for the tax effect of almost all differences between the tax and accounting bases of assets and liabilities (temporary differences) as well as tax loss carry-forwards. IFRS and Peruvian GAAP require deferred taxes to be recorded for the tax effects of temporary differences between tax and reporting bases of non-monetary assets arising from restatement for the effects of inflation where U.S. GAAP does not. IFRS and Peruvian GAAP measure deferred taxes using the tax rate enacted, or substantially enacted, where U.S. GAAP measures deferred taxes only on the enacted tax rate. Under IFRS and Peruvian GAAP, DTAs are recognized when recovery is probable. Under U.S. GAAP, DTAs are recognized (*i.e.*, no valuation allowance) to the extent that they are more likely than not to be recovered. Under IFRS and Peruvian GAAP, deferred tax in respect of temporary differences on subsidiaries, associates and joint ventures is not recognized in some circumstances. Under U.S. GAAP, such differences on equity method investments, other than certain foreign corporate joint ventures, are recognized in full.

Leasing

Peruvian GAAP and IFRS accounting for leasing are similar. All the relevant principles and guidance concerning leases may be found in one standard and three interpretations for IFRS, but the U.S. GAAP rules are contained in several pronouncements: various accounting standards, interpretative statements and several technical bulletins and EITF abstracts. IAS 17 "Leases" sets out the general principles for accounting for all but a few specialist categories of leases. ASC 840, formerly FAS 13 "Accounting for Leases" contains detailed rules and thresholds, in contrast to IAS 17's principles-based approach. There are specific U.S. GAAP rules on various categories of leases, most notably for real estate transactions.

Although the U.S. GAAP guidance is much more specific and rule-based than the IFRS approach, the overall approaches of IFRS and U.S. GAAP are similar. Both focus on classifying leases between finance (or capital) leases and operating leases and both deal separately with lessees and lessors.

Derivative financial instruments

As detailed elsewhere in the Prospectus, through SBS Resolution No. 1737-2006, the SBS has approved the Regulations for the Trading and Accounting Recording of Derivative Financial Instruments in Companies of the Financial System, which establishes accounting criteria for derivative financial instruments under Peruvian GAAP (which are based in the requirements for derivatives defined by IAS 39) and are consistent with IFRS 9 derivative section.

Under Peruvian GAAP, IFRS (IAS 32, IFRS 9 and IFRS 13) and U.S. GAAP (principally ASC 815), derivative financial instruments are initially recognized at fair value. Derivative transactions that do not qualify for hedge accounting are treated as derivatives held for trading and any gains and losses arising from changes in fair value are taken directly to income. In the specific case of BCP, certain derivative financial instruments maintained by BCP and its subsidiaries have been designated as hedging operations because the functional currency of Credicorp is the U.S. dollar.

Under IFRS, the hedge relationship meets all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from the economic relationship.

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Under Peruvian GAAP and IFRS, a shortcut method for interest rate swaps is not permitted to assess the effectiveness of the hedging relationship; however, under U.S. GAAP it is permitted. In addition, under Peruvian GAAP and IFRS, the option's time value is not permitted to be included in order to assess the effectiveness of the hedging relationship; however, U.S. GAAP does permit its inclusion. Peruvian GAAP and IFRS allow entities to hedge components (portions) of risk that give rise to changes in fair value. Under U.S. GAAP, the risk components that may be hedged are specifically defined, with no additional flexibility.

The U.S. GAAP literature is far more detailed than Peruvian GAAP and IFRS as it has been developed over a longer period and, often, in response to specific financial instruments. Consequently, there are many differences in the scope of standards under Peruvian GAAP, IFRS and U.S. GAAP.

Interest recognition—non-accrual loans

Under Peruvian GAAP, interest accrued on past due, refinanced, restructured loans, loans under legal collection and loans classified as doubtful or loss is discontinued and recognized as collected.

Under IFRS (based on IFRS 15) and U.S. GAAP, recognition of interest on loans is generally discontinued when, in the opinion of management, there is an assessment that the borrower will likely be unable to meet all contractual payments as they become due. As a general practice, this occurs when loans are 90 days or more overdue. When a loan is placed on non-accrual status, unpaid interest credited to income in the current year is reversed and unpaid interest accrued in prior years is charged against the allowance for credit losses.

Loan origination fees

Under Peruvian GAAP, the loan origination fees on consumer loans, such as credit cards, mortgages, pledged and personal loans standby letters of credit and guarantees issued, are recognized over the life of the related loan as an adjustment of yield or by straight-line method, as appropriate in accordance with IFRS and U.S. GAAP (ASC 310-20).

Guarantor's obligations under guarantees

Under Peruvian GAAP, the commissions and premiums are recognized in income over the term of the guarantee in accordance with IFRS.

Under U.S. GAAP (ASC 460), when a guarantee is issued in a standalone arm's length transaction with an unrelated party, the liability recognized at the inception of the guarantee is the premium received or receivable at fair value by the guarantor. The release from risk is recognized over the term of the guarantee either upon expiration or settlement of the guarantee or by a systematic and rational amortization method.

Provision for risks and charges

Under Peruvian GAAP and IFRS (IAS 37), a provision should only be made when: (a) an enterprise has a present obligation (legal or constructive) as a result of a past event, (b) it is probable (more likely than not) that a future outflow of economic benefits will be required to settle the obligation and (c) a reliable estimate of the amount of the obligation can be made. The entity must discount the anticipated cash flows expected to be required to settle the obligation if the impact is material.

The treatment of loss contingencies under U.S. GAAP is similar to IFRS. However, if a range of estimates for the obligation is determined and no amount in the range is more likely than any other amount in the range, the "minimum" (rather than the mid-point) amount must be used to measure the liability. The entity must discount the anticipated cash flows expected to be required to settle the obligation if the impact is material.

Seized assets

Under Peruvian GAAP, assets seized are initially recorded at the value assigned to them through a legal proceeding, the amount of any out of court settlement or at the unpaid value of the debt, whichever is lower. Simultaneously with the determination of the value, an allowance equivalent to 20% of the legal settlement or recoverable asset value should be recorded. For this purpose, we can use the allowance for loan losses that was originally provided for the related loan. Subsequent to the seizure date, we must record an allowance during a period of time established by the SBS, until the carrying value of assets is zero. Under IFRS, the assets seized are recorded at the lower of cost or estimated market value. Changes in market value are recorded in the income statement. Under U.S. GAAP, assets seized are recorded at fair value at foreclosure date and subsequently measured at the lower of its carrying amount or fair value minus cost to sell with changes recorded in the income statement.

Share-based payments

The guidance for share-based payments is in ASC 718 for U.S. GAAP and IFRS 2 for IFRS.

Under Peruvian GAAP, until December 31, 2011, in compliance with SBS Oficio 9771-2009 dated March 24, 2009, the Bank and its subsidiaries recorded as an expense, at the grant date, all of the costs related to the acquisition of Credicorp shares granted to the plan beneficiaries. This expense is included in the caption "Salaries and employees benefits" of the consolidated statement of income and no other expenses are recorded in future periods. Since January 1, 2012 and prospectively, share-based payments are accounted in accordance with the established by IFRS 2.

U.S. GAAP and IFRS have specific rules regarding the accounting for arrangements settled in shares of the parent company.

Discontinued operations – Assets and liabilities held for sale

Under U.S. GAAP (ASC 205-20), a discontinued operation is a component of an entity that has been disposed of or is classified as held for sale, provided that (1) the operations and cash flows of the component have been (or will be) eliminated from the ongoing operations of the entity as a result of the disposal transaction and (2) the entity will not have any significant continuing involvement in the operations of the component after the disposal transaction. A component of an entity represents the operations and the cash flows that can be clearly distinguished operationally and for financial reporting purposes from the rest of the entity. Examples include an operating segment, a reporting unit, a subsidiary or an asset group.

Examples of continuing cash flows with the disposed component would be cash flows resulting from continuing the activities of the disposed component or continuing to enter into transactions with the disposed component. An example of significant continuing involvement in the disposed component could be retaining an equity interest in the component.

IFRS 5 defines a discontinued operation as a component of an entity that either has been disposed or is classified as held for sale and (1) represents a separate line of business or geographical area of operations, (2) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or (3) is a subsidiary acquired exclusively with a view to resale.

A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. In other words, a component of an entity will have been a cash-generating unit or a group of cash-generating units while being held for use.

IFRS 5 does not required to reclassify or re-present amounts presented for the discontinued operations (assets and liabilities classified as held for sale) in the consolidated balance sheet for prior periods to reflect the classification for the latest period presented.

Currently, the definitions of what constitutes a component of an entity to be presented as a discontinued operation differ under U.S. GAAP and IFRS. As such, items may be classified as discontinued operations under U.S. GAAP but not under IFRS, and vice versa.

Under Peruvian GAAP, the SBS does not have any regulations about assets and liabilities classified as held for sale.

INDEX TO FINANCIAL STATEMENTS

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020 AND 2019

Gaveglio Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada.
Av. Santo Toribio 143, Piso 7, San Isidro, Lima, Perú T: +51 (1) 211 6500, F: +51 (1) 211-6565
www.pwc.pe

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020 AND 2019

CONTENTS

S/ = Soles
US$ = American Dollar

(Free translation from the original in Spanish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Banco de Crédito del Perú S.A.

February 24, 2021

We have audited the accompanying consolidated financial statements of **Banco de Crédito del Perú S.A.** (a subsidiary of **Credicorp Ltd.** incorporated in Bermuda) **and subsidiaries**, which comprise the consolidated statement of financial position as of December 31, 2020 and 2019 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information included in notes 1 to 30.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Generally Accepted Accounting Principles in Peru applicable for Financial Institutions, and for such internal control as management determines is necessary to enable the preparation of 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 audits. We conducted our audits in accordance with International Standards on Auditing approved for application in Peru by the Board of Deans of Institutes of Peruvian Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit 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 Group'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 Group'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.

Gaveglio Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada.
Av. Santo Toribio 143, Piso 7, San Isidro, Lima, Perú T: +51 (1) 211 6500, F: +51 (1) 211-6550
www.pwc.pe

Gaveglio Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada es una firma miembro de la red global de PricewaterhouseCoopers International Limited (PwCIL). Cada una de las firmas es una entidad legal separada e independiente que no actúa en nombre de PwCIL ni de cualquier otra firma miembro de la red. Inscrita en la Partida No. 11028527, Registro de Personas Jurídicas de Lima y Callao

February 24, 2021
Banco de Crédito del Perú S.A.

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 financial position of **Banco de Crédito del Perú S.A. and subsidiaries** as of December 31, 2020 and 2019 and their financial performance and their cash flows for the years then ended in accordance with Generally Accepted Accounting Principles in Peru applicable for Financial Institutions.

Emphasis of matter

We draw attention to Note 2 to the consolidated financial statements, which describes that **Banco de Crédito del Perú S.A. and subsidiaries** has contemplated the potential impact that the COVID-19 could have on its operations and has considered its effect on the consolidated financial statements. The actions taken by the Company to mitigate these effects are described in the referred Note 2. Our opinion is not modified in respect of this matter.

Gaveglio Aparicio y Asociados

Countersigned by

---------------------------------------(partner)
Carlos González González
Peruvian Public Accounting
Registration No.50403

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019
(Amounts expressed in thousands of soles)

	Note	2020 S/000	2019 S/000	
Assets				**Liabilities and shareholders' equity**
Cash and due from banks:	4			Deposits and obligations
Cash and clearing		4,619,875	4,312,853	Interbank funds
Deposits in Peruvian Central Bank		26,003,477	18,367,713	Payables from repurchase agreements
Deposits in local and foreign banks		2,403,346	946,205	Due to banks, correspondents and other entities
Restricted funds		1,336,958	3,068,989	Bonds and subordinated notes issued
Accrued interest		1,351	14,186	Other liabilities
		34,365,007	26,709,946	
				Total liabilities
Interbank funds		28,968	101,979	
				Shareholders' equity
				Attributable to Banco de Crédito del Perú equity holders
Investments:				Capital stock
At fair value through profit or loss	5(a)	2,168,500	-	Legal reserve
Available-for-sale	5(a)	29,591,086	14,231,178	Other reserves
Held-to-maturity	5(d)	4,934,031	3,456,144	Unrealized results
		36,693,617	17,687,322	Retained earnings
Loans, net	6	117,381,370	100,336,130	
Investments in associates		13,771	31,207	Non-controlling interest
Property, furniture and equipment, net	7	1,211,698	1,287,421	
Goodwill	8	276,321	276,321	
Other assets, net	9	5,221,886	4,229,619	**Total shareholders' equity**
Total assets		195,192,638	150,659,945	**Total liabilities and shareholders' equity**
Off-Balance Sheet accounts	18	90,336,447	87,251,254	**Off-Balance Sheet accounts**

The accompanying notes in pages 10 to 108 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts expressed in thousands of soles)

	Note	2020 S/000	2019 S/000	2018 S/000
Financial income and expenses				
Financial income	19	10,271,433	10,967,124	10,209,656
Financial expenses	19	(2,422,347)	(2,828,004)	(2,631,510)
Gross financial margin		7,849,086	8,139,120	7,578,146
Provision for credit losses on loan portfolio		(5,171,691)	(2,052,545)	(1,788,055)
Recovery of writen-offs loans		147,854	254,039	280,207
Provision for loan losses, net of recoveries	6(f)	(5,023,837)	(1,798,506)	(1,507,848)
Net financial margin		2,825,249	6,340,614	6,070,298
Non-financial income				
Commissions for banking services, net	20	2,248,910	2,609,684	2,486,844
Net gains on trading derivatives		23,994	23,415	(7,544)
Net gains on securities	21	132,910	138,316	28,579
Net gains on foreign exchange transactions		656,282	736,844	699,405
Other non-financial income	22	180,012	251,782	266,451
		3,242,108	3,760,041	3,473,735
Operating expenses				
Salaries and employees benefits	23	(2,341,141)	(2,582,777)	(2,464,618)
General and administrative expenses	24	(1,804,551)	(1,819,559)	(1,682,448)
Depreciation and amortization	7(a) and 9 (e)	(400,138)	(380,530)	(361,228)
Provision for goods received in payment and awarded		(19,858)	(3,579)	(16,904)
Taxes and contributions		(176,230)	(202,697)	(174,895)
Other operating expenses	22	(419,245)	(142,558)	(170,479)
		(5,161,163)	(5,131,700)	(4,870,572)
Net gains from exchange differences		65,731	12,910	30,359
Income before income tax		971,925	4,981,865	4,703,820
Income tax	13 (b)	(155,139)	(1,334,880)	(1,330,732)
Net income		816,786	3,646,985	3,373,088
Attributable to:				
Shareholders' equity of Banco de Crédito del Perú		819,927	3,627,575	3,350,151
Non-controlling Interest		(3,141)	19,410	22,937
		816,786	3,646,985	3,373,088
Basic and diluted earnings per share (in soles)	25	0.0738	0.3295	0.3048
Weighted average number of ordinary shares for basic earnings (in thousand of units)		11,067,387	11,067,387	11,067,387

The accompanying notes in pages 10 to 108 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts expressed in thousands of soles)

	Note	2020	2019	2018
		S/000	S/000	S/000
Net profit for the year		816,786	3,646,985	3,373,088
Other comprehensive income				
Net gain (loss) on available-for-sale investments	14(e)	418,537	327,595	(95,085)
Net movement of cash flow hedges	14(e)	(15,114)	(37,236)	33,592
Exchange differences on translation of foreign operations	14(e)	1,233	(244)	(3,886)
Income tax	14(e)	(11,506)	(2,377)	(2,464)
Other comprehensive income (loss) for the year, net of income tax		393,150	287,738	(67,843)
Total comprehensive income for the year, net of income tax		1,209,936	3,934,723	3,305,245
Attributable to:				
Shareholders' equity of Banco de Crédito del Perú		1,212,909	3,915,069	3,282,641
Non-controlling interest		(2,973)	19,654	22,604
		1,209,936	3,934,723	3,305,245

The accompanying notes in pages 10 to 108 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts expressed in thousands of soles)

		Attributable to shareholders' equity of Banco de Crédito del Perú						
	Number of outstanding shares	**Capital stock**	**Legal reserve**	**Other reserves**	**Available-for-sale investment reserve**	**Cash flow hedges reserve**	**Foreing currency translation reserve**	**Retaine earning**
	(in thousand of units)	**S/000**	**S/000**	**S/000**	**S/000**	**S/000**	**S/000**	**S/000**
Balances as of January 1, 2018	7,933,342	7,933,342	2,776,680	1,108,814	99,888	(26,489)	4,729	3,
Changes in shareholders' equity for 2018								
Net income	-	-	-	-	-	-	-	3,
Other comprehensive income	-	-	-	-	(86,267)	22,662	(3,905)	
Total comprehensive income	-	-	-	-	(86,267)	22,662	(3,905)	3,
Capitalization of income, Note 14(a)	837,023	837,023	-	-	-	-	-	(
Transfer to Legal Reserve, Note 14(b)	-	-	298,809	-	-	-	-	(
Dividend distribution, Note 14(f)	-	-	-	-	-	-	-	(1,
Purchase of Mibanco minority Interest	-	-	-	-	-	-	-	
Other	-	-	6	-	-	-	-	
Balances as of December 31, 2018	8,770,365	8,770,365	3,075,495	1,108,814	13,621	(3,827)	824	4,
Changes in shareholders' equity for 2019								
Net income	-	-	-	-	-	-	-	3
Other comprehensive income	-	-	-	-	314,681	(26,943)	(244)	
Total comprehensive income	-	-	-	-	314,681	(26,943)	(244)	3,
Capitalization of income, Note 14(a)	1,447,022	1,447,022	-	-	-	-	-	(1,
Transfer to Legal Reserve, Note 14(b)	-	-	510,800	-	-	-	-	(
Dividend distribution, Note 14(f)	-	-	-	-	-	-	-	(2,
Other	-	-	9	-	-	-	-	
Balances as of December 31, 2019	10,217,387	10,217,387	3,586,304	1,108,814	328,302	(30,770)	580	3,
Changes in shareholders' equity for 2020								
Net income	-	-	-	-	-	-	-	
Other comprehensive income	-	-	-	-	402,738	(10,998)	1,242	
Total comprehensive income	-	-	-	-	402,738	(10,998)	1,242	
Capitalization of income, Note 14(a)	850,000	850,000	-	-	-	-	-	(8
Transfer to Legal Reserve, Note 14(b)	-	-	298,349	1,170,699	-	-	-	(1,4
Dividend distribution, Note 14(f)	-	-	-	-	-	-	-	(1,3
Non controlling interest capital contribution to Mibanco	-	-	-	-	-	-	-	
Other	-	-	2,504	-	-	-	-	
Balances as of December 31, 2020	11,067,387	11,067,387	3,887,157	2,279,513	731,040	(41,768)	1,822	

The accompanying notes in pages 10 to 108 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts expressed in thousands of soles)

	Note	2020 S/000	2019 S/000	2018 S/000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit of the year		816,786	3,646,985	3,373,088
Adjustments to reconcile net profit to net cash provided by operating activities:				
Provision for credit losses on loan portfolio	6(f)	5,171,688	2,052,545	1,788,055
Depreciation and amortization	7(a) and 9(e)	400,138	380,530	361,228
Deferred income tax	13(b)	(680,728)	(23,698)	100,466
Net (gain) loss on securities	21	(132,910)	(138,316)	(28,579)
Net loss (gain) of trading derivatives instruments		(23,994)	(23,415)	7,544
Expense for share-based compensation plan	23	64,249	69,333	62,606
Provision for seized assets		19,858	3,579	16,904
Provision for uncollectable receivables	22	17,028	939	1,464
Provisions for litigation, lawsuits and other contingencies		10,186	4,945	98,758
Provision reversal for closure of the Millas Travel program	22	(10,880)	-	-
Derecognition cost of out-of-use and intangible assets due to withdrawals	22	47,840	35,366	13,129
Net profit from sale of seized and recovered assets	22	(2,957)	(5,802)	(4,569)
Net gain on sales of property, furniture and equipment	22	(12,576)	(19,772)	(42,918)
Variation in bonds fair value		21,235	26,015	(123,213)
Amortization of bond issuance expenses		(62,572)	(86,399)	24,446
Net gain (loss) from sale of written off portfolio	22	(35,818)	(106,835)	(60,663)
Net increase (decrease) in assets				
Loans		(19,427,190)	(6,425,959)	(9,863,166)
Investment at fair value through profit or loss		(2,092,637)	103,815	2,059,370
Investment available-for-sale		(14,592,719)	381,065	(2,184,852)
Investments held-to-maturity		(207,415)		
Other assets, net		2,039,148	(834,626)	2,684,172
Sale of written off portfolio		36,971	193,770	60,663
Net increase (decrease) of liabilities				
Deposits and obligations		23,544,202	7,105,414	5,969,585
Payables for repurchase agreements		20,464,251	(1,366,572)	(4,238,738)
Due to banks, correspondent and financial institutions and interbank funds		(3,341,371)	383,369	144,961
Bonds and notes issued		(1,883,761)	765,111	(1,037,554)
Other liabilities		892,728	1,218,451	904,031
Income tax paid		(952,260)	(1,041,447)	(991,323)
Net cash flows from operating activities		10,086,520	6,298,391	(905,105)
NET CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, furniture and equipment	7(a)	(77,852)	(128,087)	(139,161)
Revenue from sale of property, furniture and equipment		22,864	26,629	67,044
Purchase of intangibles	9(e)	(469,494)	(358,962)	(317,555)
Purchase of Mibanco minority Interest		-	-	(53,402)
Revenue from sales and reimbursement of investments held-to-maturity		1,097,919	2,962,938	3,996,783
Purchase of investments held-to-maturity		(2,358,670)	(1,688,443)	(3,566,127)
Net cash flows from investing activities		(1,785,233)	814,075	(12,418)
NET CASH FLOWS FROM FINANCING ACTIVITIES				
Subordinated bonds and notes issued		466,181	(977,009)	-
Dividends paid	14(f)	(1,303,739)	(2,036,444)	(1,494,641)
Dividends paid to non-controlling interests in subsidiaries		-	(11,031)	(14,448)
Non controlling interest capital contribution to Mibanco		20,131	-	-
Net cash flows from financing activities		(817,427)	(3,024,484)	(1,509,089)
Net (decrease) increase in cash and cash equivalents before the effect of variations in exchange rate		7,483,860	4,087,982	(2,426,612)
Effect of changes in exchange rate of cash and cash equivalents		1,903,232	(348,567)	628,355
Cash and cash equivalents at the beginning of year		23,640,957	19,901,542	21,699,799
Cash and cash equivalents at the end of year		33,028,049	23,640,957	19,901,542

The accompanying notes in pages 10 to 108 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

(Amounts expressed in thousands of soles)

	Note	2020 S/000
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END WITH THE ACCOUNT BALANCES OF THE STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents at the end of the period		33,028,049
Repurchase agreements with BCRP	4(c)	1,104,686
Other restricted funds	4(c)	232,272
Available funds according to the Statement of Financial Position		34,365,007
Additional information regarding cash flow		
Interest received		10,228,966
Interest paid		(2,571,947
Transactions which do not result in cash flow		
Repurchase agreements with BCRP		1,104,686
Other restricted funds		232,272

The accompanying notes in pages 10 to 108 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES:
(Amounts expressed in thousands of soles)

		Changes that generate cash flows		Changes that do not generate cash flows		
	At January 1, 2020	New issues	Amortization of principal	Exchange difference	Changes in fair value	Discontinu hedge
	S/000	S/000	S/000	S/000	S/000	S/000
Amortized cost	4,088,374	3,004,601	(2,538,420)	367,427	-	-
Fair value	-	-	-	-	-	-
	4,088,374	3,004,601	(2,538,420)	367,427	-	-

		Changes that generate cash flows		Changes that do not generate cash flows		
	At January 1, 2019	New issues	Amortization of principal	Exchange difference	Changes in fair value	Discontinu hedge
	S/000	S/000	S/000	S/000	S/000	S/000
Amortized cost	5,120,019	-	(977,009)	(64,374)	-	-
Fair value	-	-	-	-	-	-
	5,120,019	-	(977,009)	(64,374)	-	-
Fair value hedge	-	-	-	-	-	-

The accompanying notes in pages 10 to 108 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020 AND 2019

1 OPERATIONS

Banco de Crédito del Perú (hereinafter “the Bank” or “BCP”) is a corporation (“sociedad anónima”) incorporated in 1889, and is a subsidiary of Credicorp Ltd. (a holding incorporated in Bermuda in 1995), which owns directly and indirectly 97.71 percent of its capital stock as of December 31, 2020 and December 31, 2019.

The Bank’s office is located in Calle Centenario No. 156, La Molina, Lima, Perú. As of December 31, 2020, the Bank has 388 branches and agencies in Peru and 2 branches abroad; in the United States of America (Miami) and Panama (as of December 31, 2019, it had 404 branches and agencies in Peru and 2 branches abroad).

The Bank’s 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”, and it 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 the prevailing Peruvian legislation.

In a Credicorp’s Board meeting on December 19, 2019, the Corporate Policy for the Prevention of Corruption and Bribery was approved. This document specifies that Credicorp nor any of its subsidiaries may make contributions or deliver any benefit to political organizations or their members, under any modality, directly or indirectly. Being a Credicorp´s subsidiary, BCP must comply with this policy. Management confirms that for the year 2020, none of these contributions have been made.

The consolidated financial statements as of December 31, 2019 and for the year then ended on that date were approved by the General Shareholders’ Meeting held on April 03, 2020 without modifications. The consolidated financial statements as of December 31, 2020 and for the year then ended were approved by the Audit Committee and Management on February 22, 2021 and will be submitted for their final approval by the Board of Directors and the General Shareholders’ Meeting within the period established by law. In Management’s opinion, the consolidated financial statements will be approved by the Board of Directors and the General Shareholders’ Meeting without modifications.

2 SIGNIFICANT EVENTS

(i) The outbreak of the new coronavirus (hereinafter “COVID-19”) -

The COVID-19 outbreak, which began in the country during the first quarter of 2020, forced the government to take measures that consisted of emergency declarations, mobilization restrictions, quarantines and border closures that have been changed to quarantines selective. During the second semester of 2020, the country began the reopening process in phases, but due to the increase in cases that have occurred at the end of 2020, restrictive measures have been re-imposed by risk areas that extend to the date of the issuance of this report.

In response to the major sanitary and economic shock from COVID-19, the Ministry of Finance, the Central Bank and Congress announced and implemented an ample package of measures to mitigate and stimulate the economy for the equivalent of around 20.0 percent of GDP. The ability to implement measures of this magnitude stems from prudent macroeconomic policies that have been implemented for decades.

The measures enacted include grace periods and rescheduling of credits to individuals and legal entities, tax relief, public spending, access to private savings (pension fund accounts and severance indemnity deposits), and government-backed liquidity programs.

In particular, the government supported the business sector through two government-backed programs:

- “Reactiva Perú” is a liquidity program, created by the National Government through Legislative Decree N°1455, and modified by Legislative Decree N°1457 and Supreme Decree N°124-2020-EF, it aims to give a quick and effective response to the liquidity needs that companies have to face due to the impact of COVID-19.The program seeks to ensure continuity in the credit chain, granting guarantees to micro, small, medium and large companies so that they can access working capital loans, and thus can meet their short-term obligations with its workers and suppliers of goods and services. This program initially had resources of S/30 billion and later, through Legislative Decree N°1485, the amount was increased by an additional S/30 billion reaching the amount of S/60 billion equivalents to 8.0 percent of GDP.

  The amount of the credit in soles disbursed and the individual guarantee depended on the sales volume of each company. The maximum amount of guaranteed credits to be granted responded to the three months of average monthly sales in 2019, according to the Tax Administration of Peru (SUNAT, by its acronym in Spanish). Likewise, in the case of credits intended for microenterprises, an alternative to the sales level, the amount equivalent to two months average debt of the year 2019 can also be used, up to a maximum of S/40.0 thousand. The level of guarantee coverage of the Peruvian Government for these loans is 98.0 percent for loans disbursed up to S/90.0 thousand and varies between 95.0 percent and 80.0 percent for loans greater than S/90.0 thousand and up to S/10.0 million.

  The loans disbursed from “Reactiva Perú” program have maximum terms of up to thirty-six months, with a grace period of up to twelve months. Likewise, financial entities undertake to offer these credits at record low rates, since the Central Reserve Bank of Peru (BCRP, by its initials in Spanish) granted said funds through repurchase credit agreement with the Guarantee of the National Government represented in securities, which may be assigned through auctions or direct operations, they remunerate an effective annual rate of 0.5 percent and include a grace period of twelve months without payment of interest or principal.

  By end December 2020 the liquidated repurchase agreement operations with state guarantee from the Central Bank stood at S/50,729 million.

- The Enterprise Support Fund (FAE, by its acronym in Spanish) program enables banks and microfinance entities to provide Small and Micro businesses loans for up to S/4.0 billion with government guarantee coverage levels between 90.0 percent and 98.0 percent. This amount represents about 9.0 percent of the loan portfolio for SMEs (Pymes, by its Spanish initials) systemwide. Other Funds which have also been created are FAE funds for Agriculture and Tourism for S/2.0 billion and S/1.5 billion, respectively. These funds follow similar structures to the original FAE but are focused on specific sectors.

  Finally, the Central Bank lowered its reference rate in 200 basis points reaching 0.25 percent, a historic minimum, and has provided liquidity for six and twelve months through credit agreements since the beginning of March. BCRP has also implemented measures to mitigate exchange rate volatility. Additionally, the Superintendency of Banking, Insurance and AFP (SBS) authorized credit extensions for up to six months with no effect on clients' credit ratings.

ii) Effects of the pandemic on the economy -

Economic activity has continued to show signs of recovery, at a better rate than initially expected, after registering a 29.8 percent drop in GDP in the second quarter, at the end of 2020 the GDP contracted 11.1 percent. This recovery was supported by a more favorable external environment, mainly due to the appreciation of the price of copper, and an environment where available local economic indicators also accompanied the recovery.

The Government made international issues at historically low rates for a total of US$7,000.0 million in the year, to finance the significant fiscal deficit incurred during 2020.

However, in December 2020, the risk rating agency Fitch revised the outlook for Peru's long-term credit rating in foreign currency from Stable to Negative but maintained the rating at BBB+.

The notes to the consolidated financial statements that show some impact due to COVID 19 are as follows: Note 3 (e) and (f), Note 5, Note 6, Note 10, Note 11, Note 15 (e) and (f), and Note 22.

The consolidated financial statements reasonable reflect the best available information at the time of preparation, including the uncertainty and the impact on significant assumptions and estimations, that are disclosed in the main notes to the consolidated financial statements. Those accounting estimates, in the opinion of Management, are reasonable in the circumstances.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting principles applied in the preparation of the consolidated financial statements of the Bank and its Subsidiaries are set out below:

a) Basis for presentation, and use of estimates -

The accompanying consolidated financial statements have been prepared in soles from the accounting records of the Bank and its Subsidiaries, in accordance with generally accepted accounting principles applicable to financial entities. The accounting principles comprise substantially the SBS regulations and, supplementally, when there are no specific SBS regulations, with International Financial Reporting Standards - IFRS approved through the resolutions issued by the Consejo Normativo de Contabilidad (Peruvian Accounting Council, hereinafter "CNC" for its Spanish acronym), and in force in Peru as of December 31, 2020, see paragraph (z) of this Note.

These accounting principles are consistent with those used in 2019 and 2018.

The preparation of the accompanying consolidated financial statements requires Management to make estimates that affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of significant events in the Notes to the consolidated financial statements.

Estimates are continually evaluated and are based on historical experience and other factors. The final results could differ from those estimates; however, management expects that the variations, if any, will not have a material impact on the consolidated financial statements. The most significant estimates related to the accompanying consolidated financial statements correspond to the allowance for loan losses, the valuation of investments, impairment of goodwill evaluation, the valuation of derivative financial instruments and share based payments; likewise, management performs other estimates, such as estimated useful life and the recoverable value of intangible assets, property, furniture and equipment and deferred income tax assets and liabilities. The accounting criteria used for said estimates are described in this Note.

Also, the financial statements of Subsidiaries and branch offices overseas have been standardized to the accounting standards of the SBS.

b) Base of consolidation -

The consolidated financial statements include the financial statements of the Bank and its Subsidiaries for all the years presented.

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 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.

All transactions, balances, gains and losses between the Bank and its Subsidiaries have been eliminated in the consolidation process.

Transactions with non-controlling interest -

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as a capital transaction (equity transaction) and any resulting difference between the price paid and the amount corresponding to non-controlling shareholders must be recognized directly in the consolidated net equity.

The consolidated financial statements include the financial statements of the Bank and its Subsidiaries in which holds n indirectly. Below is the main data of the Bank and its Subsidiaries engaged in the process of consolidation as of Decem eliminations made in said process:

Entity	**Activity and country**	**Percentage of interest (direct and indirect)**		**Assets**		**Liabilities**		**N**
		2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2**
		%	**%**	**S/000**	**S/000**	**S/000**	**S/000**	**S**
Banco de Crédito del Perú	Banking, Peru	-	-	182,440,048	140,807,819	163,681,966	121,974,316	
Mibanco, Banco de la Microempresa, S.A. (1)	Banking small and micro credits, Peru	94.93	94.93	15,615,626	13,146,041	13,282,334	11,181,158	
Solución Empresa Administradora Hipotecaria S.A.	Mortgage loans, Peru	100.00	100.00	142,287	181,841	89,471	111,977	
BCP Emisiones Latam 1 S.A.	Investments, Chile	50.39	50.39	13	643	102	612	(

(1) General Shareholders' Meeting held on November 9, 2020, was agreed to increase the capital stock by up to S/ 40 contribution was S/ 380 million and Grupo Crédito contribution was S/ 20 million. As of December 31, 2020, the sha

c) Foreign currency -

Functional and presentation currency -

The Bank and its Subsidiaries consider the sol as its functional and presentation currency, because it reflects the nature of economic events and relevant circumstances, since its main operations and/or transactions such as loans granted, obtained financing, finance income, finance expenses, and a significant percentage of purchases; are established and settled in soles.

BCP Emisiones Latam 1 S.A. and overseas branches have a functional currency different from the sol; therefore their balances were translated to soles for consolidation purposes as follows:

- Assets and liabilities were translated at the free market exchange rate prevailing at the date of the consolidated statement of financial position.

- Income and expenses, were translated at the average exchange rates on a monthly basis.

All differences resulting from the translation were included in the caption "Translation results" of the consolidated statement of changes in shareholder's equity.

Transactions in foreign currency -

Assets and liabilities in foreign currencies are recorded at the exchange rate prevailing at the date the transactions are performed. Monetary assets and liabilities denominated in foreign currency are translated into soles at the closing of each corresponding month by using the exchange rate set by SBS; see Note 29.3(b)(ii). Gains or losses resulting from the translation of foreign currency monetary assets and liabilities at the exchange rates prevailing at the date of the consolidated statement of financial position are included in the caption "Net gains from exchange differences" of the consolidated statement of income.

d) Financial instruments -

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

As established under IAS 39 all financial assets and liabilities, including derivative financial instruments should be recognized in the consolidated statement of changes in equity and measured as per classification.

The Bank and its subsidiaries classify their financial instruments in one of the categories defined by IAS 39: financial assets and financial liabilities at fair value through changes in profit or loss; loan portfolio and receivables; available-for-sale financial investments; held-to-maturity financial investments and financial liabilities at amortized cost. The Bank and its subsidiaries determine the classification of their financial instruments at initial recognition.

Financial instruments classification at initial recognition depends on Management purpose and intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus any directly attributable incremental cost of acquisition or issue, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, that is the date on which the Group commits to purchase or sell the asset. Derivatives are recognized on a trade date basis.

Financial assets and liabilities presented in the consolidated statement of financial position correspond to cash and due from banks, interbank funds held, investments at fair value through profit or loss, investments available-for-sale and held-to-maturity, derivative financial instruments at fair value, the loan portfolio, accounts receivable (presented in the caption “Other assets, net”, see Note 9(a) and liabilities in general, except for the liabilities identified as non-financial instruments presented in the caption "Other liabilities", see Note 9(a). In addition, all derivative products and 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.

e) Recognition of revenue and expenses -

Interest income and expense are recognized in results of the period in which they are accrued, based on the effective validity of the operations which generate them and the interest rates freely agreed with clients, except in the case of interest generated by credits which are past due, refinanced, restructured, and in judicial collection; as well as credits classified in the doubtful and loss categories and the interest on which is recognized as earned to the extent to which they are collected. When Management determines that the debtor’s financial condition has improved and the credit is reclassified to the status of current and/or the normal categories, with potential problems or deficient, interest is reestablished on an accrual basis.

As part of the prudential measures of the state of emergency due to COVID-19 outbreak, the SBS provided through Multiple Official Letter No.11150-2020-SBS that companies of the financial system can modify contractual conditions of different credit modalities, without this constituting a refinancing as long as customers are up to date on their payments. Likewise, through Multiple Official Letter N°11170-2020-SBS, it allowed the application of the accrual principle for the accounting record of interest associated with rescheduled retail loans, maintaining the criterion of what is received in the case of non-retail debtors rescheduled on a massive scale.

Interest income includes returns earned on fixed income investments classified as investments at fair value through profit or loss, available-for-sale and held-to-maturity, which includes the accrued discount and premium on said financial instruments.

Dividends are recognized as income when they are declared.

Commissions and expenses for credit formalization, as well as for opening, study and evaluation of direct and indirect credits are recorded as income based on their accrual over the term of the respective contracts.

Commissions for financial services related to the maintenance of approved credits and to fees for additional and/or complementary operations or services to said credits, other than those indicated in the previous paragraph, are recognized as income when received. All other revenues and expenses are recognized as earned or incurred in the period in which they accrue.

f) Loans and allowance for loan losses -

Direct loans are recorded when disbursement of funds is made to clients. Operations with credit cards are recorded as loans for the amount consumed and/or withdrawn. Indirect loans (contingent) are recorded when the documents supporting said facilities are issued.

Loans considered as refinanced are loans or direct financing of which the original contractual terms and/or amounts have been modified due to difficulties in the payment capacity of the debtor. Loans considered as restructured are those subject to reprogramming of approved installments under a restructuring process in accordance with Law No 27809 - “Ley General del Sistema Concursal”

Finance lease operations are accounted for under the financial method, recording as loans the principal of the lease installments pending collection.

Finance income is based on a pattern that reflects a constant interest rate over the net loan.

As of December 31, 2020 and 2019, the allowance for loan losses is determined following guidelines established by SBS Resolutions N°11356-2008 “Regulation for the evaluation and classification of the debtor and the requirement for provisions” and N°6941-2008 “Regulation for Managing the Risk of Retail Debtors with High Leverage Levels”.

During 2020, due to the national state of emergency due to Covid-19, through SBS Resolutions N°1314-2020 and N°3155-2020, the SBS established exceptional measures regarding provision for credit risk with respect to credits covered by the Guarantee of Reactiva Peru Program and rescheduled loans respectively, see note 6 (f).

In accordance with SBS Resolution N°11356-2008, the loan portfolio is separated into retail and non-retail borrowers, who could be individuals or legal entities. Retail borrowers have direct or indirect loans, classified as consumer (revolving and non-revolving), micro-business, small business or mortgage loans. Non-retail borrowers have direct or indirect loans classified as corporate, large business or medium business loans.

In general, these guidelines include the following three components: (i) the provision for loan losses which results from the classification of the loan portfolio, (ii) the pro-cyclical provision which is activated by the SBS based on the behavior of local macro-economic variables (until 2014), and (iii), the over-indebtedness provisions for retail borrowers, when applicable.

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

For non-retail loans, the classification into one of the categories mentioned above considers, among others, the following factors: the payment history of the specific debtor, the history of the commercial relations with the debtor’s management, the debtor’s operating history, repayment capability and availability of funds of the debtor, the status of any collateral or guarantee received, the analysis of the debtor’s financial statements, the debtor’s 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. Due to the state of emergency, the SBS ordered the freezing of the count of days in arrears between March 1 and August 31, 2020, for clients who were more than 15 days in arrears as of February 29, 2020.

The allowance rate for indirect loans, is determined according to the loan conversion factor, which can be 0, 20, 50 and 100 percent, on the basis of “Exposure equivalent to credit risk”.

The provision is computed considering the risk classifications assigned and using specific percentages, which vary depending on whether or not the loans are secured by self-liquidating preferred guarantees (mainly cash deposits and rights on credit certificates); highly liquid preferred guarantees (treasury bonds issued by the Peruvian Government, financial instruments of the Peruvian Central Bank - BCRP, debt instruments issued by governments and central banks traded on a stock exchange, among others) or preferred guarantees (primary pledge on financial instruments, machinery, property, agriculture products or mineral, insurance credit on exports, among others), considered at their net realizable value as determined by independent appraisers.

Furthermore, for the calculation of the provision, the classification of the guarantor or cosignatory must be considered, in case the credits have the joint and several responsibility of a company of the financial or insurance system (credits subject to the substitution of credit counterparty – CAC).

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

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

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.

Pro-cyclical provisions were calculated for loans classified as normal and according to the percentages established by the SBS. However, as of December 31, 2020, and 2019, the pro-cyclical component of the provision was deactivated and at that date the Bank and its subsidiaries maintained pro-cyclical provision which amounted to S/33.9 million and S/ 33.8 million respectively, as established by the Circular Letter SBS N°2224-2014.

Risk administration of over-indebtedness of retail borrowers is required by SBS Resolution No. 6941-2008, issued on August 25, 2008, “Regulation for managing the risk of over-indebtedness of retail borrowers”. This rule requires that financial entities establish an over-indebtedness risk management system that will enable them to reduce risk, prior to and after granting the loan; as well as constant monitoring of the loan portfolio to identify over-indebted debtors, which includes the periodic evaluation of the control mechanisms used , as well as the corrective actions or improvements required, as applicable. For provisioning purposes, the financial entities that fail to comply with this rule to the satisfaction of the SBS, must calculate the exposure equivalent to the credit risk by applying a 20 percent factor to the unused amount of revolving credit lines for micro-business and consumer loans, and on the basis of said amount, compute the provision according to the debtor’s classification.

In Management's opinion, as of December 31, 2020 and 2019, the Bank and its subsidiaries have complied with the requirements of SBS Resolution No. 6941-2008, so it was not necessary to record additional general provisions relating to the inadequate administration of risk of over-indebtedness.

As of December 31, 2020, and 2019, the Bank has recorded provisions for doubtful loan portfolio which exceed the minimum established by the regulations of the SBS, with the objective of covering additional risks of impairment which are estimated in the loan portfolio, based on the existence of objective evidence that the financial asset or a group of them is impaired.

The allowance for direct loans is presented as an asset deduction, while the allowance for indirect loans is presented as a liability; see Note 9(a).

g) Derivative financial instruments -

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

Trading -

Derivative financial instruments are initially recognized at fair value recognizing an asset or liability in the consolidated statement of financial position, and the related gains and losses arising from changes in fair values are recorded in the consolidated statement of income. Also, derivative transactions are recorded as risks and contingent commitments at their reference values in the committed currency, see Note 18(d).

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

Hedging -

A derivative financial instrument that seeks to achieve a financial hedge for a given risk is designated as for hedge purposes if, at its negotiation, it is foreseen that changes in fair value or cash flows are expected to be highly effective in offsetting the fair value or cash flow changes of the hedged item attributable to the hedged risk from 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 insufficient 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, consequently, with effect from that date, the variations in fair value will be recognized in the result of the period.

For cash flow hedges, the effective portion of gain or loss over the hedge instrument, net of its tax effect, is recognized directly in equity, in the caption “Unrealized gains (losses)” as a cash flow hedge reserve. The ineffective portion of gain or loss of the hedging instrument is recognized in the consolidated statement of income. The amounts recorded in equity are transferred to the consolidated statement of income in the periods when the hedged item is recorded in the consolidated statement of income or when a planned transaction occurs.

For fair value hedges which qualify as such, changes in fair value of the hedge derivative are recognized in the consolidated statement of income. 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 statement of income.

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

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

As of December 31, 2020, and 2019, investments are valuated in accordance with Resolution SBS SBS N°7033-2012 and amendments.

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

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

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

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

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

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

  Interest is recognized using the effective interest rate, which includes both the interest receivable and the amortization of the premium or discount existing in the acquisition.

  Gains or losses from exchange differences related to the amortized cost of debt instruments affect the consolidated result of the period, and those related to the difference between the amortized cost and the fair value are recorded as part of the unrealized gain or loss in the consolidated equity.

  Equity instruments are considered non-monetary items, therefore, they are maintained at their historical cost in local currency, and the exchange differences are part of their valuation and are recognized as unrealized results in the consolidated equity.

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

  Impairment assessment -

  The Resolution No. 7033-2012, modified to SBS Resolution No. 2610-2018 establishes a standard methodology for the identification of the impairment of financial instruments classified as available-for-sale and held-to-maturity.

  Said methodology comprises an analysis, as described below:

  (i) Debt instruments -

  The occurrence of the following situations must be evaluated for the entire portfolio:

  1. Impairment of financial position or financial ratios of the issuer or its economic group.

  2. Discount in any of the credit ratings of the instrument or the issuer, in at least two (02) "notches", from the moment the instrument was acquired; where a "notch" corresponds to the minimum difference between two risk ratings within the same rating scale.

  3. Interruption of transactions or of an active market for the financial asset, due to issuer financial difficulties.

  4. The observable data indicates that since its initial recognition of a group of financial assets with characteristics similar to the instrument evaluated, there is a measurable decrease in its estimated future cash flows, although it can not yet be identified with individual financial assets of the group.

  5. Decrease in value due to legislation changes (taxes, regulatory or other governmental changes).

  6. Significant decrease in fair value below amortized cost. It will be considered as a significant decrease if the fair value at the closing date has decreased at least 40% below its amortized cost at that date.

7. Prolonged decrease in fair value. It will be considered as a prolonged decrease if the fair value at the closing date has decreased by at least 20% compared to the amortized cost of twelve (12) months ago and, the fair value at the closing date of each month during the period of twelve (12) previous months, has always remained below the amortized cost corresponding to the closing date of each month.

In case at least two (2) of the situations described above are met, it will be considered that there is impairment.

In case that at least two (2) of the situations described above have not been given, it is sufficient that one of the following specific situations be presented to consider that there is impairment:

1. Interruption of the interest or capital payments due to financial difficulties of the issuer.

2. Forced renegotiation of the contractual conditions of the instrument due to legal or financial difficulties related to the issuer

3. Evidence that the issuer is to enter into a forced restructuring or bankruptcy process.

4. Downgrading of the risk classification, classified as investment grade, towards a classification that is below the investment grade.

(ii) Equity Investments -

The occurrence of the following situations must be evaluated for the whole portfolio:

1. Downgrading of the risk classification, of a debt instrument classified as investment grade, towards a classification that is below the investment grade.

2. Adverse conditions of the investment and the issuer. Adverse conditions include unfavorable changes in the technological, market, economic or legal environment in which the investment or issuer operate.

3. Impairment of the financial position or financial ratios of the issuer or its economic group.

4. Interruption of transactions or of an active market due to financial difficulties of the issuer.

5. Observable data indicates that since the initial recognition of a financial assets group with similar characteristics to the instrument evaluated, it exists a measurable decrease in their estimated future cash flows, although it cannot be attributed to specific financial assets from the group.

6. Decrease in value due to legislation changes (taxes, regulatory or other governmental changes).

In case at least two (2) of the situations described above are met, it will be considered that there is impairment.

In case that at least two (2) of the situations described above have not been given, it is sufficient that one of the following specific situations be presented to consider that there is impairment:

1. Significant decrease in fair value below its acquisition cost. It will be considered as a significant decrease if the fair value at the closing date has decreased at least 40% below its cost value.

2. Prolonged decrease in fair value. It will be considered as a prolonged decrease if the fair value at the closing date has decreased by at least 20% compared to the fair value of twelve (12) months ago and, the fair value at the closing date of each month during the period of twelve (12) previous months, has always remained below the cost of acquisition.

3. Breach of the statutory provisions by the issuer, related to the payment of dividends.

4. Evidence that the issuer is to enter into a forced restructuring or bankruptcy process.

As of December 31, 2020 and 2019, the change in the impairment policy with respect to 2018 has not had a significant impact on the consolidated financial statements.

i) Investments in associates -

An associate is an entity over which the Bank and its Subsidiaries exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity, but without exercising control over said policies.

The considerations taken into account to determine significant influence are similar to those necessary to determine control over subsidiaries.

The Bank's investments in its associates are recognized initially at fair value, including the transaction costs that are directly attributable to their acquisition. These investments are subsequently accounted for using the equity method. In the case of securities that are quoted in centralized trading mechanisms, when their market value shows a declining trend for reasons considered non-temporary, the Bank and its Subsidiaries must record an impairment provision, however, the SBS, at its discretion, may require a higher impairment provision to be recorded.

The investments in associates are included in "Other assets" in the consolidated statement of financial position; gains resulting from the use of the equity method are included in "Other income" of the consolidated statement of income.

j) Property, furniture and equipment and depreciation -

Property, furniture and equipment are recorded at historical acquisition cost, less accumulated depreciation and accumulated amount of impairment losses of the asset, if applicable, see paragraph (s) below. Historical acquisition costs include the expenses that are directly attributable to the acquisition of property, furniture and equipment. Maintenance and repair costs are charged to the consolidated statement of income; significant renewals and improvements are only capitalized when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow from the use of the acquired property, furniture and equipment and if its cost can be reliably assessed. The cost and corresponding accumulated depreciation of the assets sold or retired are eliminated in the respective accounts and the gain or loss generated is included in the results for the period.

Work in progress and in transit units are recorded at their acquisition cost. These goods are not depreciated until they are operational.

Land is not depreciated. Depreciation of the other items under this heading 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 and the useful life assigned are reviewed annually to ensure that they are consistent with the future economic benefit and life expectancies of property, furniture and equipment items.

Gains and losses on disposals of property, furniture and equipment are recorded in the statement of income within non-financial income from sale of fixed assets.

k) Seized assets, assets received in payment and adjudicated assets -

Realizable assets include assets purchased specifically for granting them as part of finance leasing operations and are recorded initially at their acquisition cost; realizable assets not granted in finance lease operations are recorded at the lower of cost or market value.

Assets received in payment, adjudicated and seized (originating from terminated finance lease 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, whichever is 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 other than real estate - a uniform monthly provision is established with effect from the first month of the dation, seizure or recovery, for a period of twelve months, until providing for one hundred percent of the net seized or recovered value.

- Real estate - uniform monthly provisions are made over the net carrying amount obtained at the twelfth month; as long as the six-month extension contemplated in SBS Resolution N°1535-2005 has not been obtained, in which case uniform monthly provisions are made over the net carrying amount obtained in the eighteenth month. In both situations, the provisions are made until providing for one hundred percent of the net carrying amount in a term of three and a half years, starting from the date in which monthly provisions began to be made.

The annual update of the valuations of these assets, determined by an independent appraiser, involves, if necessary, the recording of impairment provisions.

l) Business combination -

Business combinations are accounted for using the acquisition method according to IFRS 3 "Business Combinations". The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Bank and its Subsidiaries elect whether to measure the non-controlling interest in the acquired business at fair value or at the proportionate share of the acquired business's identifiable net assets. Acquisition costs incurred are expensed and included in the caption “General and administrative expenses” of the consolidated statement of income.

When the Bank acquires a business, it assesses the financial assets and liabilities assumed for their appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquired business.

Any contingency to be transferred by the acquirer must be recognized at fair value at the acquisition date. The contingency classified as an asset or liability that is a financial instrument and is within the scope of SBS Manual of Accounting, is measured at fair value with changes in the consolidated statement of income or as a change in the consolidated statement of comprehensive income. If the contingency is not within the scope of SBS Manual of Accounting, it is measured in accordance with the applicable IFRS. The contingency that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Acquisition of a non-controlling interest is recorded directly in the consolidated statement of changes in equity; the difference between the amount paid and the share of the net assets acquired is recorded as an equity transaction. Therefore, no additional goodwill is recorded upon purchase of the non-controlling interest, nor is a gain or loss recognized upon disposal of the non-controlling interest.

The net equity attributable to the non-controlling interest is presented separately in the consolidated statement of financial position. The profit attributable to the non-controlling interest is presented separately in the statement of income and the statement of comprehensive income.

As of December 31, 2020, and 2019, there have been no business combinations.

m) Finite useful life intangible assets -

The intangible assets are included in the caption “Other assets, net” of the consolidated statement of financial position and are recorded at historical acquisition cost less accumulated amortization and accumulated impairment losses, if applicable; see following paragraph (s). These assets are composed principally of acquisition and development of software used by the Bank and its Subsidiaries in their own operations, which are recorded at cost; cession of brand use rights, which are recorded considering the related contract; as well as finite useful life intangible assets identified in the acquisition of Edyficar and Mibanco in 2009 and 2014, respectively, which were recognized in the consolidated statement of financial position at their fair values determined at their acquisition date, corresponding to the brand name; customer relationships, and depositor relationships, see Note 9(e).

The amortization of the finite useful life intangible assets of the Bank and its Subsidiaries is calculated using the straight-line method, based on their estimated useful lives, see Note 9(e).

According to SBS Resolution N° 1967-2010, finite useful life intangible assets are amortized over a maximum period of five years.

n) Indefinite useful life intangible assets - Goodwill -

Goodwill is the excess of the aggregate of the consideration transferred and the fair value recognized for the acquisition of the net value of the identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, then the gain is recognized in the statement of income.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units (CGU) of the Bank and its Subsidiaries that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquired business have been distributed to these units.

If the goodwill has been distributed to a CGU and part of the assets with which said unit operates are disposed of, the goodwill and the assets disposed of are included in the carrying amount of the transaction upon determining the loss or reduction for said disposal. Under these circumstances, the goodwill disposed of is measured based on the relative value of the assets disposed of and the retained portion of the CGU.

Impairment of goodwill is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

o) Bonds and subordinated Notes issued -

Includes the liabilities from the issuance of the various types of bonds and subordinated Notes, which are initially recorded at their fair value plus the incremental costs related to the transaction that are directly attributable to the instrument's issuance. Upon initial recognition, they are measured at their amortized cost applying the effective interest rate method. The amortized cost is calculated taking into account any issuance discount or premium, as well as the costs that are an integral part of the effective interest rate and the hedged bonds are at fair value. The hedged bonds are recorded at their fair value.

Likewise, accrued interest is recognized in the consolidated statement of income in the account "Interest on bonds and subordinated Notes issued" of the "Finance expenses" item, according to the contractual terms.

p) Income tax -

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

Therefore, the Bank and its Subsidiaries have recorded deferred income taxes, considering the guidelines of IAS12 - Income Tax. Deferred income tax reflects the effects of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts determined for tax purposes. Deferred assets and liabilities are measured using the tax rates expected

to be applied to taxable income in the years in which temporary differences are expected to be recovered or settled. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences which arise from the way in which the Bank and its Subsidiaries expect to recover or settle the carrying amount of its assets and liabilities at the date of the consolidated statement of financial position.

The carrying amount of deferred tax assets and deferred tax liabilities may change even though there is no change in the amount of temporary differences, due to a change in the rate of income tax. The effect of the change in deferred tax, corresponding to the tax rate change shall be recognized in the consolidated statement of income for the period, except for items previously recognized outside the consolidated statement of income (either in other comprehensive income or directly in equity).

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

In accordance with IAS 12, the Bank and its Subsidiaries determine their deferred income tax considering the tax rate applicable to its retained earnings; any additional tax on dividend distribution is recorded on the date a liability is recognized.

q) Share-based payment transactions -

The Bank has a voluntary share-based participation plan, which was implemented in the year 2009 and consists of granting a number of shares of Credicorp Ltd. For said purpose, the Bank acquires each year shares of Credicorp Ltd., which are legally delivered to the executives, vesting in 3 years from the granting date (March or April of each year).

The Bank is responsible of settle the transaction with Credicorp Ltd shares, recording it as though they were settled in cash.

When terms or price of the plan are modified, the effect of the change is recorded in the consolidated statement of income.

r) Asset Impairment -

When changes or certain events indicate that the value of an asset may not be recoverable, it is submitted to tests in order to verify that there is no permanent impairment in its value. When the carrying amount of the asset exceeds its recoverable value, a loss for impairment is recognized in the consolidated statement of income. The recoverable value is the higher 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 life. The recoverable amounts are estimated for each asset or, if not possible, for each cash generating unit.

s) Fiduciary activities -

Assets and cash flows from fiduciary operations in which there is a commitment to return such assets and cash flows to clients 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 said assets and cash flows and they do not assume the risks and rewards that arise from their ownership. The commissions for these activities are included in the caption “Commissions for banking services, net”.

t) 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 said obligation and, at the same time, the amount can be reliably estimated. Provisions are reviewed in each period and are adjusted to reflect their best estimate at the date of the consolidated statement of financial position. When the effect of the time value of money is significant, the amount of the provision is the present value of future payments required to settle the obligation.

u) 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 but they are disclosed when their degree of contingency is probable.

v) Earnings per share -

Basic and diluted earnings per share are calculated by dividing the net profit by the weighted average number of shares in circulation during the period. Shares that are issued due to the capitalization of retained earnings are deemed to be stock splits; therefore, for the computation of the weighted average number of shares, they are considered as if they had always been issued.

As of December 31, 2020 and 2019, the Bank and its Subsidiaries do not have financial instruments with dilutive effects, therefore, basic and diluted earnings per share are the same.

w) Repurchase agreements -

Through SBS Resolution No. 5790-2014, which took effect from September 3, 2014, the SBS approved the new "Regulations for repo transactions applicable to financial entities" which replaced the "Regulation for repo transactions and repurchase agreements" approved by Resolution No.1067-2005 SBS and its amendment.

The Resolution allows the development of sales operations with repurchase agreements, simultaneous sale and purchase of securities and operations of temporary transfer of securities; it also establishes the accounting treatment of said transactions.

The rules laid down in this Regulation are in accordance with the criteria in IAS 39 "Financial Instruments: Recognition and Measurement".

Securities sold under agreements to repurchase at a specified future date are not derecognized from the consolidated statement of financial position, as the Bank and its Subsidiaries retain substantially all of the risks and rewards of ownership. The related cash received is recognized in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability in the caption "Payables from repurchase agreements", reflecting the transaction's economic substance as a loan to the Bank and its Subsidiaries.

The difference between the sale and repurchase prices is recorded in the caption "Financial expenses" of the consolidated statement of income and is accrued over the life of the agreement using the effective interest rate.

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

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

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

x) Purchase operation and repurchase agreement of foreign currency -

On January 6, 2015, Circular N°002_2015-BCRP came into effect, including three additional currency reporting schemes for the purpose of supporting the process of de-dollarization of credit; denominated as Expansion (with the objective of supporting credit growth in local currency and for which the amount transferred in foreign currency to BCRP will be deducted from the general regime of legal cash reserve requirement in foreign currency), Substitution (with the objective of supporting the conversion of credits in foreign currency into local currency); and Regular (used to alleviate liquidity requirements), annulling the previous circulars.

Under these three schemes, the Bank receives cash in soles from BCRP that it must return at maturity, for which it recognizes a liability in the caption "Payable for repurchase agreements" in the statement of financial position, including accrued interest computed according to the method of the effective interest rate. Simultaneously, the Bank delivers cash in American dollar to BCRP; the availability of which will be restricted until the maturity of the operation, so the Bank records an asset under "Restricted funds" in the consolidated statement of financial position.

The interest generated by the cash received will be recorded in the caption "Financial Expenses", in the consolidated statement of income.

y) Cash and cash equivalents -

Cash and cash equivalents presented in the statement of consolidated cash flows correspond to the balances of available funds from the statement of financial position; which include deposits with less than three months to maturity from the acquisition date, term deposits with BCRP, funds deposited in central banks and “overnight” deposits, excluding restricted funds.

z) International Financial Reporting Standards (IFRS):

(z.i) IFRS issued and in effect in Peru as of December 31, 2020 -

The CNC has issued the following Resolutions during the period 2020:

- Resolution No. 001-2020-EF / 30, issued on July 14, 2020, makes official the set of International Financial Reporting Standards version 2020: Conceptual Framework for financial information, from IAS 1 to IAS 41, of the IFRS 1 to IFRS 17, pronouncements 7, 10, 25, 29 and 32 of the SIC, as well as the interpretations of the IFRIC from 1 to 23 ”, also formalizes the modifications to IAS 1 -“ Presentation of Statements Financial ”and IFRS 16 -“ Leases ”(Rent reductions related to Covid-19).

- Resolution No. 002-2020-EF / 30, issued on September 8, 2020, formalizes the amendments to IAS 16 - "Property, plant and equipment", IFRS 3 "Business Combinations", IFRS 4 - "Contracts for insurance ”, IAS 37 -“ Provisions, contingent liabilities and contingent assets ”, IFRS 1 -“ First-time adoption of International Financial Reporting Standards, IFRS 9 - “Financial instruments” and IAS 41 - “Agriculture”.

The application of the versions is from the day following the issuance of the Resolution, or later, according to the entry into force stipulated in each specific standard.

The following standards and interpretations came into effect from January 1, 2020; however, not all the standards are adopted by financial institutions in Peru, unless the SBS decides on their adoption.

- Amendments to IAS 1 “Presentation of Financial Statements”.
- Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors".
- Amendments to IFRS 3 “Business Combinations”.
- Amendments to Conceptual Framework references in the IFRS Standards.

Through Multiple Official Letter 467-2019-SBS of January 7, 2019, the SBS specified that IFRS 16 “Leases” will not be applicable to supervised companies, and must continue to apply specific standards issued, as well as IAS 17 - “Leases” In what is not specified by them.

Their application of the versions is from the day following the issuance of the CNC Resolution or afterwards, according to the effective date stipulated in each specific standard.

(z.ii) IFRS issued but not yet effective as of December 31, 2020 -

New IFRS and amendments, the application of which is not required for the year 2020 and which have not been early adopted by the Bank. The new standards and amendments which are relevant for the Bank are summarized below:

- Amendments to IAS 16: Property, plant and equipment. These amendments are effective for annual periods that began on or after January 1, 2022.Early application is allowed.

- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets. These amendments are effective for annual periods that began on or after January 1, 2022.Early application is allowed.

- Amendment to IFRS 1 First-time adoption of International Financial Reporting Standards. Effective for annual periods beginning on January 1, 2022. Early application is allowed.

- Amendments to IFRS 3: Business Combinations. Applicable to business combinations whose acquisition date is from the beginning of the first annual period that is reported to start as of January 1, 2022.

- Amendments to IFRS 9: Financial Instruments. These amendments are effective for annual periods that began on or after January 1, 2022.Early application is allowed.

Because these standards only apply in a supplementary manner to the accounting principles and practices established by the SBS, the Bank and its subsidiaries have not estimated any effect on their financial statements if said standards were adopted; since to date the SBS has not issued a ruling on the matter.

4 CASH AND DUE FROM BANKS

The composition of this item is presented below:

	2020 S/000	2019 S/000
Cash and clearing (a)	4,619,875	4,312,853
Deposits with Peruvian Central Bank (BCRP) (a)	26,003,477	18,367,713
Deposits with local and foreign banks (b)	2,403,346	946,205
Accrued interest	1,351	14,186
Total cash and cash equivalents	33,028,049	23,640,957
Restricted funds (c)	1,336,958	3,068,989
Total cash and due from banks	34,365,007	26,709,946

(a) These accounts mainly include the legal cash requirements that the Bank and its Subsidiaries must keep to be able to honor their obligations with the public, and they are within the limits established by current legislation. These funds consist of the following:

	2020 S/000	2019 S/000
Legal cash requirements:		
Deposits with BCRP	16,904,003	13,727,284
Cash in vaults of the Bank and its Subsidiaries	4,529,683	4,132,347
Total legal cash requirements	21,433,686	17,859,631
Additional funds:		
Overnight deposits	2,972,744	4,640,429
Term deposits with BCRP	5,988,900	-
Other Deposits BCRP	137,830	-
Cash and others	90,192	180,506
Total additional funds	9,189,666	4,820,935
Total	30,623,352	22,680,566

As of December 31, 2020, cash and deposits subject to legal cash requirements in local and foreign currency are subject to an implicit rate of 4.00 percent and 34.51 percent, respectively, of the total balance of obligations subject to reserve, as required by the BCRP (5.01 percent and 35.06 percent, respectively, as of December 31, 2019).

The legal cash requirements funds which represent the legal minimum are non-interest-bearing; however, the legal cash requirements maintained in the BCRP in excess of the legal minimum, bear interest at a nominal rate established by the BCRP. With foreign currency they generate interest at a rate equivalent to Libor 1 month minus 50 basis points, in local currency they generate interest at interest rate of overnight deposits in soles minus 195 basis points.

As of December 31, 2020, the excess in foreign currency amounts to approximately US$3,562.6 million, equivalent to approximately S/12,899.9 million and bears interest in US dollars at an average annual rate of 0.0060 percent (US$3,243.0 million, equivalent to approximately S/10,747.3 million, at an average annual rate of 1.25 percent, as of December 31, 2019); at that date the excess in national currency amounts to approximately S/3.8 million and did not accrue interest, since the interest rate on overnight deposits was lower than the 195 basic discount points (S/2.6 million, and no interest accrued, as of December 31, 2019).

As of December 31, 2020, the available funds have two overnight operations with the Central Reserve Bank of Peru, one for US$666.40 million equivalent to S/2,413.0 million at a nominal rate of 0.13 percent with a 4 day maturity and another for S/559.71 million at an effective rate of 0.15 percent with a 4 day maturity. As of December 31, 2019, the available funds include an overnight operation with the Central Reserve Bank of Peru, one for US$1,291.6 million, equivalent to S/4,280.4 million at a nominal rate of 1.57 percent with a 2 day maturity.

(b) Deposits with local and foreign banks -

Deposits in local and foreign banks correspond mainly to balances in soles and American dollar; all deposits are unrestricted and bear interest at market rates. At December 31, 2020 and 2019, the Bank and its Subsidiaries do not maintain significant deposits with any particular bank.

(c) Restricted funds -

The Bank and its Subsidiaries maintain restricted funds related to:

	2020 S/000	2019 S/000
Repurchase Agreements with BCRP (*)	1,104,686	2,798,695
Repurchase Agreements with other entities	10,182	96,556
Derivative financial instruments	212,813	165,335
Others	9,277	8,403
Total	1,336,958	3,068,989

(*) Correspond to deposits in American dollars maintained in the BCRP which guarantee repurchase agreements amounting to S/1,055.0 million at December 31, 2019 (S/2,800.4 million at December 31, 2019), see Note 5(e).

The cash and cash equivalents presented in the consolidated statement of cash flows, excludes the restricted funds, see Note 3(y).

5 INVESTMENTS

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

	2020				2019	
		Unrealized gross amount				Unre
	Amortized cost	Gains	Losses	Estimated fair value	Amortized cost	Gair
	S/000	S/000	S/000	S/000	S/000	S/00
Investments at fair value through profit or loss (trading) - (i)	-	-	-	2,163,871	-	
Accrued interest	-	-	-	4,629	-	
Balance of investments at fair value through profit or loss				2,168,500		
Available-for-sale investments:						
Certificates of deposits BCRP (ii)	15,343,852	20,432	-	15,364,284	8,649,884	
Sovereign bonds – Republic of Peru (iii)	8,297,827	611,633	-	8,909,460	3,527,534	
Corporate bonds (iv)	4,197,911	121,707	(1,806)	4,317,812	1,273,992	
Foreign governments bonds (v)	175,554	7,689	-	183,243	229,924	
Negotiable certificates of deposit (vi)	399,597	12,387	-	411,984	-	
Listed equity securities – Credicorp Ltd.	97,617	-	-	97,617	86,074	
Securitization instruments	44,635	3,373	(604)	47,404	18,299	
Peruvian Treasury bonds	25,434	235	-	25,669	-	
Non-listed equity securities	5,057	1,786	(364)	6,479	10,257	
Investment funds	36	-	(36)	-	36	
	28,587,520	779,242	(2,810)	29,363,952	13,796,000	
Accrued interest				227,134		
Balance of available-for-sale investments				29,591,086		

(i) As of December 31, 2020, the balance mainly includes certificates of deposit BCRP amounting to S/1,872.9 million, Peruvian government bonds amounting to S/158.6 million and foreign government bonds amounting to S/66.2 million (as of December 31, 2019, the entire portfolio was sold).

(ii) As of December 31, 2020, the Bank and its subsidiaries maintains 153,760 certificates of deposits BCRP, which are instruments issued at a discount through public auction of BCRP, traded on the Peruvian secondary market and payable in soles (87,530 certificates of deposits BCRP, as of December 31, 2019).

(iii) As of December 31, 2020, Peruvian sovereign bonds correspond to issuances made by Republic of Peru in Soles amounting to S/8,909.5 million (S/3,802.3 million in soles as of December 31,2019).

(iv) As of December 31, 2020, corporate bonds include bonds issued by companies from Peru, the United States, Colombia and other countries, which represent 40.4 percent, 33.4 percent, 9.7 percent and 16.5 percent of the total, respectively (bonds issued by companies from Peru, Colombia, the United States and other countries, which represent 63.4 percent, 17.1 percent, 8.8 percent and 10.7 percent of the total, respectively, as of December 31, 2019).

(v) As of December 31, 2020, the foreign government bonds amounting to US$28.1 million, equivalent to S/101.7 million, and US$22.5 million, equivalent to S/81.5 million, correspond to bonds issued by the Government of Colombia and Chile, respectively (US$51.3 million, equivalent to S/170.0 million, and US$18.4 million, equivalent to S/61.0 million, correspond to bonds issued by the Government of Chile and Colombia, respectively, as of December 31, 2019).

(vi) As of December 31, 2020, negotiable certificates of deposit amounting to COP386,839.6 million, equivalent to S/412.0 million, correspond a certificates issued by the financial system of Colombia.

b) As of December 31, 2020, the Bank holds interest rate swaps (“IRS”), which were designated as fair value hedges of certain fixed-rate US dollar bonds issued by corporate companies for a notional amount of S/628.7 million (IRS designated as fair value hedges of certain fixed-rate US dollar bonds issued by corporate companies for a notional amount of S/618.8 million, as of December 31, 2019), see Note 9 (b). Through these IRS, these bonds were economically converted to a variable rate.

As of December 31, 2020, the Bank maintains currency swaps (“CCS”) which were designated as hedges of certain corporate bonds and negotiable certificates of deposit, for a notional amount of S/487.0 million with similar principal and maturity, see Note 9 (b); through these CCS, the bonds and negotiable certificates of deposit were economically converted to soles at a fixed rate (CCS designated as hedges of certain corporate bonds for a notional amount of S/107.4 million, as of December 31, 2019).

c) As of December 31, 2020 and 2019 the maturities and the annual market rates of the investments available-for-sal

	Maturity		Effective annual interest rates						
			2020						2019
			S/		US$		Other currency		S/
	2020	2019	Min	Max	Min	Max	Min	Max	Min
			%	%	%	%	%	%	%
Certificates of deposit BCRP	Jan-21/Mar-23	Jan-20/Jul-21	0.25	0.73	-	-	-	-	2.02
Sovereign bonds - Republic of Peru	Sep-23/Aug-40	Aug-24/Aug-40	0.74	5.01	-	-	-	-	2.97
Corporate bonds	May-21/Apr-36	May-20/Apr-36	0.61	7.55	0.40	8.82	5.82	6.25	6.33
Foreign government bonds	Jul-21/Feb-28	Feb-20/Feb-28	-	-	0.12	1.35	-	-	-
Negotiable certificates of deposit	Jan-21/Jan-23	-	-	-	-	-	1.46	3.21	-
Securitization instruments	Nov-29/Sep-34	Nov-29	3.97	10.64	1.51	1.51	-	-	-
Peruvian treasury bonds	Jul-25	-	-	-	1.03	1.03	-	-	-

As of December 31, 2020 and 2019, Management has estimated the market value of investments at fair value throu
and available-for-sale using quotations available in the market or, if the price was not available, by discounting the c
at an observable market interest rate that reflects the risk classification of the financial instrument.

Management of the Bank and its Subsidiaries has determined that the unrealized losses of available-for-sale invest
2020 and 2019 are of a temporary nature. The Bank and its Subsidiaries have decided and have the ability to mair
for-sale investments for a period of time sufficient to allow for an anticipated recovery in fair value, which can occur
of debt instruments.

d) Held-to-maturity investments -

As of the date of the consolidated statement of financial position, this item is made up as follows:

	2020 S/000	2019 S/000
Sovereign bonds - Republic of Perú (i)	4,740,274	3,277,710
Certificates of payment on work in progress (ii)	89,095	100,298
	4,829,369	3,378,008
Accrued interest	104,662	78,136
Total	4,934,031	3,456,144

(i) As of December 31, 2020, the estimated fair value of held-to-maturity investments amounts to S/5,438.9 million, maturing between September 2023 and February 2042 and accruing interest at an effective annual rate between 0.74 and 5.06 percent for bonds issued in soles (the estimated fair value of held-to-maturity investments amounts to S/3,694.4 million, maturing between August 2020 and February 2042 and accruing interest at an effective annual rate between 2.14 and 5.28 percent for bonds issued in Soles, as of December 31, 2019).

(ii) As of December 31, 2020, there are 121 certificates of Annual Recognition of Payment for Work Progress (CRPAOs from Spanish acronym) issued by the Peruvian Government to finance projects and concessions, said issuance is a mechanism established in the concession agreement signed between the State and the concessionaire, which allows the latter to obtain financing to continue with the work undertaken. The investment in CRPAOs amounts to S/89.1 and its estimated fair value amounts to S/93.6 million, with maturities between January 2021 and April 2026 accruing interest at an effective annual rate between 2.42 and 3.47 percent (153 CRPAOs, with an investment amounting to S/100.3 million with maturities between January 2020 and April 2026 accruing interest at an effective annual rate between 3.74 and 4.67 percent, as of December 31, 2019).

During the years 2020 and 2019, S/1.0 million and S/2.3 million, respectively, was accrued in each year of net unrealized results that were recorded in equity, and were transferred to the heading “Net gain in the purchase and sale of investments available for sale” Of the consolidated income statement. As of December 31, 2020, an unrealized loss amounting to S/5.6 million corresponding to the investments that were reclassified of category (unrealized loss amounting to S/4.6 million net as of December 31, 2019).

As of December 31, 2020 and 2019, Management of the Bank and its Subsidiaries has determined that unrealized loss on certain held-to-maturity investments are temporary in nature. Accordingly, at said dates, the Bank and its Subsidiaries have recognized no impairment loss on their held-to-maturity investments.

e) At December 31, 2020 and 2019 , the Bank and its Subsidiaries have repurchase agreements with: (i) cash, see No see Note 5 (a), (iii) held-to-maturity investments, see Note 5 (d) and (iv) loans, see Note 6, as shown in the table be

	2020			2019	
	Maturity	Carrying amount S/000	Guarantee	Maturity	Carrying a S/000
Peruvian Central Bank (BCRP), Reactiva (i)	May-23/Dic-23	20,916,438	Credits with National Government Guarantee represented in titles and securities	-	
Peruvian Central Bank (BCRP)	Mar-21/Jul-24	2,903,266	Available-for-sale investments and held -to-maturity investments	Jun-20/Nov-20	1
Peruvian Central Bank (BCRP) see Note 4	Feb-21/Mar-23	1,055,000	Cash	Feb-20/Oct-20	2
Peruvian Central Bank (BCRP), Reactiva Especial (i)	Jun-23/Dic-23	756,387	Credits with National Government Guarantee represented in titles and securities	-	
Natixis	Aug-28	270,000	Held-to-maturity investments	Aug-20/Aug-28	
Citigroup Global Markets Limited (ii)	Aug-26	162,945	Available-for-sale investments	Aug-26	
Natixis (iii)	Aug-26	90,525	Available-for-sale investments	Aug-26	
Nomura International PLC, (iv)	-	-	Held-to-.maturity investments and cash	Aug-20	
Nomura International PLC, (v)	-	-	Held-to-.maturity investments and cash	Aug-20	
Citigroup Global Markets Limited	-	-	Held-to-maturity investments	Aug-20	
		26,154,561			5
Yields		113,026			
		26,267,587			5

As of December 31, 2020, the Bank maintained repurchase agreements for approximately S/26,154.5 million guaranteed mainly with cash for approximately S/1,104.6 million (see Note 4), for Reactiva program credits S/23,936.0 million and other financial instruments (BCRP certificates of deposit, foreign government bonds, sovereign bonds and Peruvian treasury bonds) classified as investments available for sale and held to maturity for an approximate value of US$1,136.8 million, equivalent to S/4,116.4 million (repurchase agreements totaling S/5,703.5 million guaranteed with cash for approximately S/2,798.7 million and other financial instruments classified as investments available for sale and held to maturity for an approximate value of US$988.6 million, equivalent to S/3,276.2 million, as of December 31, 2019). Said transactions accrue interest at a fixed rate between 0.5 percent and 6.73 percent and at a variable rate between Libor six months plus 1.90 percent, as of December 31, 2020 (between 3.0 percent and 7.20 percent and between Libor three months plus 0.80 percent and Libor six months plus 1.90 percent, respectively, as of December 31, 2019).

Certain repurchase agreements were hedged through interest rate swaps (IRS) and cross currency swaps (CCS), as detailed bellow:

(i) Through Reporting Operations, the Bank sells securities representing credits guaranteed by the National Government to the Central Reserve Bank of Peru (BCRP), receives soles and is obliged to buy them back at a later date. The securities representative of Credits with Guarantee of the National Government can have the form of portfolio of representative credits of credits (Reactive Credits) or of Certificates of Participation in trust of loan portfolio guaranteed by the National Government (Special Reactive Credits). The BCRP will charge monthly for the Operation a fixed interest rate in soles of 0.5 percent per annum and will include a grace period of twelve months without payment of interest or principal.

(ii) As of December 31, 2020, the Bank and its subsidiaries maintain a CCS which was designated as cash flow hedge of certain repurchase agreements in US dollars at a variable rate for a nominal amount of US$45 million, equivalent to S/162.9 million (US$45 million, equivalent to S/149.1 million, as of December 31, 2019). Through the CCS, these repurchase agreements were economically converted into soles at a fixed rate, see Note 9(b).

(iii) As of December 31, 2020, the Bank and its subsidiaries maintain a CCS which was designated as cash flow hedge of certain repurchase agreements in US dollars at a variable rate for a nominal amount of US$25 million, equivalent to S/90.5 million (US$25 million, equivalent to S/82.8 million, as of December 31, 2019). Through the CCS, these repurchase agreements were economically converted into soles at a fixed rate, see Note 9(b).

(iv) As of August 31, 2020, the interest rate swap (IRS) that the Bank held as a cash flow hedge of a repurchase agreement in US dollars at a variable rate for an amount of US$80.0 million, equivalent to S/283.5 million (US$80.0 million, equivalent to S/265.1 million, as of December 31, 2019). Through the IRS, said repurchase agreement was economically converted to a fixed rate. Likewise, the cross currency swap (CCS) expired, which was designated in a combined manner with the IRS, which the Bank maintained as a cash flow hedge since, through said instrument, the repurchase agreement was economically converted to soles at a fixed rate, see Note 9(b).

(v) As of August 31, 2020, the cross currency swap (CCS) that the Bank maintained as a cash flow hedge of a repurchase agreement in US dollars at a variable rate expired for a nominal amount of US$70.0 million, equivalent to S/248.0 million (US$70.0 million, equivalent to S/232.0 million, as of December 31, 2019). Through the cross currency swap (CCS), said repurchase agreement was economically converted to soles at a fixed rate, see Note 9(b).

The balance of investments at fair value through profit or loss (trading), available-for-sale and held-to-maturity as of December 31, 2020 and 2019, classified by contractual maturity, (accrued interest is not considered) consists of the following:

	2020 S/000	2019 S/000
Up to 3 months	15,698,202	2,215,504
From 3 months to 1 year	2,134,252	6,868,619
From 1 to 3 years	2,735,614	1,059,614
From 3 to 5 years	3,041,846	2,399,885
More than 5 years	12,643,182	4,874,195
Without maturity	104,096	97,904
Total	36,357,192	17,515,721

6 LOANS, NET

a) As of December 31, 2020 and 2019 this item includes the following:

	2020 S/000	2019 S/000
Direct loans		
Loans	104,189,517	81,156,314
Leasing receivable	5,775,917	5,978,421
Credit cards	5,506,988	8,371,208
Discounted notes	1,481,695	2,198,449
Factoring receivables	2,153,689	2,015,513
Advances and overdrafts in current accounts	41,979	152,436
Refinanced and Restructured loans	1,624,381	1,163,988
Total loans to fall due	120,774,166	101,036,329
Past due loans and under court collection	4,546,737	3,163,185
Total gross loans	125,320,903	104,199,514
Add (less)		
Accrued interest from current loans	773,505	751,948
Deferred interest on discounted Notes	(218,530)	(87,451)
Allowance for loan losses (e)	(8,494,508)	(4,527,881)
Total direct loans	117,381,370	100,336,130
Indirect loans, Note 18(a)	19,932,472	19,421,696

b) Direct loans from Reactiva Peru program amount to S/24,286.5 million and those from FAE-MYPE program amount to S/353.5 million as of December 31, 2020.

c) As of December 31, 2020 and 2019, 51 percent of the direct and indirect loan portfolio was concentrated in approximately 101,519 and 75,198 clients, respectively.

As of December 31, 2020 and 2019, the distribution of the direct loan portfolio by segments, according to Resolutions SBS N°11356-2008, Note 3(f), is as follows:

	2020	2019
	S/000	S/000
Non-retail loans		
Corporate	25,038,310	24,668,855
Large-business	21,313,092	17,490,828
Medium-business	28,237,599	16,269,604
Subtotal	74,589,001	58,429,287
Retail loans		
Mortgage	17,856,020	17,144,333
Revolving and non-revolving consumer loans	13,521,735	14,438,981
Small-business	14,779,098	11,003,469
Micro-business	4,575,049	3,183,444
Subtotal	50,731,902	45,770,227
Total	125,320,903	104,199,514

d) According to SBS regulations, as of December 31, 2020 and 2019, the risk classification of the loan portfolio of the Bank and its S

Risk category	2020						2019			
	Direct loans		Indirect loans		Total		Direct loans		Indirect loans	
	S/000	%	S/000	%	S/000	%	S/000	%	S/000	%
Normal	112,067,185	89.42	17,041,214	85.49	129,108,399	88.88	96,518,800	92.63	18,022,393	
Potential problems	5,806,027	4.64	1,211,383	6.08	7,017,410	4.83	2,884,537	2.77	406,247	
Substandard	2,148,739	1.71	1,368,548	6.87	3,517,287	2.43	1,171,148	1.12	696,963	
Doubtful	1,880,988	1.50	155,472	0.78	2,036,460	1.40	1,491,995	1.43	133,324	
Loss	3,417,964	2.73	155,855	0.78	3,573,819	2.46	2,133,034	2.05	162,769	
	125,320,903	100.00	19,932,472	100.00	145,253,375	100.00	104,199,514	100.00	19,421,696	

e) As of December 31, 2020 and 2019, financial entities in Peru must constitute their allowance for loan losses based on the risk classification indicated in paragraph (c) and using the percentages indicated in Resolution SBS N°11356-2008, as follows:

(i) For loans classified as "Normal":

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

(*) In case the credit granted has preferred self-liquidating guarantees (CGPA), the pro-cyclical component was 0, 0.25 percent or 0.30 percent depending on the type of credit. According to what is indicated in Note 3(f), with effect from November 2014, the pro-cyclical provision was deactivated by the SBS.

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

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(f), 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.

Due to the state of national emergency, the SBS exceptionally established a Provision rate for credit risk of zero percent to the part of the credits covered for the guarantee of the Reactiva Peru program and Business Support Fund for the MYPE (FAE-MYPE). For the part that does not have the coverage of the guarantee granted, corresponds to the provision of the original type of credit according to classification corresponding to the debtor of the credit.

As of December 2020, through SBS Resolution No. 3155-2020, the SBS required the financial system companies apply specific provisions to consumer loans, micro and small business rescheduled COVID-19 from debtors with normal classification applying the corresponding rates to credits with potential problems. Further, established the provisioning requirement corresponding to the deficient risk category for the accrued interests of current rescheduled loans, corresponding to the consumer, micro and small business portfolios, for which the client has not made the payment of at least one full installment that includes principal in the last six months at closing of month.

Likewise, it establishes a period of gradual adaptation for the constitution of provisions for the capital of the rescheduled loans, until December 31, 2020 at least provisions have been made for those loans for which the client has made payment of at least one full installment that includes capital in the last six months as of December 31, 2020; and, until December 31, 2021 to constitute all of the provisions for which the company must define a schedule that allows recognizing timely provisions during fiscal year 2021. As of December 31, 2020, the Bank complied with the constitution of all the provisions required by S/309.9 millions.

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

	2020 S/000	2019 S/000	2018 S/000
Balance as of January 1	4,847,449	4,791,396	4,758,791
Provision, net of recoveries (i)	5,023,837	1,798,506	1,507,847
Recovery portfolio	147,851	254,039	280,207
Loan portfolio written-off	(1,103,576)	(1,767,348)	(1,544,071)
Sale of judicial portfolio (ii)	(30,362)	(143,729)	(192,879)
Exchange difference	95,456	(18,299)	47,760
Condonations and others	(48,167)	(67,116)	(66,260)
Balance as of December 31	8,932,488	4,847,449	4,791,396
Allowance for indirect loan losses (Note 9)	(437,980)	(319,568)	(330,684)
Allowance for direct loan losses (Note 6(a))	8,494,508	4,527,881	4,460,712

(i) During 2020, it includes additional provisions to those established by the SBS amounting to S/2,140.1 million to incorporate expected credit losses due to economic deterioration and increase in default probability of all segments of loan portfolio as a consequence of the effects of COVID-19 pandemic, see note 2.

(ii) During 2020, a portion of the judicial collection portfolio and the portfolio punished for was sold for S/31.4 million and S/190.5 million and the portfolio respectively, with a value of S/34.2 million and S/2.8 million respectively.

Total income is included in the Consolidated Income Statement under "Other non-financial income" for S/35.8 million (Note 22).

In the opinion of the Management of the Bank and its Subsidiaries, the allowance for loan losses recorded as of December 31, 2020 and 2019, has been determined in accordance with SBS regulations in force as of those dates, see Note 3(f).

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

h) Interest accrued on the loan portfolio is freely agreed considering the current interest rates prevailing in the markets where the Bank and its Subsidiaries operate.

Interest, commissions and expenses on loans or installments which are past due, refinanced, under legal collection, or classified in the “Doubtful” or “Loss” categories, are recorded in the consolidated statement of income when they are effectively collected. The amounts which were not recognized as income in this respect amounted to S/2,471.6 million and S/1,983.0 million as of December 31, 2020 and 2019, respectively.

i) As of December 31, 2020 and 2019, the direct gross loan portfolio classified by maturity, based on the remaining period to repayment date is as follows:

	2020	2019
	S/000	S/000
Outstanding loans:		
Up to 1 month	9,191,859	10,665,545
From 1 to 3 months	18,661,323	13,233,570
From 3 months to 1 year	25,982,764	25,388,138
From 1 to 3 years	33,431,934	24,030,028
From 3 to 5 years	8,662,870	8,662,870
More than 5 years	21,638,016	19,056,178
Outstanding loans total	120,774,166	101,036,329
Past due loans and court collection:		
Up to 4 months	1,306,346	981,026
More than 4 months	1,791,281	970,242
Court collection	1,449,110	1,211,917
Past due loans and court collection total	4,546,737	3,163,185
Total	125,320,903	104,199,514

j) At the beginning of the year 2017, the natural disaster known as the "Fenómeno del Niño Costero" occurred, which affected several areas of Peru, which were declared in a state of emergency. As a result of the rains and flooding, economic losses and payment difficulties occurred among the debtors of these areas.

As a consequence of the above, the SBS, through Circular Official Letter No. 10250-2017 of March16, 2017, established that the companies of the financial system could amend the contractual conditions of the different types of credit of the retail debtors, without the amendment constituting a refinancing, as long as the total term was not extended more than 6 months. In this sense, the Bank and its Subsidiaries presented a total of S/341.2 million and S/500.3 million at December 31, 2020 and 2019 respectively, of reprogrammed credits within the category of current credits. The classification of this portfolio has been within the categories normal and with potential problems.

k) As of December 30, 2020, the Bank maintains a currency swap (CCS) for a nominal amount of ¥5,000.0 million equivalent to S/175.4 million (JPY5,000 million equivalent to S/152.5 million, as of December 31, 2019), which has been broken down by risk variables into two currency swaps (CCS) in order to be designated as cash flow hedge of a bond issued in yen at a fixed rate; Through said currency swap (CCS), this bond was converted into soles at a fixed rate and as cash flow coverage of credits for US$46.0 million equivalent to S/166.6 million (US$46.0 million equivalent to S/152.5 million, as of December 31, 2019); Through said currency swap (CCS), these credits have been converted into soles.

l) Due to the effects of the COVID-19 pandemic, BCP and subsidiaries have offered their Retail Banking clients the opportunity to reschedule their loans for 30 or 90 days without incurring overdue commissions and principal interest. As of December 2020, the rescheduled portfolio amounts to a total of S/24,813.2 million.

In the loan portfolio, the most vulnerable segments are: Mibanco and within BCP Pyme-Pyme and individual individuals, where debt rescheduling rates reached 15.28%, 20.76% and 33.54% respectively at the end of December, see Note 2. As of December 31, 2020, the distribution of the rescheduled loan portfolio by segment, due to the effects of the COVID-19 pandemic, is as follows:

	BCP	MIBANCO	SEAH	Total
	S/000	S/000	S/000	S/000
Reschedule loans				
Non-retail loans				
Corporate	478,217	-	-	478,217
Large-business	1,868,184	-	-	1,868,184
Medium-business	5,380,254	225,216	-	5,605,470
Total non-retail loans	7,726,655	225,216	-	7,951,871
Retail loans				
Mortgage	6,504,586	196,203	37,817	6,738,606
Revolving and non-revolving consumer loans	4,346,006	238,699	-	4,584,705
Small-business	1,390,600	3,513,769	-	4,904,369
Micro-business	10,297	623,324	-	633,621
Total retail loans	12,251,489	4,571,995	37,817	16,861,301
Total reschedule loans	19,978,144	4,797,211	37,817	24,813,172

7 PROPERTY, FURNITURE AND EQUIPMENT, NET

a) The movement of property, furniture and equipment and accumulated depreciation for the years ended December 3

	Land	Buildings and other construction	Installations	Furniture and fixtures	Computer hardware	Vehicles and equipment	Work in progress and in-transit units
	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Cost -							
Balance as of January 1	337,779	1,107,549	997,520	411,834	516,322	116,347	69,013
Additions	-	1,604	4,430	15,466	13,607	942	41,803
Sales	(734)	(1,034)	(1,386)	-	(14)	(241)	-
Transfers	-	8,906	22,462	1,529	8,997	3,632	(45,526
Disposals and others	(1,583)	(902)	(19,337)	(27,894)	(57,394)	(6,185)	(6,467
Balance as of December 31	335,462	1,116,123	1,003,689	400,935	481,518	114,495	58,823
Accumulated depreciation -							
Balance as of January 1	-	704,425	760,342	265,068	450,120	88,988	-
Depreciation for the year	-	28,650	42,441	29,229	31,790	7,480	-
Sales	-	(494)	(1,276)	-	-	(241)	-
Disposals and others	-	(844)	(15,928)	(26,720)	(58,334)	(5,349)	-
Balance as of December 31	-	731,737	785,579	267,577	423,576	90,878	-
Net carrying amount	335,462	384,386	218,110	133,358	57,942	23,617	58,823

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

c) During 2020, the Bank, as part of the investment in fixed assets made annually, has made disbursements mainly related to the remodeling of its headquarters located in La Molina and the comprehensive remodeling of the Dasso Cafe office. During 2019, as part of the investment in fixed assets made annually, it has made disbursements related mainly to the remodeling of its headquarters located in La Molina and the comprehensive remodeling of the Cusco Branch.

d) As part of the strategy implemented in 2020, the Management decided to carry out the sale of properties, the main one was the property located on Av. Francisco Bolognesi, Chimbote district, Ancash department and the second property located on Ayabaca street, district and province of Ica, whose sale price of both properties amounted to S/3.3 million. As part of the strategy implemented in 2019, Management decided to sell real estate, the main one was the property located on Morelli Street in the San Borja district, whose sale price amounted to S/6.6 million, respectively.

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

f) Management periodically reviews the fixed assets' residual value, their useful lives and the selected depreciation method to ensure that they are consistent with their economic benefits and life expectations. In the opinion of the Management of the Bank and its Subsidiaries, there is no evidence of impairment of the fixed assets held by the Bank as of December 31, 2020 and 2019.

8 GOODWILL

Goodwill acquired through business combinations has been allocated to cash-generating units (also identified as a "CGU") for the purposes of impairment testing made by Management which evaluates the results and allocates resources to each CGU. The Goodwill generated from the acquisition of Edyficar and Mibanco amount to S/276,321 thousands as of December 31, 2020 and 2019.

The recoverable amount of all CGUs has been determined based on calculations of fair value less selling cost, determined by discounting the future cash flows expected to be generated from the continuing use of the CGU.

The table below summarizes the key assumptions used for the calculation of fair value less selling cost for 2020 and 2019:

Description	As of December 31, 2020		As of December 31, 2019	
	Perpetual growth rate	Discount rate	Perpetual growth rate	Discount rate
	%	%	%	%
Edyficar and Mibanco	3.00	12.19	5.00	12.35

9 OTHER ASSETS, NET AND OTHER LIABILITIES

a) As of December 31, 2020 and 2019 these items include the following:

	2020	2019
	S/000	S/000
Other assets, net		
Account receivables from financials instruments		
Derivatives receivable (b)	897,792	830,335
Accounts receivable, net (c)	800,885	859,976
Operations in process (d)	62,243	83,183
	1,760,920	1,773,494
Non-financial instruments		
Finite life intangible assets, net (e)	1,269,595	1,129,008
Deferred income tax asset, net, see Note 13(a)	1,072,809	399,000
Deferred expenses (f)	790,983	812,343
Advance income tax payment, net	259,498	-
Realizable, received in payment and seized assets, net	57,583	86,436
Value added tax credit	-	18,837
Others	10,498	10,501
	3,460,966	2,456,125
Total	5,221,886	4,229,619
Other liabilities		
Account liabilities from financials instruments		
Derivatives payable (b)	881,504	788,393
Other accounts payable (c)	585,150	343,316
Allowance for indirect loan losses, see Note 6(e)	437,980	319,568
Suppliers account payable	236,043	282,225
Salaries payable	155,796	178,537
Employee's legal participations	150,757	241,424
Employee's additional participations	86,924	144,974
Operations in process (d)	72,586	71,195
Share based payments, see Note 16	62,677	54,993
	2,669,417	2,424,625
Non-financial instruments		
Provision for sundry risks (g)	301,959	278,370
Taxes payable	134,325	294,966
Deposit Insurance fund	49,946	38,568
Others (h)	198,731	183,309
	684,961	795,213
Total	3,354,378	3,219,838

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

The following table presents, as of December 31, 2020 and 2019, the fair value of the derivative financial instruments, recorded as an asset or a liability, together with their notional amounts and maturity. The gross nominal amount is the amount of a derivative's underlying asset and liability and is the basis upon which changes in fair value of derivatives are measured, see Note 18(d).

	2020				2019			
	Assets	Liabilities	Notional amount	Maturity	Assets	Liabilities	Notional amount	Maturity
	S/000	S/000	S/000		S/000	S/000	S/000	
Derivatives held for trading (i) -								
Forward exchange contracts	74,503	81,414	15,594,378	Between January 2021 and April 2022	145,568	109,112	17,900,245	Between Janu
Interest rate swaps	478,815	480,700	14,800,915	Between January 2021 and December 2031	230,232	299,810	18,192,820	Between January 2020 a
Currency swaps	315,202	171,367	8,194,803	Between January 2021 and January 2033	354,072	308,970	8,085,727	Between Janu
Foreign currency options	1,176	2,050	310,975	Between January 2021 and June 2021	1,292	892	246,989	Between Janu
	869,696	735,531	38,901,071		731,164	718,784	44,425,781	
Derivatives designated as cash flow hedging (ii) -								
Interest rate swaps (IRS) 12(a)(xiii)	-	2,525	108,630	March 2022	-	-	-	-
Interest rate swaps (IRS) 12(a)(xi)	-	1,473	253,470	March 2021	-	2,555	231,980	March 2021
Interest rate swaps (IRS) 11(b)(i)	-	315	362,100	March 2021	102	1,111	662,800	Between May
Interest rate swaps (IRS) 11(b)(iii)	-	72	181,050	March 2021	55	715	984,258	February 2020
Interest rate swaps (IRS) 11(b)(ii)	-	60	181,050	March 2021	114	-	331,400	August 2020
Interest rate swaps (IRS) 11(b)(iv)	-	-	-	-	-	1,045	629,660	Between May
Interest rate swaps (IRS) 11(b)(v)	-	-	-	-	315	839	994,200	Between May
Interest rate swaps (IRS) 11(b)(vi)	-	-	-	-	-	447	331,400	June 2020
Cross currency swaps (CCS) 5(b)	18,224	550	81,813	Between January 2023 and September 2024	20,803	1,167	107,425	Between May
Cross currency swaps (CCS) 12(a)(viii)	5,090	-	181,050	January 2025	-	8,197	165,700	January 2025
Cross currency swaps (CCS) 6(j)/12(a)(xii)	4,782	-	175,345	August 2021	-	2,822	152,545	August 2021
Cross currency swaps (CCS) 5(b)	-	56,133	298,200	Between January 2021 and January 2023	-	-	-	
Cross currency swaps (CCS) 5(e)(ii)	-	29,001	162,945	August 2026	-	30,352	149,130	August 2026
Cross currency swaps (CCS) 5(b)	-	17,994	107,033	Between February 2021 and February 2022	-	-	-	
Cross currency swaps (CCS) 5(e)(iii)	-	11,797	90,525	August 2026	-	12,235	82,850	August 2026
Cross currency swaps (CCS) 11(b)(vii)	-	-	-	-	7,626	-	331,400	January 2020
Cross currency swaps (CCS) 5(e)(v)	-	-	-	-	30,741	-	231,980	August 2020
Cross currency swaps and interest rate swaps (CCS and IRS) 5(e)(iv)	-	-	-	-	39,415	-	265,120	August 2020
Fair value hedge -								
Interest rate swaps (IRS) 5(b)	-	26,053	628,677	Between March 2022 and May 2023	-	8,124	618,789	Between June
	28,096	145,973	2,811,888		99,171	69,609	6,270,637	
	897,792	881,504	41,712,959		830,335	788,393	50,696,418	

(i) Held-for-trading derivatives are mainly negotiated to satisfy clients' needs. On the other hand, the Bank and its Subsidiaries may also take positions with the expectation of
Also, this caption includes any derivatives which do not comply with SBS hedge accounting requirements or approvals. The fair value of the derivatives held for trading, cla

	As of December 31, 2020						As of December 31, 2019		
	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total	Up 3 months	From 3 months to 1 year	From years
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Forward exchange contracts	53,706	20,797	-	-	-	74,503	130,510	15,054	
Interest rate swaps	584	8,914	38,338	19,280	411,699	478,815	2,240	3,082	
Currency swaps	9,346	11,499	122,673	31,586	140,098	315,202	5,309	101,161	
Foreign currency options	379	797	-	-	-	1,176	1,235	57	
Total assets	64,015	42,007	161,011	50,866	551,797	869,696	139,294	119,354	
Forward exchange contracts	48,902	32,503	9	-	-	81,414	91,858	17,090	
Interest rate swaps	2,186	8,417	35,344	35,969	398,784	480,700	3,459	5,093	
Currency swaps	10,462	32,437	86,265	19,900	22,303	171,367	40,549	92,567	
Foreign currency options	676	1,374	-	-	-	2,050	219	673	
Total liabilities	62,226	74,731	121,618	55,869	421,087	735,531	136,085	115,423	

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

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

	Up to 1 year S/000	From 1 to 3 years S/000	From 3 to 5 years S/000	More than 5 years S/000	Total S/000
As of December 31, 2020					
Cash inflows (asset)	1,268,082	229,366	275,235	255,963	2,028,646
Cash outflows (liability)	(1,347,995)	(274,482)	(265,536)	(236,859)	(2,124,872)
Consolidated statement of income	(4,939)	(5,314)	(4,969)	(25,891)	(41,113)
As of December 31, 2019					
Cash inflows (asset)	5,081,355	301,865	84,786	254,968	5,722,974
Cash outflows (liability)	(4,693,775)	(330,220)	(91,678)	(335,702)	(5,451,375)
Consolidated statement of income	(8,950)	(4,367)	(487)	(18,138)	(31,942)

The net unrealized loss from the cash flow hedges which is included as other comprehensive income in the caption "cash flow hedge reserves", results from the current hedges (as of December 31, 2020 and 2019; unrealized loss for approximately S/41.1 million and S/31.9 million, respectively) and the hedges revoked (as of December 31, 2020 and 2019, unrealized loss for approximately S/0.7 million and unrealized gain for approximately S/1.2 million, respectively), which is being transferred to the consolidated statement of income during the remaining term of the underlying financial instrument.

c) Other accounts receivable mainly correspond to operations and sale of foreign currency and sale of securities in the final days of the month, which were liquidated during the initial days of the following month. Other accounts payable mainly correspond to purchases of securities and purchases of foreign currency in the final days of the month, which were liquidated during the initial days of the following month.

d) According to the operational capacity of the Bank and its Subsidiaries, operations in process are related to deposits received, loans granted and/or collected, funds transferred and similar operations, carried out in the final days of the month, which are reclassified to their definitive accounts in the following month. The regularization of these transactions does not affect the consolidated results of the Bank and its Subsidiaries.

e) The movement of intangible assets of limited life for the years ended December 31, 2020, 2019 and 2018 is as follo

Description	Brand name	Client relationships	Core deposits intangible	Software and other developments	Intangibles assets in progress	2020	2019
	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Cost							
Balance at January 1	170,700	84,200	21,100	2,058,953	321,829	2,656,782	2,3
Additions (i)	-	-	-	77,781	391,713	469,494	3
Transfers	-	-	-	163,861	(163,861)	-	
Disposals	-	-	-	(13,158)	(57,320)	(70,478)	(
Others	-	-	-	(1,403)	97	(1,306)	
Balance as of December 31	170,700	84,200	21,100	2,286,034	492,458	3,054,492	2,6
Accumulated amortization							
Balance as of January 1	39,261	69,166	20,222	1,399,125	-	1,527,774	1,3
Amortization for the year	6,828	12,029	878	240,813	-	260,548	2
Disposals and others	-	-	-	(3,425)	-	(3,425)	(
Balance as of December 31	46,089	81,195	21,100	1,636,513	-	1,784,897	1,5
Net carrying amount	124,611	3,005	-	649,521	492,458	1,269,595	1,1

(i) During 2020, financial year, the activated disbursements were mainly related to the implementation and develo as Identify Access Management, Bidirectional Communication for Fraud alerts, HomeBanking 2.0, among other

During 2019, the disbursements activated related mainly to the implementation and development of several IT Cliente 360, Connex para Mainframe, Yape, among others.

Management periodically reviews the intangibles' residual value, their useful life and the amortization method u with their economic benefits and life expectations. In the opinion of the Management of the Bank and its Subsi impairment in the intangibles held by the Bank and its Subsidiaries as of December 31, 2020 and 2019.

f) As of December 31, 2020, the balances corresponds mainly to the payment in favor of Latam Airlines Group S.A. Sucursal Perú for US$165.1 million, equivalent to S/597.9 million (US$202.0 million, equivalent to S/669.4 million, as of December 31, 2019) on account of Latam Pass Miles that the Bank must acquire from January 2020.

g) As of December 31, 2020 and 2019, the provision for sundry risks comprises the estimated losses due to legal procedures against the Bank and its Subsidiaries, related to operational risk and other similar obligations that were recorded based on the estimates of Management and its internal legal advisors. In the opinion of Management and its internal legal advisors, no additional significant liabilities will result to those already recorded by the Bank and its Subsidiaries. The movement is as follows:

	2020 S/000	2019 S/000
Balance at the beginning of the period	278,370	274,867
Additions to the provision	24,069	7,425
Reversal	(2,811)	-
Payments	(6,937)	(6,769)
Difference instead	3,645	(597)
Others	5,623	3,444
Balance at the end of the period	301,959	278,370

h) The balance corresponds mainly to the structuring of commissions related to the loan portfolio.

10 DEPOSITS AND OBLIGATIONS

a) As of December 31, 2020, and 2019 this caption includes:

	2020 S/000	2019 S/000
Non-interest bearing deposits and obligations -		
In Peru	49,171,159	31,441,510
In other countries	934,586	444,912
	50,105,745	31,886,422
Interest bearing deposits and obligations -		
In Peru	76,285,135	67,077,593
In other countries	448,715	221,661
	76,733,850	67,299,254
	126,839,595	99,185,676
Interest payable for deposits and obligations	132,360	247,485
Total	126,971,955	99,433,161

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

Interest rates applied to the different deposit accounts and obligations are determined by the Bank and its Subsidiaries considering current interest rates in the markets where they operate.

b) As of December 31, 2020 and 2019 the deposits and obligations by type of product are classified as follows:

	2020 S/000	2019 S/000
Demand deposits	50,602,304	32,200,966
Saving deposits	47,406,102	32,867,095
Time deposits (d)	19,891,446	25,039,955
Severance indemnity deposits	7,736,747	7,897,199
Negotiable bank certificates	1,202,996	1,180,461
	126,839,595	99,185,676
Interest payable	132,360	247,485
Total	126,971,955	99,433,161

The increase in mainly due to funds disbursed by the government through Reactiva Peru program intended for economic reactivation of companies, funds released from the AFPs, stimulus checks granted to individuals, and other injection of liquidity measures as a result of COVID-19 crisis, see note 2.

c) At December 31, 2020 and 2019, of the total balance of deposits and obligations, approximately S/45,448.1 million and S/35,511.9 million, respectively, are secured by the Peruvian "Fondo de Seguro de Depósitos" (Deposit Insurance Fund). At said dates, maximum amount of coverage per depositor recognized by "Fondo de Seguro de Depósitos" totaled S/101,522 and S/100,661, respectively.

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

	2020 S/000	2019 S/000
Up to 3 months	13,123,537	13,688,228
From 3 months to 1 year	5,183,128	7,250,873
From 1 year to 3 years	828,491	3,818,419
From 3 to 5 years	744,616	248,402
Over 5 years	11,674	34,033
Total	19,891,446	25,039,955

11 DUE TO BANKS, CORRESPONDENTS AND OTHER ENTITIES

a) As of December 31, 2020 and 2019, this item is made up as follows

	2020 S/000	2019 S/000
By type:		
Due to banks, correspondents and financial institutions (b)	2,396,626	5,342,919
Promotional credit lines (c)	3,203,263	2,938,981
Due to related parties (d)	233,610	365,767
	5,833,499	8,647,667
Interest payable	10,177	12,631
Total	5,843,676	8,660,298

	2020 S/000	2019 S/000
By due date:		
Short-term debt	1,699,567	5,143,323
Long-term debt	4,144,109	3,516,975
Total	5,843,676	8,660,298

b) As of December 31,2020 and 2019, it includes debts to banks and correspondents and financial institutions borrowings to finance foreign trade operations and for working capital. This item is made up as follow:

	2020 S/000	2019 S/000
Corporación Financiera de Desarrollo (COFIDE)*	624,480	406,710
Citibank N.A. (i)	362,100	662,800
The Toronto Dominion Bank	271,575	-
Banco de la Nación	260,000	-
Bank of New York (ii)	181,051	331,400
Sumitomo Mitsui Banking Corporation (iii)	181,050	984,258
Wells Fargo Bank (iv)	181,050	730,074
Banco BBVA Perú	107,900	85,000
Scotiabank Perú S.A.A.	100,000	100,000
Bankinter	72,420	-
Bank of America (v)	-	994,200
Banco de Desarrollo de América Latina (CAF) (vi)(vii)	-	662,800
Caja Municipal de Ahorro y Crédito de Arequipa S.A.	-	140,000
Standard Chartered Bank	-	86,827
International Finance Corporation (IFC)	-	83,825
Others	55,000	75,025
	2,396,626	5,342,919

As of December 31, 2020, the borrowings have maturities between January 2021 and March 2032 (at December 31, 2019, they had maturities between January 2020 and March 2032). Additionally, interest accrual is calculated based on rates which fluctuate between 0.45 percent and 7.25 percent (2.0 percent and 8.67 percent at December 31, 2019).

(*) As of December 2020, the amount of S/334.75 million for FAE-MYPE is being included as part of the balance of the Development Finance Corporation (COFIDE),with an annual interest rates of 3.88 percent. As of December 31, 2019, there were no FAE-MYPE loans.

(i) As of December 31, 2020, the balance corresponded to US$100.0 million equivalent to S/362.1 million (US$200.0 million equivalent to S/662.8 million, as of December 31, 2019) is hedged by a swap of interest rate interest (IRS) for a nominal amount equal to the principal and the same maturity, Note 9 b, said loan was economically converted at a fixed rate.

(ii) As of December 31, 2020, the balance corresponded to US$50.0 million equivalent to S/181.1 million (US$100.0 million equivalent to S/331.4 million, as of December 31, 2019) is hedged by an interest rate swap (IRS) for a nominal amount equal to the principal and equal maturity, Note 9 b, said loan was economically converted at a fixed rate.

(iii) As of December 31, 2020, the balance corresponds to US$50.0 million equivalent to S/181.1 million (US$297.0 million equivalent to S/984.3 million, as of December 31, 2019) is hedged by an interest rate swap (IRS) for a nominal amount equal to the principal and equal maturity, Note 9 b, said loan was economically converted at a fixed rate.

(iv) As of December 31, 2020, the agreed loans for a total of US$190.0 million were due, (US$190.0 million equivalent to S/629.7 million, as of December 31,2019) that were hedged by interest rate swaps (IRS) for amounts nominal amounts equal to the principal and the same maturities, Note 9 b, said loans were economically converted at a fixed rate.

(v) As of December 31, 2020, the agreed loans for a total of US$300.0 million were due, (US$300.0 million equivalent to S/994.2 million as if December 31,2019 that is they were hedged by rate swaps (IRS) for nominal amounts equal to the principal and equal maturities, Note 9 b, said loans were economically converted at a rate fixed.

(vi) As of December 31, 2020 the agreed loans for a total of US$100 million were due, (US$100.0 million equivalent to S/331.4 million, as of December 31, 2019) that remained hedged by an interest rate swap (IRS) for a nominal amount equal to the principal and same maturity, Note 9 b, said loan was economically converted to a fixed rate.

(vii) Likewise, at December 31, 2020, the agreed loans for a total of US$100 million were due, (US$100.0 million, equivalent to S/331.4 million, at December 31, 2019) which was hedged by two currency swaps (CCS) whose sum of nominals was equal to the principal and equal maturity, Note 9 b, said loan was economically converted to a liability with cash flows in soles and at a fixed rate in soles.

c) Promotional credit lines represent borrowings received from Corporación Financiera de Desarrollo (COFIDE) and Fondo de Cooperación para el Desarrollo Social (FONCODES) to promote the social development of Peru, have maturities between January 2021 and July 2029, and their annual interest rates fluctuate between 3.98 percent and 7.25 percent in soles and 6.40 percent in dollars, at December 31, 2020 (between January 2020 and January 2025 and between 4.20 percent and 7.75 percent at December 31, 2019). These credit lines are guaranteed by a loan portfolio amounting to S/3,203.3 million and S/2,938.9 million at December 31, 2020 and 2019, respectively.

d) As of December 31, 2020, due to related parties includes borrowings at variable interest rates maintained between BCP and CCR Inc. and Atlantic Security Bank (ASB), amounting to US$63.8 million, equivalent to a S/231.1 million and US$0.7 million, equivalent to S/2.5 million, respectively. Borrowings at variable interest rates received from CCR Inc. and ASB, amounting to US$108.8 million, equivalent to S/360.6 million and US$1.6 million, equivalent to S/5.2 million, respectively, at December 31, 2019. See Note 17(a).

The debts with CCR Inc. and ASB bear interest at Libor 1-month rate and a fixed-weighted rate of 5.53 percent and a fixed rate of 2.42 percent, respectively (interest at a fixed rate of 5.53 percent and a weighted fixed rate of 3.81 percent respectively as of December 31, 2019).

e) As of December 31, 2020 and 2019, the balance of this caption, classified by maturity, is as follows, without considering the interest payable:

	2020 S/000	2019 S/000
Up to 3 months	1,119,613	1,737,794
From 3 months to 1 year	852,354	3,651,261
From 1 year to 3 years	1,352,080	875,412
From 3 to 5 years	541,666	534,842
More than 5 years	1,967,786	1,848,358
Total	5,833,499	8,647,667

f) Some due to banks, correspondents and foreign financial institutions include standard covenants concerning the fulfillment of financial ratios, specific agreements on how to use the funds received, the financial conditions that the Bank and its Subsidiaries must maintain, as well as other administrative matters. In Management's opinion, these specific agreements have been complied with by the Bank and its Subsidiaries as of December 31, 2020 and 2019.

12 BONDS AND NOTES ISSUED

a) As of December 31, 2020 and 2019 this item comprises:

	Annual interest rate %	Interest payment	Maturity (*)	Iss am (00
Local issuance				
Corporate bonds				
Fourth program				
Tenth issuance (Series A) - BCP	7.25	Semi-annual	December 2021	
Tenth issuance (Series B and C) - BCP	Between 5.31 and 5.50	Semi-annual	Between October and November 2022	
Fifth program				
First issuance (Series A,B,C and D) - BCP	Between 5.59 and 6.41	Semi-annual	Between April 2019 and January 2020	
Third issuance (Series A,B,C and D) - BCP	Between 3.88 and 4.88	Semi-annual	Between July 2021 and August 2022	
Subordinated bonds				
First program				
First issuance (Series A) - BCP	6.22	Semi-annual	May 2027	
Second program				
First issuance (Series A) - Mibanco	8.50	Semi-annual	May 2026	
First issuance (Series B) - Mibanco	7.22	Semi-annual	June 2027	
Trading certificates of deposit				
Third program				
Negotiable certificates of deposit - Mibanco	Between 1.2 y 5.8	Annual	Between January 2021 and November 2024	
Total local issuance				

	Annual interest rate %	Interest payment	Maturity (*)	Iss am (00
International issuance - BCP				
Subordinated Bonds - (i), (ii)	Between 3.13 and 6.13	Semi-annual	Between April 2027 and July 2030	U
Senior Notes - (iii)	4.25	Semi-annual	April 2023	
Senior Notes - (iv), (v)	Between 4.65 and 4.85	Semi-annual	Between October 2020 and September 2024	
Senior Notes - (vi), (vii), (viii), (ix)	Between 2.70 and 5.38	Semi-annual	Between September 2020 and January 2025	
Subordinated Bonds - (x)	6.88	Semi-annual	September 2026	
Floating rate Notes - (xi)	Libor 3M + 1.0	Quarterly	March 2021	
Senior Notes - (xii)	0.42	Semi-annual	August 2021	
Senior Notes - (xiii)	Libor 3M + 0.55	Quarterly	March 2022	
Subordinate negotiable certificates of deposit - (xiv)	Libor 3M + 2.79	Quarterly	November 2021	
Total international issuance				
Total local and international issuance				
Interest payable				
Total				

(*) Maturities apply to balances as of December 31, 2020 and 2019.

The bonds are supported by the Bank's assets and subject to the order of priority established by the SBS.

Most of international issues are listed on the Luxembourg Stock Exchange. In addition, international issues maintain certain covenants which, in Management's opinion, the Bank and its Subsidiaries have complied with at the date of the consolidated statement of financial position.

(i) The Bank as of the year of 2022 will pay a three-month Libor plus 704.3 basis points. Between April 24, 2017 and April 24, 2022, the Bank can redeem the whole or part of the bonds having a penalty of an interest rate equal to the Treasury of United States of América's rate plus 50 basis points. Also, as of April 25, 2022 or at any date after interest payment, the Bank can redeem all or part of the bonds without penalty. Payment of the principal will take place on the due date of the bonds or when the Bank redeems them.

(ii) In July 2020, The Bank repurchased US$294.6 million from the total US$476.1 million outstanding amount of "6.875% Fixed- to-Floating Rate Subordinated Notes due 2026". Also, the Bank repurchased US$224.9 and exchanged US$200.4 million from the total US$720 million outstanding amount of "6.125% Fixed-to-Floating Rate Subordinated Notes due 2027".

Also, on July 1, 2020, the Bank issued Subordinated Notes under the Medium-Term Bond Program for a total amount of US$850.0 million at a semi-annual coupon rate of 3.125 percent maturing in July 2030 under the name of "3.125% Subordinated Fixed-to-Fixed Rate Notes due 2030 (Callable 2025)". On July 1, 2025, the Bank may redeem all or part of the notes at a redemption price equal to 100% of the aggregate amount of the principal of the notes to be redeemed. From now on, the Bank may redeem all or part of the notes at a redemption price equal to the higher of (1) 100% of the principal amount of the notes and (2) the sum of the remaining cashflows discounted at a rate equivalent to the US Treasury interest rate plus 45 basis points. The payment of principal will take place on the due date or when the Bank redeems the notes.

(iii) The Bank can redeem the total or part of the notes in any time, having as a penalty an interest rate equal to the Treasury of the United States of America's rate plus 50 basis points. The payment of principal will take place on the due date of the notes or when the Bank redeems these notes.

(iv) The Bank may redeem all or part of the notes as of October 15, 2020 (fifteen calendar days before maturity of the notes), without penalty. Payment of principal will take place at the date of maturity or upon redemption.

(v) In September 2019, the Bank announced a repurchase offer and propose an exchange to the holders of senior notes of the S/2,000 million issued in October of 2017, managing to repurchase S/291.2 million and exchanging S/1,308.8 million with new senior notes, at market rates, whose terms and conditions are very similar to the previous issue. At the end of said offer, the Bank keeps a notional value payable amounting to S/400.0 million, which was fully redeemed in October 2020.

At the same date, the Bank issued senior notes for approximately S/2,500.0 million (this amount includes the S/1,308.8 million of the exchange mentioned in the paragraph before). The Bank can redeem the whole or part of the senior notes between October 17, 2021 and August 16, 2024, at a redemption price equal to or greater than: (i) 100 percent of the aggregate principal amount of the notes, and (ii) the sum of the present value of cash flows discounted at interest rate equivalent to sovereign bonds issued by the government of Perú or other comparable titles plus 25 basis points. As of August 17, 2024, the Bank may redeem all or part of the senior notes at a redemption price equal to 100 percent of the aggregate amount of the principal to be redeemed.

(vi) The Bank can redeem all or part of the bonds at any date, taking as penalty an interest rateequal to the Treasury of the United States of America's plus 40 basis points. Payment ofprincipal will take place at the date of maturity or upon redemption.

(vii) In September 2019, the Bank announced a repurchase offer and propose an exchange to the holders of senior notes of the US$ 800.0 million issued in September of 2010, managing to repurchase US$ 220.3 million and exchanging US$ 205.0 million with new senior notes, at market rates , whose terms and conditions are very similar to the previous issue. At the end of said offer, the Bank keeps a notional value payable amounting to US$374.6 million, which matured in September 2020.

In the same way, in September 2019, the Bank issued senior notes of approximately US$700 million (that amount includes the US$205.0 million of the exchange mentioned in the paragraph before). The Bank can redeem all or part of the notes at any date, between October 11, 2021 and December 10, 2024, at a redemption price equal to or greater than : (i) 100 percent of the aggregate principal amount of the notes to be redeemed; and (ii) the sum of the present value of each remaining scheduled payment discounted at interest rate equal to the Treasury of the United States of America's rate plus 20 basis points. From December 11, 2024 onwards, the Bank can redeem the total or part of the notes to a redemption price equal to 100 percent of the aggregate principal amount of the notes to be redeemed.

The payment of principal will take place on the due date or when the Bank redeems the notes.

(viii) As of December 31, 2020, the Bank holds a cross currency swap (CCS) for a notional amount of US$50.0 million equivalent to S/181.1 million (US$50.0 million equivalent to S/165.7 million as of December 31,2019), see Note 9(b), which was designated as partial cash flow hedge of a corporate bond issued in US dollars at a fixed rate; through said CCS, the bond was economically converted to soles at a fixed rate.

(ix) During the first quarter of 2018, in accordance with the risk exposure strategy of the interest rate, the Group discontinued the fair value hedge of certain bonds, issued in U.S. Dollars at a fixed rate, through the liquidation of the IRS. The accumulated profit of the fair value of these bonds at the time of the liquidation of the derivatives amounted to US$22.0 million (equivalent to S/71.7 million), recorded in the liability, which has been transferred to the consolidated statement of income up to the date of maturity of said bonds. As of December 31, 2020, the liability amounts to US$2.6 million, equivalent to S/9.4 million, (US$8.7 million, equivalent to S/28.8 million, as of December 31, 2019). The amount recorded in the consolidated statement of income during the year 2020 amounts to US$6.1 million, equivalent to S/21.2 million (US$7.8 million, equivalent to S/26.0 million, during the year 2019).

(x) The Bank as of September 16, 2021, will pay a three-month Libor plus 770.8 basis points. Between the dates of September 16, 2016 and September 15, 2021, the Bank can redeem the whole or part of the bonds, having a penalty of an interest rate equal to the Treasury of United States of America´s rate plus 50 basis point. Also, as of September 16, 2021 or at any time after at the payment of interests, the Bank can redeem the whole or part of the bonds without penalties. The payment of the principal amount will take place on due date or in the redemptions of them.

(xi) At December 31, 2020, the cash flows of these Senior Notes maintained covered by an IRS designated as cash flows hedge, for a notional amount of US$70.0 million, equivalent to S/253.5 million (US$70.0 million equivalent to S/232.0 million as of December 31, 2019), see Note 9(b). By means of the IRS, the note was economically converted to a fixed interest rate.

(xii) As of December 31, 2020, the Bank holds a cross currency swap (CCS) for a notional amount of ¥5,000.0 million equivalent to S/175.3 million (¥5,000.0 million equivalent to S/152.5 million, as of December 31, 2019), see Note 9(b), which has been broken down by risk variables in two CCS with the purpose of being designated as cash flow hedge of a bond issued in yen at a fixed rate; through said CCS, this bond was converted to soles at a fixed rate and as cash flow hedge of loans for US$46.0 million equivalent to S/166.6 million (US$46.0 million equivalent to S/152.5 million, as of December 31,2019); through said CCS, these loans have been converted to soles.

(xiii) At December 31, 2020, the Group maintains an IRS for a notional amount of US$30.0 million, equivalent to S/108.6 million, see Note 9 (b), which was designated as cash flows hedge of a corporate bond issued in US dollar at a variable rate. By means of the IRS, this bond was economically converted to a fixed interest rate.

(xiv) In November 2016 the interest rate was converted to a variable rate Libor 3 month plus 279 basis points. From that date and on any subsequent interest payment date, the Bank can redeem all certificates without penalty. Payment of principal will take place on the date of maturity or redemption of the bonds.

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

	2020 S/000	2019 S/000
Up to 3 months	253,867	182,704
From 3 months to 1 year	448,698	1,637,232
From 1 year to 3 years	3,215,142	1,207,373
From 3 to 5 years	4,939,789	4,801,018
More than 5 years	4,824,951	6,310,095
Total	13,682,447	14,138,422

13 INCOME TAX

a) As of December 31, 2020 and 2019, this item comprises:

	2020 S/000	2019 S/000
Net deferred income tax asset		
Deferred assets		
Allowance for loan losses	1,250,759	582,766
Provision for sundry expenses	61,285	96,650
Interest on refinanced loans not due	24,254	-
Provision for seized assets	22,219	16,202
Unrealized losses on valuation on cash flow hedge derivatives	21,062	14,992
Depreciation of leased premises	14,370	19,005
Additional participation stock-based plan	13,752	-
Provision for sundry risks	3,003	2,076
Unrealized gain in valuation on available-for-sale Investments	999	632
Others	11,077	9,779

	2020 S/000	2019 S/000
Deferred liabilities		
Difference in intangibles	(213,061)	(213,081)
Difference in depreciation rate of buildings	(59,271)	(66,767)
Adjustment for difference in exchange of SUNAT and SBS	(28,424)	(30,846)
Unrealized gain in valuation on available-for-sale investments	(28,377)	(12,387)
Unrealized gain in valuation on hedging derivatives	(13,714)	(9,451)
Unrealized gain in valuation on cash flow hedge derivatives	(3,974)	(2,021)
Fluctuation of the fair value of the covered bonds	(1,707)	(7,971)
Others	(1,443)	(578)
Total	1,072,809	399,000

b) The composition of the amounts presented in the consolidated statement of income for the years ended December 31, 2020, 2019 and 2018, is shown below:

	2020 S/000	2019 S/000	2018 S/000
Current	835,867	1,358,578	1,230,266
Deferred	(680,728)	(23,698)	100,466
	155,139	1,334,880	1,330,732

During 2020, the variation in deferred income tax expense is mainly due to an increase in the generic provision for loans of S/624 million, due to a lower deduction of intangibles due to a lower number of activated projects in 2020, which Expenses increased by S/46 million and due to the effect of the SBS closing exchange rate and SUNAT closing exchange rate by S/16 million.

c) Reconciliation of the effective tax rate to the statutory tax rate for the years 2020, 2019 and 2018 is as follows:

	2020 S/000	%	2019 S/000	%	2018 S/000	%
Income before income tax -	971,925	100.00	4,981,865	100.00	4,703,820	100.00
Theoretical expense	286,718	29.50	1,469,650	29.50	1,387,627	29.50
Effect of exempt income						
Exempted finance income	(340,861)	(35.07)	(268,285)	(5.39)	(235,640)	(5.01)
Effect of non-deductible expenses						
Non-deductible finance costs	56,300	5.79	34,437	0.69	42,334	0.90
Other non-deductible expense	152,982	15.74	99,318	1.99	136,411	2.90
Income tax current and deferred	(155,139)	15.96	1,334,880	26.80	1,330,732	28.29

14 EQUITY

a) Capital stock -

As of December 31, 2020, the Bank's capital stock comprises 11,067.4 million of fully subscribed and paid common shares (10,217.4 million and 8,770.4 million shares, as of December 31, 2019 and 2018, respectively) with a nominal value of one sol per share.

As of December 31, 2020, and 2019, Grupo Crédito S.A. (Subsidiary of Credicorp Ltd.) held 97.71 percent of the Bank's capital stock. (Credicorp Ltd. held 0.96 percent and Grupo Crédito S.A. held 96.75 percent as of December 31, 2018).

The Mandatory Annual General Shareholders' Meetings held on April 03, 2020, March 29, 2019, and March 28, 2018 approved the capitalization of 2019, 2018 and 2017 retained earnings for amounts of S/850.0 million, S/1,447.0 million and S/837.0 million, respectively.

b) Legal reserve -

In accordance with current legislation, the Bank must reach a legal reserve of not less than 35 percent of its paid-in capital. This reserve must be constituted through an annual appropriation of not less than 10 percent of its net income. As of December 31, 2020, 2019 and 2018, the Bank covered said legal requirement.

The Mandatory Annual General Shareholders' Meeting, held on April 03, 2020, March 29, 2019 and March 28, 2018 approved the increase of the legal reserve by approximately S/298.3 million, S/510.8 million and S/298.8 million, from the 2019, 2018 and 2017 net income, respectively.

As of December 31, 2020, 2019 and 2018, the Subsidiaries' individual legal reserves amounted to approximately S/260.6 million, S/221.0 million and S/175.4 million, respectively.

c) Other reserves -

The other reserves have been funded through the appropriation of retained earnings.

d) Unrealized results -

"Unrealized results" includes the net unrealized gains (losses) from available-for-sale investments and on cash flow hedges. The movement of the unrealized results during 2020, 2019 and 2018, net of deferred income tax was as follows:

	Unrealized gain (loss) of:			
	Available for sale investments S/000	Derivatives instruments as cash flow hedges S/000	Translation results S/000	Total S/000
Balance as of January 1, 2018	99,888	(26,489)	4,729	78,128
Net unrealized loss from available-for-sale-investments	(56,375)	-	-	(56,375)
Transfer of realized loss from available-for-sale investments to the consolidated statement of income, net of realized loss	(38,358)	-	-	(38,358)
Net unrealized loss on cash flow hedge	-	77,235	-	77,235
Transfer of net unrealized loss from cash flow hedge to the consolidated statement of income, net of realized gain	-	(43,643)	-	(43,643)
Foreign currency translation	-	-	(3,905)	(3,905)
Deferred income tax	8,466	(10,930)	-	(2,464)
Balance as of December 31, 2018	13,621	(3,827)	824	10,618

	Unrealized gain (loss) of: Available for sale investments S/000	Derivatives instruments as cash flow hedges S/000	Translation results S/000	Total S/000
Net unrealized gain from available-for-sale-investments	452,849	-	-	452,849
Transfer of realized gain from available-for-sale investments to the consolidated statement of income, net of realized loss	(125,498)	-	-	(125,498)
Net unrealized loss on cash flow hedge	-	(2,177)	-	(2,177)
Transfer of net unrealized loss from cash flow hedge to the consolidated statement of income, net of realized gain	-	(35,059)	-	(35,059)
Foreign currency translation	-	-	(244)	(244)
Deferred income tax	(12,670)	10,293	-	(2,377)
Balance as of December 31, 2019	328,302	(30,770)	580	298,112
Net unrealized gain from available-for-sale-investments	594,242	-	-	594,242
Transfer of realized gain from available-for-sale investments to the consolidated statement of income, net of realized loss	(175,882)	-	-	(175,882)
Net unrealized loss on cash flow hedge	-	(74,052)	-	(74,052)
Transfer to results of realized profit in cash flow hedging derivatives	-	58,938	-	58,938
Foreign currency translation	-	-	1,242	1,242
Deferred income tax	(15,622)	4,116	-	(11,506)
Balance as of December 31, 2020	731,040	(41,768)	1,822	691,094

As of December 31, 2020, the Bank and its subsidiaries maintain a deferred liabilities for net income tax for S/10.3 million, comprising the unrealized gains or losses on available-for-sale investments and cash flow hedges (S/1.2 million maintain a deferred liabilities as of December 31, 2019).

e) Components of other comprehensive income -

The consolidated statement of comprehensive income includes other comprehensive income on available-for-sale investments and derivatives used as cash flow hedges and translation results, with the following movement:

	2020 S/000	2019 S/000	2018 S/000
Available-for-sale investments:			
Net unrealized gains (loss) from available-for-sale investments	594,242	452,849	(56,375)
Net transfer of realized gain from available-for-sale investments to consolidated statement of income	(175,882)	(125,498)	(38,358)
Subtotal	418,360	327,351	(94,733)
Non-controlling interest	177	244	(352)
Deferred income tax	(15,622)	(12,670)	8,466
	402,915	314,925	(86,619)

	2020 S/000	2019 S/000	2018 S/000
Cash flow hedges:			
Net unrealized (loss) gain from cash flow hedges	(74,052)	(2,177)	77,235
Net transfer of realized loss from cash flow hedges to consolidated statements of income	58,938	(35,059)	(43,643)
Subtotal	(15,114)	(37,236)	33,592
Non-controlling interest	-	-	-
Deferred income tax	4,116	10,293	(10,930)
	(10,998)	(26,943)	22,662
Translation results:			
Exchange differences on translation of foreign operations	1,242	(244)	(3,905)
Non-controlling interest	(9)	-	19
Subtotal	1,233	(244)	(3,886)

f) Dividend distribution -

At the Mandatory Annual General Shareholders’ Meetings held on April 03, 2020, March 29, 2019, and March 28, 2018, the decision was made to distribute dividends for approximately S/1,303.7 million, S/1,504.1million and S/1,494.6 million resulting from operations for fiscal years 2019, 2018 and 2017, respectively. For fiscal years 2020, 2019 and 2018, cash dividends per share were S/0.1276, S/0.171 and S/0.1884, respectively.

Additionally, as of September 25, 2019, at the Board´ Meeting in use of the powers conferred by the General Shareholders´ Meetings, agreed to distribute extraordinary dividends for approximately S/ 532.3 million, from retained earnings.

In accordance with current Peruvian legislation, there is no restriction for overseas remittance of dividends or the repatriation of foreign investment. With effect from 2017, non-domiciled legal entities in Peru and individuals are subject to an additional income tax of 5 percent on the distributed dividends, which must be retained and paid by the entity that distributes the dividends.

According to Legislative Decree N°1261, published on December 10, 2016, it eliminated the provision of Law N°30296 with regard to the rates established from 2017 onwards.

g) Regulatory capital -

According to Article 199 of Legislative Decree No 1028, the regulatory capital must be equal to or higher than 10 percent of the 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.

As of December 31, 2020 and 2019, in compliance with Legislative Decree No 1028, as amended, the Bank maintains the following amounts in relation to contingent assets and contingent loans weighted for risk and regulatory capital (basic and supplementary), expressed in millions of soles:

	2020	2019
Assets and risk weighted by overall risk	142,043	134,129
Regulatory capital	21,210	19,408
Basic regulatory capital	14,784	14,850
Supplementary regulatory capital	6,426	4,558
Global equity on regulatory capital ratio	14.93%	14.47%

As of December 31, 2020 and 2019, the Bank and its Subsidiaries have fulfilled the requirements of Resolutions N°2115-2009, N°6328-2009 and N°14354-2009, Regulations for the Requirement of Regulatory Capital by Operational Risk, Market Risk and Credit Risk Regulations, respectively, and amendments. Those resolutions establish, mainly, the methodology to be applied by financial entities in order to calculate the weighted assets and credits for each type of risk.

On July 20, 2011, the SBS issued Resolution N°8425-2011 requiring from financial entities an additional regulatory capital, equivalent to the sum of each of the following components: economic cycle, concentration risk, market concentration risk, interest rate and other risks. Likewise, it established a gradual adoption period of five years starting in July 2012. As of December 31, 2019, the level of adoption established by SBS is 100 percent, as a result, the additional required estimated regulatory capital amounts to approximately S/2,155.1 million (S/3,569.3 million equivalent to an adaptation level of 100 percent, which was established by SBS as of December 31, 2019). At December 31, 2020 and 2019, the minimum requirement increased to US$3,922.8 million (equivalent to S/ 14,204.3 million) and to US$4,047.3 million (equivalent to S/13,412.9 million, respectively.

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

Resolution SBS N°11823-2010, "Regulations on consolidated supervision of financial and mixed conglomerates" establishes that the economic group subject to consolidation must have a regulatory equity to cover the risks arising from the operations and activities of the bank, which shall not be lower than the minimum equity required from the group subject to consolidation. As of December 31, 2020 and 2019, the regulatory equity of the financial group subject to consolidation amounted to US$7,459. 8 million, equivalent to S/27,012.0 million and US$7,274.1 million, equivalent to S/24,106.4 million, respectively.

15 TAX SITUATION

a) The Bank and its principals Subsidiaries are subject to the Peruvian tax regime. The income tax rate at December 31, 2020 and 2019 was 29.5 percent.

   Enterprises and individuals not domiciled in Peru and domiciled individuals are subject to additional withholding tax on the dividends received of 5 percent.

b) Law No. 30341, effective January 1, 2016 establishes the income tax exemption on income arising from the disposal of shares and other equity instruments until December 31, 2018 if the transaction is performed via a centralized trading mechanism overseen by the Peruvian securities and company regulator ("Superintendencia del Mercado de Valores").

Subsequently, Legislative Decree N° 1262, published on December 10, 2016, extended this benefit until December 31, 2019; and incorporated new exoneration assumptions, such as: American Depositary Receipts (ADR) and Global Depositary Receipts (GDR), Exchange Trade Fund (ETF) which have as underlying shares and/or debt securities, Equity instruments, Participation Certificates in Securities-based Mutual Investment Funds, Participation Certificates in Real Estate Income Investment Funds (FIRBI from Spanish acronym) and Participation Certificates in securitization trusts for investment in Real Estate Income (FIBRA), as well as factoring.

Emergency Decree 005-2019 published on October 24, 2019, extended the benefit until December 31, 2022, likewise, the conditions were modified to determine if the securities have a stock market presence.

This exoneration will be applicable as long as the conditions established in the referred Legislative Decree are expressly complied with.

c) For income tax calculation 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 price calculation. Based on the analysis of the operations of the Bank and its Subsidiaries, Management and its internal legal advisors consider that no significant contingencies will arise for the Bank as a consequence of the application of these provisions for fiscal year 2020 and 2019.

   With the enactment of Legislative Decree N° 1312, published on December 31, 2016, the formal obligations are modified for the entities subject to transfer price regulations; incorporating 3 new informative declarations; the first, a Local Report, the second, a Master Report and the third a Country by Country Report. The first with effect from 2017 for the operations during 2016, and the last two with effect from 2018 for the operations during 2017.

   As established by Supreme Decree N ° 337-2018-EF, the content referring to the benefit test for intra-group services was regulated and specified, defining, among others: the concept of benefit test, information on costs and expenses incurred by the provider of the service, profit margin, support documentation that should contain the aforementioned test, which will be applicable as of January 1, 2019.

d) Legislative Decree No. 1425, effective as of January 1, 2019, accrual for tax purposes was defined, establishing general and specific rules for the recognition of income and expenses for tax purposes.

   Likewise, the Fifth Final Complementary Provision of the Decree indicates that the amendments to the Law included in the Legislative Decree do not modify the income or expenditure accrual treatment established in special or sectorial regulations.

   The Third Final Complementary Provision of Supreme Decree N°399-2018-EF established that the special or sectorial rules referred to in D.L. N° 1425, are those provisions of tax nature that establish a special treatment to the income or expenses accrual for the purposes of Income Tax.

e) Ministerial Resolution No.387-2020-EF/15, established that the provisions for Reprogrammed Credits due to COVID-19 pandemic, referred to in the Eighth Final and Transitory Provision of the Regulation for the Evaluation and Classification of the Debtor and the Requirement of Provisions, approved by SBS Resolution No.11356-2008, modified by SBS Resolution No.3155-2020; They jointly meet the expenses deductibility requirements for the determination of third category net income, required by the Law and the Income Tax Regulations.

f) Legislative Decree No.1471, effective as of April 30, 2020, exceptionally provided that taxpayers alternatively may choose to modify or suspend their payments on account for April, May, June and / or July of the year 2020 in order to assist with the economic reactivation as a result of the COVID-19 pandemic.

As a procedure, the net income obtained in each month 2020 should be compared with that obtained in the same month on the year 2019. In this sense, the following scenarios and effects of such comparison could occur:

- If they decrease by more than 30 percent, the suspension is applied.
- If they decrease by up to 30 percent, it will be multiplied by a factor of 0.5846.

In this regard, the Bank modified the coefficient of the payment on account on April, May and July 2020 due to the decrease in its net income compared to the previous year, by 8.17 percent ,23.97 percent and 15.19 percent, respectively. Mibanco also modified the coefficient of the payment on account on May, June and July 2020 due to the decrease in its net income compare to the previous year, by 11.57 percent, 8.73 percent and 21.95 percent, respectively

g) Regarding to sales tax, income from credit services received, among others, by banking and financial companies, domiciled or not in the country, as capital gains, derived from bills of exchange trading, promissory notes, invoices and other commercial papers, as well as for commissions and interest derived from operations of these companies.

h) A single transitory complementary provision of Legislative Decree No. 1422 it has been provided that the acts, situations and economic relations carried out within the framework of fiscal planning and implemented on the date of entry into force of the Legislative Decree that continue to have effect, must be evaluated by the board of directors for the purpose of ratification or modification, the deadline is 29 March 2019.

i) The Peruvian Tax Authority is entitled to review and, if applicable, amend the individual annual income tax returns of the Bank and its Subsidiaries established in said countries up to four years after the year of their submission.

The income tax returns which are pending review by the Tax Authorities are the following:

Banco de Crédito del Perú S.A.	2016-2020
Mibanco Banco de la Microempresa S.A.	2016-2020
Solución Empresa Administradora Hipotecaria S.A.	2016-2020

On September 11 and December 11, 2019, the Peruvian Tax Authority notified to Banco de Crédito del Peru the initial Letter of presentation and initial requirement of examinations of income tax returns for the 2014 and 2015 periods, respectively. In relation to the year 2015, the Peruvian Tax Authority carried out an inspection on Income Tax Withholdings to non-domiciled persons, not having made any observation as a result of the process.

On December 18, 2020, Mibanco has been notified by the Tax Authority for the start of the inspection of the Income Tax 2015, currently the inspection procedure is in process

j) Also, the Chilean Statutory Income Tax rate (First Category Tax) for resident legal individuals subject to the Pro-Pyme system is 25 percent for 2020 and 2019 and for those subject to the general system 27 percent. On the other hand, individuals or enterprises not domiciled in Chile will be subject to an additional tax, which is applied with an overall rate of 35 percent. It operates in general on the basis of withdrawals and distributions or income remittances abroad, which are of Chilean source. The taxpayers subject to this tax are entitled to a tax credit equivalent to First Category Tax paid by companies on income withdrawn or distributed , which is 100 percent for taxpayers who are in the regime attributed, for their part, Taxpayers under general scheme, must return 35 percent of this credit. This refund does not apply to countries with which Chile has an agreement in place to avoid double taxation. BCP and Subsidiaries companies are all under the general system.

Due to the tax regulations being subject to interpretation by the Tax Authorities it is not possible to determine at present whether or not the reviews carried out 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 internal legal advisors consider that any additional tax assessments would not have a significant impact on the 2020 and 2019 consolidated financial statements of the Bank and its Subsidiaries.

16 SHARE-BASED COMPENSATIONS PLANS

As indicated in Note 3(q), in March or April of each year, the Bank and its subsidiaries grant rights over Credicorp Ltd.'s shares to certain executives, which are settled by the delivery of the shares ("share-based payment plan settled by equity instruments"). The rights granted accrue in the three following years from the date of grant. On this date, in order to execute the plan, all the shares required to settle the plan are acquired, which are legally delivered to the executives; however, they are held as restricted until accrual.

During March of 2020, 2019 and 2018, the Compensation Committee of the Credicorp Group agreed to deliver 108,712, 62,939 and 67,345 shares of Credicorp Ltd. to certain executives, respectively. Of which, as of December 31, 2020 are pending delivery for the 2020 plans (108,030), for 2019 (38,159) and for 2018 (19,759). As of December 31, 2019, there were pending delivery for the 2019 plans (58,655), for 2018 (40,579) and for 2017 (28,488).

Also, as of December 31, 2020, the recorded liability amounted to a S/62.7 million, (S/55.0 million as of December 31, 2019), which is included in "Share-based payment of Other liabilities" in the statement of financial position, see Note 9(a).

As of December 31, 2020, the expense amounts to S/64.2 million. As of December 31, 2019, the recorded expense amounted to S/69.3 million and as of December 31, 2018, it amounted to S/62.6 million, which are included in " Salaries and employees benefits" item. See Note 23.

The accrued shares were fully delivered to the beneficiaries. It should be noted that the first to third third of the rights of 2017 plan (93,662), the first and second third of 2018 plan (42,181) and the first third of 2019 plan (19,515) were delivered to their beneficiaries in April 2020.

17 COMMITMENTS AND CONTINGENCIES

a) Commitments -

The Bank's Panamanian Branch holds several agreements with a foreign related party, CCR Inc., whereby it guarantees the future collection of inflows from electronic messages sent to the Bank through the Society for Worldwide Interbank Financial Telecommunications ("SWIFT") through which the correspondent bank uses the web to make payment orders to a beneficiary in Peru which is a non-financial institution.

Year of issue	Balance in millions of American dollars 2020	2019	Maturity
2012 - Serie C, note 11 (d)	63.8	108.8	2022
Total	63.8	108.8	

b) Contingencies -

The Peruvian Superintendencia de Banca, Seguros y AFPs (SBS for its Spanish acronym) conducted a special analysis regarding the political contributions case, which BCP and Mibanco have cooperated with. The SBS has initiated a sanctioning process against the Bank and Mibanco on August 5, 2020, which was answered on August 25 of the same year. The SBS resolution is currently pending. The SBS may impose pecuniary sanctions (fines) to the Bank and Mibanco. By this same act, the Superintendencia del Mercado de Valores (SMV) initiated a similar process, as of December 31, these processes have not yet concluded. In Management's opinion, these processes will not have a material effect on the results of the period in which it ends.

As of December 31, 2020 and 2019, the Bank and its Subsidiaries have several pending various tax processes and legal claims, related to their normal course of business, as well as arbitration processes related to public works tax deduction. According to Management and its internal legal advisors, no additional liabilities will result from these legal claims; therefore, Management has not considered it necessary to record an additional allowance for these contingencies, see Note 9(g).

18 OFF-BALANCE SHEET ACCOUNTS

a) As of December 31, 2020 and 2019, this item is made up as follows:

	2020 S/000	2019 S/000
Contingent operations (indirect loans) (b)		
Guarantees and stand-by letters of credit	17,245,377	17,212,965
Import and export letters of credit	2,231,753	1,673,509
Due from bank acceptances	455,342	535,222
	19,932,472	19,421,696
Responsibilities under credit line agreements (c)	70,391,997	67,820,401
Other contingent operations	11,978	9,157
Total contingent operations	90,336,447	87,251,254

b) In the normal course of their business, the Bank and its Subsidiaries perform contingent operations (indirect loans). These operations expose them to credit risk in addition to the amounts recognized in the consolidated statement of financial position. The Bank's exposure to credit losses from export and import letters of credit and guarantees, 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 direct loans, including the requirement to obtain collateral to support off-balance sheet financial instruments when it is deemed necessary. Collateral held varies, and may include deposits held in financial institutions, mortgages, securities or other assets.

Because most of the contingent operations (indirect credits) are expected to expire without any performance being required, the total of contingent operations does not necessarily represent future cash requirements.

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

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

c) Lines of credit conceded include lines of consumer loans, micro-business, small business, medium and corporate business, that are payable upon notification to the client.

d) As of December 31, 2020 and 2019 transactions with derivatives are recorded off-balance sheet for control purposes, at their reference value and are expressed in the committed currency. This item is made up as follows:

	2020 S/000	2019 S/000
Derivative instruments, Note 9(b) -		
Derivatives held for trading:		
Foreign currency contracts on the Sol:		
Foreign currency sales	7,962,197	9,590,997
Foreign currency purchases	7,491,795	8,137,557
Foreign currency forward contracts on currencies, other than Sol	140,386	171,691
Interest rate swap contracts	14,800,915	18,192,820
Currency swap contracts:		
Sol delivery/ Foreign currency reception	4,378,052	3,497,380
Foreign currency delivery/ Sol reception	3,324,008	4,110,452
Foreign currency delivery/ Foreign currency reception	492,743	477,895
Foreign currency options	310,975	246,989
Derivatives held as hedge:		
Interest rate swap contracts	1,714,977	4,784,487
Cross currency swap contracts on the Sol:		
Cross currency swap in other currency than Sol	580,578	152,545
Sol reception / Foreign currency delivery	434,520	961,060
Foreign currency delivery/ Sol reception	81,813	107,425
Cross currency and interest rate swap contracts in respect to foreign currency	-	265,120
	41,712,959	50,696,418

19 FINANCE INCOME AND EXPENSES

These items are made up as follows:

	2020 S/000	2019 S/000	2018 S/000
Finance income			
Interest from loan portfolio	9,436,048	9,933,284	9,377,565
Interest from trading, available-for-sale and held-to-maturity investments, net	761,370	720,490	674,420
Interest from cash and due from banks and inter-bank funds	67,644	301,581	146,518
Others	6,371	11,769	11,153
	10,271,433	10,967,124	10,209,656

	2020 S/000	2019 S/000	2018 S/000
Finance expenses			
Interest on bonds and subordinated notes issued	(841,175)	(883,031)	(888,161)
Interest and commissions on deposits and obligations	(833,479)	(1,194,547)	(976,650)
Interest on due to banks and correspondents and other entities	(557,154)	(590,518)	(616,317)
Deposit Insurance fund fee	(183,132)	(151,626)	(140,184)
Others	(7,407)	(8,282)	(10,198)
	(2,422,347)	(2,828,004)	(2,631,510)
Gross financial margin	7,849,086	8,139,120	7,578,146

20 COMMISSIONS FOR BANKING SERVICES, NET

This item is made up as follows:

	2020 S/000	2019 S/000	2018 S/000
Gain to related banking service commissions			
Transfer and collection services	763,883	876,591	859,744
Commissions from parties affiliated to the credit/debit card network	375,053	500,747	437,987
Maintenance of accounts	334,357	315,779	309,093
Credit and debit card service	176,765	249,554	224,090
Commissions from contingent operations	243,454	241,460	241,224
Commissions on special services - Credipago	222,905	224,680	214,150
Fees from consulting and technical studies	90,855	123,246	104,725
Insurance commissions	82,535	127,402	92,739
Withholding and collection services	34,953	52,975	54,260
Commission from salary in advance and payment of services	34,766	49,998	50,456
Penalty commissions	53,423	84,323	36,571
Commission on transfers overseas and other	48,373	52,029	48,724
Check issuance	3,477	6,863	7,080
Others	32,986	33,510	65,410
Sub total	2,497,785	2,939,157	2,746,253
Expenses related to banking service commissions			
Credit and debit card services	(182,685)	(233,611)	(176,049)
Credit/debit card network	(27,698)	(44,015)	(38,651)
Expenses related to check issuance	(2,321)	(4,405)	(4,996)
Others	(36,171)	(47,442)	(39,713)
Sub total	(248,875)	(329,473)	(259,409)
Balance, net	2,248,910	2,609,684	2,486,844

21 NET GAIN ON SECURITIES

This item is made up as follows:

	2020 S/000	2019 S/000	2018 S/000
Net gain (loss) from purchase and sale of investments available for sale (a)	156,977	96,525	40,027
Net gain (loss) from purchase and sale of securities at fair value through profit or loss (trading)	(1,755)	30,358	(29,153)
Share of profits obtained by associates	(4,930)	13,290	11,472
Net profit on the sale of Equifax Peru S.A. and Visanet	-	-	6,331
Others, net (b)	(17,382)	(1,857)	(98)
Total	132,910	138,316	28,579

(a) As of December 31, 2020, it includes net gains on Sovereign bonds sales amounting to S/168.5 million, among others amounting to S/11.5 million of net losses.

(b) The variation is mainly due to the realized results and valuation of short sales. of December 31, 2020, net gain on purchase and sale of investments available for sale is mainly composed of Sovereign bonds amounting to S/168.5 million, among others amounting to S/11.5 million.

22 OTHER NON-FINANCE INCOME AND OTHER OPERATING EXPENSES

These items are made up as follows:

	2020 S/000	2019 S/000	2018 S/000
Other non-finance income			
Portfolio sale (a)	35,818	106,835	60,663
Technical support - Outsourcing	34,656	32,963	34,036
Provision reversal due to closing of the previous Travel Miles loyalty program	10,880	-	-
Sale of property (b)	12,576	19,772	42,918
Recovery of expenses of judicial collection of personal credits and credit cards	5,209	13,500	12,000
Use of BCP Bolivia brand	7,739	7,309	6,920
Gold sale	-	6,494	-
Net gain from sales of seized assets	2,957	5,802	4,569
Recovery of previous years’ interest	3,279	5,954	1,854
Others (c)	66,898	53,153	103,491
Total	180,012	251,782	266,451

	2020 S/000	2019 S/000	2018 S/000
Other operating expense			
Donations (d)	(119,708)	(9,173)	-
Fines and penalties	(1,890)	(1,768)	(160)
Losses for operating risk	(70,680)	(42,069)	(46,469)
Covid-Health Emergency (e)	(86,101)	-	-
Cancellation of intangibles due to withdrawals and rejected projects	(40,342)	(22,492)	-
Losses for examination, lawsuit and customers' claims	(17,082)	(12,199)	(29,431)
Administrative and tax penalties	(3,958)	(1,499)	(222)
Derecognition assets out of use cost due to disposals	(7,498)	(12,874)	(13,129)
Expenses related to assets under finance lease	(2,961)	(4,063)	(4,821)
Provision for uncollectible receivables	(17,028)	(939)	(1,464)
Maintenance of seized assets	(1,442)	(1,211)	(1,327)
Others (f)	(50,555)	(34,271)	(73,616)
Total	(419,245)	(142,558)	(170,479)

(a) The gain from the portfolio sale is explained by the sale of the judicial portfolio in the form of assignment of rights to Deutsche Bank AG / SPVI S.A. for S/32.9 million and the sales of the written-off portfolio to Conecta CNS S.A. for S/1.9 million and JS Ornamental Peruvian Fish EIRL for S/0.6 million.

(b) Corresponds to the gain obtained from the sale of properties, mainly those located in: Chimbote for S/1.4 million, San Felipe for S/0.7 million, among others, Note 7 (a).

(c) The balance is mainly made up of cash surpluses, reimbursement by credit insurance that Vida Pacifico has made, settlement by sale of Credicorp shares, use of BCP Bolivia brand, penalty for breach of contract, recovery fees in civil proceedings and legal of the products Personal Credits and Credit Cards, collection of commission to customers leasing for relocation, vehicle taxes, property taxes, fines and infractions related to the leasing product, improvements in the process of negotiation of shared services with Group companies, among others.

(d) It corresponds mainly to the donation amounting to S/100.0 million and S/10.0 million made by BCP and Mibanco, respectively, due to the Covid-19 health emergency.

(e) Corresponds to the expenses incurred by the health emergency such as: safety equipment, mobility vouchers, medical expenses, food, rapid tests, temperature measurement, among others.

(f) The balance is mainly comprised of provisions for various risks, fiscal penalties, expenses and fees related to civil, criminal and administrative proceedings, losses for damages suffered in the Bank's tangible assets, provision for country risk, legal expenses, expenses not deductibles, penalties for Visa operations, among others.

23 SALARIES AND EMPLOYEES BENEFITS

This item is made up as follows:

	2020	2019	2018
	S/000	S/000	S/000
Salaries	1,363,918	1,375,234	1,322,151
Legal gratifications	234,403	229,398	217,574
Vacations, medical assistance and others	143,796	227,402	218,020
Legal workers' profit sharing	153,856	238,539	216,102
Additional participation	92,770	156,546	154,439
Social security	159,794	160,062	152,610
Severance indemnities	128,356	126,263	121,116
Shares (second plan), see Note 16	64,248	69,333	62,606
Total	2,341,141	2,582,777	2,464,618
Number of employees	27,671	28,668	27,060

24 GENERAL AND ADMINISTRATIVE EXPENSES

This item is made up as follows:

	2020	2019	2018
	S/000	S/000	S/000
Systems (a)	467,944	352,623	328,269
Publicity	308,848	339,251	299,312
Rental	188,805	190,896	181,791
Consulting and professional fees	137,877	194,950	183,635
Transport and communications	119,743	136,866	145,129
Repair and maintenance	112,318	103,592	98,986
BCP agent commission	87,899	86,370	68,886
Third party services	64,626	81,916	81,416
Insurance	62,680	55,101	45,460
Sundry supplies	62,248	69,039	49,637
Energy and water utilities	35,103	36,887	36,418
Security	33,753	37,752	41,493
Others (b)	122,707	134,316	122,016
Total	1,804,551	1,819,559	1,682,448

(a) The variation is mainly due to the increase in outsourcing service for infrastructure management, information technology, support and optimization project from IBM del Perú SAC amounting to S/30.4 million, applications maintenance service and variable support from Tata Consultancy Services and Everis Perú SAC amounting to S/14.6 million. The variation is also due to the increase in expenses from Microsoft licenses amounting to S/24.4 million and computer support amounting to S/27.3 million.

(b) This category mainly comprises cleaning service, representation expenses, subscription expenses, expenses for RENIEC among others

25 EARNINGS PER SHARE

As of December 31, 2020, 2019 and 2018, the weighted average number of shares outstanding was determined as follows:

	Outstanding shares S/000	Shares for calculation S/000	Effective days year end	Weighted outstanding average of shares S/000
2018				
Balance at January 1, 2018	7,933,342	7,933,342	365	7,933,342
Capitalization of profits in 2018	837,023	837,023	365	837,023
Capitalization of profits in 2019	-	1,447,022	365	1,447,022
Capitalization of profits in 2020	-	850,000	365	850,000
Balance as of December 31, 2018	8,770,365	11,067,387		11,067,387
2019				
Balance at January 1, 2019	8,770,365	8,770,365	365	8,770,365
Capitalization of profits in 2019	1,447,022	1,447,022	365	1,447,022
Capitalization of profits in 2020	-	850,000	365	850,000
Balance as of December 31, 2019	10,217,387	11,067,387		11,067,387
2020				
Balance at January 1, 2020	10,217,387	10,217,387	365	10,217,387
Capitalization of profits in 2020	850,000	850,000	365	850,000
Balance as of December 31, 2020	11,067,387	11,067,387		11,067,387

As of December 31, 2020, 2019 and 2018; earnings per share determined on the basis of the weighted average of outstanding shares was S/0.0738, S/0.3295 and S/0.3048.

	2020 S/000	2019 S/000	2018 S/000
Net earnings	816,786	3,646,985	3,373,088
Weighted average number of common shares	11,067,387	11,067,387	11,067,387
Basic and diluted earnings per share (in soles)	0.0738	0.3295	0.3048

26 FINANCIAL INFORMATION BY GEOGRAPHICAL AREA

As of December 31, 2020 and 2019, segment information by geographical area is as follows (amounts expressed in mi

	2020					2019		
	Total income (*)	Gross financial margin	Depreciation and amortization	Property, furniture and equipment, net	Total assets	Total income (*)	Gross financial margin	Depreciatio and amortizatio
Peru	13,490	7,797	400	1,212	198,041	15,113	8,058	38
Panama	276	21	-	-	3,376	522	48	-
United States of America	47	31	-	-	1,722	62	33	-
Eliminations	(299)	-	-	-	(7,946)	(970)	-	-
Total	13,514	7,849	400	1,212	195,193	14,727	8,139	38

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

27 TRANSACTIONS WITH RELATED PARTIES

a) During the years 2020 and 2019, the Bank and its Subsidiaries have acquired bonds, granted loans, supplied and received banking services, correspondent relationships and other operations with Credicorp Subsidiaries, the balances of which are shown below:

	2020 S/000	2019 S/000
Assets -		
Cash	31,505	5,363
Loans, net	403,113	217,093
Available-for-sale investments (shares of Credicorp Ltd.) Note 5(a)	97,617	86,074
Other assets	136,377	132,231
Liabilities -		
Deposits and obligations	1,657,910	1,567,775
Due to banks, correspondents and other entities	234,490	367,266
Bonds and subordinated notes issued	123,649	50,016
Other liabilities	20,370	12,216
Off-balance sheet items -		
Contingent operations	369,078	252,633
Income -		
Finance income	23,386	12,764
Finance expenses	36,533	65,080
Other income	444,028	464,590
Operating expenses	100,564	58,098

Balances with related entities, not of the Grupo Credicorp, are as follows:

	2020 S/000	2019 S/000
Direct loans	1,909,516	1,607,944
Indirect loans	431,089	373,865
Derivatives, market value	4,408	4,984
Deposits (*)	1,582,412	470,142

(*) Corresponds to deposits of legal and natural persons. The increase corresponds mainly to higher deposits from related companies Inversiones Piuranas, Inversiones Centenarioand Cementos Pacasmayo, among other variations.

The Bank and its Subsidiaries have contracted insurance coverage with Pacífico Compañía de Seguros y Reaseguros S.A., a subsidiary of Credicorp Ltd.; the related premiums amount to S/60.0 million in 2020 (S/26.8 million in 2019); the accrued part is recorded in the caption “General and administrative expenses” of the consolidated statement of income.

The Bank also receives fees for selling life insurance coverage through its network of offices to customers who have saving accounts; fees which amounted to approximately S/351.4 million and S/323.7 million, in 2020 and 2019, 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 of the Bank and its Subsidiaries considers that they have complied with all legal requirements for transactions with related parties. Loans granted to related parties are secured by guarantees and collaterals.

All transactions with related parties are made in accordance with normal market conditions available to other customers. At December 31, 2020 and 2019, direct loans to related companies are secured by collateral, had maturities between January 2021 an March 2036, at an annual soles average interest rate of 5.33 percent and at an annual foreign currency average interest rate of 4.45 percent (as of December 31, 2019, maturities where between January 2020 and December 2028, and the annual soles average interest rate was 6.21 percent and the annual foreign currency average interest rate was 5.70 percent). As of December 31, 2020 and 2019, the Bank and its Subsidiaries maintain an allowance for doubtful loans granted to related parties for S/9.1 million and S/12.6 million, respectively.

b) Loans to employees and their families -

The Bank and its Subsidiaries grant loans to their employees and families for terms that fluctuate according to the different types of loans that the Bank and its Subsidiaries maintain towards third parties. Loans granted to employees and their families are mainly mortgage loans and are included under the caption “Loans, net” of the consolidated statement of financial position. Generally, interest rates applied are lower than market interest rates; however, other terms are similar to those prevailing in the market. As of December 31, 2020 and 2019, 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/1,062.1 million and S/1,003.2 million, respectively.

c) The compensation of the key executives of the Bank and its Subsidiaries for the years 2020 and 2019, considering all payments made, was as follows:

	2020 S/000	2019 S/000
Salaries	15,070	14,788
Directors’ compensation	7,749	7,628
Total	22,819	22,416

Additionally, during 2020 and 2019, the Bank recorded approximately S/11.8 million and S/10.7 million, respectively an expense related to stock awards. The related income tax is assumed by the Bank.

28 FINANCIAL INSTRUMENTS CLASSIFICATION

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

	As of December 31, 2020							As of December 31, 2019		
	Financial assets and liabilities at fair value							Financial assets and liabilities at fair value		
	Held for trading or hedging	At inception	Loans and receivables	Investments available-for-sale	Investments held-to maturity	Liabilities at amortized cost	Total	Held for trading or hedging	At inception	Loans and receivables
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Assets										
Cash and due from banks	-	-	34,365,007	-	-	-	34,365,007	-	-	26,7
Interbank funds	-	-	28,968	-	-	-	28,968	-	-	1
Investments at fair value through profit or loss	2,168,500	-	-	-	-	-	2,168,500	-	-	-
Investments at fair value available for sale	-	-	-	29,591,086	-	-	29,591,086	-	-	-
Held-to-maturity investments	-	-	-	-	4,934,031	-	4,934,031	-	-	-
Loans, net	-	-	117,381,370	-	-	-	117,381,370	-	-	100,3
Other assets, net, Note 9(a)	897,792	-	863,128	-	-	-	1,760,920	830,335	-	9
	3,066,292	-	152,638,473	29,591,086	4,934,031	-	190,229,882	830,335	-	128,0
Liabilities										
Deposits and obligations	-	-	-	-	-	126,971,955	126,971,955	-	-	-
Interbank funds	-	-	-	-	-	-	-	-	-	-
Payables from repurchase agreements	-	-	-	-	-	26,267,587	26,267,587	-	-	-
Due to banks, correspondents and other entities	-	-	-	-	-	5,843,676	5,843,676	-	-	-
Bonds and Subordinated Notes issued	-	-	-	-	-	13,811,673	13,811,673	-	-	-
Other liabilities, net, Note 9(a)	881,504	-	-	-	-	1,787,913	2,669,417	788,393	-	-
	881,504	-	-	-	-	174,682,804	175,564,308	788,393	-	-

29 FINANCIAL RISK MANAGEMENT

The activities of the Bank and its Subsidiaries involve principally the use of financial instruments, including derivatives. They also accept deposits from customers at both fixed and floating rates, for different periods, and invest these funds in high-quality assets. Moreover, they place these deposits at fixed and variable rate with companies and individuals, considering the finance costs and expected yield.

The Bank and its Subsidiaries trade in financial instruments when they assume positions in traded and over-the-counter instruments, including derivatives, to take advantage of short-term market movements, through trading strategies which include the use of equities, bonds, currencies and interest rates.

In this sense, risk is inherent to the Bank and its Subsidiaries activities, which is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the continuing profitability of the Bank and its Subsidiaries and each individual is accountable for the risk exposures relating to his responsibilities. The Bank and Subsidiaries are mainly exposed to operating risk, credit risk, liquidity risk and market risk.

a) Risk management structure -

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

(i) Board of Directors -

The Board of Directors is responsible for the overall risk management approach and for the approval of the levels of risk appetite and tolerance that the Bank and Subsidiaries are prepared to assume. Furthermore, it approves the objectives, guidelines and policies for Overall Risk Management. On the other hand, the Board establishes an organizational culture which emphasizes the importance of risk management, supervises the internal control system, and ensures the appropriate performance of the regulatory compliance function.

(ii) Risk Committee -

The Risk Committee represents the Board in decision making focused on risk management, is responsible for the strategy used for mitigating risks, as well as establishing the overall principles, policies and limits for the different types of risks; it is also responsible for monitoring fundamental risk issues, and managing and monitoring the relevant risk decisions.

It is formed by five Board members, the General Manager of BCP, the Central Manager of Planning and Finance, the Central Risk Manager and the Manager of the Risk Management Division.

In addition, in order to effectively manage all the risks, the Risk Committee designates some risk functions to the following tactical committees which report on a monthly basis all relevant changes or issues of the managed risks:

Credit Risk Committee (Retail and Non-Retail) -

The Credit Risk Committees (Retail and Non-Retail) are responsible for reviewing the tolerance level of the appetite for credit risk, the exposure limits and the actions for the implementation of corrective measures, in case there are deviations. In addition, it proposes the norms and policies of credit risk management within the framework of governance and the organization for the comprehensive management of credit risk. Furthermore, it proposes the approval of any change in the functions described above and important findings to the Risk Committee.

Treasury and ALM Risk Committee - (Asset Liability Management) -

The Treasury and ALM Risk Committee proposes the guidelines and policies for Treasury and ALM Risk Management within the governance and organization framework for the comprehensive management of market and liquidity risks. It is responsible for analyzing and proposing corrective actions in case there are deviations in the risk tolerance levels assumed in the risk appetite for Treasury. Furthermore, it is responsible for proposing the approval of any changes in the functions described above and for reporting any finding to the Risk Committee.

BCP Model Risk Committee -

The BCP Model Risk Committee monitors the Bank's data strategy and analytics and the health status of its portfolio of models. It is in charge of analyzing and proposing corrective actions in case there are deviations with respect to the degrees of exposure assumed in the model risk appetite. Likewise, it proposes the creation and / or modification of the government for the management of the model risk, supervising its compliance. Likewise, it is responsible for informing the Risk Committee about exposures related to model risk that involve variations in BCP's risk profile.

Non-Financial Risk Committee -

The Non-Financial Risks Committee is responsible for reviewing the tolerance level of the appetite for non-financial risks and the exposure limits (except for technological and cybersecurity risks, which are dealt with in the Technological Risk Committee). This committee also proposes standards, non-financial risk management policies and mechanisms for the implementation of corrective actions within the governance framework. In addition, it is responsible for proposing the approval of any modification of the functions described above and for reporting any findings to the Risk Committee.

Technological Risk Committee -

The Technology Risk Committee is responsible for reviewing the tolerance level of IT risk appetite (including cybersecurity), as well as the exposure limits. This committee also proposes standards, IT risk management policies (including cybersecurity), and mechanisms for the implementation of corrective actions within the governance framework. In addition, it is responsible for proposing the approval of any modification of the functions described above and for reporting any findings to the Risk Committee.

(iii) Central Risk Management -

The Central Risk Management is responsible for implementing policies, procedures, methodologies and of the actions to be taken to identify, measure, monitor, mitigate, report and control the different types of risks to which the Bank and its Subsidiaries are exposed. Also, it participates in the design and definition of the strategic plans of the business units to ensure that they are aligned within the risk parameters approved by the Board of Directors of the Bank and its Subsidiaries. Likewise, it disseminates the importance of adequate risk management, specifying in each of the units, the role that corresponds to them in the timely identification and definition of the corresponding actions.

Central Risk Management is comprised of the following units:

Risk Management Division -

The Risk Management Division is responsible for ensuring fulfillment of the risk management guidelines and policies established by the Senior Management Team. Supervise the risk management process and coordinate with the units of the Bank and its Subsidiaries involved in said process. And it also has the task of informing Senior Management regarding the global exposure, as well as the specific exposure of each subsidiary.

Credit Division -

The Credit Division proposes the credit policies and the credit risk evaluation and management criteria that the Bank assumes with customers in the wholesale segment. Evaluates and authorizes credit proposals up to their autonomy and proposes their approval to the higher authorities for those that exceed it. These guidelines are established on the basis of the policies established by the Board of Directors, respecting the laws and regulations in force. In addition, it assesses the evolution of the risk of wholesale clients and identifies problematic situations, taking actions to mitigate or resolve them.

Retail Banking Risk Division -

The Retail Banking Risk Division is responsible for managing the risk profile of the retail portfolio and developing credit policies that are in accordance with the guidelines and risk levels established by the Board of Directors. Likewise, it participates in the definition of products and campaigns aligned with said policies, as well as in the design, optimization and integration of credit assessment tools and income estimation for credit management.

Payment Solutions Division -

The Payment Solutions Division manages the BCP Retail Banking portfolio in arrears, keeping the provisions within budgeted levels and offering clients in arrears financial alternatives, in such a way as to avoid further deterioration of credit. In addition, it provides feedback to the units linked to the credit process with information on recoveries to improve their policies and procedures.

Non-Financial Risk Division -

The Non-Financial Risk Division is responsible for defining a non-financial risk strategy aligned with the objectives and risk appetite established by the Board of Directors. This strategy seeks to strengthen the management process, generate synergies, optimize resources and achieve better results among the units responsible for managing non-financial risks in the Bank. In addition, in order to achieve the objectives defined in the non-financial risk strategy, the Division is responsible for promoting a risk culture, developing talent, defining indicators, generating and monitoring projects and strategic initiatives.

The Non-Financial Risks Division is made up of the following areas: Cybersecurity Area Management, Corporate Security Area Management, Operational Risk Management Area Management, and the Digital Risk Project Management Office.

Treasury Risk Management -

Treasury Risk Management is responsible for planning, coordinating and supervising the implementation of the methodologies and limits used by the Treasury Division and approved by the Risk Management Committee. It is also responsible for evaluating the effectiveness of the hedging derivatives and the valuation of investments. As well as evaluating the profitability-risk relationship of the investment strategies taken by the Treasury Division Management.

(iv) Audit and Compliance Divisions -

The Audit Division is responsible for permanently evaluating the effectiveness and efficiency of the risk management of the Bank and its Subsidiaries, verifying compliance of the regulation, policies, objectives and guidelines approved by the Board of Directors. On the other hand, it evaluates the adequacy and degree of integration of the data bases and information systems of the Bank and Subsidiaries. Finally, it ensures independence between the functions of the risk and business units.

The Compliance Division is responsible for ensuring the corporate compliance of the regulations and the Code of Ethics.

b) Risk monitoring and reporting systems -

The Bank and its Subsidiaries have independent information bases which are then integrated through corporate reports. These reports enable it to monitor, at an aggregate and detailed level, the different types of risks to which each subsidiary is exposed. The system provides it the ability to comply with the needs for risk appetite review requested by the above-mentioned committees and areas; as well as comply with the regulatory requirements.

c) Risk mitigation -

Depending on the type of risk, the Bank and its Subsidiaries use mitigating methods to reduce their exposure, such as guarantees, derivatives, controls and insurance, among others. In addition, they have policies linked to risk appetite and established procedures for each type of risk. Finally, the Bank and its Subsidiaries actively use guarantees in order to reduce their credit risks.

d) Risk appetite -

The Board of Directors approves on an annual basis the establishment of a Risk Appetite framework for the purpose of defining the maximum level of risk that the Bank and its Subsidiaries are prepared to assume in the achievement of their strategic and financial objectives. This Risk Appetite framework is based on "core" and "specific" metric objectives:

Core metrics preserve the organization’s strategic pillars, defined as solvency, liquidity, benefit and growth, stability in growth and balance sheet structure.

Specific metrics seek to monitor qualitatively and quantitatively the different risks to which the Bank and its Subsidiaries are exposed, as well as defining a tolerance threshold in each one of them, so as to preserve the risk profile established by the Board of Directors, and anticipate points of risk on a more detailed level.

For its part, risk appetite is instrumented through the following elements:

- Declaration of risk appetite: This makes explicit the general principles and qualitative declarations which complement the risk strategy of the Bank and its Subsidiaries.

- Metrics tables: Metrics are used to define the levels of risk exposure in the various strategic pillars.

- Limits: They permit risk taking to be controlled within the tolerance established by the Board of Directors. They also provide accountability to the risk taking process and define guidelines regarding the target risk profile.

- Government Scheme: it seeks to guarantee compliance of the framework through the different roles and responsibilities assigned to the units involved.

e) Risk concentration -

Concentrations arise when a reduced and representative number of counterparties of the Bank and Subsidiaries are engaged in similar business activities, or activities in the same geographic region, or have similar economic, political or other conditions.

In order to avoid excessive concentrations of risk, the policies and procedures include specific limits to guarantee a diversified portfolio.

29.1 Credit risk -

a) The Bank and its Subsidiaries take on exposure to credit risk, which is the probability of suffering losses caused by breach of payment on the part of debtors or counterparties of on and off balance sheet exposure.

Credit risk is the most important risk for the activities of the Bank and Subsidiaries; therefore, Management carefully manages its exposure to this risk. Credit exposures arise principally from lending activities that lead to direct loans; in addition, they originate from investment activities. There is also credit risk in off-balance sheet financial instruments, such as contingent credits (indirect loans), which could expose the Bank and its Subsidiaries to similar risks to those of direct loans. Likewise, credit risk also arising from derivative financial instruments contained in those instruments with positive fair values. Finally, all exposure to credit risk (direct or indirect) is mitigated by control process and policies.

As part of the management of this type of risk, the Bank and Subsidiaries assign impairment provisions for their portfolio, at the date of the statement of financial position.

The Bank and its Subsidiaries define levels of credit risk based on risk exposure limits, which are frequently monitored. Said risks are established in relation to the amounts of exposure to one debtor or group of debtors, geographical segments and the industry. Furthermore, risk limits by product, industry sector and geographic segment are approved by the Risk Management Committee.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below:

(i) Collateral -

The Bank and its Subsidiaries use a range of policies and practices to mitigate credit risk. The most traditional of these is taking of collateral for loans granted, which constitutes a common practice. The Bank and its Subsidiaries implement policies on the acceptability of specific classes of collateral or credit risk mitigation. The Bank and its Subsidiaries implement policies for the acceptance of specific classes of guarantees or mitigation of credit risk. The main types of collateral obtained for credits are as follows:

- For repurchase agreements and securities lending, collaterals are fixed income instruments and cash.
- Mortgages on homes, liens on business assets such as plant, inventories and accounts receivable; as well as liens on financial instruments such as debt securities and stocks.

Likewise, medium and long-term loans and financing granted to corporate entities (mostly) are guaranteed. Credits to small companies and microenterprises are not generally guaranteed. In order to minimize credit losses, the Bank and its Subsidiaries request additional guarantees from the counterparty as soon as impairment indicators arise.

Collateral held as security for financial assets other than loans is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset backed securities and similar instruments, which are secured by portfolios of financial instruments.

Management monitors the fair value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the fair value of collateral obtained during its review of the adequacy of the allowance for impairment losses. As part of the policies of the Bank and its Subsidiaries, repossessed properties are disposed of in age order. The proceeds are used to reduce or repay the outstanding amount due. In general, the Bank and its Subsidiaries do not use repossessed properties for operating purposes.

(ii) Derivatives -

The amount subject to credit risk is limited to the current and potential fair value of instruments that are favorable to the Bank and its Subsidiaries (where fair value is positive). In the case of derivatives, this is only a small fraction of the contract, or notional amounts used to express the volume of instruments outstanding. The credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for this type of credit risk exposures.

(iii) Credit-related commitments -

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and letters of credit have the same credit risk as direct loans. Documentary and commercial letters of credit - which are written undertakings by the Bank and its Subsidiaries on behalf of a customer authorizing a third party to draw drafts on the Bank and its Subsidiaries up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods to which they relate and therefore have less risk than a direct loan. The Bank and its Subsidiaries have no commitment to extend credit.

b) The maximum exposure to credit risk as of December 31, 2020 and 2019, before the effect of mitigation through any collateral, is the book value of each class of financial assets indicated in Note 28 and the contingent operations detailed in Note 18(a).

Management is confident of its ability to continue to control and sustain minimal exposure of credit risk for the Bank and its Subsidiaries resulting from both its loan portfolio and investments based on the following:

- 94.1 percent of the gross loan portfolio is categorized in the top two grades of the internal rating system as of December 31, 2020 (95.4 percent as of December 31, 2019); Note 6(c);

- 92.9 percent of the loan portfolio is considered neither past due nor impaired as of December 31, 2020 (93.5 percent as of December 31, 2019);

- 95.6 percent of the investments have at least investment grade (BBB- or higher) or are debt securities issued by BCRP (unrated) as of December 31, 2020 (96.9 percent as of December 31, 2019);

- 13.4 percent and 75.7 percent of the cash and due from banks represent amounts deposited in the Bank and in the BCRP, respectively, as of December 31, 2020 (16.1 percent and 68.8 percent, respectively, as of December 31, 2019).

c) Credit risk management for loans -

The Bank and its Subsidiaries classify their loan portfolio into one of five risk categories, according to subsection 2 Chapter ll of SBS Resolution N°11356-2008, which considers the degree of risk of non-payment of each borrower. The categories used by the Bank and its Subsidiaries are: (i) normal - (0), (ii) potential problems - (1), (iii) substandard - (2), (iv) doubtful - (3) and (v) loss - (4), which have the following characteristics:

(i) Normal (0): Non-retail borrowers are classified into this category, when their financial situation is liquid, their debt-to-equity ratio is low and their ability to generate profit and cash flows allows them to fulfill payment of their obligations in a timely manner. Likewise, retail and mortgage borrowers are included in this category when payments are current or up to 8 days past due. On the other hand, mortgage debtors are classified in this category when they are current or up to 30 days past due.

(ii) Potential problems (1): Non-retail borrowers are classified into this category, when their financial situation is solid, their debt-to-equity ratio is moderate and their cash flows are enough to pay off capital and interest, however, such cash flows could weaken in the following twelve months. On the other hand, retail and mortgage borrowers are included in this category when payments are between 9 and 30 days past due and 31 and 60 days past due, respectively.

(iii) Substandard (2): Non-retail borrowers are classified in this category, when their financial situation is weak and their cash flows do not allow them to make full payment of capital and interest and payments are between 60 and 120 days past due. On the other hand, retail and mortgage borrowers are included in this category when payments are between 31 and 60 days past due and 61 and 120 days past due, respectively.

(iv) Doubtful (3): Non-retail borrowers are classified in this category, when the financial situation does not allow them to pay off either capital or interest, their debt-to-equity ratio is high and they are forced to sell their significant assets or payments are between 120 and 365 days past due; in this category the recovery of the credit is doubtful. On the other hand, retail and mortgage borrowers are included in this category when payments are between 61 and 120 days past due and 121 and 365 days past due, respectively.

(v) Loss (4): Non-retail borrowers are classified in this category, when the financial situation does not allow them to deal with refinancing agreements, the entity is not in operation or is in liquidation or payments are more than 365 days past due. On the other hand, retail and mortgage borrowers are included into this category when payments are more than 120 days past due and more than 365 days past due, respectively.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Said credits are written off in accordance with Resolution SBS No. 11356-2008 "Regulations for the evaluation and classification of the debtor and the requirement of provisions". The income from the subsequent recovery of the amounts previously written off is presented net of the amount of the provision for doubtful accounts in the separate statement of income.

The Bank and its Subsidiaries consider as past due credits the corporate credits large and medium companies more than 15 days past due, small and micro companies more than 30 days past due, current account overdrafts more than 30 days past due, and consumer credits, mortgage loans and finance leases more than 90 days past due. In the case of consumer credits, mortgage loans and finance of which payments are between 30 and 90 days past due, only the delinquent quota is considered past due; however, after 90 days of delinquency, the entire balance is considered past due.

The Bank and its Subsidiaries continually review their credit portfolio in order to evaluate the completion and precision of their categories. In addition to the local regulatory provisions, they carry out a review of provisions, governed by the standard IFRS 9, which is based on the product of the following parameters: (i) probability of default (PD) (ii) loss given default (LGD), and (iii) exposure at the time of default (EAD), discounted to the reporting period using the effective interest rate or an approximation of it. Additionally, it considers information about current conditions, as well as projections of future macroeconomic events and conditions in three scenarios (base, optimistic and pessimistic) that are weighted to obtain the expected loss. In addition to the above, the Bank and its Subsidiaries have different methodologies, depending on which regulator they report to, for their provisions for credits segmented by type of banking, depending whether they are in an impaired position or show signs of impairment. Finally, the Bank and its Subsidiaries comply with the provisions required by the local regulator.

The following is a summary of the direct loans classified in three major groups: i) Loans neither past due nor impaired, comprising those direct loans currently without delinquency characteristics and related to clients ranked as normal or potential problems; ii) Past due but not impaired loans, comprising past due loans of clients classified as normal or with potential problems and iii) Impaired loans, or those past due loans of clients classified as substandard, doubtful or loss; presented net of the provision for loan losses for each of the loan classifications:

	As of December 31, 2020						As of December 31, 2019	
	Commercial loans	Residential mortgage loans	Micro-business loans	Consumer loans	Total		Commercial loans	Residential mortgage loans
	S/000	S/000	S/000	S/000	S/000	%	S/000	S/000
Neither past due nor impaired -								
Normal	65,619,528	16,222,161	17,368,173	11,587,428	110,797,290	94.84	53,393,191	15,680,258
Potential problem	5,079,064	109,608	201,122	288,580	5,678,374	4.86	2,268,261	91,372
Past due but not impaired -								
Normal	750,595	322,741	5,346	177,078	1,255,760	1.07	776,229	384,228
Potential problem	48,955	80,364	304	3,416	133,039	0.11	38,510	78,638
Impaired -								
Substandard	1,201,553	211,822	394,771	342,403	2,150,549	1.84	601,935	160,896
Doubtful	600,579	317,162	408,720	556,286	1,882,747	1.62	503,894	276,121
Loss	1,288,727	592,162	975,711	566,544	3,423,144	2.93	847,267	472,820
Gross	74,589,001	17,856,020	19,354,147	13,521,735	125,320,903	107.27	58,429,287	17,144,333
Less: Allowance for loan losses	2,165,995	786,569	2,823,944	2,718,000	8,494,508	7.27	2,076,119	569,618
Total, net	72,423,006	17,069,451	16,530,203	10,803,735	116,826,395	100	56,353,168	16,574,715

The following table shows the credit rating of customers according to SBS resolution N°11356 and Note 6 shows the accounting situation in accordance with the SBS accounting r

As of December 31, 2020 and 2019, refinanced loans amounted to approximately S/1,624.38 million and S/1,163.86 million, respectively, of which S/769.64 million and S/526.33 r impaired, S/140.33 million and S/191.05 million past due but not impaired, and S/714.41 million and S/446.48 million impaired, respectively.

As of December 31, 2020 and 2019, past due loans, but not impaired, are overdue between 30 and 60 days.

The breakdown of the gross amount of impaired loans by class, together with the fair value of related collateral and the
losses is as follows:

	As of December 31, 2020					As of December 31, 2019		
	Commercial loans	Residential mortgage loans	Micro-business loans	Consumer loans	Total	Commercial loans	Residential mortgage loans	Mi bu loa
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/0
Impaired loans	3,090,859	1,121,146	1,779,202	1,465,233	7,456,440	1,953,096	909,837	
Fair value of collateral	2,560,973	893,636	8,300	136,734	3,599,643	1,627,025	737,251	
Allowance for loan losses	1,401,841	552,278	1,220,812	988,414	4,163,345	968,217	447,379	

d) Credit risk management on investments in trading securities, available-for-sale and held-to-maturity -

The Bank and its Subsidiaries evaluate the credit risk identified of each of the financial instruments in these categories, disclosing the risk rating granted to them by a risk rating agency. For investments traded in Peru, the risk ratings used are those provided by the three most prestigious Peruvian rating agencies (authorized by the Peruvian government regulator, SBS) and for investments traded abroad, the risk ratings used are those provided by the three most prestigious international rating agencies.

The following table shows the analysis of the risk rating of investments at fair value through profit or loss (trading) available-for-sale and held-to-maturity, provided by the institutions referred to above:

	As of December 31, 2020		**As of December 31, 2019**	
	S/000	**%**	**S/000**	**%**
Instruments rated in Peru:				
AAA	189,746	0.52	100,297	0.57
AA- to AA+	43,779	0.12	3,414	0.02
A- to A+	11,262	0.03	7,236,583	40.91
BBB- to BBB+	15,145,436	41.28	494,156	2.79
BB- to BB+	648,589	1.77	356,067	2.01
B- to B+	3,724	0.01	8,798	0.05
CCC+	9,170	0.02	-	-
Unrated				
BCRP certificates of deposit	17,237,156	46.97	8,665,271	49.00
Listed and non-listed securities	2,077	0.01	6,836	0.04
Subtotal	33,290,939	90.73	16,871,422	95.39
Instruments rated abroad:				
A- to A+	1,200,133	3.27	286,581	1.62
BBB- to BBB+	1,234,185	3.36	361,413	2.05
BB- to BB+	410,748	1.12	76,839	0.43
Unrated				
Negotiable certificates of deposit	414,680	1.13	-	-
Listed and non-listed securities	142,932	0.39	91,067	0.51
Subtotal	3,402,678	9.27	815,900	4.61
Total	36,693,617	100.00	17,687,322	100.00

e) Concentration of financial instruments exposed to credit risk:

As of December 31, 2020 and 2019, financial instruments with exposure to credit risk were distributed considering the following economic sectors:

	As of December 31, 2020						As of December 31, 2019		
	Held for trading and hedging (*)	**At inception**	**Loans and receivables**	**Investments available-for-sale**	**Investments held-to-maturity**	**Total**	**Held for trading and hedging(*)**	**At inception**	**Loans and receivable**
	S/000	**S/000**	**S/000**	**S/000**	**S/000**	**S/000**	**S/000**	**S/000**	**S/000**
Peruvian Central Bank	1,876,550	-	26,003,492	15,364,279	-	43,244,321	-	-	21,1
Financial services	713,916	-	11,490,664	2,864,978	-	17,390,135	676,025	-	8,4
Manufacturing	11,145	-	16,823,707	555,283	-	13,755,765	10,294	-	14,8
Commerce	6,975	-	23,470,571	281,249	-	23,758,795	10,415	-	17,1
Electricity, gas and water	71,230	-	3,072,541	824,444	-	3,968,215	6,986	-	2,7
Government and public administration	257,507	-	408,938	9,338,791	4,934,031	14,939,267	-	-	5
Leaseholds and real estate activities	15,830	-	11,503,951	-	-	11,519,781	6,286	-	8,5
Communications, storage and transportation	260	-	7,235,674	158,753	-	7,394,687	3,974	-	5,7
Mining	29,523	-	3,419,715	169,592	-	3,618,830	22,303	-	3,1
Community services	-	-	7,421,852	-	-	7,421,852	-	-	5,6
Construction	17,358	-	3,177,491	-	-	3,194,849	7,129	-	2,1
Agriculture	3,419	-	3,119,753	3,724	-	3,126,896	1,963	-	2,4
Education, health and other services	5,569	-	2,421,680	-	-	2,427,249	3,325	-	1,9
Insurance	10,080	-	101,528	-	-	111,608	5,099	-	1
Fishing	923	-	571,412	9,169	-	581,504	321	-	3
Hotels and restaurants	-	-	2,626,738	-	-	2,626,738	-	-	2,1
Others	46,007	-	122,984	20,824	-	189,815	76,215	-	3
Sub - Total	3,066,292	-	122,992,691	29,591,086	4,934,031	160,584,100	830,335	-	97,4
Residential mortgage loans	-	-	17,218,026	-	-	17,218,026	-	-	16,6
Revolving and non-revolving loans	-	-	12,427,756	-	-	12,427,756	-	-	14,0
Total	3,066,292	-	152,638,473	29,591,086	4,934,031	190,229,882	830,335	-	128,0

(*) Correspond to financial instruments at fair value through profit or loss.

As of December 31, 2020 and 2019, the financial instruments with exposure to credit risk were distributed by the followi

	Held for trading and hedging (*) S/000	At inception S/000	Loans and receivables S/000	Investments available for sale S/000	In he m S/
As of December 31, 2020					
Peru	2,260,178	-	146,517,011	26,293,721	
United States of America	146,577	-	2,390,661	1,453,003	
Chile	50,324	-	822,449	346,119	
Panama	-	-	234,556	83,492	
Colombia	41,704	-	1,006,838	944,056	
Brazil	40,845	-	587,144	14,783	
Canada	25,149	-	70,562	-	
Mexico	-	-	145	157,754	
Guatemala	-	-	73,297	5,221	
Europe:					
United Kingdom	24,996	-	341,979	-	
Netherlands	-	-	122,696	-	
France	421,127	-	16,961	68,097	
Spain	-	-	37,194	-	
Switzerland	-	-	289	-	
Germany	14,500	-	46,158	-	
Others in Europe	-	-	3,374	384	
Multilateral Organizations (*)	-	-	-	126,839	
Others	-	-	367,159	97,617	
Total	3,066,292	-	152,638,473	29,591,086	

(*) Correspond to financial instruments at fair value through profit or loss.
(**) Banco de Desarrollo de América Latina (CAF).

	Held for trading and hedging (*)	At inception	Loans and receivables	Investments available for sale	In he m
	S/000	S/000	S/000	S/000	S/
As of December 31, 2019					
Peru	91,068	-	122,732,517	13,415,278	
United States of America	236,820	-	892,543	118,314	
Chile	37,488	-	1,538,121	206,143	
Panama	-	-	342,891	35,041	
Colombia	9,013	-	1,053,028	291,199	
Brazil	-	-	466,552	-	
Canada	29,976	-	109,513	-	
Mexico	-	-	484	74,136	
Guatemala	-	-	124,229	-	
Europe:					
United Kingdom	188,472	-	267,782	-	
Netherlands	-	-	26,092	-	
France	222,451	-	25,865	-	
Spain	-	-	30,379	-	
Switzerland	-	-	49	-	
Germany	15,047	-	68,079	-	
Others in Europe	-	-	4,758	-	
Multilateral Organizations (*)	-	-	-	4,609	
Others	-	-	408,332	86,458	
Total	830,335	-	128,091,214	14,231,178	

(*) Correspond to financial instruments at fair value through profit or loss.
(**) Banco de Desarrollo de América Latina (CAF).

29.2 Liquidity risk -

Liquidity risk is the risk that the Bank and its Subsidiaries are unable to comply with their short term obligations related to financial liabilities at maturity and replace funds when they are withdrawn. In this sense, if the Bank faces a liquidity crisis it would be failing to comply with the payment of its obligations to its depositors, loan commitments and other operating cash requirements.

The Bank and its Subsidiaries are exposed to daily calls on, among others, their available cash resources from overnight deposits, current accounts, maturing deposits, loans draw-downs, guarantees and other calls. The Management of the Bank and its Subsidiaries set limits on the minimum amount of high quality liquid assets to meet said calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover unexpected levels of withdrawals. Sources of liquidity are periodically reviewed by the corresponding risk teams so as to guarantee adequate diversification by currency, geography, type of funding, supplier, producer and term.

The process of controlling mismatching of the maturities and interest rates of assets and liabilities is fundamental to the Management of the Bank and its Subsidiaries. It is unusual for banks to be completely matched, as transacted business is often based on uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of illiquidity, which generates exposure to potential losses.

The maturities of assets and liabilities and the ability to replace them at maturity, at an acceptable cost, are important factors in assessing the liquidity of the Bank.

A mismatch in the maturities of the illiquid long term assets against short term liabilities exposes the consolidated statement of financial position to risks related both to refinancing as well as interest rates. If the liquid assets do not cover the debts at maturity, the consolidated statement of financial position is vulnerable to the risk of refinancing. Moreover, a significant increase in interest rates can substantially increase the cost of refinancing liabilities at short term, leading to a rapid increase in the cost of debt. The mismatch report of contractual maturity is useful for showing the liquidity position.

Guidelines have been established in the Bank and its Subsidiaries for liquidity risk management. Risk Management establishes limits and a scheme of autonomies for the liquidity indicators which are being managed.

Liquidity Risk Management is carried out through indicators like Internal Liquidity Coverage Ratio (ILCR), which measures the amount of liquid assets available to meet the cash outflows in a determined stress scenario (specific or systemic) usually for a period of 30 days and the Net Stable Internal Funding Ratio (NSIFR), which has been defined to guarantee that long term assets are financed at least with a minimum of stable liabilities in a prolonged liquidly crisis scenario and functions as a mechanism of minimum compliance which complements the ILCR. (The Bank and its subsidiaries perform an additional control of the 15- and 60-day RCLI). These indicators have core limits of 100 percent and any excess is presented in the Treasury Risks Committee, Risk Committee and Assets, Liabilities Committee (ALCO).

The Notes to the financial statements include an analysis of the relevant liabilities of the Bank and its Subsidiaries based on contractual maturity.

The table below presents the cash flows payable and receivable by the Bank and its Subsidiaries according to agreed contractual maturities (including future interest payments) at position. The amounts disclosed in the table are the contractual undiscounted cash flows:

	As of December 31, 2020						As of December 31, 2019		
	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total	Up to 3 months	From 3 months to 1 year	From 1 years
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Financial assets	65,275,721	38,985,810	59,142,464	27,239,066	35,034,856	225,677,917	48,818,315	43,964,141	
Financial liabilities by type									
Deposits and obligations and interbank funds	47,385,065	16,300,014	22,876,490	35,281,835	11,657,208	133,500,612	40,307,861	17,507,030	
Payables from repurchase agreements, due to banks, correspondents and other entities	2,625,624	7,599,697	1,9320,953	553,934	11,184,771	41,284,979	4,480,778	1,123,851	
Bonds and subordinated Notes issued	597,890	1,503,378	5,099,750	8,553,131	154,996	15,909,145	699,005	2,144,490	
Other liabilities	1,538,255	155,260	-	-	1,410,000	3,103,515	2,153,727	147,764	
Equity	-	-	-	-	18,943,368	18,943,368	-	-	
Total non-derivative liabilities	52,146,834	25,558,349	47,297,193	44,388,900	43,350,343	212,741,619	47,641,371	20,923,135	
Derivative financial liabilities									
Contractual amounts receivable (inflow)	1,854,593	557,277	700,811	287,004	970,363	4,370,048	1,643,042	1,239,499	
Contractual amounts payable (outflow)	1,142,343	411,039	830,359	288,696	913,379	3,585,816	940,720	797,932	
Total derivative liabilities	712,250	146,238	(129,548)	(1,692)	56,984	784,232	702,322	441,567	(

The table below shows the contractual maturity of the contingent credits of the Bank and its Subsidiaries at the date of the consolidated statement of financial position:

	As of December 31, 2020						As of December 31, 2019		
	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total	Up to 3 months	From 3months to 1 year	From 1 years
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Contingent credits (Indirect loans)	389,495	859,907	13,274,699	5,367,856	40,516	19,932,472	379,513	837,871	

The Banks and its Subsidiaries expect that not all of the contingent liabilities or commitments will be drawn before the expiry of the commitments.

29.3 Market risk -

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 may fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, foreign exchange rates, commodities and equity products; all of which are exposed to general and specific market movements, and changes in the level of price volatility, such as interest rates, credit margins, foreign currency exchange rates and share prices. Due to the mandate of the current operations of the Bank and its subsidiaries, the price risk of commodities has not been approved, therefore this type of instrument is not agreed.

The Bank and its Subsidiaries separate exposures to market risk into two groups: (i) those that arise from value fluctuation of investment 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 (Banking book), due to movements of the interest rates, prices and foreign exchange ratios.

The risks that the trading portfolios are exposed to are managed through historical simulation techniques of Value at Risk (VaR); while non-trading portfolios are monitored using rate sensitivity metrics which form part of Asset and Liability Management (ALM).

a) Trading Book -

The trading book is characterized for having liquid positions in equities, bonds, foreign currencies and derivatives, arising from market-making transactions where the Bank acts as a principal with the clients or with the market. This portfolio includes investments and derivatives classified by Management as held for trading.

(i) Value at Risk (VaR) -

The Bank and its Subsidiaries apply the VaR approach to their trading portfolio to estimate the market risk of positions held and the maximum losses that are expected, based upon a number of assumptions for various changes in market conditions, as well as being applied to estimate the foreign exchange risk of the structured exchange position.

Daily calculation of VaR is a statistically-based estimate of the potential loss on the current portfolio from adverse market movements.

The VaR model expresses the “maximum” amount the Bank and its Subsidiaries might lose, but only to a certain level of confidence (99.0 percent). There is therefore a specified statistical probability (1 percent) that the actual loss could be greater than the VaR estimate. The VaR model assumes a certain “holding period” until positions can be closed (1 - 10 days).

The time horizon used to calculate VaR is one day; however, the one-day VAR is amplified to a 10-day time frame and calculated multiplying the one-day VaR times the square root of 10. This adjustment assumes that the changes in the portfolio in the following days have a normal distribution, identical and independent. Thus, the result is multiplied by an adjustment factor of non-normality.

The assessment of trading portfolio movements has been based on historical one-year data and 39 market risk factors, which are composed as follows: 24 market curves, 14 foreign exchange rates , and 1 volatility serie. The Bank and its Subsidiaries apply these historical changes in the risk factors directly to its current positions (a method known as historical simulation).

Management of the Bank and its Subsidiaries believes that market and exchange risk factors incorporated into the VaR model are adequate to measure the market risk to which its trading book is exposed.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. Losses exceeding the VaR figure may occur, on average under normal market conditions, no more than once every hundred days.

VaR limits have been established to control and keep track of all the risks taken which arise from the size of the positions and/or the volatility of the risk factors embedded in each financial instrument. Regular reports are prepared for the Treasury Risks and ALM Risk Committee, the Risk Management Committee and Senior Management.

The VaR of the Bank and its Subsidiaries showed an increase during 2020, as a consequence of greater volatility of market risk factors caused by the COVID-19 pandemic, as well as an increase in the position of the Fixed Income portfolio and a positive global exchange position. During the period, the VaR remained contained in the limits of appetite for risk established by the Risk Management of the Bank and its Subsidiaries.

As of December 31, 2020 and 2019, the Bank and its Subsidiaries VaR by risk type is as follows:

	2020 S/000	2019 S/000
Interest rate risk	37,065	3,390
Price risk	-	-
Volatility risk	708	463
Exchange rate risk	14,747	1,263
Diversification effect	(20,470)	(1,498)
Consolidated VaR by risk type	32,050	3,618

b) ALM Book -

Non-trading portfolios which belong to the Banking Book are exposed to different risks given that they are sensitive to movements in market rates that can bring about a deterioration in the value of the assets compared to its liabilities and hence to a reduction in its net value.

(i) Interest rate risk -

Interest rate risk in the banking book refers to the risk that changes in interest rates may negatively affect the expected profits (profits at risk) or market value of the assets and liabilities of the balance sheet (Net economic value). The Bank and its Subsidiaries assume the exposure to the effects of fluctuations in the prevailing levels of market interest rates which affect the fair value and future cash flow risks of assets and liabilities.

The Risk Committee sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored periodically in the ALCO.

The management of interest rate risk in the Bank and its subsidiaries is carried out through the analysis of re-pricing gaps, financial margin sensitivity (GER) and sensitivity of the Net Economic Value (VEN). These calculations consider different rate shocks in situations of stress and take in account periods of high volatility.

Re-pricing gap -

The repricing gap analysis is intended to measure the interest rate risk exposure due to re-pricing periods in which assets and liabilities both on and off balance sheet are grouped together, when the bank's interest-sensitive liabilities exceed its interest-sensitive assets. By this analysis, management can identify the tranches in which the interest rate variations may have a potential impact on the expected profits.

The table below summarizes the Bank and its Subsidiaries' exposure to interest rate risks. It includes the financial instru
Subsidiaries at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates:

	As of December 31, 2020				
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Mor 5 ye
	S/000	S/000	S/000	S/000	S/00
Assets					
Cash and interbank funds	17,043,915	1,593,766	1,899,166	7,615,173	
Loan portfolio (*)	11,095,043	14,592,714	28,344,906	51,375,190	
Investments	4,406,814	10,684,428	2,231,470	5,687,473	
Other assets	-	-	-	-	
Total assets	32,545,772	26,870,908	32,475,542	64,677,836	
Liabilities					
Deposits and obligations and interbank funds	35,989,887	9,186,605	15,970,398	57,273,856	
Payable from repurchase agreements, due to banks, correspondents and other entities	58,407	2,243,107	7,456,448	19,483,418	
Bonds and subordinated Notes issued	3	357,386	1,088,607	12,063,326	
Other liabilities	-	-	-	-	
Equity	-	-	-	-	
Total liabilities and equity	36,048,297	11,787,098	24,515,453	88,820,600	
Risk and contingent commitments					
Hedging derivatives asset	547,271	1,307,322	557,277	341,564	
Hedging derivatives liabilities	112,357	1,017,607	360,010	1,046,481	
Marginal gap	(3,067,611)	15,373,525	8,157,356	(24,847,681)	
Accumulated gap	(3,067,611	12,305,914	20,463,270	(4,384,411)	

(*) The amount presented in the column "Do not accrue interest" includes the balance of internal overdue loans and unde
unearned interest and the allowance for loan losses.

	As of December 31, 2019				
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Mor 5 ye
	S/000	S/000	S/000	S/000	S/00
Assets					
Cash and interbank funds	10,903,212	1,789,269	3,578,967	5,199,787	
Loan portfolio (*)	13,438,369	16,289,035	25,045,884	31,971,339	
Investments	1,049,522	1,249,694	7,149,031	3,443,133	
Other assets	80,001	-	-	-	
Total assets	25,471,104	19,327,998	35,773,882	40,614,259	
Liabilities					
Deposits and obligations and interbank funds	27,964,054	8,536,680	16,776,122	38,604,921	
Payable from repurchase agreements, due to banks, correspondents and other entities	2,719,940	2,847,070	4,700,742	1,640,514	
Bonds and subordinated Notes issued	182,440	241,839	1,641,891	9,763,132	
Other liabilities	-	-	-	-	
Equity	-	-	-	-	
Total liabilities and equity	30,866,434	11,625,589	23,118,755	50,008,567	
Risk and contingent commitments					
Hedging derivatives asset	2,806,693	2,849,046	454,349	272,223	
Hedging derivatives liabilities	323,360	821,872	3,798,631	1,110,774	
Marginal gap	(2,911,998)	9,729,581	9,310,840	(10,232,891)	
Accumulated gap	(2,911,998)	6,817,583	16,128,423	5,895,532	

(*) The amount presented in the column "Do not accrue interest" includes the balance of internal overdue loans and unde unearned interest and the allowance for loan losses.

Other assets and other liabilities only include financial accounts.

Investments accounted for at fair value through profit or loss and trading derivatives are not considered, since these ins and the Value at Risk methodology is used to measure their market risks.

Sensitivity to changes in interest rates -

The sensitivity analysis of interest rates on ALM is performed by conducting an assessment of the sensitivity of the financial margin, which measures variances in the expected accruals over a given period of time and in the event of a parallel movement of the interest rate curves together with the sensitivity of the net Economic Value, which is a long-term measurement determined as the difference between the net carrying amount of assets and liabilities before and after a variance in interest rates.

Sensitivity of the financial margin is the effect of the estimated changes in interest rates on the finance income, net for a year, before income tax and financial liabilities as of December 31, 2020 and 2019; including the effect of derivative financial instruments. The sensitivity of the Net Economic Value is calculated by re-assessing the financial assets and liabilities sensitive to interest rate changes and which comprise the ALM and held to maturity at a fixed interest rate, before income tax and any non-controlling interest, included the effect of any hedge relating to derivatives designated as cash flow hedges. For purposes of interest rate risk management, there is no distinction made by accounting category of the investments comprising the ALM, in which instruments classified as available-for-sale and held-to-maturity are included. The results of the sensitivity analysis from the estimated changes in interest rates as of December 31, 2020 and 2019 are as follows:

Currency	**Changes in basis points**		**Sensitivity of financial margin S/000**		**Sensitivity of economic value S/000**	
As of December 31, 2020 -						
US dollars	+/-	50	+/-	45,636	+/-	238,652
US dollars	+/-	75	+/-	68,455	+/-	357,979
US dollars	+/-	100	+/-	91,273	+/-	477,305
US dollars	+/-	150	+/-	136,909	+/-	715,957
US dollars	+/-	300	+/-	273,818	+/-	1,431,914
Soles	+/-	50	+/-	19,532	-/+	471,036
Soles	+/-	75	+/-	29,298	-/+	706,553
Soles	+/-	100	+/-	39,064	-/+	942,071
Soles	+/-	150	+/-	58,596	-/+	1,413,107
Soles	+/-	300	+/-	117,192	-/+	2,826,214
As of December 31, 2019 -						
US dollars	+/-	50	+/-	53,900	+/-	114,753
US dollars	+/-	75	+/-	80,850	+/-	172,130
US dollars	+/-	100	+/-	107,800	+/-	229,506
US dollars	+/-	150	+/-	161,700	+/-	344,260
US dollars	+/-	300	+/-	323,400	+/-	688,519
Soles	+/-	50	-/+	9,354	-/+	332,401
Soles	+/-	75	-/+	14,031	-/+	498,601
Soles	+/-	100	-/+	18,708	-/+	664,801
Soles	+/-	150	-/+	28,063	-/+	997,202
Soles	+/-	300	-/+	56,125	-/+	1,994,404

The sensitivities of the interest rates shown above are only for illustrative purposes and are based on simplified scenarios. The figures reflect the effect of the pro-forma movements on the net finance income on the basis of the projected scenarios of the yield curve and the interest rate risk profile that the Bank and its Subsidiaries currently have. However, this effect does not includes the actions that would be taken by Management to mitigate the potential impact of this risk on interest rates.

In addition, the Bank and its Subsidiaries seek proactively to change the interest rate risk profile to minimize losses and optimize net revenues. The projections above also assume that the interest rate of all maturities moves by the same amount and, therefore, do not reflect the potential impact on net finance income of some rates changing while others remain unchanged. The projections also include assumptions for simplifying calculations, such as, for example, that all positions run to maturity.

Equity securities and mutual funds, classified as available-for-sale investments, are not considered as part of the investment securities for interest rate sensitivity calculation purposes; however, sensitivity tests have been carried out of changes of 10, 25 and 30 percent in the market prices of these price-sensitivity securities in order to evaluate the effect of the expected unrealized gain or loss on other comprehensive income, before income tax, as of December 31, 2020 and 2019, as presented below:

Market price sensitivity	Changes in market prices	2020	2019
	%	S/000	S/000
Equity securities	+/-10	10,410	9,790
Equity securities	+/-25	26,024	24,476
Equity securities	+/-30	31,229	29,371

(ii) Foreign exchange risk -

The Bank and its Subsidiaries are exposed to foreign currency exchange rates on their financial position and consolidated cash flows. Management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The foreign currency transactions are made at the free market exchange rates.

As of December 31, 2020, the weighted average market exchange rate published by the SBS for transactions in American dollar was S/ 3.618 for buying and S/3.624 for selling (S/3.311 for buying and S/3.317 for selling, as of December 31, 2019, respectively). As of December 31, 2020, the exchange rate established by the SBS to record assets and liabilities in foreign currencies was S/3.621 for each American dollar (S/3.314 for each American dollar, as of December 31,2019). The Bank and its Subsidiaries assets and liabilities by currencies, expressed in thousands of American dollars, were as follows:

	2020		2019	
	US dollar	Other currencies	US dollar	Other currencies
	US$000	US$000	US$000	US$000
Monetary assets				
Cash and Interbank funds	6,665,526	19,528	6,946,601	22,831
Investments at fair value through profit or loss and available for sale investments, net	1,359,899	132,810	459,158	18,770
Held-to-maturity investments	24,605	-	30,265	-
Loan portfolio, net	8,677,572	676	9,981,384	477
Other assets	433,116	4	348,221	6
	17,160,718	153,018	17,765,629	42,084

	2020		2019	
	US dollar	Other currencies	US dollar	Other currencies
	US$000	US$000	US$000	US$000
Monetary liabilities				
Deposits and obligations	(13,906,856)	(18,761)	(12,438,104)	(22,260)
Accounts payable from repurchase agreements	(70,590)	-	(221,618)	-
Due to banks, correspondents, other entities and interbank funds	(465,384)	-	(1,528,837)	-
Bonds and subordinated Notes issues	(2,801,725)	(48,479)	(3,042,814)	(46,037)
Other liabilities	(364,479)	(134)	(244,332)	(188)
	(17,609,034)	(67,374)	(17,475,705)	(68,485)
Net forward position overbought (oversold)	21,023	3,064	(441,323)	59
Net position - currency swaps	336,559	(6,102)	(84,995)	-
Net position - cross currency swaps hedge	114,263	(80,344)	208,970	28,615
Foreign currency options, net	8,871	-	(7,565)	-
	480,716	(83,382)	(324,913)	28,674
Net monetary position	32,400	2,262	(34,989)	2,273

As of December 31, 2020, the Bank and its Subsidiaries have contingent operations (indirect loans) in foreign currency for approximately US$3,715.0 million, equivalent to approximately S/13,452.1 million (approximately US$3,848.2 million, equivalent to approximately S/12,753.1 million, as of December 31, 2019), see Note 18.

The Bank and its Subsidiaries manage foreign exchange risk by monitoring and controlling the exchange positions exposed to changes in exchange rates. The Bank and its Subsidiaries measure their performance in soles, so if the net foreign exchange position (e.g. American dollar) is an asset, any depreciation of the soles with respect to this currency would positively affect the consolidated statement of financial position of the Bank and its Subsidiaries. The current position in a foreign currency comprises exchange rate-linked assets and liabilities in that currency. An institution’s open position in individual currencies comprises assets, liabilities and off-balance sheet items denominated in the respective foreign currency for which the institution itself bears the risk; any appreciation/depreciation of the foreign exchange would affect the consolidated statement of income.

The Bank and its Subsidiaries net foreign exchange balance is the sum of its positive open non- soles positions (net long position) less the sum of its negative open non- soles positions (net short position); and any devaluation/revaluation of the foreign exchange position would affect the consolidated statement of income. A currency mismatch would leave the consolidated statement of financial position of the Bank and its subsidiaries vulnerable to a fluctuation of the foreign currency (exchange rate shock).

The table below shows the sensitivity analysis of the American dollar, the principal currency to which the Bank and its Subsidiaries have significant exposure as of December 31, 2020 and 2019 in its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the exchange rate against the soles, with all other variables held constant, on the consolidated statement of income, before income tax. A negative amount in the table reflects a potential net reduction in the consolidated statement of income, while a positive amount reflects a net potential increase:

Currency rate sensitivity	Change in currency rate	2020	2019
	%	S/000	S/000
Devaluation -			
US dollars	5	5,587	(5,522)
US dollars	10	10,665	(10,541)
Revaluation -			
US dollars	5	(6,175)	6,103
US dollars	10	(13,036)	12,884

29.4 Operational risk -

The operational risk is the possibility of the occurrence of losses due to inadequate processes, staff errors, information technology and relations with third parties or external events. Operational risk can produce financial losses and have legal or regulatory compliance consequences, but excludes strategic or reputation risk.

Operational risks are grouped into internal fraud, external fraud, labor relations and safety in the workplace, customer relations, business products and practices, damages to material assets, business and systems interruption and faults in process execution, delivery and management.

The Bank and its Subsidiaries have, as one of their core values, the development of an efficient risk culture, and to achieve this, it records the operational risks and their respective controls per process. Risk mapping permits their monitoring, prioritization, and proposed treatment in accordance with the established governance.

The business continuity management system allows establishing, implementing, operating, monitoring, reviewing, maintaining and improving business continuity based on best practices and regulatory requirements. The Group implements recovery strategies for the resources that support important products and services of the organization, which will be periodically tested to measure the effectiveness of the strategy. In the management of operational risk and business continuity, corporate guidelines are used and methodologies and best practices are shared among the Group's companies.

The management of information security is carried out through a systemic process, documented and known by the entire organization under the best practices and regulatory requirements. The Group designs and develops the guidelines described in the policy and procedures to have strategies for availability, privacy and integrity of the information assets of the organization.

Finally, the management of the Transfer of Non-Financial Risks is incorporated as a recovery mechanism before the materialization of operational risks, mainly through Insurance Policies contracted individually or corporately in the local and international market, which cover losses due to fraud, civil and professional liability, cyber risks, damage to physical assets, among others. The design of the Insurance is in accordance with the main operational risks of the Bank and Subsidiaries, the coverage needs of key areas and the risk appetite of the organization, constantly seeking efficiencies in the cost of policies, working together with Pacifico Compañía de Seguros and Reinsurance and the most important reinsurance brokers in the international market.

29.5 Cybersecurity -

The Bank and its subsidiaries focus their efforts on the most cost-efficient strategies to reduce exposure to cybersecurity risk; by doing this, they fulfill its appetite for risk. To achieve this, different levels of controls are applied adapted to the different potentially exposed areas and companies. Therefore, it maintains an important investment program, which allows it to have the technologies and processes necessary to keep operations and assets safe.

As part of cybersecurity management, the Bank and its subsidiaries have lines of action that allow mitigating this risk. These lines of work are:

- Cybersecurity maturity according to the FFIEC reference framework, allows defining the guide for the implementation of cybersecurity controls.
- Policies and guidelines make it possible to standardize the levels of compliance with cybersecurity.
- The aim of the awareness programs is to generate a culture of cybersecurity. To achieve this, constant training is carried out.
- The cybersecurity indicators that indicate the effectiveness of the processes in terms of the periodic evaluations carried out.
- The governance of suppliers that ensures the deployment of policies to third parties. In other words, when a supplier wishes to interconnect digitally with any of the Bank and its subsidiaries.
- The implementation of security technologies, which seeks to cover said risks according to the threat trend and the risk profile of the Bank and its subsidiaries.
- The "Tabletop" tests that help to identify the level of response of the collaborators, through incident simulation tests.
- Cybersecurity risk management allows for a response work plan to address cyber risks through periodic evaluations of each of the applications of the Bank and its subsidiaries.

29.6 Corporate Security and Cyber Crime -

The Bank and its Subsidiaries, as part of non-financial risk management, implement policies, procedures, and actions that safeguard the safety of employees, clients, and assets of the organization. In addition, it protects the institution against incidents of fraud, security and reputational risk. Likewise, it fosters a culture of prevention, which allows minimizing the risks of fraud and security. Finally, it has established a solid relationship with stakeholders and Financial Institutions in the region in search of implementing best practices for the benefit of its clients.

Part of fraud and security management is to have a comprehensive security scheme called MISB (Comprehensive Banking Security Model), which includes the variables of prevention, detection, response and recovery. The MISB has 6 strategic axes: Training and training for internal / external clients, fraud and security risk assessments (COSO), business support through early alerts, continuous monitoring and reporting, specialized forensic investigation and cyber-intelligence.

Finally, there is a second line of defense scheme focused on generating a comprehensive vision of fraud and security risks. With a preventive approach, we have state-of-the-art technological tools that are able to monitor in real time the interconnection between the main channels of the Bank and its Subsidiaries to the new "Real Time" Transactional Monitoring system. Likewise, there are advanced analysis models for risk profiling for the detection of internal fraud and the implementation of tools to detect anomalous behaviors.

Regarding physical security risk management and incident management, there is a regulation of video surveillance and protection of personal data through a video-intelligence system.

At the union level, under the framework of the development of guidelines for the Financial Institutions that make up the Association of Banks; the Bank is part of the Strategic Committee for Comprehensive Security of ASBANC. The aim was to mitigate the risks of the new digital era in a collegial way.

Finally, we actively participate in conferences exposing our model in Fraud and Security Risk Management with an emphasis on Cyber-Crime at the level of organizations such as: OAS, FELABAN, FIBA USA, ASIS, among other institutions at the regional level. This in order to contribute to the exchange of good practices, scenarios and future vision in this area.

29.7 Model Risk -

Model is defined as an algorithm or system of optimized algorithms that processes data to convert it into useful information for decision-making in a relevant population for the business. Models are simplified representations of the real world that are the object of interest, study, or analysis. This simplification allows the Bank to focus its attention on the specific aspects that are considered most important for the application of a given model. The Bank uses models for different purposes such as credit admission, capital calculation, behavior, provisions, market risk, liquidity, among others.

Model risk is defined as the probability of loss resulting from decisions (credit, market, among others) based on the use of poorly designed and / or poorly implemented models. The sources that generate this risk are mainly: deficiencies in data, errors in the model (from design to implementation), use of the model.

Model risk management is proportional to the importance of each model. In this sense, a concept of “tiering” is defined as the main attribute to synthesize the level of importance or relevance of a model, from which the intensity of the model risk management processes that must be followed is determined.

Model risk management is structured around a set of processes known as the model life cycle. The definition of the phases of the life cycle of the model in the Bank is detailed below: Identification, Planning, Development, Internal validation, Approval, Implementation and use, and Monitoring and control.

29.8 Capital management -

The Bank and its Subsidiaries actively manage a capital base to cover the inherent risks in their activities. The capital adequacy of the Bank and its Subsidiaries is monitored using, among other measures, the norms and ratios established by the SBS, the supervising authority of its main Subsidiaries and for consolidation purposes, see Note 14(g). Furthermore, capital management responds to market expectations in relation to the solvency of the Bank and its Subsidiaries and to support the growth of the businesses considered in the strategic planning. In this way, the capital maintained by the Bank and its Subsidiaries permits them to assume unexpected losses in normal conditions and conditions of severe stress.

Capital management has as its main objectives: (i) to comply with the capital requirements established by the regulatory entities of the sector in which the Bank and its Subsidiaries operate; (ii) to safeguard the operating capacity of the Bank and its Subsidiaries so that it continues providing

returns to the shareholders and benefits to other stakeholders: (iii) to maintain a solid capital base to support the development of its activities, in line with the limits and tolerances established in the declaration of Risk Appetite.

Legislative Decree N°1028 modified the Banking, Insurance and Pension Law, establishing that the mandatory capital of all financial institutions must be equal to or greater than 10 percent of the risk weighted assets and contingent credits which corresponds to the sum of: the mandatory capital requirement for market risk multiplied by 10, the mandatory capital requirement for operational risk multiplied by 10, and the credit risk weighted assets and contingent credits. Additionally, in July of 2011, SBS issued Resolution N° 8425 - 2011, by which it requires additional mandatory capital for economic cycle, concentration risk, market concentration risk, interest rate risk and others. Peruvian financial entities have five years, with effect from July 2011, to adjust their mandatory capital to the required level.

29.9 Fair values -

a) Financial instruments recorded at fair value and fair values hierarchy -

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value as of December 31, 2020 and 2019, including the hierarchy level into which the fair value measurement is categorized. The amounts are based on the values recognized in the consolidated statement of financial position:

	Note	Level 1 S/000	Level 2 S/000	Level 3 S/000	Total S/000
December 31, 2020					
Financial assets					
Derivative financial instruments:					
Forward exchange contracts		-	74,503	-	74,503
Interest rate swaps		-	478,815	-	478,815
Cross currency swaps		-	28,096	-	28,096
Currency swaps		-	315,202	-	315,202
Options		-	1,176	-	1,176
Derivatives receivable	9(b)	-	897,792	-	897,792
Investments at fair value through profit or loss (trading)	5(a)	295,625	1,872,875	-	2,168,500
Available-for-sale investments:					
Debt securities					
BCRP Certificates of deposit		-	15,364,284	-	15,364,284
Corporate bonds		2,220,958	2,139,572	-	4,360,530
Government treasury bonds		9,299,883	-	-	9,299,883
Negotiable certificates of deposits		-	414,680	-	414,680
Securitization instruments		-	47,613	-	47,613
Other instruments					
Equity instruments:					
Listed securities		97,617	-	-	97,617
Unlisted securities		-	-	6,479	6,479
Subtotal	5(a)	11,618,458	17,966,149	6,479	29,591,086
Total financial assets		11,914,083	20,736,816	6,479	32,657,378
Financial liabilities					
Derivative financial instruments:					
Forward exchange contracts		-	81,414	-	81,414
Interest rate swaps		-	511,198	-	511,198
Cross currency Swaps		-	115,475	-	115,475
Currency swaps		-	171,367	-	171,367
Options		-	2,050	-	2,050
Derivatives payable		-	881,504	-	881,504
Total financial liabilities		-	881,504	-	881,504

	Note	Level 1 S/000	Level 2 S/000	Level 3 S/000	Total S/000
December 31, 2019					
Financial assets					
Derivative financial instruments:					
Forward exchange contracts		-	145,568	-	145,568
Interest rate swaps		-	230,818	-	230,818
Cross currency swaps		-	98,585	-	98,585
Currency swaps		-	354,072	-	354,072
Options		-	1,292	-	1,292
Derivatives receivable	9(b)	-	830,335	-	830,335
Investments at fair value through profit or loss (trading)	5(a)	-	-	-	-
Available-for-sale investments:					
Debt securities					
BCRP Certificates of deposit		-	8,665,271	-	8,665,271
Corporate, leasing and subordinated bonds		813,941	521,466	-	1,335,407
Government treasury bonds		4,112,387	-	-	4,112,387
Financial organizations bonds		-	-	-	-
Other instruments		-	20,209	-	20,209
Equity instruments:					
Listed securities		86,074	-	-	86,074
Unlisted securities		-	-	11,830	11,830
Subtotal	5(a)	5,012,402	9,206,946	11,830	14,231,178
Total financial assets		5,012,402	10,037,281	11,830	15,061,513
Financial liabilities					
Derivative financial instruments:					
Forward exchange contracts		-	109,110	-	109,110
Interest rate swaps		-	314,646	-	314,646
Cross currency Swaps		-	54,775	-	54,775
Currency swaps		-	308,970	-	308,970
Options		-	892	-	892
		-	788,393	-	788,393
Total financial liabilities		-	788,393	-	788,393

Financial instruments included in the Level 1 category are those that are measured on the basis of quotations obtained in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and said prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial instruments included in the Level 2 category are measured on the basis of observed market factors. This category includes instruments valued using quoted prices for similar instruments, either in active or less active markets and other valuation techniques (models) where all significant inputs are directly or indirectly observable based on market data.

The financial instruments included in Level 3 are measured using valuation techniques (internal models), based on assumptions that are not supported by prices of observable transactions on the market for the same instrument, nor based on available market data.

Following is a description of how fair value is determined for the Bank and its Subsidiaries financial instruments where valuation techniques were used with inputs based on observable market data which incorporate the estimates of the Bank and its Subsidiaries, on the assumptions that market participants would use for measuring these financial instruments:

- Valuation of derivate financial instruments -

  Interest rate swaps, currency swaps and forward exchange contracts are evaluated by using valuation techniques where inputs are based on observable market data. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, foreign exchange, forward rates and interest rate curves. Options are valued using well-known, widely accepted valuation models.

  A credit value adjustment (CVA) is applied to the exposure of the “Over-The-Counter” derivatives in order to consider the risk of default of the counterparties when the fair value of the derivatives is measured. The effect of this adjustment is measured in the income statement. The CVA is a cost at market prices of protection required to hedge the credit risk of the counterparties in this type of portfolio of derivatives. The CVA is calculated by multiplying the probability of default (PD), the likelihood of given deterioration (LGD) and the expected exposure (EE) at the date of impairment.

- Valuation of debt securities available for sale included in Level 2 -

  Valuation of BCRP certificates of deposit, corporate, leasing, subordinated bonds and Government treasury bonds are estimated calculating their Net Present Values (NPV) through discounted cash flows, using appropriate and relevant zero coupon rate curves to discount cash flows in the respective currency and considering observable current market transactions.

  BCRP deposit certificates (CD BCRP) are securities issued at a discount, in order to regulate the liquidity of the financial system. They are placed through public auction or direct placement, are freely negotiable by their holders in the Peruvian secondary market and can be used as collateral in Securities Reporting Operations with the BCRP.

  Other debt instruments are evaluated using valuation techniques based on assumptions supported by prices from observable current market transactions, obtained via pricing services. Nevertheless, when prices have not been determined in an active market, fair values are based on broker quotes and assets that are valued using models whereby the majority of assumptions are market observable.

b) Financial instruments not measured at fair value -

Set out below is the disclosure of the comparison between the carrying amounts and fair values of the financial inst value, presented in the consolidated statement of financial position by level of the fair value hierarchy:

	As of December 31, 2020					As of December 31, 2019	
	Level 1	Level 2	Level 3	Fair value	Book value	Level 1	Level 2
	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Assets							
Available funds	-	34,365,007	-	34,365,007	34,365,007	-	26,709,946
Interbank funds	-	28,968	-	28,968	28,968	-	101,979
Held-to-maturity investments	5,438,925	93,595	-	5,532,520	4,934,031	3,772,509	103,010
Loans, net	-	117,381,370	-	117,381,370	117,381,370	-	100,336,130
Other assets	-	863,128	-	863,128	863,128	-	943,159
Total	5,438,925	152,732,068	-	158,170,993	157,572,504	3,772,509	128,194,224
Liabilities							
Deposits and obligations	-	126,971,955	-	126,971,955	126,971,955	-	99,433,161
Interbank funds	-	-	-	-	-	-	204,986
Payables from repurchase agreements	-	26,267,587	-	26,267,587	26,267,587	-	5,803,336
Due to banks, correspondents and other entities	-	6,157,370	-	6,157,370	5,843,676	-	8,640,534
Bonds and subordinated Notes issued	-	14,548,616	-	14,548,616	13,811,673	-	14,793,651
Other liabilities	-	1,787,913	-	1,787,913	1,787,913	-	1,636,232
Total	-	175,733,441	-	175,733,441	174,682,804	-	130,511,900

The methodologies and assumptions used to determine fair values depend on the terms and risk characteristics of the various financial instruments indicated previously and include the following:

(i) Assets for which fair values approximate their carrying value - For financial assets and financial liabilities that are liquid or have a short term maturity (less than three months), it is assumed that the carrying amounts are similar to their fair values. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments

(ii) Financial instruments at fixed rate - The fair value of the financial liabilities at fixed rate and at amortized cost is determined by comparing the market interest rate at the time of their initial recognition to the current market rates related to similar financial instruments. In the case of listed debt, the fair value is determined on the basis of the quoted market prices. When quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity. The fair value of the loan portfolio and deposits and obligation, according to SBS Multiple Official Letter N°1575-2014, corresponds to its book value.

30 EVENTS AFTER THE REPORTING PERIOD

The subsidiary Mibanco, Banco de la Microempresa S.A. agreed, at its General Shareholders' Meeting held on February 4, 2021, to reduce the Capital Stock and Additional Capital for a total of S/400.0 million, to constitute voluntary provisions in accordance with the provisions of the Multiple Official Letter SBS No. 42138-2020 issued by the SBS in December 2020. This reduction is subject to the approval of the SBS, which is pending to date. As soon as this transaction is approved and registered in Mibanco, the BCP will reduce its equity in the proportion proportional to its participation.

pwc

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND 2018

Gaveglio Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada.
Av. Santo Toribio 143, Piso 7, San Isidro, Lima, Perú, T: +51 (1) 211 6500 F: +51 (1) 211 6565
www.pwc.com/pe

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND 2018

CONTENTS

S/ = Soles
US$ = American Dollar

(Free translation from the original in Spanish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Banco de Crédito del Perú S.A.

February 26, 2020

We have audited the accompanying consolidated financial statements of **Banco de Crédito del Perú S.A.** (a subsidiary of **Credicorp Ltd.** incorporated in Bermuda) **and subsidiaries**, which comprise the consolidated statement of financial position as of December 31, 2019 and 2018 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information included in notes 1 to 30.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Generally Accepted Accounting Principles in Peru applicable for Financial Institutions, and for such internal control as management determines is necessary to enable the preparation of 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 audits. We conducted our audits in accordance with International Standards on Auditing approved for application in Peru by the Board of Deans of Institutes of Peruvian Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit 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 Group'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 Group'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.

Gaveglio Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada.
Av. Santo Toribio 143, Piso 7, San Isidro, Lima, Perú, T: +51 (1) 211 6500 F: +51 (1) 211 6550
www.pwc.pe

Gaveglio Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada es una firma miembro de la red global de PricewaterhouseCoopers International Limited (PwCIL). Cada una de las firmas es una entidad legal separada e independiente que no actúa en nombre de PwCIL ni de cualquier otra firma miembro de la red. Inscrita en la Partida No. 11028527, Registro de Personas Jurídicas de Lima y Callao.

February 26, 2020
Banco de Crédito del Perú

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 financial position of **Banco de Crédito del Perú S.A. and subsidiaries** as of December 31, 2019 and 2018 and their financial performance and their cash flows for the years then ended in accordance with Generally Accepted Accounting Principles in Peru applicable for Financial Institutions.

Gaveglio Aparicio y Asociados

Countersigned by

---(partner)
Fernando Gaveglio
Peruvian Certified Public Accountant
Registration No.01-019847

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018
(Amounts expressed in thousands of soles)

	Note	2019 S/000	2018 S/000
Assets			
Cash and due from banks:	4		
Cash and clearing		4,312,853	5,716,302
Deposits in Peruvian Central Bank		18,367,713	13,206,885
Deposits in local and foreign banks		946,205	959,023
Restricted funds		3,068,989	3,503,129
Accrued interest		14,186	19,332
		26,709,946	23,404,671
Interbank funds		101,979	159,985
Investments:			
At fair value through profit or loss	5(a)	-	74,473
Available-for-sale	5(a)	14,231,178	14,218,018
Held-to-maturity	5(d)	3,456,144	3,847,967
		17,687,322	18,140,458
Loans, net	6	100,336,130	96,710,429
Investments in associates		31,207	28,083
Property, furniture and equipment, net	7	1,287,421	1,345,853
Goodwill	8	276,321	276,321
Other assets, net	9	4,229,619	3,615,566
Total assets		150,659,945	143,681,366
Off-Balance Sheet accounts	18	87,251,254	85,838,445

Liabilities and shareholders' equity
Deposits and obligations
Interbank funds
Payables from repurchase agreements
Due to banks, correspondents and other entities
Bonds and subordinated notes issued
Other liabilities

Total liabilities

Shareholders' equity
Attributable to Banco de Crédito del Perú equity holders:
Capital stock
Legal reserve
Other reserves
Unrealized results
Retained earnings

Non-controlling interest

Total shareholders' equity

Total liabilities and shareholders' equity
Off-Balance Sheet accounts

The accompanying notes in pages 10 to 102 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts expressed in thousands of soles)

	Note	2019	2018	2017
		S/000	S/000	S/000
Financial income and expenses				
Financial income	19	10,967,124	10,209,656	9,762,231
Financial expenses	19	(2,828,004)	(2,631,510)	(2,651,717)
Gross financial margin		8,139,120	7,578,146	7,120,514
Provision for loan losses, net of recoveries	6(e)	(1,798,506)	(1,507,848)	(1,686,615)
Net financial margin		6,340,614	6,070,298	5,433,899
Non-financial income				
Commissions for banking services, net	20	2,609,684	2,486,844	2,337,106
Net gains on trading derivatives		23,415	(7,544)	109,644
Net gains on securities	21	138,316	28,579	62,520
Net gains on foreign exchange transactions		736,844	699,405	621,312
Other non-financial income	22	251,782	266,451	163,862
		3,760,041	3,473,735	3,294,444
Operating expenses				
Salaries and employees benefits	23	(2,582,777)	(2,464,618)	(2,322,702)
General and administrative expenses	24	(1,819,559)	(1,682,448)	(1,576,738)
Depreciation and amortization	7(a) and 9 (e)	(380,530)	(361,228)	(351,297)
Provision for goods received in payment and awarded		(3,579)	(16,904)	(1,086)
Taxes and contributions		(202,697)	(174,895)	(155,454)
Other operating expenses	22	(142,558)	(170,479)	(148,657)
		(5,131,700)	(4,870,572)	(4,555,936)
Net gains from exchange differences		12,910	30,359	16,341
Income before income tax		4,981,865	4,703,820	4,188,748
Income tax	13 (b)	(1,334,880)	(1,330,732)	(1,140,199)
Net income		3,646,985	3,373,088	3,048,549
Attributable to:				
Shareholders' equity of Banco de Crédito del Perú		3,627,575	3,350,151	3,025,954
Non-controlling interest		19,410	22,937	22,595
		3,646,985	3,373,088	3,048,549
Basic and diluted earnings per share (in soles)	25	0.3569	0.3301	0.2984
Weighted average number of ordinary shares for basic earnings (in thousand of units)		10,217,387	10,217,387	10,217,387

The accompanying notes in pages 10 to 102 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts expressed in thousands of soles)

	Note	2019 S/000	2018 S/000	2017 S/000
Net profit for the year		3,646,985	3,373,088	3,048,549
Other comprehensive income				
Net gain (loss) on available-for-sale investments	14(e)	327,595	(95,085)	110,325
Net movement of cash flow hedges	14(e)	(37,236)	33,592	(71,314)
Exchange differences on translation of foreign operations	14(e)	(244)	(3,886)	(393)
Income tax	14(e)	(2,377)	(2,464)	12,402
Other comprehensive income (loss) for the year, net of income tax		287,738	(67,843)	51,020
Total comprehensive income for the year, net of income tax		3,934,723	3,305,245	3,099,569
Attributable to:				
Shareholders' equity of Banco de Crédito del Perú		3,915,069	3,282,641	3,077,080
Non-controlling interest		19,654	22,604	22,489
		3,934,723	3,305,245	3,099,569

The accompanying notes in pages 10 to 102 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts expressed in thousands of soles)

		Attributable to shareholders' equity of Banco de Crédito del Perú						
	Number of outstanding shares	Capital stock	Legal reserve	Other reserves	Available-for-sale investment reserve	Cash flow hedges reserve	Foreing currency translation reserve	Retained earni
	(in thousand of units)	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Balances as of January 1, 2017	7,065,346	7,066,346	2,473,404	1,108,814	(4,216)	26,105	5,112	2,953
Changes in shareholders' equity for 2017								
Net income	-	-	-	-	-	-	-	3,025
Other comprehensive income	-	-	-	-	104,104	(52,595)	(383)	-
Total comprehensive income	-	-	-	-	104,104	(52,595)	(383)	3,025
Capitalization of income, Note 14(a)	866,996	866,996	-	-	-	-	-	(660
Transfer to Legal Reserve, Note 14(b)	-	-	303,266	-	-	-	-	(303
Dividend distribution, Note 14(f)	-	-	-	-	-	-	-	(1,462
Sale of Subsidiaries - Bolivia (Note 2)								
Other	-	-	10	-	-	-	-	2
Balances as of December 31, 2017	7,933,342	7,933,342	2,776,680	1,108,814	99,888	-26,489	4,729	3,349
Changes in shareholders' equity for 2018								
Net income	-	-	-	-	-	-	-	3,350
Other comprehensive income	-	-	-	-	(86,267)	22,662	(3,905)	-
Total comprehensive income	-	-	-	-	(86,267)	22,662	(3,905)	3,350
Capitalization of income, Note 14(a)	837,023	837,023	-	-	-	-	-	(837
Transfer to Legal Reserve, Note 14(b)	-	-	298,809	-	-	-	-	(298
Dividend distribution, Note 14(f)	-	-		-	-	-	-	(1,494
Purchase of Mibanco minority Interest	-	-	-	-	-	-	-	2
Other	-	-	6	-	-	-	-	-
Balances as of December 31, 2018	8,770,365	8,770,365	3,075,495	1,108,814	13,621	(3,827)	824	4,070
Changes in shareholders' equity for 2019								
Net income	-	-	-	-	-	-	-	3,627
Other comprehensive income	-	-	-	-	314,681	(26,943)	(244)	-
Total comprehensive income	-	-	-	-	314,681	(26,943)	(244)	3,627
Capitalization of income, Note 14(a)	1,447,022	1,447,022	-	-	-	-	-	(1,447
Transfer to Legal Reserve, Note 14(b)	-	-	510,800	-	-	-	-	(510
Dividend distribution, Note 14(f)	-	-	-	-	-	-	-	(2,030
Other	-	-	9	-	-	-	-	2
Balances as of December 31, 2019	10,217,387	10,217,387	3,586,304	1,108,814	328,302	(30,770)	580	3,70

The accompanying notes in pages 10 to 102 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts expressed in thousands of soles)

	Note	2019 S/000	2018 S/000	2017 S/000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit of the year		3,646,985	3,373,088	3,048,549
Adjustments to reconcile net profit to net cash provided by operating activities:				
Provision for credit losses on loan portfolio	6(e)	2,052,545	1,788,055	1,947,263
Depreciation and amortization	7(a) y 9(e)	380,530	361,228	351,297
Deferred income tax	13(b)	(23,698)	100,466	(12,470)
Net (gain) loss on securities	21	(138,316)	(28,579)	(62,520)
Net loss (gain) of trading derivatives instruments		(23,415)	7,544	(109,644)
Expense for share-based compensation plan	23	69,333	62,606	74,697
Provision for seized assets		3,579	16,904	1,088
Provision for uncollectable receivables	22	939	1,464	1,336
Net profit from sale of seized and recovered assets	22	(5,801)	(4,569)	(470)
Net gain on sales of property, furniture and equipment	22	(19,773)	(42,918)	(24,885)
Variation in bonds fair value		26,015	(123,213)	(138,495)
Amortization of bond issuance expenses		(86,399)	24,446	31,048
Net gain (loss) from sale of written off portfolio	22	(106,835)	(60,663)	-
Net increase (decrease) in assets				
Loans		(6,425,959)	(9,863,166)	(7,383,860)
Investment at fair value through profit or loss		103,815	2,059,370	334,868
Investment available-for-sale		381,065	(2,184,852)	(4,948,008)
Other assets, net		(805,346)	2,781,611	609,130
Sale of written off portfolio		193,770	60,663	-
Net increase (decrease) of liabilities				
Deposits and obligations		7,105,414	5,969,585	12,419,440
Payables for repurchase agreements		(1,366,572)	(4,238,738)	1,044,976
Due to banks, correspondent and financial institutions and interbank funds		383,369	144,961	47,215
Bonds and notes issued		765,111	(1,037,554)	1,457,585
Other liabilities		1,218,451	904,031	1,238,917
Income tax paid		(1,041,447)	(991,323)	(863,356)
Net cash flows from operating activities		6,287,360	(919,553)	9,063,701
NET CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, furniture and equipment	7(a)	(128,087)	(139,161)	(131,359)
Revenue from sale of property, furniture and equipment		26,629	67,044	34,104
Sales of intangible assets		-	-	-
Purchase of intangibles	9(e)	(358,962)	(317,555)	(213,246)
Purchase of Mibanco minority Interest		-	(53,402)	-
Revenue from sales and reimbursement of investments held-to-maturity		2,962,938	3,996,783	2,687,991
Purchase of investments held-to-maturity		(1,688,443)	(3,566,127)	(2,153,420)
Net cash flows from investing activities		814,075	(12,418)	224,070
NET CASH FLOWS FROM FINANCING ACTIVITIES				
Subordinated bonds and notes issued		(977,009)	-	(40,049)
Dividends paid	14(f)	(2,036,444)	(1,494,641)	(1,462,734)
Net cash flows from financing activities		(3,013,453)	(1,494,641)	(1,502,783)
Net (decrease) increase in cash and cash equivalents before the effect of variations in exchange rate		4,087,982	(2,426,612)	7,784,988
Effect of changes in exchange rate of cash and cash equivalents		(348,567)	628,355	(545,572)
Cash and cash equivalents at the beginning of year		19,901,542	21,699,799	14,460,383
Cash flow of discontinued operations at the beginning of the year		-	-	-
Cash and cash equivalents at the end of year		23,640,957	19,901,542	21,699,799

The accompanying notes in pages 10 to 102 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts expressed in thousands of soles)

	Note	2019
		S/000
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END WITH THE ACCOUNT BALANCES OF THE STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents at the end of the period		23,640,957
Restricted Funds	4(c)	3,068,989
Available funds according to the Statement of Financial Position		26,709,946
Additional information regarding cash flow		
Interest received		10,965,241
Interest paid		(2,797,265)
Transactions which do not result in cash flow		
Repurchase agreements with BCRP		2,798,695
Other restricted funds		270,294

The accompanying notes in pages 10 to 102 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES:
(Amounts expressed in thousands of soles)

	At January 1, 2019	Changes that generate cash flows		Changes that do not generate cash flows		
		New issues	Amortization nominal	Exchange difference	Changes in fair value	Discontinuing hedge
	S/000	S/000	S/000	S/000	S/000	S/000
Amortized cost	5,120,019	-	(977,009)	(64,374)	-	-
Fair value	-	-	-	-	-	-
	5,120,019	-	(977,009)	(64,374)	-	-

	At January 1, 2018	Changes that generate cash flows		Changes that do not generate cash flows		
		New issues	Amortization nominal	Exchange difference	Changes in fair value	Discontinuing hedge
	S/000	S/000	S/000	S/000	S/000	S/000
Amortized cost	1,965,076	-	-	172,085	-	2,951,
Fair value	2,989,873	-	-	17,210	(55,270)	(2,951,
	4,954,949	-	-	189,295	(55,270)	-
Fair value hedge	(34,290)	-	(9,245)	(293)	31,185	-

The accompanying notes in pages 10 to 102 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND 2018

1 OPERATIONS

Banco de Crédito del Perú (hereinafter "the Bank" or "BCP") is a corporation ("sociedad anónima") incorporated in 1889, and is a subsidiary of Credicorp Ltd. (a holding incorporated in Bermuda in 1995), which owns directly and indirectly 97.71 percent of its capital stock as of December 31, 2019 and December 31, 2018.

The Bank's office is located in Calle Centenario No. 156, La Molina, Lima, Perú. As of December 31, 2019, the Bank has 404 branches and agencies in Peru and 2 branches abroad; in the United States of America (Miami) and Panama (as of December 31, 2017, it had 449 branches and agencies in Peru and 2 branches abroad).

The Bank's 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", and it 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 the prevailing Peruvian legislation.

The consolidated financial statements as of December 31, 2018 and for the year then ended on that date were approved by the General Shareholders' Meeting held on March 29, 2019 without modifications. The consolidated financial statements as of December 31, 2019 and for the year then ended were approved by the Audit Committee and Management on February 25, 2020 and will be submitted for their final approval by the Board of Directors and the General Shareholders' Meeting within the period established by law. In Management's opinion, the consolidated financial statements will be approved by the Board of Directors and the General Shareholders' Meeting without modifications.

2 ACQUISITION AND SALE OF SUBSIDIARIES

Acquisition of shares of Mibanco, Banco de la Microempresa S.A. -

On April 18, 2018, BCP acquired 0.06 percent of the share capital of Mibanco, which was held by the minority shareholders, 593,930 shares for the amount of S/2.3 million, through Lima Stock Exchange.

On May 22 and May 23, 2018, BCP acquired 1.22 percent and 0.05 percent of the share capital of Mibanco, which was held by the minority shareholders, 12,347,365 and 503,938 shares for the amount of S/ 47.3 and S/ 1.9 million, both transactions were made through Lima Stock Exchange.

After these acquisitions, BCP holds a total of 957,518,033 shares of Mibanco on December 31, 2018, that represents a 94.93 percent of the capital share. It continues on December 31,2019.

On 2019, there were no subsidiaries acquisitions or transfers.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting principles applied in the preparation of the consolidated financial statements of the Bank and its Subsidiaries are set out below:

a) Basis for presentation, and use of estimates -

The accompanying consolidated financial statements have been prepared in soles from the accounting records of the Bank and its Subsidiaries, in accordance with generally accepted accounting principles applicable to financial entities. The accounting principles comprise substantially the SBS regulations and, supplementally, when there are no specific SBS regulations, with International Financial Reporting Standards - IFRS approved through the resolutions issued by the Consejo Normativo de Contabilidad (Peruvian Accounting Council, hereinafter "CNC" for its Spanish acronym), and in force in Peru as of December 31, 2019, see paragraph (z) of this Note.

These accounting principles are consistent with those used in 2018 and 2017.

The preparation of the accompanying consolidated financial statements requires Management to make estimates that affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of significant events in the Notes to the consolidated financial statements.

Estimates are continually evaluated and are based on historical experience and other factors. The final results could differ from those estimates; however, management expects that the variations, if any, will not have a material impact on the consolidated financial statements. The most significant estimates related to the accompanying consolidated financial statements correspond to the allowance for loan losses, the valuation of investments, impairment of goodwill evaluation, the valuation of derivative financial instruments and share based payments; likewise, management performs other estimates, such as estimated useful life and the recoverable value of intangible assets, property, furniture and equipment and deferred income tax assets and liabilities. The accounting criteria used for said estimates are described in this Note.

Also, the financial statements of Subsidiaries and branch offices overseas have been standardized to the accounting standards of the SBS.

b) Base of consolidation -

The consolidated financial statements include the financial statements of the Bank and its Subsidiaries for all the years presented.

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 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.

All transactions, balances, gains and losses between the Bank and its Subsidiaries have been eliminated in the consolidation process.

Transactions with non-controlling interest -

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as a capital transaction (equity transaction) and any resulting difference between the price paid and the amount corresponding to non-controlling shareholders must be recognized directly in the consolidated net equity.

The consolidated financial statements include the financial statements of the Bank and its Subsidiaries in which holds mo
indirectly. Below is the main data of the Bank and its Subsidiaries engaged in the process of consolidation as of Decembe
eliminations made in said process:

Entity	Activity and country	Percentage of interest (direct and indirect)		Assets		Liabilities		Net
		2019	2018	2019	2018	2019	2018	201
		%	%	S/000	S/000	S/000	S/000	S/00
Banco de Crédito del Perú	Banking, Peru	-	-	140,807,819	133,765,597	121,974,316	116,808,194	18
Mibanco, Banco de la Microempresa, S.A.	Banking small and micro credits, Peru	94.93	93.60	13,146,041	13,107,569	11,181,158	11,321,659	1
Solución Empresa Administradora Hipotecaria S.A.	Mortgage loans, Peru	100.00	100.00	181,841	216,122	111,977	146,420	
BCP Emisiones Latam 1 S.A.	Investments, Chile	50.39	50.39	643	449	612	382	

c) Foreign currency -

Functional and presentation currency -

The Bank and its Subsidiaries consider the sol as its functional and presentation currency, because it reflects the nature of economic events and relevant circumstances, since its main operations and/or transactions such as loans granted, obtained financing, finance income, finance expenses, and a significant percentage of purchases; are established and settled in soles.

BCP Emisiones Latam 1 S.A. and overseas branches have a functional currency different from the sol; therefore their balances were translated to soles for consolidation purposes as follows:

- Assets and liabilities were translated at the free market exchange rate prevailing at the date of the consolidated statement of financial position.

- Income and expenses, were translated at the average exchange rates on a monthly basis.

All differences resulting from the translation were included in the caption "Translation results" of the consolidated statement of changes in shareholder's equity.

Transactions in foreign currency -

Assets and liabilities in foreign currencies are recorded at the exchange rate prevailing at the date the transactions are performed. Monetary assets and liabilities denominated in foreign currency are translated into soles at the closing of each corresponding month by using the exchange rate set by SBS; see Note 29.3(b)(ii). Gains or losses resulting from the translation of foreign currency monetary assets and liabilities at the exchange rates prevailing at the date of the consolidated statement of financial position are included in the caption "Net gains from exchange differences" of the consolidated statement of income.

d) Financial instruments -

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

As established under IAS 39 all financial assets and liabilities, including derivative financial instruments should be recognized in the consolidated statement of changes in equity and measured as per classification.

The Bank and its subsidiaries classify their financial instruments in one of the categories defined by IAS 39: financial assets and financial liabilities at fair value through changes in profit or loss; loan portfolio and receivables; available-for-sale financial investments; held-to-maturity financial investments and financial liabilities at amortized cost. The Bank and its subsidiaries determine the classification of their financial instruments at initial recognition.

Financial instruments classification at initial recognition depends on Management purpose and intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus any directly attributable incremental cost of acquisition or issue, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, that is the date on which the Group commits to purchase or sell the asset. Derivatives are recognized on a trade date basis.

Financial assets and liabilities presented in the consolidated statement of financial position correspond to cash and due from banks, interbank funds held, investments at fair value through profit or loss, investments available-for-sale and held-to-maturity, derivative financial instruments at fair value, the loan portfolio, accounts receivable (presented in the caption "Other assets, net", see Note 9(a) and liabilities in general, except for the liabilities identified as non-financial instruments presented in the caption "Other liabilities", see Note 9(a). In addition, all derivative products and 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.

e) Recognition of revenue and expenses -

Interest income and expense are recognized in results of the period in which they are accrued, based on the effective validity of the operations which generate them and the interest rates freely agreed with clients, except in the case of interest generated by credits which are past due, refinanced, restructured, and in judicial collection; as well as credits classified in the doubtful and loss categories and the interest on which is recognized as earned to the extent to which they are collected. When Management determines that the debtor's financial condition has improved and the credit is reclassified to the status of current and/or the normal categories, with potential problems or deficient, interest is reestablished on an accrual basis.

Interest income includes returns earned on fixed income investments classified as investments at fair value through profit or loss, available-for-sale and held-to-maturity, which includes the accrued discount and premium on said financial instruments.

Dividends are recognized as income when they are declared.

Commissions and expenses for credit formalization, as well as for opening, study and evaluation of direct and indirect credits are recorded as income based on their accrual over the term of the respective contracts.

Commissions for financial services related to the maintenance of approved credits and to fees for additional and/or complementary operations or services to said credits, other than those indicated in the previous paragraph, are recognized as income when received. All other revenues and expenses are recognized as earned or incurred in the period in which they accrue.

f) Loans and allowance for loan losses -

Direct loans are recorded when disbursement of funds is made to clients. Operations with credit cards are recorded as loans for the amount consumed and/or withdrawn. Indirect loans (contingent) are recorded when the documents supporting said facilities are issued.

Loans considered as refinanced are loans or direct financing of which the original contractual terms and/or amounts have been modified due to difficulties in the payment capacity of the debtor. Loans considered as restructured are those subject to reprogramming of approved installments under a restructuring process in accordance with Law No 27809 – "Ley General del Sistema Concursal"

Finance lease operations are accounted for under the financial method, recording as loans the principal of the lease installments pending collection.

Finance income is based on a pattern that reflects a constant interest rate over the net loan.

As of December 31, 2019 and 2018, the allowance for loan losses is determined following guidelines established by SBS Resolutions N°11356-2008 "Regulation for the evaluation and classification of the debtor and the requirement for provisions" and N°6941-2008 "Regulation for Managing the Risk of Retail Debtors with High Leverage Levels". In accordance with SBS Resolution N°11356-2008, the loan portfolio is separated into retail and non-retail borrowers, who could be individuals or legal entities. Retail borrowers have direct or indirect loans, classified as consumer (revolving and non-revolving), micro-business, small business or mortgage loans. Non-retail borrowers have direct or indirect loans classified as corporate, large business or medium business loans.

In general, these guidelines include the following three components: (i) the provision for loan losses which results from the classification of the loan portfolio, (ii) the pro-cyclical provision which is activated by the SBS based on the behavior of local macro-economic variables (until 2014), and (iii), the over-indebtedness provisions for retail borrowers, when applicable.

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

For non-retail loans, the classification into one of the categories mentioned above considers, among others, the following factors: the payment history of the specific debtor, the history of the commercial relations with the debtor's management, the debtor's operating history, repayment capability and availability of funds of the debtor, the status of any collateral or guarantee received, the analysis of the debtor's financial statements, the debtor's 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.

The allowance rate for indirect loans, is determined according to the loan conversion factor, which can be 0, 20, 50 and 100 percent, on the basis of "Exposure equivalent to credit risk".

The provision is computed considering the risk classifications assigned and using specific percentages, which vary depending on whether or not the loans are secured by self-liquidating preferred guarantees (mainly cash deposits and rights on credit certificates); highly liquid preferred guarantees (treasury bonds issued by the Peruvian Government, financial instruments of the Peruvian Central Bank - BCRP, debt instruments issued by governments and central banks traded on a stock exchange, among others) or preferred guarantees (primary pledge on financial instruments, machinery, property, agriculture products or mineral, insurance credit on exports, among others), considered at their net realizable value as determined by independent appraisers.

Furthermore, for the calculation of the provision, the classification of the guarantor or cosignatory must be considered, in case the credits have the joint and several responsibility of a company of the financial or insurance system (credits subject to the substitution of credit counterparty – CAC).

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

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

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.

Pro-cyclical provisions were calculated for loans classified as normal and according to the percentages established by the SBS. However, as of December 31, 2019, and 2018, the pro-cyclical component of the provision was deactivated and at that date the Bank and its subsidiaries maintained pro-cyclical provision which amounted to S/ 33.8 million, as established by the Circular Letter SBS N°2224-2014.

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

In Management's opinion, as of December 31, 2019 and 2018, the Bank and its subsidiaries have complied with the requirements of SBS Resolution No. 6941-2008, so it was not necessary to record additional general provisions relating to the inadequate administration of risk of over-indebtedness.

At December 31 2019, the Bank has recorded provisions for doubtful loan portfolio which exceed the minimum established by the regulations of the SBS, with the objective of covering additional risks of impairment which are estimated in the loan portfolio, based on the existence of objective evidence that the financial asset or a group of them is impaired.

The allowance for direct loans is presented as an asset deduction, while the allowance for indirect loans is presented as a liability; see Note 9(a).

g) Derivative financial instruments -

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

Trading -

Derivative financial instruments are initially recognized at fair value recognizing an asset or liability in the consolidated statement of financial position, and the related gains and losses arising from changes in fair values are recorded in the consolidated statement of income. Also, derivative transactions are recorded as risks and contingent commitments at their reference values in the committed currency, see Note 18(d).

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

Hedging -

A derivative financial instrument that seeks to achieve a financial hedge for a given risk is designated as for hedge purposes if, at its negotiation, it is foreseen that changes in fair value or cash flows are expected to be highly effective in offsetting the fair value or cash flow changes of the hedged item attributable to the hedged risk from 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 insufficient 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, consequently, with effect from that date, the variations in fair value will be recognized in the result of the period.

For cash flow hedges, the effective portion of gain or loss over the hedge instrument, net of its tax effect, is recognized directly in equity, in the caption "Unrealized gains (losses)" as a cash flow hedge reserve. The ineffective portion of gain or loss of the hedging instrument is recognized in the consolidated statement of income. The amounts recorded in equity are transferred to the consolidated statement of income in the periods when the hedged item is recorded in the consolidated statement of income or when a planned transaction occurs.

For fair value hedges which qualify as such, changes in fair value of the hedge derivative are recognized in the consolidated statement of income. 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 statement of income.

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

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

As of December 31, 2019, and 2018, investments are valuated in accordance with Resolution SBS SBS N°7033-2012 and amendments.

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

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

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

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

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

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

  Interest is recognized using the effective interest rate, which includes both the interest receivable and the amortization of the premium or discount existing in the acquisition.

  Gains or losses from exchange differences related to the amortized cost of debt instruments affect the consolidated result of the period, and those related to the difference between the amortized cost and the fair value are recorded as part of the unrealized gain or loss in the consolidated equity.

Equity instruments are considered non-monetary items, therefore, they are maintained at their historical cost in local currency, and the exchange differences are part of their valuation and are recognized as unrealized results in the consolidated equity.

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

Impairment assessment -

The Resolution No. 7033-2012, modified to SBS Resolution No. 2610-2018 establishes a standard methodology for the identification of the impairment of financial instruments classified as available-for-sale and held-to-maturity.

Said methodology comprises an analysis, as described below:

(i) Debt instruments -

The occurrence of the following situations must be evaluated for the entire portfolio:

1. Impairment of financial position or financial ratios of the issuer or its economic group.

2. Discount in any of the credit ratings of the instrument or the issuer, in at least two (02) "notches", from the moment the instrument was acquired; where a "notch" corresponds to the minimum difference between two risk ratings within the same rating scale.

3. Interruption of transactions or of an active market for the financial asset, due to issuer financial difficulties.

4. The observable data indicates that since its initial recognition of a group of financial assets with characteristics similar to the instrument evaluated, there is a measurable decrease in its estimated future cash flows, although it can not yet be identified with individual financial assets of the group.

5. Decrease in value due to legislation changes (taxes, regulatory or other governmental changes).

6. Significant decrease in fair value below amortized cost. It will be considered as a significant decrease if the fair value at the closing date has decreased at least 40% below its amortized cost at that date.

7. Prolonged decrease in fair value. It will be considered as a prolonged decrease if the fair value at the closing date has decreased by at least 20% compared to the amortized cost of twelve (12) months ago and, the fair value at the closing date of each month during the period of twelve (12) previous months, has always remained below the amortized cost corresponding to the closing date of each month.

In case at least two (2) of the situations described above are met, it will be considered that there is impairment.

In case that at least two (2) of the situations described above have not been given, it is sufficient that one of the following specific situations be presented to consider that there is impairment:

1. Interruption of the interest or capital payments due to financial difficulties of the issuer.

2. Forced renegotiation of the contractual conditions of the instrument due to legal or financial difficulties related to the issuer

3. Evidence that the issuer is to enter into a forced restructuring or bankruptcy process.

4. Downgrading of the risk classification, classified as investment grade, towards a classification that is below the investment grade.

(ii) Equity Investments -

The occurrence of the following situations must be evaluated for the whole portfolio:

1. Downgrading of the risk classification, of a debt instrument classified as investment grade, towards a classification that is below the investment grade.

2. Adverse conditions of the investment and the issuer. Adverse conditions include unfavorable changes in the technological, market, economic or legal environment in which the investment or issuer operate.

3. Impairment of the financial position or financial ratios of the issuer or its economic group.

4. Interruption of transactions or of an active market due to financial difficulties of the issuer.

5. Observable data indicates that since the initial recognition of a financial assets group with similar characteristics to the instrument evaluated, it exists a measurable decrease in their estimated future cash flows, although it cannot be attributed to specific financial assets from the group.

6. Decrease in value due to legislation changes (taxes, regulatory or other governmental changes).

In case at least two (2) of the situations described above are met, it will be considered that there is impairment.

In case that at least two (2) of the situations described above have not been given, it is sufficient that one of the following specific situations be presented to consider that there is impairment:

1. Significant decrease in fair value below its acquisition cost. It will be considered as a significant decrease if the fair value at the closing date has decreased at least 40% below its cost value.

2. Prolonged decrease in fair value. It will be considered as a prolonged decrease if the fair value at the closing date has decreased by at least 20% compared to the fair value of twelve (12) months ago and, the fair value at the closing date of each month during the period of twelve (12) previous months, has always remained below the cost of acquisition.

3. Breach of the statutory provisions by the issuer, related to the payment of dividends.

4. Evidence that the issuer is to enter into a forced restructuring or bankruptcy process.

As of December 31, 2019 and 2018, the change in the impairment policy with respect to 2017 has not had a significant impact on the consolidated financial statements.

i) Investments in associates -

An associate is an entity over which the Bank and its Subsidiaries exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity, but without exercising control over said policies.

The considerations taken into account to determine significant influence are similar to those necessary to determine control over subsidiaries.

The Bank's investments in its associates are recognized initially at fair value, including the transaction costs that are directly attributable to their acquisition. These investments are subsequently accounted for using the equity method. In the case of securities that are quoted in centralized trading mechanisms, when their market value shows a declining trend for reasons considered non-temporary, the Bank and its Subsidiaries must record an impairment provision, however, the SBS, at its discretion, may require a higher impairment provision to be recorded.

The investments in associates are included in "Other assets" in the consolidated statement of financial position; gains resulting from the use of the equity method are included in "Other income" of the consolidated statement of income.

j) Property, furniture and equipment and depreciation -

Property, furniture and equipment are recorded at historical acquisition cost, less accumulated depreciation and accumulated amount of impairment losses of the asset, if applicable, see paragraph (s) below. Historical acquisition costs include the expenses that are directly attributable to the acquisition of property, furniture and equipment. Maintenance and repair costs are charged to the consolidated statement of income; significant renewals and improvements are only capitalized when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow from the use of the acquired property, furniture and equipment and if its cost can be reliably assessed. The cost and corresponding accumulated depreciation of the assets sold or retired are eliminated in the respective accounts and the gain or loss generated is included in the results for the period.

Work in progress and in transit units are recorded at their acquisition cost. These goods are not depreciated until they are operational.

Land is not depreciated. Depreciation of the other items under this heading 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 and the useful life assigned are reviewed annually to ensure that they are consistent with the future economic benefit and life expectancies of property, furniture and equipment items.

Gains and losses on disposals of property, furniture and equipment are recorded in the statement of income within non-financial income from sale of fixed assets.

k) Seized assets, assets received in payment and adjudicated assets -

Realizable assets include assets purchased specifically for granting them as part of finance leasing operations and are recorded initially at their acquisition cost; realizable assets not granted in finance lease operations are recorded at the lower of cost or market value.

Assets received in payment, adjudicated and seized (originating from terminated finance lease 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, whichever is 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 other than real estate - a uniform monthly provision is established with effect from the first month of the dation, seizure or recovery, for a period of twelve months, until providing for one hundred percent of the net seized or recovered value.

- Real estate - uniform monthly provisions are made over the net carrying amount obtained at the twelfth month; as long as the six-month extension contemplated in SBS Resolution N°1535-2005 has not been obtained, in which case uniform monthly provisions are made over the net carrying amount obtained in the eighteenth month. In both situations, the provisions are made until providing for one hundred percent of the net carrying amount in a term of three and a half years, starting from the date in which monthly provisions began to be made.

The annual update of the valuations of these assets, determined by an independent appraiser, involves, if necessary, the recording of impairment provisions.

l) Business combination -

Business combinations are accounted for using the acquisition method according to IFRS 3 "Business Combinations". The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Bank and its Subsidiaries elect whether to measure the non-controlling interest in the acquired business at fair value or at the proportionate share of the acquired business's identifiable net assets. Acquisition costs incurred are expensed and included in the caption "General and administrative expenses" of the consolidated statement of income.

When the Bank acquires a business, it assesses the financial assets and liabilities assumed for their appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquired business.

Any contingency to be transferred by the acquirer must be recognized at fair value at the acquisition date. The contingency classified as an asset or liability that is a financial instrument and is within the scope of SBS Manual of Accounting, is measured at fair value with changes in the consolidated statement of income or as a change in the consolidated statement of comprehensive income. If the contingency is not within the scope of SBS Manual of Accounting, it is measured in accordance with the applicable IFRS. The contingency that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Acquisition of a non-controlling interest is recorded directly in the consolidated statement of changes in equity; the difference between the amount paid and the share of the net assets acquired is recorded as an equity transaction. Therefore, no additional goodwill is recorded upon purchase of the non-controlling interest, nor is a gain or loss recognized upon disposal of the non-controlling interest.

The net equity attributable to the non-controlling interest is presented separately in the consolidated statement of financial position. The profit attributable to the non-controlling interest is presented separately in the statement of income and the statement of comprehensive income.

m) Finite useful life intangible assets -

The intangible assets are included in the caption "Other assets, net" of the consolidated statement of financial position and are recorded at historical acquisition cost less accumulated amortization and accumulated impairment losses, if applicable; see following paragraph (s). These assets are composed principally of acquisition and development of software used by the Bank and its Subsidiaries in their own operations, which are recorded at cost; cession of brand use rights, which are recorded considering the related contract; as well as finite useful life intangible assets identified in the acquisition of Edyficar and Mibanco in 2009 and 2014, respectively, which were recognized in the consolidated statement of financial position at their fair values determined at their acquisition date, corresponding to the brand name; customer relationships, and depositor relationships, see Note 9(e).

The amortization of the finite useful life intangible assets of the Bank and its Subsidiaries is calculated using the straight-line method, based on their estimated useful lives, see Note 9(e).

According to SBS Resolution N° 1967-2010, finite useful life intangible assets are amortized over a maximum period of five years.

n) Indefinite useful life intangible assets - Goodwill -

Goodwill is the excess of the aggregate of the consideration transferred and the fair value recognized for the acquisition of the net value of the identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, then the gain is recognized in the statement of income.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units (CGU) of the Bank and its Subsidiaries that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquired business have been distributed to these units.

If the goodwill has been distributed to a CGU and part of the assets with which said unit operates are disposed of, the goodwill and the assets disposed of are included in the carrying amount of the transaction upon determining the loss or reduction for said disposal. Under these circumstances, the goodwill disposed of is measured based on the relative value of the assets disposed of and the retained portion of the CGU.

Impairment of goodwill is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

o) Bonds and subordinated Notes issued -

Includes the liabilities from the issuance of the various types of bonds and subordinated Notes, which are initially recorded at their fair value plus the incremental costs related to the transaction that are directly attributable to the instrument's issuance. Upon initial recognition, they are measured at their amortized cost applying the effective interest rate method. The amortized cost is calculated taking into account any issuance discount or premium, as well as the costs that are an integral part of the effective interest rate and the hedged bonds are at fair value. The hedged bonds are recorded at their fair value.

Likewise, accrued interest is recognized in the consolidated statement of income in the account "Interest on bonds and subordinated Notes issued" of the "Finance expenses" item, according to the contractual terms.

p) Income tax -

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

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

The carrying amount of deferred tax assets and deferred tax liabilities may change even though there is no change in the amount of temporary differences, due to a change in the rate of income tax. The effect of the change in deferred tax, corresponding to the tax rate change shall be recognized in the consolidated statement of income for the period, except for items previously recognized outside the consolidated statement of income (either in other comprehensive income or directly in equity).

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

In accordance with IAS 12, the Bank and its Subsidiaries determine their deferred income tax considering the tax rate applicable to its retained earnings; any additional tax on dividend distribution is recorded on the date a liability is recognized.

q) Share-based payment transactions -

The Bank has a voluntary share-based participation plan, which was implemented in the year 2009 and consists of granting a number of shares of Credicorp Ltd. For said purpose, the Bank acquires each year shares of Credicorp Ltd., which are legally delivered to the executives, vesting in 3 years from the granting date (March or April of each year).

The Bank is responsible of settle the transaction with Credicorp Ltd shares, recording it as though they were settled in cash.

When terms or price of the plan are modified, the effect of the change is recorded in the consolidated statement of income.

r) Asset Impairment -

When changes or certain events indicate that the value of an asset may not be recoverable, it is submitted to tests in order to verify that there is no permanent impairment in its value. When the carrying amount of the asset exceeds its recoverable value, a loss for impairment is recognized in the consolidated statement of income. The recoverable value is the higher 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 life. The recoverable amounts are estimated for each asset or, if not possible, for each cash generating unit.

s) Fiduciary activities -

Assets and cash flows from fiduciary operations in which there is a commitment to return such assets and cash flows to clients 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 said assets and cash flows and they do not assume the risks and rewards that arise from their ownership. The commissions for these activities are included in the caption "Commissions for banking services, net".

t) 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 said obligation and, at the same time, the amount can be reliably estimated. Provisions are reviewed in each period and are adjusted to reflect their best estimate at the date of the consolidated statement of financial position. When the effect of the time value of money is significant, the amount of the provision is the present value of future payments required to settle the obligation.

u) 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 but they are disclosed when their degree of contingency is probable.

v) Earnings per share -

Basic and diluted earnings per share are calculated by dividing the net profit by the weighted average number of shares in circulation during the period. Shares that are issued due to the capitalization of retained earnings are deemed to be stock splits; therefore, for the computation of the weighted average number of shares, they are considered as if they had always been issued.

As of December 31, 2019 and 2018, the Bank and its Subsidiaries do not have financial instruments with dilutive effects, therefore, basic and diluted earnings per share are the same.

w) Repurchase agreements -

Through SBS Resolution No. 5790-2014, which took effect from September 3, 2014, the SBS approved the new "Regulations for repo transactions applicable to financial entities" which replaced the "Regulation for repo transactions and repurchase agreements" approved by Resolution No.1067-2005 SBS and its amendment.

The Resolution allows the development of sales operations with repurchase agreements, simultaneous sale and purchase of securities and operations of temporary transfer of securities; it also establishes the accounting treatment of said transactions.

The rules laid down in this Regulation are in accordance with the criteria in IAS 39 "Financial Instruments: Recognition and Measurement".

Securities sold under agreements to repurchase at a specified future date are not derecognized from the consolidated statement of financial position, as the Bank and its Subsidiaries retain substantially all of the risks and rewards of ownership. The related cash received is recognized in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability in the caption "Payables from repurchase agreements", reflecting the transaction's economic substance as a loan to the Bank and its Subsidiaries.

The difference between the sale and repurchase prices is recorded in the caption "Financial expenses" of the consolidated statement of income and is accrued over the life of the agreement using the effective interest rate.

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

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

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

x) Purchase operation and repurchase agreement of foreign currency -

On January 6, 2015, Circular N°002_2015-BCRP came into effect, including three additional currency reporting schemes for the purpose of supporting the process of de-dollarization of credit; denominated as Expansion (with the objective of supporting credit growth in local currency and for which the amount transferred in foreign currency to BCRP will be deducted from the general regime of legal cash reserve requirement in foreign currency), Substitution (with the objective of supporting the conversion of credits in foreign currency into local currency); and Regular (used to alleviate liquidity requirements), annulling the previous circulars.

Under these three schemes, the Bank receives cash in soles from BCRP that it must return at maturity, for which it recognizes a liability in the caption "Payable for repurchase agreements" in the statement of financial position, including accrued interest computed according to the method of the effective interest rate. Simultaneously, the Bank delivers cash in American dollar to BCRP; the availability of which will be restricted until the maturity of the operation, so the Bank records an asset under "Restricted funds" in the consolidated statement of financial position.

The interest generated by the cash received will be recorded in the caption "Financial Expenses", in the consolidated statement of income.

y) Cash and cash equivalents -

Cash and cash equivalents presented in the statement of consolidated cash flows correspond to the balances of available funds from the statement of financial position; which include deposits with less than three months to maturity from the acquisition date, term deposits with BCRP, funds deposited in central banks and "overnight" deposits, excluding restricted funds.

z) International Financial Reporting Standards (IFRS):

(z.i) IFRS issued and in effect in Peru as of December 31, 2019 -

The CNC has issued the following Resolutions during the period 2019:

- Resolution N°001-2019-EF/30 issued on January 11, 2019, which formalizes the Amendments to the References Conceptual Framework for Financial Reporting; amendments to the IFR 3 "Business Combinations", IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

- Resolution N°003-2019-EF/30, issued on September 19, 2019, which formalizes the 2019 version of IAS current versions of: Conceptual Framework for Financial Reporting, from IAS 1 to IAS 41, from IFRS 1 to IFRS 17, pronouncements 7,10, 25, 29 and 32 of the SIC, as well as the interpretation of the IFRIC from 1 to 23.

Their application of the versions is from the day following the issuance of the CNC Resolution or afterwards, according to the effective date stipulated in each specific standard.

The following standards and interpretations came into effect from January 1, 2019; however, not all the standards are adopted by financial institutions in Peru, unless the SBS decides on their adoption.

- IFRS 15, "Revenue from Contracts with Customers".

- IFRS 16, "Leases.

- Amendments to IAS 28, "Investments in Associates and Joint Ventures".

- IFRIC 23, "Uncertainty over Income Tax Treatments".

- Amendments to IFRS 9, "Financial Instruments".

- Annual improvements to IFRS for the 2015-2017 cycle: Includes amendments to IFRS 3 "Business Combinations", IFRS 11 "Joint Arrangements", IAS 12 "Income taxes" and IAS 23 "Borrowing costs".

Through Multiple Office 467-2019-SBS on January 7, 2019, the SBS stated that IFRS 16 - "Leases" shall not apply to supervised companies, and must continue to apply specific standards issued, as well as IAS 17- "Leases" in what is not specified by them.

(z.ii) IFRS issued but not yet effective as of December 31, 2019 -

New IFRS and amendments, the application of which is not required for the year 2019 and which have not been early adopted by the Bank. The new standards and amendments which are relevant for the Bank are summarized below:

- Amendments to IAS 1, "Presentation of financial statements", and IAS 8, "Accounting policies, changes in accounting estimates and errors". These amendments are effective for annual periods that began on or after January 1, 2020.

- Amendments to IFRS 3, "Business Combinations". These amendments are effective for annual periods that began on or after January 1, 2020.

- Amendments to Conceptual Framework references in the IFRS Standards. These modifications are effective for annual periods that began on January 1, 2020 or after.

Because these standards only apply in a supplementary manner to the accounting principles and practices established by the SBS, the Bank and its subsidiaries have not estimated any effect on their financial statements if said standards were adopted; since to date the SBS has not issued a ruling on the matter.

4 CASH AND DUE FROM BANKS

The composition of this item is presented below:

	2019 S/000	2018 S/000
Cash and clearing (a)	4,312,853	5,716,302
Deposits with Peruvian Central Bank (BCRP) (a)	18,367,713	13,206,885
Deposits with local and foreign banks (b)	946,205	959,023
Accrued interest	14,186	19,332
Total cash and cash equivalents	23,640,957	19,901,542
Restricted funds (c)	3,068,989	3,503,129
Total cash and due from banks	26,709,946	23,404,671

(a) These accounts mainly include the legal cash requirements that the Bank and its Subsidiaries must keep to be able to honor their obligations with the public, and they are within the limits established by current legislation. These funds consist of the following:

	2019 S/000	2018 S/000
Legal cash requirements:		
Deposits with BCRP	13,727,284	11,769,043
Cash in vaults of the Bank and its Subsidiaries	4,132,347	5,591,168
Total legal cash requirements	17,859,631	17,360,211
Additional funds:		
Overnight deposits	4,640,429	1,437,842
Cash and others	180,506	125,134
Total additional funds	4,820,935	1,562,976
Total	22,680,566	18,923,187

As of December 31, 2019, cash and deposits subject to legal cash requirements in local and foreign currency are subject to an implicit rate of 5.01 percent and 35.06 percent, respectively, of the total balance of obligations subject to reserve, as required by the BCRP (5.01 percent and 35.12 percent, respectively, as of December 31, 2018).

The legal cash requirements funds which represent the legal minimum are non-interest-bearing; however, the legal cash requirements maintained in the BCRP in excess of the legal minimum, bear interest at a nominal rate established by the BCRP. With foreign currency they generate interest at a rate equivalent to Libor 1 month minus 50 basis points, in local currency they generate interest at interest rate of overnight deposits in soles minus 195 basis points.

As of December 31, 2019, the excess in foreign currency amounts to approximately US$3,243.0 million, equivalent to approximately S/10,747.3 million and bears interest in US dollars at an average annual rate of 1.25 percent (US$3,013.3 million, equivalent to approximately S/10,163.9 million, at an average annual rate of 1.95 percent, as of December 31, 2018); at that date the excess in national currency amounts to approximately S/2.6 million and did not accrue interest, since the interest rate on overnight deposits was lower than the 195 basic discount points (S/2.78 million, and no interest accrued, as of December 31, 2018).

As of December 31, 2019, the available funds have two overnight operations with the Central Reserve Bank of Peru, one for US$1,291.6 million equivalent to S/4,280.4 million at a nominal rate of 1.57 percent with a 2 day maturity and another for S/360.0 million at an effective rate of 1 percent with a 2 day maturity. As of December 31, 2018, the available funds include an overnight operation with the Central Reserve Bank of Peru, one for US$426.2 million, equivalent to S/1,437.8 million at a nominal rate of 2.43 percent with a 2 day maturity.

(b) Deposits with local and foreign banks -

Deposits in local and foreign banks correspond mainly to balances in soles and American dollar; all deposits are unrestricted and bear interest at market rates. At December 31, 2019 and 2018, the Bank and its Subsidiaries do not maintain significant deposits with any particular bank.

(c) Restricted funds -

The Bank and its Subsidiaries maintain restricted funds related to:

	2019 S/000	2018 S/000
Repurchase Agreements with BCRP (*)	2,798,695	3,100,487
Repurchase Agreements with other entities	96,556	219,462
Derivative financial instruments	165,335	175,969
Others	8,403	7,211
Total	3,068,989	3,503,129

(*) Correspond to deposits in American dollars maintained in the BCRP which guarantee repurchase agreements amounting to S/2,800.4 million at December 31, 2019 (S/2,948.5 million at December 31, 2018), see Note 5(e).

The cash and cash equivalents presented in the consolidated statement of cash flows, excludes the restricted funds, see Note 3(y).

5 INVESTMENTS

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

	2019				2018	
		Unrealized gross amount				Unrea
	Amortized cost	Gains	Losses	Estimated fair value	Amortized cost	Gains
	S/000	S/000	S/000	S/000	S/000	S/000
Investments at fair value through profit or loss (trading) - (i)	-	-	-	-	-	
Accrued interest	-	-	-	-	-	
Balance of investments at fair value through profit or loss	-	-	-	-	-	
Available-for-sale investments:						
Certificates of deposits BCRP (ii)	8,649,884	15,388	(1)	8,665,271	9,833,776	
Sovereign bonds – Republic of Peru (iii)	3,527,534	274,780	-	3,802,314	2,427,665	
Corporate and leasing bonds (iv)	1,273,992	48,116	(1,090)	1,321,018	1,138,498	
Peruvian Treasury bonds	-	-	-	-	317,197	
Foreign governments bonds (v)	229,924	1,090	(17)	230,997	228,138	
Multilateral organization bonds	-	-	-	-	101,130	
Listed equity securities – Credicorp Ltd.	86,074	-	-	86,074	80,891	
Securitization instruments	18,299	1,910	-	20,209	20,736	
Non-listed equity securities	10,257	1,573	-	11,830	9,764	
Investment funds	36	44	(80)	-	12	
	13,796,000	342,901	(1,188)	14,137,713	14,157,807	
Accrued interest				93,465		
Balance of available-for-sale investments				14,231,178		

(i) As of December 31, 2019, the entire portfolio was sold, comprising sovereign bonds with maturities in 2026, 2029, 2037 and 2040 amounting to a notional amount of S/157.0 million. (as of December 31, 2018, the item mainly comprises foreign government bonds amounting to S/70.3 million and corporate and leasing bonds amounting to S/3.4 million)

(ii) As of December 31, 2019, the Bank and its subsidiaries maintains 87,530 certificates of deposits of the Central Reserve Bank of Peru, which are instruments issued at a discount through public auction, traded on the Peruvian secondary market and payable in soles. (99,587 certificates of deposit BCRP as of December 31, 2018).

(iii) As of December 31, 2019, Peruvian sovereign bonds are issued in soles and correspond to issuances made by Republic of Peru amounting to S/3,802.3 million (S/2,461.4 million as of December 31,2018).

(iv) As of December 31, 2019, corporate and leasing bonds mainly include bonds issued by entities from Peru, Colombia, the United States and other countries, which represent 63.4 percent, 17.1 percent, 8.8 percent and 10.7 percent of the total, respectively (bonds issued by entities from Peru, Colombia, Chile, the United States and Mexico, which represent 46.7 percent, 21.6 percent, 19.6 percent, 7.5 percent and 4.6 percent of the total, respectively, as of December 31, 2018)

(v) As of December 31, 2019, the Foreign Government Bonds amounting to US$51.3 million and US$18.4 million, equivalent to S/170 million and S/61.0 million, correspond to bonds issued by the Government of Chile and Colombia, respectively (US$37.2 million and US$30.3 million, equivalent to S/125.4 million and S/102.4 million, correspond to bonds issued by the Government of Colombia and the Government of Chile as of December 31, 2018).

b) As of December 31, 2019, the Bank holds interest rate swaps ("IRS") which were designated as fair value hedges of certain fixed-rate US dollar bonds issued by corporate companies and of the Peruvian Government for a notional amount of S/618.8 million (S/687.8 million and S/236.1 million, as of December 31, 2018), see Note 9 (b). Through these IRS, these bonds were economically converted to a variable rate.

As of December 31, 2019, the Bank maintains currency swaps ("CCS") which were designated as hedges of certain corporate bonds, for a notional amount of S/107.4 million with similar principal and maturity, see Note 9 (b). Through these CCS, the bonds were economically converted to soles at a fixed rate. (Corporate bonds, Foreign government bonds and Peruvian Public Treasury bonds with notional amounts of S/136.1 million, S/57.3 million and S/20.5 million, respectively, were hedged by CCS as of December 31, 2018).

c) As of December 31, 2019 and 2018 the maturities and the annual market rates of the investments available-for-sale i

	Maturity		Effective annual interest rates						
			2019						2018
			S/		US$		Other currency		S/
	2019	2018	Min %	Max %	Min %	Max %	Min %	Max %	Min %
Certificates of deposit BCRP	Ene-20/Jul-21	Jan-19/Jun-20	2.02	2.35	-	-	-	-	2.59
Sovereign bonds - Republic of Peru	Ago-24/Ago-40	Aug-20/Feb-29	2.97	5.25	-	-	-	-	4.66
Corporate and leasing bonds	May-20/Abr-36	Apr-19/Jun-28	6.33	7.90	2.03	7.47	6.45	6.55	7.88
Foreign government bonds	Feb-20/Feb-28	Mar-19/Aug20	-	-	1.31	2.81	-	-	-
Securitization instruments	Nov-29	Nov-29	-	-	3.08	3.08	-	-	-
Peruvian treasury bonds	-	Mar-19/Jul-25	-	-	-	-	-	-	-
Financial organizations bonds	-	Jul-19	-	-	-	-	-	-	-

As of December 31, 2019 and 2018, Management has estimated the market value of investments at fair value throug available-for-sale using quotations available in the market or, if the price was not available, by discounting the expect observable market interest rate that reflects the risk classification of the financial instrument.

Management of the Bank and its Subsidiaries has determined that the unrealized losses of available-for-sale investm 2019 and 2018 are of a temporary nature. The Bank and its Subsidiaries have decided and have the ability to maintai for-sale investments for a period of time sufficient to allow for an anticipated recovery in fair value, which can occur at debt instruments.

d) Held-to-maturity investments -

As of the date of the consolidated statement of financial position, this item is made up as follows:

	2019 S/000	2018 S/000
Sovereign bonds - Republic of Perú (i)	3,277,710	3,167,666
Foreign government bonds (i)	-	259,675
Peruvian treasury bonds (i)	-	215,769
Certificates of payment on work in progress (ii)	100,298	120,438
	3,378,008	3,763,548
Accrued interest	78,136	84,419
Total	3,456,144	3,847,967

(i) As of December 31, 2019, the estimated fair value of held-to-maturity investments amounts to S/3,694.4 million, maturing between August 2020 and February 2042 and accruing interest at an effective annual rate between 2.14 and 5.28 percent for bonds issued in soles (the estimated fair value held-to-maturity investments amounts to S/3,987.7 million, maturing between January 2019 and February 2042 accruing interest at an annual effective rate between 3.15 and 6.24 percent for bonds issued in soles and between 1.22 and 3.31 percent for bonds issued in US dollars, as of December 31, 2018).

(ii) As of December 31, 2019, there are 153 certificates of Annual Recognition of Payment for Work Progress (CRPAOs from Spanish acronym), respectively, issued by the Peruvian Government to finance projects and concessions. Said issuance is a mechanism established in the concession agreement signed between the State and the concessionaire, which allows the latter to obtain financing to continue with the work undertaken. The investment in CRPAOs amounts to S/100.3 million with maturities between January 2020 and April 2026 accruing interest at an effective annual rate between 3.74 and 4.67 percent. (185 CRPAOs, with an investment amounting to S/120.4 million with maturities between January 2019 and April 2026 accruing interest at an effective annual rate between 4.72 and 6.02 percent as of December 31, 2018).

During the years 2019 and 2018, S/2.3 million was accrued in each year of net unrealized results that were recorded in equity, and were transferred to the heading “Net gain (loss) in the purchase and sale of investments available for sale” Of the consolidated income statement. As of December 31, 2019, an unrealized loss amounting to S/4.6 million corresponding to the investments that were reclassified in the category (unrealized loss amounting to S/2.3 million net as of December 31, 2018) remains in equity.

At December 31, 2019 and 2018 Management of the Bank and its Subsidiaries has determined that unrealized loss on certain held-to-maturity investments are temporary in nature. Accordingly, at said dates, the Bank and its Subsidiaries have recognized no impairment loss on their held-to-maturity investments.

e) At December 31, 2019 and 2018 , the Bank and its Subsidiaries have repurchase agreements with: (i) cash, see Note see Note 5 (a), and (iii) held-to-maturity investments, see Note 5 (d), as shown in the table below:

	2019			2018	
	Maturity	Carrying amount S/000	Guarantee	Maturity	Carrying amo S/000
Peruvian Central Bank (BCRP) see Note 4	Feb-20/Oct-20	2,800,400	Cash	Jan-19/Oct-20	2,94
Peruvian Central Bank (BCRP)	Jun-20/Nov-20	1,504,087	Available-for-sale investments and held -to-maturity investments	Jan-19/Nov-20	2,22
Natixis	Aug-20/Aug-28	570,000	Held-to-maturity investments	Aug-20/Aug-28	57
Nomura International PLC, (i)		-	Held-to-maturity investments and cash	Mar-19/Dec-19	50
Nomura International PLC, (ii)	Aug-20	265,120	Held-to-.maturity investments and cash	Aug-20	26
Nomura International PLC, (iii)	Aug-20	231,980	Held-to-.maturity investments and cash	Aug-20	23
Citigroup Global Markets Limited (iv)	Aug-26	149,130	Available-for-sale investments	Aug-26	15
Citigroup Global Markets Limited	Aug-20	100,000	Held-to-maturity investments	Aug-20	10
Natixis (v)	Aug-26	82,850	Available-for-sale investments	Aug-26	8
Yields		99,769			8
		5,803,336			7,16

As of December 31, 2019, the Bank maintained repurchase agreements for approximately S/5,703.5 million guaranteed mainly with cash for approximately S/2,798.7 million (see Note 4) and securities (BCRP certificates of deposit, foreign government bonds, sovereign bonds and Peruvian treasury bonds) classified as investments available for sale and held to maturity for an approximate value of US$988.6 million, equivalent to S/3,276.2 million (repurchase agreements totaling S/7,086.7 million guaranteed with cash for approximately S/3,100.4 million and securities classified as investments available for sale and held to maturity for an approximate value of US$1,321.1 million, equivalent to S/4,456.1 million, as of December 31, 2018). Said transactions accrue interest at a fixed rate between 3.0 percent and 7.2 percent and at a variable rate between Libor three months plus 0.80 percent and Libor six months plus 1.90 percent, respectively, as of December 31, 2019 (between 3.0 percent and 7.2 percent and between Libor three months plus 0.35 percent and Libor six months plus 1.90 percent, respectively, as of December 31, 2018).

Certain repurchase agreements were hedged through interest rate swaps (IRS) and cross currency swaps (CCS), as detailed bellow:

(i) As of December 31, 2018, the Bank maintained certain interest rate swaps (IRS), which had been designated as cash flow hedges of certain repurchase agreements at a variable rate for a notional amount of US $150.0 million, equivalent to S/506.0 million. Through interest rate swaps (IRS), these repurchase agreements were economically converted at a fixed rate and expired in 2019, see note 9 (b).

(ii) As of December 31, 2019, the Bank maintains an interest rate swap (IRS), which has been designated as cash flow hedge of a repurchase agreement in US dollars at a variable rate for an amount of US$80.0 million, equivalent to S/265.1 million (US$80 million, equivalent to S/269.8 million, as of December 31, 2018). Through the interest rate swap (IRS), said repurchase agreement was economically converted to a fixed rate.

In turn, the bank maintains a currency swap (CCS), which was designated in combination with the IRS, as a cash flow hedge since, through said instrument, the repurchase agreement was economically converted to soles at a fixed rate, see Note 9 (b).

(iii) As of December 31, 2019, the Bank maintains a CCS which was designated as a cash flow hedge of certain repurchase agreements in US dollar for a notional amount of US$70.0 million, equivalent to S/232.0 million. Through the CCS, said repurchase agreements were economically converted to soles at a fixed rate, see Note 9(b) (US$70.0 million, equivalent to S/236.1 million at December 31, 2018).

(iv) As of December 31, 2019, the Bank maintains a CCS which was designated as a cash flow hedge of certain repurchase agreements in US dollars at variable rate for a notional amount of US$45.0 million, equivalent to S/149.1 million. Through the CCS, said repurchase agreements were economically converted to soles at a fixed rate, see Note 9(b), (US$45.0 million, equivalent to S/151.8 million at December 31, 2018).

(v) As of December 31, 2019, the Bank maintains a CCS which was designated as a cash flow hedge of certain repurchase agreements in US dollar at variable rate for a notional amount of US$25.0 million, equivalent to S/82.8 million. Through the CCS, said repurchase agreements were economically converted to soles at a fixed rate, see Note 9(b), (US$25.0 million, equivalent to S/84.3 million at December 31, 2018).

The balance of investments at fair value through profit or loss (trading), available-for-sale and held-to-maturity as of December 31, 2019 and 2018, classified by contractual maturity, (accrued interest is not considered) consists of the following:

	2019 S/000	2018 S/000
Up to 3 months	2,215,504	4,535,086
From 3 months to 1 year	6,868,619	5,603,366
From 1 to 3 years	1,059,614	1,949,213
From 3 to 5 years	2,399,885	757,684
More than 5 years	4,874,195	5,059,350
Without maturity	97,904	91,914
Total	17,515,721	17,996,613

6 LOANS, NET

a) As of December 31, 2019 and 2018 this item includes the following:

	2019 S/000	2018 S/000
Direct loans		
Loans	81,156,314	77,692,774
Leasing receivable	5,978,421	6,322,477
Credit cards	8,371,208	7,746,501
Discounted notes	2,198,449	2,312,231
Factoring receivables	2,015,513	1,923,456
Advances and overdrafts in current accounts	152,436	251,978
Refinanced and Restructured loans	1,163,988	1,256,714
Total loans to fall due	101,036,329	97,506,131
Past due loans and under court collection	3,163,185	2,979,185
Total gross loans	104,199,514	100,485,316
Add (less)		
Accrued interest from current loans	751,948	771,533
Deferred interest on discounted Notes	(87,451)	(85,708)
Allowance for loan losses (e)	(4,527,881)	(4,460,712)
Total direct loans	100,336,130	96,710,429
Indirect loans, Note 18(a)	19,421,696	19,844,696

b) As of December 31, 2019 and 2018, 51 percent of the direct and indirect loan portfolio was concentrated in approximately 75,198 and 77,543 clients, respectively.

As of December 31, 2019 and 2018, the distribution of the direct loan portfolio by segments, according to Resolutions SBS N°11356-2008, Note 3(f), is as follows:

	2019 S/000	2018 S/000
Non-retail loans		
Corporate	24,668,855	27,693,337
Large-business	17,490,828	15,304,956
Medium-business	16,269,604	16,107,181
Subtotal	58,429,287	59,105,474
Retail loans		
Mortgage	17,144,333	15,379,268
Revolving and non-revolving consumer loans	14,438,981	12,638,332
Small-business	11,003,469	10,261,618
Micro-business	3,183,444	3,100,624
Subtotal	45,770,227	41,379,842
Total	104,199,514	100,485,316

c) According to SBS regulations, as of December 31, 2019 and 2018, the risk classification of the loan portfolio of the Bank and its S

Risk category	2019 Direct loans S/000	%	Indirect loans S/000	%	Total S/000	%	2018 Direct loans S/000	%	Indirect loans S/000	%
Normal	96,518,800	92.63	18,022,393	92.80	114,541,193	92.65	92,790,846	92.34	17,890,379	
Potential problems	2,884,537	2.77	406,247	2.09	3,290,784	2.66	2,834,399	2.82	982,886	
Substandard	1,171,148	1.12	696,963	3.59	1,868,111	1.51	1,343,599	1.34	735,380	
Doubtful	1,491,995	1.43	133,324	0.69	1,625,319	1.31	1,492,453	1.49	156,464	
Loss	2,133,034	2.05	162,769	0.83	2,295,803	1.87	2,024,019	2.01	79,587	
	104,199,514	100.00	19,421,696	100.00	123,621,210	100.00	100,485,316	100.00	19,844,696	

d) As of December 31, 2019 and 2018, financial entities in Peru must constitute their allowance for loan losses based on the risk classification indicated in paragraph (c) and using the percentages indicated in Resolution SBS N°11356-2008, as follows:

(i) For loans classified as "Normal":

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

(*) In case the credit granted has preferred self-liquidating guarantees (CGPA), the pro-cyclical component was 0, 0.25 percent or 0.30 percent depending on the type of credit. According to what is indicated in Note 3(f), with effect from November 2014, the pro-cyclical provision was deactivated by the SBS.

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

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(f), 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.

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

	2019	2018	2017
	S/000	S/000	S/000
Balance as of January 1	4,791,396	4,758,791	4,278,138
Provision, net of recoveries	1,798,506	1,507,847	1,686,615
Loan portfolio written-off	254,039	280,207	260,647
Exchange difference	(229,144)	(211,378)	(98,007)
Condonations and others(*)	(1,767,348)	(1,544,071)	(1,368,602)
Balance as of December 31	4,847,449	4,791,396	4,758,791
Indirect loans (Note 9) (**)	(319,568)	(330,684)	(436,481)
Total direct loans	4,527,881	4,460,712	4,322,310

(*) The movement mainly includes the provision of the sale of judicial portfolio for an amount equivalent to S/143.7 million (During 2018, it was for an amount equivalent to S/192.9 million).

During 2019, a portion of the judicial collection portfolio and the portfolio punished for was sold for S/53.7 million and S/60.0 million and the portfolio respectively, with a value of S/161.1 million and S/3,029.2 million respectively.

Total income is included in the Consolidated Income Statement under "Other non-financial income" for S/106.8 million (Note 22).

(**) The balance of the allowance for loan losses includes the provision for indirect loans for approximately S/319.6 million and S/330.7 million as of December 31, 2019 and 2018, respectively, which is presented in the caption "Other liabilities "of the statement of financial position, (see Note 9). The decrease in the year's expense is mainly due to the reversal due to the recovery of provisions established for certain debtors, whose main product was guarantee letters.

In the opinion of the Management of the Bank and its Subsidiaries, the allowance for loan losses recorded as of December 31, 2019 and 2018, has been determined in accordance with SBS regulations in force as of those dates, see Note 3(f).

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

g) Interest accrued on the loan portfolio is freely agreed considering the current interest rates prevailing in the markets where the Bank and its Subsidiaries operate.

Interest, commissions and expenses on loans or installments which are past due, refinanced, under legal collection, or classified in the "Doubtful" or "Loss" categories, are recorded in the consolidated statement of income when they are effectively collected. The amounts which were not recognized as income in this respect amounted to S/1,983.0 million and S/1,432.0 million as of December 31, 2019 and 2018, respectively.

h) As of December 31, 2019 and 2018, the direct gross loan portfolio classified by maturity, based on the remaining period to repayment date is as follows:

	2019 S/000	2018 S/000
Outstanding loans:		
Up to 1 month	10,665,545	8,846,980
From 1 to 3 months	13,233,570	13,719,573
From 3 months to 1 year	25,388,138	22,421,905
From 1 to 3 years	24,030,028	26,042,873
From 3 to 5 years	8,662,870	9,514,588
More than 5 years	19,056,178	16,960,212
Outstanding loans total	101,036,329	97,506,131
Past due loans and court collection:		
Up to 4 months	981,026	898,650
More than 4 months	970,242	622,838
Court collection	1,211,917	1,457,697
Past due loans and court collection total	3,163,185	2,979,185
Total	104,199,514	100,485,316

At the beginning of the year 2017, the natural disaster known as the "Fenómeno del Niño Costero" occurred, which affected several areas of Peru, which were declared in a state of emergency. As a result of the rains and flooding, economic losses and payment difficulties occurred among the debtors of these areas.

As a consequence of the above, the SBS, through Circular Official Letter No. 10250-2017 of March16, 2017, established that the companies of the financial system could amend the contractual conditions of the different types of credit of the retail debtors, without the amendment constituting a refinancing, as long as the total term was not extended more than 6 months. In this sense, the Bank and its Subsidiaries presented a total of S/500.3 million and S/626.7 million at December 31, 2019 and 2018 respectively, of reprogrammed credits within the category of current credits. The classification of this portfolio has been within the categories normal and with potential problems.

7 PROPERTY, FURNITURE AND EQUIPMENT, NET

a) The movement of property, furniture and equipment and accumulated depreciation for the years ended December 31

	Land	Buildings and other construction	Installations	Furniture and fixtures	Computer hardware	Vehicles and equipment	Work in progress and in-transit units
	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Cost -							
Balance as of January 1	349,020	1,117,195	945,355	489,573	531,570	161,084	73,627
Additions	493	61	26,467	24,313	14,843	62	61,848
Sales	(7,168)	(2,219)	(3,460)	-	-	(1,333)	-
Transfers	-	2,154	52,506	5,550	5,687	141	(66,038)
Disposals and others	(4,566)	(9,642)	(23,348)	(107,602)	(35,778)	(43,607)	(424)
Balance as of December 31	337,779	1,107,549	997,520	411,834	516,322	116,347	69,013
Accumulated depreciation -							
Balance as of January 1	-	681,644	727,966	340,581	451,309	120,071	-
Depreciation for the year	-	28,329	48,418	29,374	34,442	10,506	-
Sales	-	(1,967)	(3,327)	-	-	(1,333)	-
Transfers	-	(1)	1	-	-	-	-
Disposals and others	-	(3,580)	(12,716)	(104,887)	(35,631)	(40,256)	-
Balance as of December 31	-	704,425	760,342	265,068	450,120	88,988	-
Net carrying amount	337,779	403,124	237,178	146,766	66,202	27,359	69,013

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

c) During 2019 and 2018 the Bank and its Subsidiaries, as part of its annual investment plan in infrastructure, capitalized disbursements related mainly to the purchase, construction and implementation of new agencies and the conditioning and restyling of a variety of agencies and administrative offices.

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

e) Management periodically reviews the fixed assets' residual value, their useful lives and the selected depreciation method to ensure that they are consistent with their economic benefits and life expectations. In the opinion of the Management of the Bank and its Subsidiaries, there is no evidence of impairment of the fixed assets held by the Bank as of December 31, 2019 and 2018.

8 GOODWILL

Goodwill acquired through business combinations has been allocated to cash-generating units (also identified as a "CGU") for the purposes of impairment testing made by Management which evaluates the results and allocates resources to each CGU. The Goodwill generated from the acquisition of Edyficar and Mibanco amount to S/276,321 thousands as of December 31, 2019 and 2018.

The recoverable amount of all CGUs has been determined based on calculations of fair value less selling cost, determined by discounting the future cash flows expected to be generated from the continuing use of the CGU.

The table below summarizes the key assumptions used for the calculation of fair value less selling cost for 2019 and 2018:

Description	As of December 31, 2019		As of December 31, 2018	
	Perpetual growth rate	Discount rate	Perpetual growth rate	Discount rate
	%	%	%	%
Edyficar and Mibanco	5.00	12.35	3.00	14.18

9 OTHER ASSETS, NET AND OTHER LIABILITIES

a) As of December 31, 2019 and 2018 these items include the following:

	2019 S/000	2018 S/000
Other assets, net		
Account receivables from financials instruments		
Derivatives receivable (b)	830,335	672,841
Accounts receivable, net (c)	859,976	1,168,226
Operations in process (d)	83,183	115,595
	1,773,494	1,956,662
Non-financial instruments		
Finite life intangible assets, net (e)	1,129,008	1,023,935
Deferred income tax asset, see Note 13 (a)	399,000	382,450
Deferred expenses (f)	812,343	133,231
Realizable, received in payment and seized assets, net	86,436	82,461
Value added tax credit	18,837	-
Others	10,501	36,827
	2,456,125	1,658,904
Total	4,229,619	3,615,566
Other liabilities		
Account liabilities from financials instruments		
Derivatives payable (b)	788,393	619,673
Other accounts payable (c)	343,316	279,275
Suppliers account payable	282,225	256,415
Allowance for indirect loan losses, see Note 6(e)	319,568	330,684
Operations in process (d)	71,195	146,967
Employee's legal participations	241,424	218,410
Salaries payable	178,537	171,236
Employee's additional participations	144,974	146,885
Share based payments, see Note 16	54,993	52,818
	2,424,625	2,222,363
Non-financial instruments		
Provision for sundry risks (g)	278,370	274,867
Taxes payable	294,966	243,908
Deposit Insurance fund	38,568	36,403
Others (h)	183,309	243,721
	795,213	798,899
Total	3,219,838	3,021,262

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

The following table presents, as of December 31, 2019 and 2018, the fair value of the derivative financial instruments, recorded as an asset or a liability, together with their notional amounts and maturity. The gross nominal amount is the amount of a derivative's underlying asset and liability and is the basis upon which changes in fair value of derivatives are measured, see Note 18(d).

	2019				2018			
	Assets	Liabilities	Notional amount	Maturity	Assets	Liabilities	Notional amount	Maturity
	S/000	S/000	S/000		S/000	S/000	S/000	
Derivatives held for trading (i) -								
Forward exchange contracts	145,568	109,112	17,900,245	Between January 2020 and May 2021	64,925	58,276	12,282,604	Between Janu
Interest rate swaps	230,232	299,810	18,192,820	Between January 2020 and December 2031	110,080	98,503	13,357,219	Between Febr
Currency swaps	354,072	308,970	8,085,727	Between January 2020 and January 2033	352,904	401,407	9,923,689	Between Janu
Foreign currency options	1,292	892	246,989	Between January 2020 and December 2020	747	592	197,410	Between Janu
	731,164	718,784	44,425,781		528,656	558,778	35,760,922	
Derivatives designated as cash flow hedging (ii) -								
Interest rate swaps (IRS) 12(a)(v)	-	2,555	231,980	March 2021	-	-	-	
Interest rate swaps (IRS) 11(b)(vi)	102	1,111	662,800	Between May 2020 and November 2020	4,364	123	1,180,550	Between Janu
Interest rate swaps (IRS) 11(b)(iii)	-	1,045	629,660	Between May 2020 and June 2020	3,445	67	843,250	Between Febr
Interest rate swaps (IRS) 5(e)(i)	-	-	-		3,417	-	505,950	Between Marc
Interest rate swaps (IRS) 11(b)(i)	315	839	994,200	Between May 2020 and August 2020	209	233	505,950	Between May
Interest rate swaps (IRS) 11(b)(ii)	55	715	984,258	Between February 2020 and November 2020	312	-	337,300	May 2019
Interest rate swaps (IRS)	-	-	-		-	151	337,300	July 2019
Interest rate swaps (IRS) 11(b)(iv)	114	-	331,400	August 2020	-	-	-	
Interest rate swaps (IRS) 11(b)(vii)	-	447	331,400	June 2020	-	-	-	
Cross currency swaps (CCS) 12(a)	-	-	-		-	35,658	1,011,900	October 2019
Cross currency swaps (CCS) 11(b)(v)	7,626	-	331,400	January 2020	16,132	-	337,300	January 2020
Cross currency swaps (CCS) 5(e)(iii)	30,741	-	231,980	August 2020	35,229	-	236,110	August 2020
Cross currency swaps (CCS) 5(b)	20,803	1,167	107,425	Between May 2021 and September 2024	21,424	1,867	136,119	Between Febr
Cross currency swaps (CCS) 5(e)(iv)	-	30,352	149,130	August 2026	-	11,939	151,785	August 2026
Cross currency swaps (CCS) 5(e)(v)	-	12,235	82,850	Agosto 2026	-	1,741	84,325	August 2026
Cross currency swaps (CCS) 5(b)	-	-	-		-	3,819	57,341	March 2019
Cross currency swaps (CCS) 5(b)	-	-	-		-	430	20,481	March 2019
Cross currency swaps (CCS)	-	8,197	165,700	January 2025	-	-	-	
Cross currency swaps (CCS)	-	2,822	152,545	August 2021	-	-	-	
Cross currency swaps and interest rate swaps (CCS and IRS) 5(e)(ii)	39,415	-	265,120	August 2020	47,959	-	269,840	August 2020
Fair value hedge -								
Interest rate swaps (IRS) 5(b)	-	8,124	618,789	Between June 2021 and May 2023	11,694	1,133	687,802	Between July
Interest rate swaps (IRS) 5(b)	-	-	-		-	3,734	236,110	July 2025
	99,171	69,609	6,270,637		144,185	60,895	6,939,413	
	830,335	788,393	50,696,418		672,841	619,673	42,700,335	

(i) Held-for-trading derivatives are mainly negotiated to satisfy clients' needs. On the other hand, the Bank and its Subsidiaries may also take positions with the expectation of profi caption includes any derivatives which do not comply with SBS hedge accounting requirements or approvals. The fair value of the derivatives held for trading, classified by matu

	As of December 31, 2019						As of December 31, 2018		
	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total	Up to 3 months	From 3months to 1 year	From 1 to 3 years
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Forward exchange contracts	130,510	15,054	4	-	-	145,568	51,013	13,903	
Interest rate swaps	2,240	3,082	20,933	5,551	198,426	230,232	45	2,749	9,9
Currency swaps	5,309	101,161	67,071	67,826	112,705	354,072	6,229	24,001	142,5
Foreign currency options	1,235	57	-	-	-	1,292	586	161	-
Total assets	139,294	119,354	88,008	73,377	311,131	731,164	57,873	40,814	152,6
Forward exchange contracts	91,858	17,090	164	-	-	109,112	42,097	16,178	
Interest rate swaps	3,459	5,093	26,846	14,174	250,238	299,810	63	5,655	6,4
Currency swaps	40,549	92,567	43,857	50,665	81,332	308,970	22,121	34,812	187,5
Foreign currency option	219	673	-	-	-	892	282	310	-
Total liabilities	136,085	115,423	70,867	64,839	331,570	718,784	64,563	56,955	194,0

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

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

	Up to 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
	S/000	S/000	S/000	S/000	S/000
As of December 31, 2019					
Cash inflows (asset)	5,081,355	301,865	84,786	254,968	5,722,974
Cash outflows (liability)	(4,693,775)	(330,220)	(91,678)	(335,702)	(5,451,375)
Consolidated statement of income	(8,950)	(4,367)	(487)	(18,138)	(31,942)
As of December 31, 2018					
Cash inflows (asset)	4,873,965	1,197,478	27,734	281,061	6,380,238
Cash outflows (liability)	(4,913,876)	(1,101,309)	(37,660)	(249,925)	(6,302,770)
Consolidated statement of income	(4,948)	1,145	(523)	(3,430)	(7,756)

The net unrealized gain from the cash flow hedges which is included as other comprehensive income in the caption "cash flow hedge reserves", results from the current hedges (as of December 31, 2019 and 2018; unrealized loss for approximately S/31.9 million and S/7.8 million, respectively) and the hedges revoked (as of December 31, 2019 and 2018, unrealized gain for approximately S/1.2 million and S/3.9 million, respectively), which is being transferred to the consolidated statement of income during the remaining term of the underlying financial instrument.

c) Other accounts receivable mainly correspond to operations and sale of foreign currency and sale of securities in the final days of the month, which were liquidated during the initial days of the following month. Other accounts payable mainly correspond to purchases of securities and purchases of foreign currency in the final days of the month, which were liquidated during the initial days of the following month. The tax payable mainly corresponds to Value Added Tax payable and tax withholdings payable.

d) According to the operational capacity of the Bank and its Subsidiaries, operations in process are related to deposits received, loans granted and/or collected, funds transferred and similar operations, carried out in the final days of the month, which are reclassified to their definitive accounts in the following month. The regularization of these transactions does not affect the consolidated results of the Bank and its Subsidiaries.

e) The movement of intangible assets of limited life for the years ended December 31, 2019, 2018 and 2017 is as follo

Description	Brand name S/000	Client relationships S/000	Core deposits intangible S/000	Software and other developments S/000	Intangibles assets in progress S/000	2019 S/000	2018 S/000
Cost							
Balance at January 1	208,204	102,935	21,100	1,655,225	391,098	2,378,562	2,1
Additions (i)	-	-	-	48,305	310,657	358,962	31
Transfers	-	-	-	357,434	(357,434)	-	
Disposals	(37,504)	(18,735)	-	(2,011)	(22,492)	(80,742)	(5
Others	-	-	-	-	-	-	
Balance as of December 31	170,700	84,200	21,100	2,058,953	321,829	2,656,782	2,37
Accumulated amortization							
Balance as of January 1	69,937	75,872	16,705	1,192,113	-	1,354,627	1,23
Amortization for the year	6,828	12,029	3,517	207,087	-	229,461	17
Disposals and others	(37,504)	(18,735)	-	(75)	-	(56,314)	(5
Balance as of December 31	39,261	69,166	20,222	1,399,125	-	1,527,774	1,35
Net carrying amount	131,439	15,034	878	659,828	321,829	1,129,008	1,02

(i) During 2019, the disbursements activated related mainly to the implementation and development of several IT proje 360, Connex para Mainframe, Yape, among others.

During 2018, the disbursements activated related mainly to the implementation and development of several IT proje DWH – Modelo Lineal I15, Tarjeta de Crédito, Customer Identity and Access Managment, DWH - Modelo Operativo

Management periodically reviews the intangibles' residual value, their useful life and the amortization method used their economic benefits and life expectations. In the opinion of the Management of the Bank and its Subsidiaries, th intangibles held by the Bank and its Subsidiaries as of December 31, 2019 and 2018.

f) The balance includes the payment in favor of Latam Airlines Group S.A. Peru Branch amounting to US$202.0 million, on account of Latam Pass Miles that the Bank must acquire as of January 2020.

g) As of December 31, 2019 and 2018, the provision for sundry risks comprises the estimated losses due to legal procedures against the Bank and its Subsidiaries, related to operational risk and other similar obligations that were recorded based on the estimates of Management and its internal legal advisors. In the opinion of Management and its internal legal advisors, no additional significant liabilities will result to those already recorded by the Bank and its Subsidiaries. The movement is as follows:

	2019 S/000	2018 S/000
Balance at the beginning of the period	274,867	184,689
Additions to the provision	10,871	112,728
Reversal	-	(11,782)
Payments	(6,769)	(12,059)
Others	(599)	1,291
Balance at the end of the period	278,370	274,867

h) The balance corresponds mainly to the structuring of commissions related to the loan portfolio.

10 DEPOSITS AND OBLIGATIONS

a) As of December 31, 2019, and 2018 this caption includes:

	2019 S/000	2018 S/000
Non-interest bearing deposits and obligations -		
In Peru	31,441,510	28,728,951
In other countries	444,912	482,072
	31,886,422	29,211,023
Interest bearing deposits and obligations -		
In Peru	67,077,593	63,097,924
In other countries	221,661	522,297
	67,299,254	63,620,221
	99,185,676	92,831,244
Interest payable for deposits and obligations	247,485	202,452
Total	99,433,161	93,033,696

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

Interest rates applied to the different deposit accounts and obligations are determined by the Bank and its Subsidiaries considering current interest rates in the markets where they operate.

b) As of December 31, 2019 and 2018 the deposits and obligations by type of product are classified as follows:

	2019 S/000	2018 S/000
Demand deposits	32,200,966	29,464,931
Saving deposits	32,867,095	30,335,795
Time deposits (d)	25,039,955	24,582,280
Severance indemnity deposits	7,897,199	7,571,375
Negotiable bank certificates	1,180,461	876,863
	99,185,676	92,831,244
Interest payable	247,485	202,452
Total	99,433,161	93,033,696

c) At December 31, 2019 and 2018, of the total balance of deposits and obligations, approximately S/35,511.9 million and S/33,571.8 million, respectively, are secured by the Peruvian "Fondo de Seguro de Depósitos" (Deposit Insurance Fund). At said dates, maximum amount of coverage per depositor recognized by "Fondo de Seguro de Depósitos" totaled S/100,661 and S/100,864, respectively.

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

	2019 S/000	2018 S/000
Up to 3 months	13,688,228	14,281,298
From 3 months to 1 year	7,250,873	6,907,203
From 1 year to 3 years	3,818,419	3,026,397
From 3 to 5 years	248,402	350,539
Over 5 years	34,033	16,843
Total	25,039,955	24,582,280

11 DUE TO BANKS, CORRESPONDENTS AND OTHER ENTITIES

a) As of December 31, 2019 and 2018, this item is made up as follows

	2019 S/000	2018 S/000
By type:		
Due to banks, correspondents and financial institutions (b)	5,342,919	5,070,395
Promotional credit lines (c)	2,938,981	2,389,086
Due to related parties (d)	365,767	541,138
	8,647,667	8,000,619
Interest payable	12,631	35,929
Total	8,660,298	8,036,548
By due date:		
Short-term debt	5,143,323	4,374,344
Long-term debt	3,516,975	3,662,204
Total	8,660,298	8,036,548

b) As of December 31,2019 and 2018, it includes debts to banks and correspondents and financial institutions borrowings to finance foreign trade operations and for working capital. This item is made up as follow:

	2019	2018
	S/000	S/000
Bank of America (i)	994,200	505,950
Sumitomo Mitsui Banking Corporation (ii)	984,258	337,300
Wells Fargo Bank (iii)	730,074	843,250
Corporación Andina de Fomento – CAF (iv)(v)	662,800	674,600
Citibank N.A. (vi)	662,800	1,180,550
Corporación Financiera de Desarrollo (COFIDE)	406,710	340,572
Bank of New York (vii)	331,400	-
Caja Municipal de Ahorro y Crédito de Arequipa S.A.	140,000	-
Scotiabank Perú S.A.A.	100,000	100,000
Standard Chartered Bank (viii)	86,827	337,300
Banco BBVA Perú	85,000	82,850
International Finance Corporation (IFC)	83,825	167,650
Deutsche Bank	-	337,300
Others	75,025	163,073
	5,342,919	5,070,395

As of December 31, 2019, the borrowings have maturities between January 2020 and March 2032 (at December 31, 2018, they had maturities between January 2019 and March 2032). Additionally, interest accrual is calculated based on rates which fluctuate between 2.0 percent and 8.67 percent (2.67 percent and 8.67 percent at December 31, 2018).

(i) As of December 31, 2019, borrowings amounting US$300.0 million equivalent to S/994.2 million are hedged by interest rate swaps (IRS) for notional amounts equal to principal and equal maturities, see Note 9(b), such borrowings were converted economically to a fixed interest rate. As of December 31, 2018, the borrowing amount to US$150.0 million, equivalent to S/505.9 million were hedged with interest rate swaps (IRS) for a notional amount with the same principal and maturity dates, these borrowings were economically converted to a fixed interest rate.

(ii) As of December 31, 2019, borrowings for a total of US$297.0 million equivalent to S/984.3 million, are hedged by interest rate swaps (IRS) for a notional amount equal to the principals and equal maturities, see Note 9(b), these loans were converted economically to a fixed rate. As of December 31, 2018, the borrowings for a total of US$100.0 million, equivalent to S/337.3 million, were hedged by an interest rate swap (IRS) for a notional amount equal to the principal and with the same maturity, both borrowings were economically converted to a fixed rate.

(iii) As of December 31, 2019, agreed loans for a total of US$190 million equivalent to S/629.7 million are hedge (US$250.0 million equivalent to S/843.3 million, as of December 31, 2018). The loans are kept covered by interest rate swaps (IRS) for a notional amount equal to principal and equal maturities, see Note 9(b), said loans were converted economically at a fixed rate.

(iv) As of December 31, 2019, the loan amounting to US$100 million equivalent to S/331.4 million remains hedged by an interest rate swap (IRS) for a notional amount equal to the principal and equal maturity, see Note 9(b), said loan was converted economically at a fixed rate.

(v) As of December 31, 2019, the loan amounting to US$100 million equivalent to S/331.4 million (US$100.0 million equivalent to S/337.3 million, as of December 31, 2018) remains hedged by two currency swaps (CCS) whose sum of a notional amounts is equal to the principal and equal maturity, see Note 9(b), said loan was economically converted to a liability with cash flows in soles and at a fixed rate in soles.

(vi) As of December 31, 2019, loans amounting to US$200 million equivalent to S/662.8 million (US$350.0 million equivalent to S/1,181.0 million, as of December 31, 2018) are hedge by interest rate swaps (IRS) for a notional amounts equal to principal and equal maturity, see Note 9(b), said loans were converted economically at a fixed rate.

(vii) As of December 31, 2019, the loan amounting to US$100.0 million equivalent to S/331.4 million remains hedged by an interest rate swap (IRS) for a notional amount equal to the principal and equal maturity, see Note 9(b), said loan was converted economically at a fixed rate.

(viii) As of December 31, 2018, the loan amounting to US$100.0 million equivalent to S/337.3 million was hedged by an interest rate swap (IRS) for a notional amount equal to the principal and equal maturity, Note 9(a), said loan was converted economically at a fixed rate and expired along with its coverage in July 2019.

c) Promotional credit lines represent borrowings received from Corporación Financiera de Desarrollo (COFIDE) and Fondo de Cooperación para el Desarrollo Social (FONCODES) to promote the social development of Peru, have maturities between January 2020 and January 2025, and their annual interest rates fluctuate between 4.20 percent and 7.75 percent at December 31, 2019 (between January 2019 and July 2024 and between 4.20 percent and 7.75 percent at December 31, 2018). These credit lines are guaranteed by a loan portfolio amounting to S/2,938.9 million and S/2,389.1 million at December 31, 2019 and 2018, respectively.

d) As of December 31, 2019, due to related parties includes borrowings at variable interest rates maintained between BCP and CCR Inc. and Atlantic Security Bank (ASB), amounting to US$108.8 million, equivalent to a S/360.6 million and US$1.6 million, equivalent to S/5.2 million, respectively. Borrowings at variable interest rates received from CCR Inc. and ASB, amounting to US$153.8 million, equivalent to S/518.8 million and US$6.62 million, equivalent to S/22.3 million, respectively, at December 31, 2018. See Note 17(a).

The debts with CCR Inc. and ASB bear interest at Libor 1-month rate and a fixed-weighted rate of 5.53 percent and a fixed rate of 3.81 percent, respectively (interest at a fixed rate of 5.53 percent and a weighted fixed rate of 4.65 percent respectively as of December 31, 2018).

e) As of December 31, 2019 and 2018, the balance of this caption, classified by maturity, is as follows, without considering the interest payable:

	2019 S/000	2018 S/000
Up to 3 months	1,737,794	1,107,659
From 3 months to 1 year	3,651,261	3,348,771
From 1 year to 3 years	875,412	937,959
From 3 to 5 years	534,842	920,322
More than 5 years	1,848,358	1,685,908
Total	8,647,667	8,000,619

f) Some due to banks, correspondents and foreign financial institutions include standard covenants concerning the fulfillment of financial ratios, specific agreements on how to use the funds received, the financial conditions that the Bank and its Subsidiaries must maintain, as well as other administrative matters. In Management's opinion, these specific agreements have been complied with by the Bank and its Subsidiaries as of December 31, 2019 and 2018.

12 BONDS AND NOTES ISSUED

a) As of December 31, 2019 and 2018 this item comprises:

	Annual interest rate %	Interest payment	Maturity	Iss am (00
Local issuance				
Corporate bonds				
Fourth program				
Tenth issuance (Series A) - BCP	7.25	Semi-annual	December 2021	
Tenth issuance (Series B and C) - BCP	Between 5.31 and 5.50	Semi-annual	Between October and November 2022	
First issuance (Series B) - Mibanco	7.16	Semi-annual	June 2019	
Fifth program				
First issuance (Series A,B,C and D) - BCP	Between 5.59 and 6.41	Semi-annual	Between April 2019 and January 2020	
Third issuance (Series A,B,C and D) - BCP	Between 3.88 and 4.88	Semi-annual	Between July 2021 and August 2022	
Subordinated bonds				
First program				
First issuance (Series A) - BCP	6.22	Semi-annual	May 2027	
Second program				
First issuance (Series A) - Mibanco	8.50	Semi-annual	May 2026	
First issuance (Series B) - Mibanco	7.22	Semi-annual	June 2027	
Third program				
Fourth issuance (Series A) - Mibanco	6.19	Semi-annual	December 2022	
Fifth issuance (Series A and B) - Mibanco	7.75	Semi-annual	July 2024	
Trading certificates of deposit				
Third program				
Trading certificates of deposit – Mibanco	Between 1.8 y 5.9	Annual	Between January 2018 and January 2024	
Total local issuance				

	Annual interest rate	Interest payment	Maturity	Iss am (00
	%			
International issuance - BCP				
Senior Notes - (i), (xv)	4.25	Semi-annual	April 2023	
Senior Notes - (ii), (iii), (iv), (xv)	Between 2.70 and 5.38	Semi-annual	Between September 2020 and January 2025	U
Senior Notes - (v), (vi)	2.25	Semi-annual	October 2019	
Floating rate Notes - (vii)	Libor 3M + 1.0%	Quarterly	March 2021	
Subordinated Bonds - (viii), (xv)	6.13	Semi-annual	April 2027	
Subordinated Bonds - (ix), (xv)	6.88	Semi-annual	September 2026	
Junior Subordinated Bonds - (x)	9.75	Semi-annual	November 2069	
Subordinate negotiable certificates of deposit - (xi)	Libor 3M + 2.79%	Quarterly	November 2021	
Senior Notes - (xii), (xiii)	Between 4.65 and 4.85	Semi-annual	Between October 2020 and September 2024	
Senior Notes - (xiv)	0.42	Semi-annual	August 2021	¥ 5
Total international issuance				
Total local and international issuance				
Interest payable				
Total				

The bonds are guaranteed by the Bank's financed assets.

Most of international issues are listed on the Luxembourg Stock Exchange. In addition, international issues maintain certain covenants which, in Management's opinion, the Bank and its Subsidiaries have complied with at the date of the consolidated statement of financial position.

(i) The Bank can redeem all or part of the notes at any date, taking as penalty an interest rate equal to the Treasury of the United States of America's plus 50 basis points. Payment of principal will take place at the date of maturity or upon redemption.

(ii) The Bank can redeem all or part of the bonds at any date, taking as penalty an interest rate equal to the Treasury of the United States of America's plus 40 basis points. Payment of principal will take place at the date of maturity or upon redemption.

(iii) In September 2019, the Bank announced a repurchase offer for a corporate bond issued. From the outstanding amount of the Senior Notes for US$800.0 million with maturity in 2020, US$205.0 million were exchanged and US$220.3 million were repurchased.

At the same time, the bank issued a corporate bond under the Medium Term Bond Program amounting to US$700.0 million at a semi-annual coupon rate of 2.70 percent with maturity in 2025. Between October 11, 2021 and before December 11, 2024, the Bank may redeem all or part of the notes at a redemption price that is equal to the greater between (1) 100% of the principal amount of the notes and (2) discounting the remaining flows at a discount rate equivalent to the interest rate of the Treasury of the United States of America plus 20 basis points. As of December 11, 2024, the Bank can redeem all or part of the notes at a redemption price that is equal to 100% of the aggregate amount of the principal of the notes to be redeemed. Payment of principal will take place at the date of maturity or upon redemption.

(iv) As of December 31, 2019, the Bank holds a cross currency swap (CCS) for a notional amount of US$50.0 million equivalent to S/165.7 million, Note 9, which was designated as partial cash flow hedge of a corporate bond issued in US dollars at a fixed rate; through said CCS, the bond was economically converted to soles at a fixed rate.

(v) The Bank can redeem all or part of the notes at any time, subject to a penalty of an interest rate equal to the Treasury of the United States of America's plus 20 basis points. Payment of principal will take place at the date of maturity or upon redemption.

(vi) December 31, 2018, the bank maintained currency swaps (CCS) for a notional amount of US$300.0 million equivalent to S/1,011.9 million, note 9 (a), which were designated as cash flow hedge of certain bonds issued in US dollars at a fixed rate; through these CCS, these bonds were economically converted to soles at a fixed rate. In October 2019 the bond and its coverage redeemed.

(vii) As of December 31, 2019 the Bank holds an IRS for a notional amount totaling US$70.0 million equivalent to S/232.0 million, Note 9(a), which were designated as cash flow hedge of a bond issued in US dollars at a variable rate; through this IRS the bond was converted to a fixed rate.

(viii) From 2022 and on, the Bank will pay a variable interest rate Libor 3 month plus 704.3 basis points. Between April 24, 2017 and April 24, 2022, the Bank can redeem all or part of the bonds with a penalty of an interest rate equal to the Treasury of the United States of America plus 50 basis points. Also, as of April 25, 2022 or at any date after interest payment, the Bank can redeem all or part of the bonds without penalty. Payment of principal will take place at the date of maturity or upon redemption.

(ix) As of September 16, 2021, a variable interest rate Libor 3 month plus 770.8 basis points will be paid. Between September 16, 2016 and September 15, 2021, the Bank can redeem all or part of the bonds, having as penalty an interest rate equal to the Treasury of the United States of America plus 50 basis points. Also, as of September 16, 2021 or at any date after interest payment, the Bank can redeem all or part of the bonds without penalty. Payment of principal will take place at the date of maturity or upon redemption.

(x) In November 2019, interest rate was converted to a variable rate Libor 3 month plus 816.7 basis points. As from that date and any interest payment date the Bank can redeem 100 percent of the bonds without penalty. Payment of principal will take place at the date of maturity or upon redemption.

This issuance, in accordance to the SBS regulations, qualifies as first level equity ("Tier 1") in the determination of the effective equity and has no guarantees.

On November 6, 2019, The Bank redeemed the entire Junior Subordinated Bond for $250.0MM.

(xi) In November 2016 the interest rate was converted to a variable rate Libor 3 month plus 279 basis points. From that date and on any subsequent interest payment date, the Bank can redeem all certificates without penalty. Payment of principal will take place on the date of maturity or redemption of the bonds.

(xii) The Bank may redeem all or part of the notes as of October 15, 2020 (fifteen calendar days before maturity of the notes), without penalty. Payment of principal will take place at the date of maturity or upon redemption.

(xiii) In September 2019, the Bank announced a repurchase offer for a corporate bond issued. From the amount in circulation of S/2,000.0 million with maturity in 2020, S/1,308.8 million were exchanged and S/291.2 million were repurchased.

At the same time, the bank made a corporate bond issue under the Medium Term Bond Program amounting to S/2,500.0 million at a semi-annual coupon rate of 4.65 percent with maturity in 2024. Between October 17, 2021 and August 17, 2024, the Bank can redeem all or part of the notes at a redemption price that is equal to the greater between (1) 100% of the principal amount of the notes and (2) discounting the remaining flows at a rate equivalent to the interest rate of Sovereign Bonds issued by the Government of Peru, or other comparable security, plus 25 basis points. As of August 17, 2024, the Bank can redeem all or part of the notes at a redemption price that is equal to 100% of the aggregate amount of the principal of the notes to be redeemed. Payment of principal will take place at the date of maturity or upon redemption.

(xiv) As of December 31, 2019, the Bank holds a cross currency swap (CCS) for a notional amount of ¥5,000.0 million equivalent to S/152.5 million, see Note 9(a), which has been broken down by risk variables in two CCS with the purpose of being designated as cash flow hedge of a bond issued in yen at a fixed rate; through said CCS, this bond was converted to soles at a fixed rate and as cash flow hedge of loans for US$46.0 million equivalent to S/152.5 million; through said CCS, these loans have been converted to soles.

(xv) During the first quarter of 2018, in accordance with the interest rate risk exposure strategy, the Bank discontinued the fair value hedge of these bonds through the unwind of interest rate swaps (IRS). The accumulated fair value gains of these bonds at the time of the unwind of the derivatives amounted to S/71.7 million (US$22.0 million) recorded in liabilities, which has been transferred to the statement of income until the maturity date of said bonds . As of December 31, 2019, the liability and the amount recognized in the statement of income amount to US$8.7 million (S/22.8 million) and US$7.8 (S/26.0 million), respectively (US$16.5 million (S/55.7 million) and US$5.5 million (S/16.1 million), respectively as of December 31, 2018).

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

	2019 S/000	2018 S/000
Up to 3 months	182,704	275
From 3 months to 1 year	1,637,232	1,570,670
From 1 year to 3 years	1,207,373	5,125,276
From 3 to 5 years	4,801,018	2,794,586
More than 5 years	6,310,095	5,063,885
Total	14,138,422	14,554,692

13 INCOME TAX

a) As of December 31, 2019 and 2018, this item comprises:

	2019 S/000	2018 S/000
Net deferred income tax asset		
Deferred assets		
Allowance for loan losses	582,766	580,574
Provision for sundry expenses	96,650	43,500
Depreciation of leased premises	19,005	19,864
Provision for seized assets	16,202	15,151
Unrealized losses on valuation on cash flow hedge derivatives	14,992	9,286
Provision for sundry risks	2,076	915
Unrealized gain in valuation on available-for-sale Investments	632	4,105
Others	9,779	11,009
Deferred liabilities		
Difference in intangibles	(213,081)	(149,975)
Difference in depreciation rate of buildings	(66,767)	(68,395)
Adjustment for difference in exchange of SUNAT and SBS	(30,846)	(47,289)
Fluctuation of the fair value of the covered bonds	(7,971)	(16,558)
Unrealized gain in valuation on cash flow hedge derivatives	(2,021)	(6,608)
Unrealized gain in valuation on hedging derivatives	(9,451)	(5,201)
Unrealized gain in valuation on available-for-sale investments	(12,387)	(3,190)
Others	(578)	(4,738)
Total	399,000	382,450

b) The composition of the amounts presented in the consolidated statement of income for the years ended December 31, 2019, 2018 and 2017, is shown below:

	2019	2018	2017
	S/000	S/000	S/000
Current	1,358,578	1,230,266	1,152,669
Deferred	(23,698)	100,466	(12,470)
	1,334,880	1,330,732	1,140,199

During 2019, deferred income tax expense variation is mainly due to the reversal of the generic allowance for loan losses for S/73 millions and the exchange rate effect for S/13 millions.

c) Reconciliation of the effective tax rate to the statutory tax rate for the years 2019, 2018 and 2017 is as follows:

	2019	2018	2017
	%	%	%
Income before income tax	100.00	100.00	100.00
Theoretical expense	29.50	29.50	29.50
Effect of exempt income			
Exempted finance income	(5.39)	(5.01)	(5.98)
Effect of non-deductible expenses			
Non-deductible finance costs	0.69	0.90	0.67
Other non-deductible expenses	1.99	2.90	3.03
Income tax, current and deferred	26.80	28.29	27.22

14 EQUITY

a) Capital stock -

As of December 31, 2019, the Bank's capital stock comprises 10,217.4 million of fully subscribed and paid common shares (8,770.4 million and 7,933.3 million shares, as of December 31, 2018 and 2017, respectively) with a nominal value of one sol per share.

As of December 31, 2019, Grupo Crédito S.A. (Subsidiary of Credicorp Ltd.) held 97.71 percent of the Bank's capital stock. (0.96 percent and 96.75 percent, respectively as of December 31,2018 and 3.73 percent and 93.96 percent, respectively, as of December 31, 2017).

The Mandatory Annual General Shareholders' Meetings held on March 29, 2019, March 28, 2018 and March 31, 2017, approved the capitalization of 2018, 2017 and 2016 retained earnings for amounts of S/1,447.0, S/837.0 million and S/867.0 million, respectively.

b) Legal reserve -

In accordance with current legislation, the Bank must reach a legal reserve of not less than 35 percent of its paid-in capital. This reserve must to be constituted through an annual appropriation of not less than 10 percent of its net income. As of December 31, 2019, 2018 and 2017, the Bank covered said legal requirement.

The Mandatory Annual General Shareholders' Meeting, held on March 29, 2019, March 28, 2018 and March 31, 2017 approved the increase of the legal reserve by approximately S/510.8 million, S/298.8 million and S/303.3 million, from the 2018, 2017 and 2016 net income, respectively.

As of December 31, 2019, 2018 and 2017, the Subsidiaries' individual legal reserves amounted to approximately S/221.0 million, S/175.4 million and S/138.7 million, respectively.

c) Other reserves-

The other reserves have been funded through the appropriation of retained earnings.

d) Unrealized results -

"Unrealized results" includes the net unrealized gains (losses) from available-for-sale investments and on cash flow hedges. The movement of the unrealized results during 2019, 2018 and 2017, net of deferred income tax was as follows:

	Unrealized gain (loss) of: Available for sale investments	Derivatives instruments as cash flow hedges	Translation results	Total
	S/000	S/000	S/000	S/000
Balance as of January 1, 2017	(4,216)	26,106	5,112	27,002
Net unrealized gain from available-for-sale-investments	123,675	-	-	123,675
Transfer of realized gain from available-for-sale investments to the consolidated statement of income, net of realized loss	(13,254)	-	-	(13,254)
Net unrealized loss on cash flow hedge	-	(30,217)	-	(30,217)
Transfer of net unrealized loss from cash flow hedge to the consolidated statement of income, net of realized gain	-	(41,097)	-	(41,097)
Foreign currency translation	-	-	(383)	(383)
Deferred income tax	(6,317)	18,719	-	12,402
Balance as of December 31, 2017	99,888	(26,489)	4,729	78,128
Net unrealized loss from available-for-sale-investments	(56,375)	-	-	(56,375)
Transfer of realized loss from available-for-sale investments to the consolidated statement of income, net of realized loss	(38,358)	-	-	(38,358)
Net unrealized loss on cash flow hedge	-	77,235	-	77,235
Transfer of net unrealized loss from cash flow hedge to the consolidated statement of income, net of realized gain	-	(43,643)	-	(43,643)
Foreign currency translation	-	-	(3,905)	(3,905)
Deferred income tax	8,466	(10,930)	-	(2,464)
Balance as of December 31, 2018	13,621	(3,827)	824	10,618
Net unrealized gain from available-for-sale-investments	452,849	-	-	452,849
Transfer of realized gain from available-for-sale investments to the consolidated statement of income, net of realized loss	(125,498)	-	-	(125,498)
Net unrealized loss on cash flow hedge	-	(2,177)	-	(2,177)
Transfer of net unrealized loss from cash flow hedge to the consolidated statement of income, net of realized gain	-	(35,059)	-	(35,059)
Foreign currency translation	-	-	(244)	(244)
Deferred income tax	(12,670)	10,293	-	(2,377)
Balance as of December 31, 2019	328,302	(30,770)	580	298,112

As of December 31, 2019, the Bank and its subsidiaries maintain a deferred asset for net income tax for S/1.2 million, comprising the unrealized gains or losses on available-for-sale investments and cash flow hedges (S/3.6 million maintain a deferred liabilities as of December 31, 2018).

e) Components of other comprehensive income -

The consolidated statement of comprehensive income includes other comprehensive income on available-for-sale investments and derivatives used as cash flow hedges and translation results, with the following movement:

	2019 S/000	2018 S/000	2017 S/000
Available-for-sale investments:			
Net unrealized gains (loss) from available-for-sale investments	452,849	(56,375)	123,675
Net transfer of realized gain from available-for-sale investments to consolidated statement of income	(125,498)	(38,358)	(13,254)
Subtotal	327,351	(94,733)	110,421
Non-controlling interest	244	(352)	(96)
Deferred income tax	(12,670)	8,466	(6,317)
	314,925	(86,619)	104,008
Cash flow hedges:			
Net unrealized (loss) gain from cash flow hedges	(2,177)	77,235	(30,217)
Net transfer of realized loss from cash flow hedges to consolidated statements of income	(35,059)	(43,643)	(41,097)
Subtotal	(37,236)	33,592	(71,314)
Non-controlling interest	-	-	-
Deferred income tax	10,293	(10,930)	18,719
	(26,943)	22,662	(52,595)
Translation results:			
Exchange differences on translation of foreign operations	(244)	(3,905)	(383)
Non-controlling interest	-	19	(10)
Subtotal	(244)	(3,886)	(393)

f) Dividend distribution -

At the Mandatory Annual General Shareholders' Meetings held on March 28, 2019, March 28, 2018 and March 31, 2017, the decision was made to distribute dividends for approximately, S/1,504.1million, S/1,494.6 million and S/1,462.7 million resulting from operations for fiscal years 2018, 2017 and 2016, respectively. For fiscal years 2019, 2018 and 2017, cash dividends per share were S/0.1715, S/0.1884 and S/0.2070, respectively.

Additionally, as of September 25, 2019, at the Board´ Meeting in use of the powers conferred by the General Shareholders´ Meetings, agreed to distribute extraordinary dividends for approximately S/ 532.3 million, from retained earnings.

In accordance with current Peruvian legislation, there is no restriction for overseas remittance of dividends or the repatriation of foreign investment. With effect from 2017, non-domiciled legal entities in Peru and individuals are subject to an additional income tax of 5 percent on the distributed dividends, which must be retained and paid by the entity that distributes the dividends.

According to Legislative Decree N°1261, published on December 10, 2016, it eliminated the provision of Law N°30296 with regard to the rates established from 2017 onwards.

g) Regulatory capital -

According to Article 199 of Legislative Decree No 1028, the regulatory capital must be equal to or higher than 10 percent of the 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.

As of December 31, 2019 and 2018, in compliance with Legislative Decree No 1028, as amended, the Bank maintains the following amounts in relation to contingent assets and contingent loans weighted for risk and regulatory capital (basic and supplementary), expressed in millions of soles:

	2019	2018
Assets and risk weighted by overall risk	134,129	124,798
Regulatory capital	19,408	17,679
Basic regulatory capital	14,850	12,827
Supplementary regulatory capital	4,558	4,852
Global equity on regulatory capital ratio	14.47%	14.17%

As of December 31, 2019 and 2018, the Bank and its Subsidiaries have fulfilled the requirements of Resolutions N°2115-2009, N°6328-2009 and N°14354-2009, Regulations for the Requirement of Regulatory Capital by Operational Risk, Market Risk and Credit Risk Regulations, respectively, and amendments. Those resolutions establish, mainly, the methodology to be applied by financial entities in order to calculate the weighted assets and credits for each type of risk.

On July 20, 2011, the SBS issued Resolution N°8425-2011 requiring from financial entities an additional regulatory capital, equivalent to the sum of each of the following components: economic cycle, concentration risk, market concentration risk, interest rate and other risks. Likewise, it established a gradual adoption period of five years starting in July 2012. As of December 31, 2019, the level of adoption established by SBS is 100 percent, as a result, the additional required estimated regulatory capital amounts to approximately S/3,569.3 million (S/3,434.2 million equivalent to an adaptation level of 100 percent, which was established by SBS as of December 31, 2018). At December 31, 2019 and 2018, the minimum requirement increased to US$4,047.3 million (equivalent to S/13,412.9 million) and to US$3,699.9 million (equivalent to S/12,479.8 million), respectively.

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

Resolution SBS N°11823-2010, "Regulations on consolidated supervision of financial and mixed conglomerates" establishes that the economic group subject to consolidation must have a regulatory equity to cover the risks arising from the operations and activities of the bank, which shall not be lower than the minimum equity required from the group subject to consolidation. As of December 31, 2019 and 2018, the regulatory equity of the financial group subject to consolidation amounted to US$7,274.1 million, equivalent to S/24,106.4 million and US$6,962.3 million, equivalent to S/23,483.8 million, respectively.

15 TAX SITUATION

a) The Bank and its principals Subsidiaries are subject to the Peruvian tax regime. The income tax rate at December 31, 2019 and 2018 was 29.5 percent.

   Enterprises and individuals not domiciled in Peru and domiciled individuals are subject to additional withholding tax on the dividends received of 5 percent.

b) Law No. 30341, effective January 1, 2016 establishes the income tax exemption on income arising from the disposal of shares and other equity instruments until December 31, 2018 if the transaction is performed via a centralized trading mechanism overseen by the Peruvian securities and company regulator ("Superintendencia del Mercado de Valores").

   Subsequently, Legislative Decree N° 1262, published on December 10, 2016, extended this benefit until December 31, 2019; and incorporated new exoneration assumptions, such as: American Depositary Receipts (ADR) and Global Depositary Receipts (GDR), Exchange Trade Fund (ETF) which have as underlying shares and/or debt securities, Equity instruments, Participation Certificates in Securities-based Mutual Investment Funds, Participation Certificates in Real Estate Income Investment Funds (FIRBI from Spanish acronym) and Participation Certificates in securitization trusts for investment in Real Estate Income (FIBRA), as well as factoring.

   Emergency Decree 005-2019 published on October 24, 2019, extended the benefit until December 31, 2022, likewise, the conditions were modified to determine if the securities have a stock market presence.

   This exoneration will be applicable as long as the conditions established in the referred Legislative Decree are expressly complied with.

c) For income tax calculation 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 price calculation. Based on the analysis of the operations of the Bank and its Subsidiaries, Management and its internal legal advisors consider that no significant contingencies will arise for the Bank as a consequence of the application of these provisions for fiscal year 2019 and 2018.

   With the enactment of Legislative Decree N° 1312, published on December 31, 2016, the formal obligations are modified for the entities subject to transfer price regulations; incorporating 3 new informative declarations; the first, a Local Report, the second, a Master Report and the third a Country by Country Report. The first with effect from 2017 for the operations during 2016, and the last two with effect from 2018 for the operations during 2017.

   As established by Supreme Decree N ° 337-2018-EF, the content referring to the benefit test for intra-group services was regulated and specified, defining, among others: the concept of benefit test, information on costs and expenses incurred by the provider of the service, profit margin, support documentation that should contain the aforementioned test, which will be applicable as of January 1, 2019.

d) Legislative Decree No. 1425, effective as of January 1, 2019, accrual for tax purposes was defined, establishing general and specific rules for the recognition of income and expenses for tax purposes.

   Likewise, the Fifth Final Complementary Provision of the Decree indicates that the amendments to the Law included in the Legislative Decree do not modify the income or expenditure accrual treatment established in special or sectorial regulations.

The Third Final Complementary Provision of Supreme Decree N°399-2018-EF established that the special or sectorial rules referred to in D.L. N ° 1425, are those provisions of tax nature that establish a special treatment to the income or expenses accrual for the purposes of Income Tax.

e) Regarding to sales tax, income from credit services received, among others, by banking and financial companies, domiciled or not in the country, as capital gains, derived from bills of exchange trading, promissory notes, invoices and other commercial papers, as well as for commissions and interest derived from operations of these companies.

f) A single transitory complementary provision of Legislative Decree No. 1422 it has been provided that the acts, situations and economic relations carried out within the framework of fiscal planning and implemented on the date of entry into force of the Legislative Decree that continue to have effect, must be evaluated by the board of directors for the purpose of ratification or modification, the deadline is 29 March 2019.

g) The Peruvian Tax Authority is entitled to review and, if applicable, amend the individual annual income tax returns of the Bank and its Subsidiaries established in said countries up to four years after the year of their submission.

The income tax returns which are pending review by the Tax Authorities are the following:

Banco de Crédito del Perú S.A.	2014-2019
Mibanco Banco de la Microempresa S.A.	2015-2019
Solución Empresa Administradora Hipotecaria S.A.	2015-2019

On September 11, 2019, the Peruvian Tax Authority has notified to Banco de Crédito del Peru the initial Letter of presentation and initial requirement of examinations of income tax returns for the 2014 period to Banco de Crédito del Perú S.A.

In relation to the year 2015, the Peruvian Tax Authority carried out an inspection on Income Tax Withholdings to non-domiciled persons, not having made any observation as a result of the process; For the same year, the Bank has been notified of the Letter of Presentation and initial requirement of the third category Income Tax inspection.

On April 16, 2019, Mibanco has been notified by the Tax Authority for the start of the 2014 Income Tax audit, currently the audit procedure is in process.

h) Also, the Chilean Statutory Income Tax rate (First Category Tax) for resident legal individuals subject to the attributed system is 25 percent for 2018 and 2019 and for those subject to the partially integrated system 27 percent. On the other hand, individuals or enterprises not domiciled in Chile will be subject to an additional tax, which is applied with an overall rate of 35 percent. It operates in general on the basis of withdrawals and distributions or income remittances abroad, which are of Chilean source. The taxpayers subject to this tax are entitled to a tax credit equivalent to First Category Tax paid by companies on income withdrawn or distributed , which is 100% for taxpayers who are in the regime attributed, for their part, Taxpayers under the partially integrated scheme, in some cases, must return 35% of this credit. This refund does not apply to countries with which Chile has an agreement in place to avoid double taxation.Credicorp companies Group are all under the partially integrated scheme.

Due to the tax regulations being subject to interpretation by the Tax Authorities it is not possible to determine at present whether or not the reviews carried out 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 internal legal advisors consider that any additional tax assessments would not have a significant impact on the 2019 and 2018 consolidated financial statements of the Bank and its Subsidiaries.

i) The Peruvian regulatory Accounting Council, through Resolution N°003-2019-EF/30 issued on September 19, 2019, made official the application of IFRIC 23 "Uncertainly over Income Tax Treatments", effective for annual periods which began on January 1, 2019.

This interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainly regarding income tax treatments. In this circumstance, an entity will recognize and measure its deferred or current tax assets or liabilities by applying the requirements of IAS 12 on the basis of tax gain (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this interpretation.

In this regard, the Company, through the corresponding areas, is making improvements in its processes in order to comply with this interpretation of the standard in fiscal year 2019.

16 SHARE-BASED COMPENSATIONS PLANS

As indicated in Note 3(q), in March or April of each year, the Bank and its subsidiaries grant rights over Credicorp Ltd.'s shares to certain executives, which are settled by the delivery of the shares ("share-based payment plan settled by equity instruments"). The rights granted accrue in the three following years from the date of grant. On this date, in order to execute the plan, all the shares required to settle the plan are acquired, which are legally delivered to the executives; however, they are held as restricted until accrual.

During March of 2019, 2018 and 2017, the Compensation Committee of the Credicorp Group agreed to deliver 62,809, 67,345 and 104,784 shares of Credicorp Ltd. to certain executives, respectively. Of which, as of December 31, 2019 are pending delivery for the 2019 plans (58,655), for 2018 (40,579) and for 2017 (28,488). As of December 31, 2018, there were pending delivery for the 2018 plans (66,242), for 2017 (59,603) and for 2016 (31,597).

Also, as of December 31, 2019, the recorded liability amounted to a S/55.0 million, (S/52.8 million as of December 31, 2018), which is included in "Share-based payment of Other liabilities" in the statement of financial position, see Note 9(a).

As of December 31, 2019, the expense amounts to S/69.3 million. As of December 31, 2018, the recorded expense amounted to S/62.2 million and as of December 31, 2017, it amounted to S/74.7 million, which are included in " Salaries and employees benefits" item. See Note 23.

The accrued shares were fully delivered to the beneficiaries. It should be noted that the first to third third of the rights of 2016 plan (96,998), the first and second third of 2017 plan (65,174) and the first third of 2018 plan (22,030) were delivered to their beneficiaries in April 2019.

17 COMMITMENTS AND CONTINGENCIES

a) Commitments -

The Bank's Panamanian Branch holds several agreements with a foreign related party, CCR Inc., whereby it guarantees the future collection of inflows from electronic messages sent to the Bank through the Society for Worldwide Interbank Financial Telecommunications ("SWIFT") through which the correspondent bank uses the web to make payment orders to a beneficiary in Peru which is a non-financial institution.

Year of issue	Balance in millions of American dollars 2019	2018	Maturity
2012 – Serie C, note 11 (d)	108.8	153.8	2022
Total	108.8	153.8	

b) Contingencies -

As of December 31, 2019 and 2018, the Bank and its Subsidiaries have several pending various tax processes and legal claims, related to their normal course of business, as well as arbitration processes related to public works tax deduction. According to Management and its internal legal advisors, no additional liabilities will result from these legal claims; therefore, Management has not considered it necessary to record an additional allowance for these contingencies, see Note 9(g).

18 OFF-BALANCE SHEET ACCOUNTS

a) As of December 31, 2019 and 2018, this item is made up as follows:

	2019 S/000	2018 S/000
Contingent operations (indirect loans) (b)		
Guarantees and stand-by letters of credit	17,212,965	17,494,552
Import and export letters of credit	1,673,509	1,382,176
Due from bank acceptances	535,222	967,968
	19,421,696	19,844,696
Responsibilities under credit line agreements (c)	67,820,401	65,983,775
Other contingent operations	9,157	9,974
Total contingent operations	87,251,254	85,838,445

b) In the normal course of their business, the Bank and its Subsidiaries perform contingent operations (indirect loans). These operations expose them to credit risk in addition to the amounts recognized in the consolidated statement of financial position. The Bank's exposure to credit losses from export and import letters of credit and guarantees, 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 direct loans, including the requirement to obtain collateral to support off-balance sheet financial instruments when it is deemed necessary. Collateral held varies, and may include deposits held in financial institutions, mortgages, securities or other assets.

Because most of the contingent operations (indirect credits) are expected to expire without any performance being required, the total of contingent operations does not necessarily represent future cash requirements.

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

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

c) Lines of credit conceded include lines of consumer loans, micro-business, small business, medium and corporate business, that are payable upon notification to the client.

d) As of December 31, 2019 and 2018 transactions with derivatives are recorded off-balance sheet for control purposes, at their reference value and are expressed in the committed currency. This item is made up as follows:

	2019	2018
	S/000	S/000
Derivative instruments, Note 9(b) -		
Derivatives held for trading:		
Foreign currency contracts on the Sol:		
Foreign currency purchases	8,137,557	4,977,102
Foreign currency sales	9,590,997	6,863,061
Foreign currency forward contracts on currencies, other than Sol	171,691	442,441
Interest rate swap contracts	18,192,820	13,357,219
Currency swap contracts:		
Foreign currency delivery/ Sol reception	4,110,452	4,580,648
Sol delivery/ Foreign currency reception	3,497,380	4,736,311
Foreign currency delivery/ Foreign currency reception	477,895	606,730
Foreign currency options	246,989	197,410
Derivatives held as hedge:		
Interest rate swap contracts	4,784,487	4,634,212
Cross currency swap contracts on the Sol:		
Sol reception / Foreign currency delivery	961,060	1,821,420
Foreign currency delivery/ Sol reception	107,425	213,941
Cross currency swap in other currency than Sol	152,545	-
Cross currency and interest rate swap contracts in respect to foreign currency	265,120	269,840
	50,696,418	42,700,335

19 FINANCE INCOME AND EXPENSES

These items are made up as follows:

	2019 S/000	2018 S/000	2017 S/000
Finance income			
Interest from loan portfolio	9,933,284	9,377,565	8,927,701
Interest from trading, available-for-sale and held-to-maturity investments, net	720,490	674,420	771,634
Interest from cash and due from banks and inter-bank funds	301,581	146,518	76,014
Others	11,769	11,153	6,882
	10,967,124	10,209,656	9,782,231
Finance expenses			
Interest and commissions on deposits and obligations	(1,194,547)	(976,650)	(927,765)
Interest on bonds and subordinated notes issued	(883,031)	(888,161)	(799,827)
Interest on due to banks and correspondents and other entities	(590,518)	(616,317)	(786,396)
Deposit Insurance fund fee	(151,626)	(140,184)	(128,625)
Others	(8,282)	(10,198)	(19,104)
	(2,828,004)	(2,631,510)	(2,661,717)
Gross financial margin	8,139,120	7,578,146	7,120,514

20 COMMISSIONS FOR BANKING SERVICES, NET

This item is made up as follows:

	2019 S/000	2018 S/000	2017 S/000
Gain to related banking service commissions			
Transfer and collection services	876,591	859,744	886,520
Commissions from parties affiliated to the credit/debit card network	500,747	437,987	374,974
Maintenance of accounts	315,779	309,093	310,286
Credit and debit card service	249,554	224,090	219,869
Commissions from contingent operations	241,460	241,224	225,416
Commissions on special services - Credipago	224,680	214,150	199,979
Fees from consulting and technical studies	123,246	104,725	107,746
Insurance commissions	127,402	92,739	4,167
Withholding and collection services	52,975	54,260	49,276
Commission from salary in advance and payment of services	49,998	50,456	53,932
Penalty commissions	84,323	36,571	48,836
Commission on transfers overseas and other	52,029	48,724	44,296
Check issuance	6,863	7,080	7,436
Others	33,510	65,410	40,920
Sub total	2,939,157	2,746,253	2,573,653

	2019 S/000	2018 S/000	2017 S/000
Expenses related to banking service commissions			
Credit and debit card services	(233,611)	(176,049)	(170,396)
Credit/debit card network	(44,015)	(38,651)	(31,309)
Expenses related to check issuance	(4,405)	(4,996)	(5,083)
Others	(47,442)	(39,713)	(29,759)
Sub total	(329,473)	(259,409)	(236,547)
Balance, net	2,609,684	2,486,844	2,337,106

21 NET GAIN ON SECURITIES

This item is made up as follows:

	2019 S/000	2018 S/000	2017 S/000
Net gain (loss) from purchase and sale of securities at fair value through profit or loss (trading)	30,358	(29,153)	42,527
Net gain (loss) from purchase and sale of investments available for sale	96,525	40,027	12,498
Share of profits obtained by associates	13,290	11,472	12,616
Net profit on the sale of Equifax Peru S.A. and Visanet	-	6,331	-
Others, net (a)	(1,857)	(98)	(5,121)
Total	138,316	28,579	62,520

(a) As of December 31, 2019, there is no provision of country risk corresponding to investments due by foreign governments between the countries Brazil, Mexico and Colombia, because they fully redeemed.

22 OTHER NON-FINANCE INCOME AND OTHER OPERATING EXPENSES

These items are made up as follows:

	2019 S/000	2018 S/000	2017 S/000
Other non-finance income			
Portfolio sale (a)	106,835	60,663	-
Technical support - Outsourcing	32,963	34,036	35,448
Sale of property (b)	19,772	42,918	24,885
Recovery of expenses of judicial collection of personal credits and credit cards	13,500	12,000	7,528
Use of BCP Bolivia brand	7,309	6,920	6,115
Gold sale	6,494	-	-
Net gain from sales of seized assets	5,802	4,569	470
Recovery of previous years' interest	5,954	1,854	162
Others (c)	53,153	103,491	89,214
Total	251,782	266,451	163,862

	2019 S/000	2018 S/000	2017 S/000
Other operating expense			
Losses for operating risk	(29,856)	(46,469)	(55,418)
Losses for examination, lawsuit and customers' claims	(24,412)	(29,431)	(26,103)
Administrative and tax penalties	(1,499)	(222)	(7,999)
Derecognition assets out of use cost due to disposals	(35,366)	(13,129)	(4,139)
Expenses related to assets under finance lease	(4,063)	(4,821)	(3,261)
Provision for uncollectible receivables	(939)	(1,464)	(1,336)
Maintenance of seized assets	(1,211)	(1,327)	(905)
Others (d)	(45,212)	(73,616)	(49,496)
Total	(142,558)	(170,479)	(148,657)

(a) Corresponds to the sale of portfolio for a total of S/94,453 thousand, mainly explained by the sale of judicial portfolio for S/42,463.3 thousand with GS Peru Loans Holdings LTD and S/3,782.7 thousand with Administradora del Comercio S.A. and portfolio punished for S/28,162.9 thousand with System Cobro Perú S.A.C., Four Capital S.A.C. for S/9,947.3 thousand, Empresa de Recaudación S.A.C. for S/4,761.5 thousand, among others.

(b) Corresponds to the profit obtained from the sale of real estate, mainly those found in: Calle Morelli, District of San Borja for S/6.6 millions, Av. 28 de Julio, District of La Victoria for S/2.1 millions, Jr. de la Unión, District of Cercado de Lima for S/1.6 millions, Jr. Bernardo Alcedo, District of Lince for S/1.5 millions, Jr. Camilo Carrillo, District of Jesús María for S/1.4 millions, Av. República de Chile, District of Cercado de Lima for S/1.3 millions, note 7 (a).

(c) The balance is mainly made up of cash surpluses, reimbursement by credit insurance that Vida Pacifico has made, settlement by sale of Credicorp shares, use of BCP Bolivia brand, penalty for breach of contract, recovery fees in civil proceedings and legal of the products Personal Credits and Credit Cards, collection of commission to customers leasing for relocation, vehicle taxes, property taxes, fines and infractions related to the leasing product, improvements in the process of negotiation of shared services with Group companies, among others.

(d) The balance is mainly comprised of provisions for various risks, fiscal penalties, expenses and fees related to civil, criminal and administrative proceedings, losses for damages suffered in the Bank's tangible assets, provision for country risk, legal expenses, expenses not deductibles, penalties for Visa operations, among others.

23 SALARIES AND EMPLOYEES BENEFITS

This item is made up as follows:

	2019 S/000	2018 S/000	2017 S/000
Salaries	1,375,234	1,322,151	1,232,714
Legal gratifications	229,398	217,574	207,685
Vacations, medical assistance and others	227,402	218,020	201,051
Legal workers' profit sharing	238,539	216,102	204,186
Additional participation	156,546	154,439	128,805
Social security	160,062	152,610	159,912
Severance indemnities	126,263	121,116	113,652
Shares (second plan), see Note 16	69,333	62,606	74,697
Total	2,582,777	2,464,618	2,322,702
Number of employees	28,668	27,060	26,969

24 GENERAL AND ADMINISTRATIVE EXPENSES

This item is made up as follows:

	2019 S/000	2018 S/000	2017 S/000
Systems	352,623	328,269	309,091
Publicity	339,251	299,312	271,749
Consulting and professional fees	194,950	183,635	161,680
Rental	190,896	181,791	190,599
Transport and communications	136,866	145,129	147,286
BCP agent commission	86,370	68,886	55,059
Third party services	81,916	81,416	69,951
Sundry supplies	69,039	49,637	43,881
Insurance	55,101	45,460	44,989
Repair and maintenance	103,592	98,986	85,947
Energy and water utilities	36,887	36,418	38,639
Security	37,752	41,493	39,173
Others (a)	134,316	122,016	118,694
Total	1,819,559	1,682,448	1,576,738

(a) This category mainly comprises cleaning service, representation expenses, subscription expenses, expenses for RENIEC among others

25 EARNINGS PER SHARE

As of December 31, 2019, 2018 and 2017, the weighted average number of shares outstanding was determined as follows:

	Outstanding shares S/000	Shares for calculation S/000	Effective days year end	Weighted outstanding average of shares S/000
2017				
Balance at January 1, 2017	7,066,346	7,066,346	365	7,066,346
Capitalization of profits in 2017	866,996	866,996	365	866,996
Capitalization of profits in 2018	-	837,023	365	837,023
Capitalization of profits in 2019	-	1,447,022	365	1,447,022
Balance as of December 31, 2017	7,933,342	10,217,387		10,217,387
2018				
Balance at January 1, 2018	7,933,342	7,933,342	365	7,933,342
Capitalization of profits in 2018	837,023	837,023	365	837,023
Capitalization of profits in 2019	-	1,447,022	365	1,447,022
Balance as of December 31, 2018	8,770,365	10,217,387		10,217,387
2019				
Balance at January 1, 2019	8,770,365	8,770,365	365	8,770,365
Capitalization of profits in 2019	1,447,022	1,447,022	365	1,447,022
Balance as of December 31, 2019	10,217,387	10,217,387		10,217,387

As of December 31, 2019, 2018 and 2017; earnings per share determined on the basis of the weighted average of outstanding shares was S/0.3569, S/0.3301 and S/0.2984.

	2019 S/000	2018 S/000	2017 S/000
Net earnings	3,646,985	3,373,088	3,048,549
Weighted average number of common shares	10,217,387	10,217,387	10,217,387
Basic and diluted earnings per share (in soles)	0.3569	0.3301	0.2984

26 FINANCIAL INFORMATION BY GEOGRAPHICAL AREA

As of December 31, 2019 and 2018, segment information by geographical area is as follows (amounts expressed in mil

	2019					2018		
	Total income (*)	Gross financial margin	Depreciation and amortization	Property, furniture and equipment, net	Total assets	Total income (*)	Gross financial margin	Depreciation and amortization
Peru	15,113	8,058	381	1,287	154,337	14,128	7,498	361
Panama	522	48	-	-	6,916	562	49	-
United States of America	62	33	-	-	1,136	62	31	-
Eliminations	(970)	-	-	-	(11,729)	(1,069)	-	-
Total	14,727	8,139	381	1,287	150,660	13,683	7,578	361

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

27 TRANSACTIONS WITH RELATED PARTIES

a) During the years 2019 and 2018, the Bank and its Subsidiaries have acquired bonds, granted loans, supplied and received banking services, correspondent relationships and other operations with Credicorp Subsidiaries, the balances of which are shown below:

	2019 S/000	2018 S/000
Assets -		
Cash	5,363	13,306
Loans, net	217,093	271,511
Available-for-sale investments (shares of Credicorp Ltd.) Note 5(a)	86,074	80,891
Other assets	132,231	79,351
Liabilities -		
Deposits and obligations	1,567,775	1,578,990
Due to banks, correspondents and other entities	367,266	543,266
Bonds and subordinated notes issued	50,016	132,445
Other liabilities	12,216	8,360
Off-balance sheet items -		
Contingent operations	252,633	471,542
Income -		
Finance income	12,764	8,018
Finance expenses	65,080	70,544
Other income	464,590	406,239
Operating expenses	58,098	58,072

Balances with related entities, not of the Grupo Credicorp, are as follows:

	2019 S/000	2018 S/000
Direct loans	1,607,944	2,544,431
Indirect loans	373,865	325,427
Derivatives, market value	4,984	890
Deposits	470,142	425,938

The Bank and its Subsidiaries have contracted insurance coverage with Pacífico Compañía de Seguros y Reaseguros S.A., a subsidiary of Credicorp Ltd.; the related premiums amount to S/26.8 million in 2019 (S/24.2 million in 2018); the accrued part is recorded in the caption "General and administrative expenses" of the consolidated statement of income.

The Bank also receives fees for selling life insurance coverage through its network of offices to customers who have saving accounts; fees which amounted to approximately S/323.7 million and S/301.1 million, in 2019 and 2018, 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 of the Bank and its Subsidiaries considers that they have complied with all legal requirements for transactions with related parties. Loans granted to related parties are secured by guarantees and collaterals.

Loans granted to related parties as of December 31, 2019, have maturities between January 2020 and December 2029 and accrue interest at average interest rates between 0.50 and 65.93 percent (maturities between January 2019 and December 2028 and average interest rates between 0.52 and 65.93 percent, as of December 31, 2018). As of December 31, 2019 and 2018, the Bank and its Subsidiaries maintain an allowance for doubtful loans granted to related parties for S/12.6 million and S/13.7 million, respectively.

b) Loans to employees and their families -

The Bank and its Subsidiaries grant loans to their employees and families for terms that fluctuate according to the different types of loans that the Bank and its Subsidiaries maintain towards third parties. Loans granted to employees and their families are mainly mortgage loans and are included under the caption "Loans, net" of the consolidated statement of financial position. Generally, interest rates applied are lower than market interest rates; however, other terms are similar to those prevailing in the market. As of December 31, 2019 and 2018, 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/1,003.2 million and S/1,026.1 million, respectively.

c) The compensation of the key executives of the Bank and its Subsidiaries for the years 2019 and 2018, considering all payments made, was as follows:

	2019 S/000	2018 S/000
Salaries	14,788	17,612
Directors' compensation	7,628	6,597
Total	22,416	24,209

Additionally, during 2019 and 2018, the Bank recorded approximately S/11.2 million and S/17.0 million, respectively an expense related to stock awards. The related income tax is assumed by the Bank.

28 FINANCIAL INSTRUMENTS CLASSIFICATION

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

	As of December 31, 2019							As of December 31, 2018		
	Financial assets and liabilities at fair value							Financial assets and liabilities at fair value		
	Held for trading or hedging	At inception	Loans and receivables	Investments available-for-sale	Investments held-to maturity	Liabilities at amortized cost	Total	Held for trading or hedging	At inception	Loans and receivables
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Assets										
Cash and due from banks	-	-	26,709,946	-	-	-	26,709,946	-	-	23,404
Interbank funds	-	-	101,979	-	-	-	101,979	-	-	159
Investments at fair value through profit or loss	-	-	-	-	-	-	-	74,473	-	-
Investments at fair value available for sale	-	-	-	14,231,178	-	-	14,231,178	-	-	-
Held-to-maturity investments	-	-	-	-	3,456,144	-	3,456,144	-	-	-
Loans, net	-	-	100,336,130	-	-	-	100,336,130	-	-	96,710
Other assets, net, Note 9(a)	830,335	-	943,159	-	-	-	1,773,494	672,841	-	1,283
	830,335	-	128,091,214	14,231,178	3,456,144	-	146,608,871	747,314	-	121,558
Liabilities										
Deposits and obligations	-	-	-	-	-	99,433,161	99,433,161	-	-	-
Interbank funds	-	-	-	-	-	204,986	204,986	-	-	-
Payables from repurchase agreements	-	-	-	-	-	5,803,336	5,803,336	-	-	-
Due to banks, correspondents and other entities	-	-	-	-	-	8,660,298	8,660,298	-	-	-
Bonds and Subordinated Notes issued	-	-	-	-	-	14,312,926	14,312,926	-	-	-
Other liabilities, net, Note 9(a)	788,393	-	-	-	-	1,636,232	2,424,625	619,673	-	-
	788,393	-	-	-	-	130,050,939	130,839,332	619,673	-	-

29 FINANCIAL RISK MANAGEMENT

The activities of the Bank and its Subsidiaries involve principally the use of financial instruments, including derivatives. They also accept deposits from customers at both fixed and floating rates, for different periods, and invest these funds in high-quality assets. Moreover, they place these deposits at fixed and variable rate with companies and individuals, considering the finance costs and expected yield.

The Bank and its Subsidiaries trade in financial instruments when they assume positions in traded and over-the-counter instruments, including derivatives, to take advantage of short-term market movements, through trading strategies which include the use of equities, bonds, currencies and interest rates.

In this sense, risk is inherent to the Bank and its Subsidiaries activities, which is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the continuing profitability of the Bank and its Subsidiaries and each individual is accountable for the risk exposures relating to his responsibilities. The Bank and Subsidiaries are mainly exposed to operating risk, credit risk, liquidity risk and market risk.

a) Risk management structure -

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

(i) Board of Directors -

The Board of Directors is responsible for the overall risk management approach and for the approval of the levels of risk appetite and tolerance that the Bank and Subsidiaries are prepared to assume. Furthermore, it approves the objectives, guidelines and policies for Overall Risk Management. On the other hand, the Board establishes an organizational culture which emphasizes the importance of risk management, supervises the internal control system, and ensures the appropriate performance of the regulatory compliance function.

(ii) Risk Committee -

The Risk Committee represents the Board in decision making focused on risk management, is responsible for the strategy used for mitigating risks, as well as establishing the overall principles, policies and limits for the different types of risks; it is also responsible for monitoring fundamental risk issues, and managing and monitoring the relevant risk decisions.

It is formed by three Board members, the General Manager of BCP, the Central Manager of Planning and Finance, the Central Risk Manager and the Manager of the Risk Management Division.

In addition, in order to effectively manage all the risks, the Risk Committee designates some risk functions to the following tactical committees which report on a monthly basis all relevant changes or issues of the managed risks:

Credit Risk Committee (Retail and Non-Retail) -

The Credit Risk Committee is responsible for reviewing the tolerance level of the appetite for credit risk and the limits of exposure. In addition, it proposes the norms and policies of credit risk management within the framework of governance and the organization for the comprehensive management of credit risk. Furthermore, it proposes the approval of any change in the functions described above and important findings to the Risk Committee.

Treasury and ALM Risk Committee - (Asset Liability Management) -

The Treasury and ALM Risk Committee is responsible for analyzing and proposing corrective actions in case there are deviations in the levels of risk tolerance assumed in the risk appetite for Treasury. It also proposes the guidelines and policies for Treasury and ALM Risk Management within the framework of governance and the organization of comprehensive risk management. Furthermore, it is responsible for proposing the approval of any changes in the functions described above and for reporting any finding to the Risk Committee.

Operational Risk Committee -

The Operational Risk Committee is responsible for reviewing the tolerance level of the appetite for operational risk and limits of exposure. It also proposes the norms and policies for managing operational risks and the mechanisms for implementing corrective actions, within the framework of governance. Furthermore, it is responsible for proposing the approval of any changes in the functions described above and for reporting any finding to the Risk Management Committee.

(iii) Central Risk Management -

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

The Central Risk Management is divided into the following units:

Risk Management Division -

The Risk Management Division is responsible for ensuring fulfillment of the risk management guidelines and policies established by the Senior Management Team. Supervise the risk management process and coordinate with the units of the Bank and its Subsidiaries involved in said process. And it also has the task of informing Senior Management regarding the global exposure, as well as the specific exposure of each subsidiary.

Consumer and Micro-Business Risk Division -

The Consumer and Micro-Business Risk Area is responsible for ensuring the quality of the retail loans portfolio and developing credit standards in line with the guidelines and risk levels defined by the Board of Directors.

Credit Division -

The Credit Division is responsible for the evaluation, approval, control and recovery of the wholesale portfolio based on the general credit policies for each of the operations in which the Bank decides to participate in. These guidelines are established on the basis of the policies set by the Board of Directors and respecting current laws and regulations.

Treasury Risk Management -

Treasury Risk Management is responsible for planning, coordinating and supervising the implementation of the methodologies and limits used by the Treasury Division and approved by the Risk Management Committee. It is also responsible for evaluating the effectiveness of the hedging derivatives and the valuation of investments.

Cybersecurity Management -

The Cybersecurity Management establishes the policies and the governance framework for the management of information security risks and cybersecurity. In addition, it designs and implements generation and monitoring strategies of controls that allow the continuous evaluation of the governance framework effectiveness. It also supervises the performance of the responsible units functions by monitoring the processes of identification, evaluation, registration and treatment of information security risks and cybersecurity.

(iv) Audit and Compliance Divisions -

The Audit Division is responsible for permanently evaluating the effectiveness and efficiency of the risk management of the Bank and its Subsidiaries, verifying compliance of the regulation, policies, objectives and guidelines approved by the Board of Directors. On the other hand, it evaluates the adequacy and degree of integration of the data bases and information systems of the Bank and Subsidiaries. Finally, it ensures independence between the functions of the risk and business units.

The Compliance Division is responsible for ensuring the corporate compliance of the regulations and the Code of Ethics.

b) Risk measurement and reporting systems -

The Bank and its Subsidiaries have independent information bases which are then integrated through corporate reports. These reports enable it to monitor, at an aggregate and detailed level, the different types of risks to which each subsidiary is exposed. The system provides it the ability to comply with the needs for risk appetite review requested by the above-mentioned committees and areas; as well as comply with the regulatory requirements.

c) Risk mitigation -

Depending on the type of risk, the Bank and its Subsidiaries use mitigating methods to reduce their exposure, such as guarantees, derivatives, controls and insurance, among others. In addition, they have policies linked to risk appetite and established procedures for each type of risk. Finally, the Bank and its Subsidiaries actively use guarantees in order to reduce their credit risks.

d) Risk appetite -

The Board of Directors approves on an annual basis the establishment of a Risk Appetite framework for the purpose of defining the maximum level of risk that the Bank and its Subsidiaries are prepared to assume in the achievement of their strategic and financial objectives. This Risk Appetite framework is based on "core" and "specific" metric objectives:

Core metrics preserve the organization's strategic pillars, defined as solvency, liquidity, benefit and growth, stability in growth and balance sheet structure.

Specific metrics seek to monitor qualitatively and quantitatively the different risks to which the Bank and its Subsidiaries are exposed, as well as defining a tolerance threshold in each one of them, so as to preserve the risk profile established by the Board of Directors, and anticipate points of risk on a more detailed level.

For its part, risk appetite is instrumented through the following elements:

- Declaration of risk appetite: This makes explicit the general principles and qualitative declarations which complement the risk strategy of the Bank and its Subsidiaries.

- Metrics tables: Metrics are used to define the levels of risk exposure in the various strategic pillars.

- Limits: They permit risk taking to be controlled within the tolerance established by the Board of Directors. They also provide accountability to the risk taking process and define guidelines regarding the target risk profile.

- Government Scheme: it seeks to guarantee compliance of the framework through the different roles and responsibilities assigned to the units involved.

e) Risk concentration -

Concentrations arise when a reduced and representative number of counterparties of the Bank and Subsidiaries are engaged in similar business activities, or activities in the same geographic region, or have similar economic, political or other conditions.

In order to avoid excessive concentrations of risk, the policies and procedures include specific limits to guarantee a diversified portfolio.

29.1 Credit risk -

a) The Bank and its Subsidiaries take on exposure to credit risk, which is the probability of suffering losses caused by breach of payment on the part of debtors or counterparties of on and off balance sheet exposure.

   Credit risk is the most important risk for the activities of the Bank and Subsidiaries; therefore, Management carefully manages its exposure to this risk. Credit exposures arise principally from lending activities that lead to direct loans; in addition, they originate from investment activities. There is also credit risk in off-balance sheet financial instruments, such as contingent credits (indirect loans), which could expose the Bank and its Subsidiaries to similar risks to those of direct loans. Likewise, credit risk also arising from derivative financial instruments contained in those instruments with positive fair values. Finally, all exposure to credit risk (direct or indirect) is mitigated by control process and policies.

   As part of the management of this type of risk, the Bank and Subsidiaries assign impairment provisions for their portfolio, at the date of the statement of financial position.

   The Bank and its Subsidiaries define levels of credit risk based on risk exposure limits, which are frequently monitored. Said risks are established in relation to the amounts of exposure to one debtor or group of debtors, geographical segments and the industry. Furthermore, risk limits by product, industry sector and geographic segment are approved by the Risk Management Committee.

   Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below:

   (i) Collateral -

   The Bank and its Subsidiaries use a range of policies and practices to mitigate credit risk. The most traditional of these is taking of collateral for loans granted, which constitutes a common practice. The Bank and its Subsidiaries implement policies on the acceptability of specific classes of collateral or credit risk mitigation. The main types of collateral obtained for credits are as follows:

   For repurchase agreements and securities lending, collaterals are fixed income instruments and cash.

For loans and advances, collaterals include, among others, mortgages over residential properties; liens over business assets such as premises, inventory and accounts receivable; and liens over financial instruments such as debt securities and equity securities.

Moreover, long-term credits and financing to corporate entities are generally guaranteed. Credits to small companies and microenterprises are not generally guaranteed. In order to minimize credit losses, the Bank and its Subsidiaries request additional guarantees from the counterparty as soon as impairment indicators arise.

Collateral held as security for financial assets other than loans is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset backed securities and similar instruments, which are secured by portfolios of financial instruments.

Management monitors the fair value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the fair value of collateral obtained during its review of the adequacy of the allowance for impairment losses. As part of the policies of the Bank and its Subsidiaries, repossessed properties are disposed of in age order. The proceeds are used to reduce or repay the outstanding amount due. In general, the Bank and its Subsidiaries do not use repossessed properties for operating purposes.

(ii) Derivatives -

The amount subject to credit risk is limited to the current and potential fair value of instruments that are favorable to the Bank and its Subsidiaries (where fair value is positive). In the case of derivatives, this is only a small fraction of the contract, or notional amounts used to express the volume of instruments outstanding. The credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for this type of credit risk exposures.

(iii) Credit-related commitments -

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and letters of credit have the same credit risk as direct loans. Documentary and commercial letters of credit - which are written undertakings by the Bank and its Subsidiaries on behalf of a customer authorizing a third party to draw drafts on the Bank and its Subsidiaries up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods to which they relate and therefore have less risk than a direct loan. The Bank and its Subsidiaries have no commitment to extend credit.

b) The maximum exposure to credit risk as of December 31, 2019 and 2018, before the effect of mitigation through any collateral, is the book value of each class of financial assets indicated in Note 28 and the contingent operations detailed in Note 18(a).

Management is confident of its ability to continue to control and sustain minimal exposure of credit risk for the Bank and its Subsidiaries resulting from both its loan portfolio and investments based on the following:

- 95.4 percent of the gross loan portfolio is categorized in the top two grades of the internal rating system as of December 31, 2019 (95.2 percent as of December 31, 2018); Note 6(c);

- 93.5 percent of the loan portfolio is considered neither past due nor impaired as of December 31, 2019 (92.8 percent as of December 31, 2018);

- 96.9 percent of the investments have at least investment grade (BBB- or higher) or are debt securities issued by BCRP (unrated) as of December 31, 2019 (97.4 percent as of December 31, 2018);

- 16.1 percent and 68.8 percent of the cash and due from banks represent amounts deposited in the Bank and in the BCRP, respectively, as of December 31, 2019 (24.4 percent and 56.4 percent, respectively, as of December 31, 2018).

c) Credit risk management for loans -

The Bank and its Subsidiaries classify their loan portfolio into one of five risk categories, according to subsection 2 Chapter II of SBS Resolution N°11356-2008, which considers the degree of risk of non-payment of each borrower. The categories used by the Bank and its Subsidiaries are: (i) normal - (0), (ii) potential problems - (1), (iii) substandard - (2), (iv) doubtful - (3) and (v) loss - (4), which have the following characteristics:

(i) Normal (0): Non-retail borrowers are classified into this category, when their financial situation is liquid, their debt-to-equity ratio is low and their ability to generate profit and cash flows allows them to fulfill payment of their obligations in a timely manner. Likewise, retail and mortgage borrowers are included in this category when payments are current or up to 8 days past due. On the other hand, mortgage debtors are classified in this category when they are current or up to 30 days past due.

(ii) Potential problems (1): Non-retail borrowers are classified into this category, when their financial situation is solid, their debt-to-equity ratio is moderate and their cash flows are enough to pay off capital and interest, however, such cash flows could weaken in the following twelve months. On the other hand, retail and mortgage borrowers are included in this category when payments are between 9 and 30 days past due and 31 and 60 days past due, respectively.

(iii) Substandard (2): Non-retail borrowers are classified in this category, when their financial situation is weak and their cash flows do not allow them to make full payment of capital and interest and payments are between 60 and 120 days past due. On the other hand, retail and mortgage borrowers are included in this category when payments are between 31 and 60 days past due and 61 and 120 days past due, respectively.

(iv) Doubtful (3): Non-retail borrowers are classified in this category, when the financial situation does not allow them to pay off either capital or interest, their debt-to-equity ratio is high and they are forced to sell their significant assets or payments are between 120 and 365 days past due; in this category the recovery of the credit is doubtful. On the other hand, retail and mortgage borrowers are included in this category when payments are between 61 and 120 days past due and 121 and 365 days past due, respectively.

(v) Loss (4): Non-retail borrowers are classified in this category, when the financial situation does not allow them to deal with refinancing agreements, the entity is not in operation or is in liquidation or payments are more than 365 days past due. On the other hand, retail and mortgage borrowers are included into this category when payments are more than 120 days past due and more than 365 days past due, respectively

When a loan is uncollectible, it is written off against the related provision for loan impairment. Said loans are written off after all the necessary legal procedures have been completed and the write-off has been approved by the Board of Directors, in accordance with SBS Resolution No. 11356-2008 "Regulation for the evaluation and classification of debtors and the requirement for provisions". Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the statement of income.

The Bank and its Subsidiaries consider as past due credits the corporate credits large and medium companies more than 15 days past due, small and micro companies more than 30 days past due, current account overdrafts more than 30 days past due, and consumer credits, mortgage loans and finance leases more than 90 days past due. In the case of consumer credits, mortgage loans and finance of which payments are between 30 and 90 days past due, only the delinquent quota is considered past due; however, after 90 days of delinquency, the entire balance is considered past due.

The Bank and its Subsidiaries continually review their credit portfolio in order to evaluate the completion and precision of their categories. Likewise, they carry out a review of provisions, governed by the standard IFRS 9, which is based on the product of the following parameters: (i) probability of default (PD) (ii) loss given default (LGD), and (iii) exposure at the time of default (EAD), discounted to the reporting period using the effective interest rate or an approximation of it. Additionally, it considers information about current conditions, as well as projections of future macroeconomic events and conditions in three scenarios (base, optimistic and pessimistic) that are weighted to obtain the expected loss. In addition to the above, the Bank and its Subsidiaries have different methodologies, depending on which regulator they report to, for their provisions for credits segmented by type of banking, depending whether they are in an impaired position or show signs of impairment. Finally, the Bank and its Subsidiaries comply with the provisions required by the local regulator.

The following is a summary of the direct loans classified in three major groups: i) Loans neither past due nor impaired, comprising those direct loans currently without delinquency characteristics and related to clients ranked as normal or potential problems; ii) Past due but not impaired loans, comprising past due loans of clients classified as normal or with potential problems and iii) Impaired loans, or those past due loans of clients classified as substandard, doubtful or loss; presented net of the provision for loan losses for each of the loan classifications:

	As of December 31, 2019						As of December 31, 2018	
	Commercial loans	Residential mortgage loans	Micro-business loans	Consumer loans	Total		Commercial loans	Residential mortgage loans
	S/000	S/000	S/000	S/000	S/000	%	S/000	S/000
Neither past due nor impaired -								
Normal	53,393,191	15,680,258	12,385,886	13,249,798	94,709,133	95.02	53,736,055	13,652,568
Potential problem	2,268,261	91,372	268,081	119,720	2,747,434	2.76	2,319,001	78,690
Past due but not impaired -								
Normal	776,229	384,228	387,807	261,403	1,809,667	1.82	976,751	676,034
Potential problem	38,510	78,638	17,106	2,849	137,103	0.14	44,089	80,308
Impaired -								
Substandard	601,935	160,896	193,929	214,388	1,171,148	1.17	776,091	141,769
Doubtful	503,894	276,121	324,808	387,172	1,491,995	1.50	525,416	270,357
Loss	847,267	472,820	609,296	203,651	2,133,034	2.13	728,071	479,542
Gross	58,429,287	17,144,333	14,186,913	14,438,981	104,199,514	104.54	59,105,474	15,379,268
Less: Allowance for loan losses	2,076,119	569,618	1,240,655	641,489	4,527,881	4.54	2,067,777	543,797
Total, net	56,353,168	16,574,715	12,946,258	13,797,492	99,671,633	100	57,037,697	14,835,471

The following table shows the credit rating of customers according to SBS resolution N°11356 and Note 6 shows the accounting situation in accordance with the SBS accounting ma

As of December 31, 2019 and 2018, refinanced loans amounted to approximately S/1,163.86 million and S/1,311.73 million, respectively, of which S/526.33 million and S/528.55 mi impaired, S/191.05 million and S/287.22 million past due but not impaired, and S/446.48 million and S/496.55 million impaired, respectively.

As of December 31, 2019 and 2018, past due loans, but not impaired, are overdue between 30 and 60 days.

The breakdown of the gross amount of impaired loans by class, together with the fair value of related collateral and the a
losses is as follows:

	As of December 31, 2019					As of December 31, 2018		
	Commercial loans	Residential mortgage loans	Micro-business loans	Consumer loans	Total	Commercial loans	Residential mortgage loans	Micr busi loan
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/00
Impaired loans	1,953,096	909,837	1,128,033	805,211	4,796,177	2,029,578	891,668	1
Fair value of collateral	1,627,025	737,251	6,103	100,232	2,470,611	1,790,645	776,251	
Allowance for loan losses	968,217	447,379	793,015	489,379	2,697,990	936,531	434,540	

d) Credit risk management on investments in trading securities, available-for-sale and held-to-maturity -

The Bank and its Subsidiaries evaluate the credit risk identified of each of the financial instruments in these categories, disclosing the risk rating granted to them by a risk rating agency. For investments traded in Peru, the risk ratings used are those provided by the three most prestigious Peruvian rating agencies (authorized by the Peruvian government regulator, SBS) and for investments traded abroad, the risk ratings used are those provided by the three most prestigious international rating agencies.

The following table shows the analysis of the risk rating of investments at fair value through profit or loss (trading) available-for-sale and held-to-maturity, provided by the institutions referred to above:

	As of December 31, 2019		As of December 31, 2018	
	S/000	%	S/000	%
Instruments rated in Peru:				
AAA	100,297	0.57	120,441	0.66
AA- to AA+	3,414	0.02	-	-
A- to A+	7,236,583	40.91	5,740,620	31.65
BBB- to BBB+	494,156	2.79	968,830	5.34
BB- to BB+	356,067	2.01	213,346	1.18
B- to B+	8,798	0.05	-	-
Unrated				
BCRP certificates of deposit	8,665,271	49.00	9,829,584	54.19
Listed and non-listed securities	6,836	0.04	6,339	0.03
Investment funds	-	-	242	-
Subtotal	16,871,422	95.39	16,879,402	93.05
Instruments rated abroad:				
A- to A+	286,581	1.62	215,971	1.19
BBB- to BBB+	361,413	2.05	799,859	4.41
BB- to BB+	76,839	0.43	159,895	0.88
Unrated				
Listed and non-listed securities	91,067	0.51	85,331	0.47
Subtotal	815,900	4.61	1,261,056	6.95
Total	17,687,322	100.00	18,140,458	100.00

e) Concentration of financial instruments exposed to credit risk:

As of December 31, 2019 and 2018, financial instruments with exposure to credit risk were distributed considering the following economic sectors:

	As of December 31, 2019						As of December 31, 2018		
	At fair value through profit or loss						At fair value through profit or loss		
	Held for trading and hedging	At inception	Loans and receivables	Investments available-for-sale	Investments held-to-maturity	Total	Held for trading and hedging	At inception	Loans and receivables
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Peruvian Central Bank	-	-	21,166,545	8,665,271	-	29,831,816	3,384	-	16,307
Financial services	676,025	-	8,425,017	553,274	-	9,654,316	497,461	-	9,342
Manufacturing	10,294	-	13,546,329	199,142	-	13,755,765	11,407	-	14,977
Micro-business and small-business loans	-	-	13,797,999	-	-	13,797,999	-	-	13,058
Commerce	10,415	-	11,260,694	74,940	-	11,346,049	10,114	-	11,732
Electricity, gas and water	6,986	-	2,595,877	553,260	-	3,156,123	44,483	-	3,881
Government and public administration	-	-	502,301	4,112,388	3,456,144	8,070,833	71,089	-	794
Leaseholds and real estate activities	6,286	-	6,875,148	-	-	6,881,434	14,909	-	6,164
Communications, storage and transportation	3,974	-	4,171,384	2,419	-	4,177,777	2,131	-	4,089
Mining	22,303	-	3,026,163	46,405	-	3,094,871	24,164	-	2,496
Community services	-	-	4,877,417	-	-	4,877,417	-	-	4,477
Construction	7,129	-	1,439,679	-	-	1,446,808	3,331	-	1,308
Agriculture	1,963	-	2,072,439	3,870	-	2,078,272	5,164	-	1,803
Education, health and other services	3,325	-	1,688,035	20,209	-	1,711,569	5,311	-	1,611
Insurance	5,099	-	119,656	-	-	124,755	19,106	-	24
Fishing	321	-	316,082	-	-	316,403	3,416	-	327
Others	76,215	-	1,467,880	-	-	1,544,095	31,844	-	1,537
Sub - Total	830,335	-	97,348,645	14,231,178	3,456,144	115,866,302	747,314	-	93,933
Residential mortgage loans	-	-	16,654,280	-	-	16,654,280	-	-	14,915
Revolving and non-revolving loans	-	-	14,088,289	-	-	14,088,289	-	-	12,710
Total	830,335	-	128,091,214	14,231,178	3,456,144	146,608,871	747,314	-	121,558

As of December 31, 2019 and 2018, the financial instruments with exposure to credit risk were distributed by the followin

	At fair value through profit or loss				
	Held for trading and hedging S/000	At inception S/000	Loans and receivables S/000	Investments available for sale S/000	Inv hel mat S/0
As of December 31, 2019					
Peru	91,068	-	122,732,517	13,415,278	
Bolivia	-	-	-	-	
United States of America	236,820	-	892,543	118,314	
Chile	37,488	-	1,538,121	206,143	
Panama	-	-	342,891	35,041	
Colombia	9,013	-	1,053,028	291,199	
Brazil	-	-	466,552	-	
Canada	29,976	-	109,513	-	
Mexico	-	-	484	74,136	
Venezuela	-	-	-	4,609	
Guatemala	-	-	124,229	-	
Europe:					
United Kingdom	188,472	-	267,782	-	
France	222,451	-	25,865	-	
Spain	-	-	30,379	-	
Switzerland	-	-	49	-	
Germany	15,047	-	68,079	-	
Others in Europe	-	-	30,851	-	
Others	-	-	408,331	86,458	
Total	830,335	-	128,091,214	14,231,178	

	At fair value through profit or loss				
	Held for trading and hedging S/000	At inception S/000	Loans and receivables S/000	Investments available for sale S/000	Inve held mat S/00
As of December 31, 2018					
Peru	166,681	-	116,125,671	13,295,654	
Bolivia	-	-	3,176	-	
United States of America	150,007	-	979,060	84,833	
Chile	45,094	-	1,360,192	326,441	
Panama	-	-	558,929	-	
Colombia	71,116	-	1,232,431	373,298	
Brazil	-	-	322,489	-	
Canada	9,478	-	30,257	-	
Mexico	-	-	78,595	52,461	
Venezuela	-	-	-	4,440	
Guatemala	-	-	147,984	-	
Europe:					
United Kingdom	185,334	-	110,928	-	
France	119,534	-	7,407	-	
Spain	-	-	18,925	-	
Switzerland	-	-	91,289	-	
Germany	70	-	78,343	-	
Others in Europe	-	-	253,361	-	
Others	-	-	159,869	80,891	
Total	747,314	-	121,558,906	14,218,018	

29.2 Liquidity risk -

Liquidity risk is the risk that the Bank and its Subsidiaries are unable to comply with their short term obligations related to financial liabilities at maturity and replace funds when they are withdrawn. In this sense, if the Bank faces a liquidity crisis it would be failing to comply with the payment of its obligations to its depositors, loan commitments and other operating cash requirements.

The Bank and its Subsidiaries are exposed to daily calls on, among others, their available cash resources from overnight deposits, current accounts, maturing deposits, loans draw-downs, guarantees and other calls. The Management of the Bank and its Subsidiaries set limits on the minimum amount of high quality liquid assets to meet said calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover unexpected levels of withdrawals. Sources of liquidity are periodically reviewed by the corresponding risk teams so as to guarantee adequate diversification by currency, geography, type of funding, supplier, producer and term.

The process of controlling mismatching of the maturities and interest rates of assets and liabilities is fundamental to the Management of the Bank and its Subsidiaries. It is unusual for banks to be completely matched, as transacted business is often based on uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of illiquidity, which generates exposure to potential losses.

The maturities of assets and liabilities and the ability to replace them at maturity, at an acceptable cost, are important factors in assessing the liquidity of the Bank.

A mismatch in the maturities of the illiquid long term assets against short term liabilities exposes the consolidated statement of financial position to risks related both to refinancing as well as interest rates. If the liquid assets do not cover the debts at maturity, the consolidated statement of financial position is vulnerable to the risk of refinancing. Moreover, a significant increase in interest rates can substantially increase the cost of refinancing liabilities at short term, leading to a rapid increase in the cost of debt. The mismatch report of contractual maturity is useful for showing the liquidity position.

Guidelines have been established in the Bank and its Subsidiaries for liquidity risk management. Risk Management establishes limits and a scheme of autonomies for the liquidity indicators which are being managed.

Liquidity Risk Management is carried out through indicators like Internal Liquidity Coverage Ratio (ILCR), which measures the amount of liquid assets available to meet the cash outflows in a determined stress scenario (specific or systemic) usually for a period of 30 days and the Net Stable Internal Funding Ratio (NSIFR), which has been defined to guarantee that long term assets are financed at least with a minimum of stable liabilities in a prolonged liquidly crisis scenario and functions as a mechanism of minimum compliance which complements the ILCR. (The Bank and its subsidiaries perform an additional control of the 15- and 60-day RCLI). These indicators have core limits of 100 percent and any excess is presented in the Treasury Risks Committee, Risk Committee and Assets, Liabilities Committee (ALCO).

The Notes to the financial statements include an analysis of the relevant liabilities of the Bank and its Subsidiaries based on contractual maturity.

The table below presents the cash flows payable and receivable by the Bank and its Subsidiaries according to agreed contractual maturities (including future interest payments) at th
The amounts disclosed in the table are the contractual undiscounted cash flows:

	As of December 31, 2019						As of December 31, 2018		
	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total	Up to 3 months	From 3 months to 1 year	From 1 to years
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Financial assets	48,818,315	43,964,141	34,502,363	20,668,556	27,504,691	175,458,066	47,410,508	38,370,792	
Financial liabilities by type									
Deposits and obligations and interbank funds	40,307,861	17,507,030	16,422,490	23,885,294	7,281,551	105,404,226	37,558,510	16,439,155	
Payables from repurchase agreements, due to banks, correspondents and other entities	4,480,778	1,123,851	1,494,708	479,811	7,843,918	15,423,066	5,361,466	4,802,905	
Bonds and subordinated Notes issued	699,005	2,144,490	5,881,952	5,310,605	2,518,421	16,554,473	204,891	3,084,952	
Other liabilities	2,153,727	147,764	-	-	1,203,309	3,504,800	1,856,918	120,753	
Equity	-	-	-	-	19,025,400	19,025,400	-	-	
Total non-derivative liabilities	47,641,371	20,923,135	23,799,150	29,675,710	37,872,599	159,911,965	44,981,785	24,447,765	
Derivative financial liabilities									
Contractual amounts receivable (inflow)	1,643,042	1,239,499	655,716	292,200	955,921	4,786,378	2,570,396	1,122,285	
Contractual amounts payable (outflow)	940,720	797,932	911,863	334,127	997,206	3,981,848	598,730	1,091,884	
Total derivative liabilities	702,322	441,567	(256,147)	(41,927)	(41,285)	804,530	1,971,666	30,401	

The table below shows the contractual maturity of the contingent credits of the Bank and its Subsidiaries at the date of the consolidated statement of financial position:

	As of December 31, 2019						As of December 31, 2018		
	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total	Up to 3 months	From 3months to 1 year	From 1 t years
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Contingent credits (Indirect loans)	379,513	837,871	12,934,531	5,230,303	39,478	19,421,696	387,779	856,120	

The Banks and its Subsidiaries expect that not all of the contingent liabilities or commitments will be drawn before the expiry of the commitments.

29.3 Market risk -

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 may fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, foreign exchange rates, commodities and equity products; all of which are exposed to general and specific market movements, and changes in the level of price volatility, such as interest rates, credit margins, foreign currency exchange rates and share prices. Due to the nature of the current operations of the Bank and its Subsidiaries, commodity price risk is not applicable.

The Bank and its Subsidiaries separate exposures to market risk into two groups: (i) those that arise from value fluctuation of investment 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 (Banking book), due to movements of the interest rates, prices and foreign exchange ratios.

The risks that the trading portfolios are exposed to are managed through historical simulation techniques of Value at Risk (VaR); while non-trading portfolios are monitored using rate sensitivity metrics which form part of Asset and Liability Management (ALM).

a) Trading Book -

The trading book is characterized for having liquid positions in equities, bonds, foreign currencies and derivatives, arising from market-making transactions where the Bank acts as a principal with the clients or with the market. This portfolio includes investments and derivatives classified by Management as held for trading.

(i) Value at Risk (VaR) -

The Bank and its Subsidiaries apply the VaR approach to their trading portfolio to estimate the market risk of positions held and the maximum losses that are expected, based upon a number of assumptions for various changes in market conditions, as well as being applied to estimate the foreign exchange risk of the structured exchange position.

Daily calculation of VaR is a statistically-based estimate of the potential loss on the current portfolio from adverse market movements.

The VaR model expresses the "maximum" amount the Bank and its Subsidiaries might lose, but only to a certain level of confidence (99.0 percent). There is therefore a specified statistical probability (1 percent) that the actual loss could be greater than the VaR estimate. The VaR model assumes a certain "holding period" until positions can be closed (1 - 10 days).

The time horizon used to calculate VaR is one day; however, the one-day VAR is amplified to a 10-day time frame and calculated multiplying the one-day VaR times the square root of 10. This adjustment assumes that the changes in the portfolio in the following days have a normal distribution, identical and independent. Thus, the result is multiplied by an adjustment factor of non-normality.

The assessment of trading portfolio movements has been based on historical one-year data and 31 market risk factors, which are composed as follows: 13 market curves, 17 foreign exchange rates , and 1 volatility serie. The Bank and its Subsidiaries apply these historical changes in the risk factors directly to its current positions (a method known as historical simulation).

Management of the Bank and its Subsidiaries believes that market and exchange risk factors incorporated into the VaR model are adequate to measure the market risk to which its trading book is exposed.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. Losses exceeding the VaR figure may occur, on average under normal market conditions, no more than once every hundred days.

VaR limits have been established to control and keep track of all the risks taken which arise from the size of the positions and/or the volatility of the risk factors embedded in each financial instrument. Regular reports are prepared for the Treasury Risks and ALM Risk Committee, the Risk Management Committee and Senior Management.

The VaR of the Bank and its Subsidiaries showed a reduction during 2019, as a result of a lower effect of interest rates due to the lower sensitivity of the Cross Currency Swap trading portfolio and a lower price effect due to the total liquidation of the stock position. These effects were partially offset by a higher exchange rate risk, due to an increase in the position of short Global change, and by a lesser effect diversification between the risks. During the period, the VaR remained contained in the limits of appetite for risk established by the Risk Management of the Bank and its Subsidiaries.

As of December 31, 2019 and 2018, the Bank and its Subsidiaries VaR by risk type is as follows:

	2019 S/000	2018 S/000
Interest rate risk	3,390	5,509
Price risk	-	-
Volatility risk	463	10
Exchange rate risk	1,263	1,507
Diversification effect	(1,498)	(2,197)
Consolidated VaR by risk type	3,618	4,829

b) ALM Book -

Non-trading portfolios which belong to the Banking Book are exposed to different risks given that they are sensitive to movements in market rates that can bring about a deterioration in the value of the assets compared to its liabilities and hence to a reduction in its net value.

(i) Interest rate risk -

Interest rate risk in the banking book refers to the risk that changes in interest rates may negatively affect the expected profits (profits at risk) or market value of the assets and liabilities of the balance sheet (Net economic value). The Bank and its Subsidiaries assume the exposure to the effects of fluctuations in the prevailing levels of market interest rates which affect the fair value and future cash flow risks of assets and liabilities.

The Risk Committee sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored periodically in the ALCO.

The management of interest rate risk in the Bank and its subsidiaries is carried out through the analysis of re-pricing gaps, financial margin sensitivity (GER) and sensitivity of the Net Economic Value (VEN). These calculations consider different rate shocks in situations of stress and take in account periods of high volatility.

Re-pricing gap -

The repricing gap analysis is intended to measure the interest rate risk exposure due to re-pricing periods in which assets and liabilities both on and off balance sheet are grouped together, when the bank's interest-sensitive liabilities exceed its interest-sensitive assets. By this analysis, management can identify the tranches in which the interest rate variations may have a potential impact on the expected profits.

The table below summarizes the Bank and its Subsidiaries' exposure to interest rate risks. It includes the financial instrum
at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates:

	As of December 31, 2019				
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More th 5 years
	S/000	S/000	S/000	S/000	S/000
Assets					
Cash and interbank funds	10,903,212	1,789,269	3,578,967	5,199,787	
Loan portfolio (*)	13,438,369	16,289,035	25,045,884	31,971,339	1
Investments	1,049,522	1,249,694	7,149,031	3,443,133	4
Other assets	80,001	-	-	-	
Total assets	25,471,104	19,327,998	35,773,882	40,614,259	18
Liabilities					
Deposits and obligations and interbank funds	27,964,054	8,536,680	16,776,122	38,604,921	4
Payable from repurchase agreements, due to banks, correspondents and other entities	2,719,940	2,847,070	4,700,742	1,640,514	2
Bonds and subordinated Notes issued	182,440	241,839	1,641,891	9,763,132	2
Other liabilities	-	-	-	-	
Equity	-	-	-	-	
Total liabilities and equity	30,866,434	11,625,589	23,118,755	50,008,567	9
Risk and contingent commitments					
Hedging derivatives asset	2,806,693	2,849,046	454,349	272,223	
Hedging derivatives liabilities	323,360	821,872	3,798,631	1,110,774	
Marginal gap	(2,911,998)	9,729,581	9,310,840	(10,232,891)	8
Accumulated gap	(2,911,998)	6,817,583	16,128,423	5,895,532	14

(*) The amount presented in the column "Do not accrue interest" includes the balance of internal overdue loans and under
unearned interest and the allowance for loan losses.

	As of December 31, 2018				
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More th 5 years
	S/000	S/000	S/000	S/000	S/000
Assets					
Cash and interbank funds	7,201,050	2,161,825	2,607,621	4,904,243	
Loan portfolio (*)	11,576,421	16,780,783	22,986,256	34,436,554	11
Investments	525,006	4,063,792	5,735,281	2,756,272	4
Other assets	-	-	-	-	
Total assets	19,302,477	23,006,400	31,329,158	42,097,069	16
Liabilities					
Deposits and obligations and interbank funds	26,557,859	8,663,063	15,734,922	36,204,995	4
Payable from repurchase agreements, due to banks, correspondents and other entities	1,402,742	3,368,124	4,397,885	3,947,360	1
Bonds and subordinated Notes issued	27	255	2,430,134	11,997,224	
Other liabilities	-	-	-	-	
Equity	-	-	-	-	
Total liabilities and equity	27,960,628	12,031,442	22,562,941	52,149,579	6
Risk and contingent commitments					
Hedging derivatives asset	3,393,623	2,736,835	1,204,498	347,883	
Hedging derivatives liabilities	823,012	819,882	3,728,800	1,754,972	
Marginal gap	(6,087,540)	12,891,911	6,241,916	(11,459,600)	9
Accumulated gap	(6,087,540)	6,804,371	13,046,287	1,586,687	11

(*) The amount presented in the column "Do not accrue interest" includes the balance of internal overdue loans and under unearned interest and the allowance for loan losses.

Other assets and other liabilities only include financial accounts. The figures for 2018 have been adjusted for this guidanc report.

Investments accounted for at fair value through profit or loss and trading derivatives are not considered, since these instru the Value at Risk methodology is used to measure their market risks.

Sensitivity to changes in interest rates -

The sensitivity analysis of interest rates on ALM is performed by conducting an assessment of the sensitivity of the financial margin, which measures variances in the expected accruals over a given period of time and in the event of a parallel movement of the interest rate curves together with the sensitivity of the net Economic Value, which is a long-term measurement determined as the difference between the net carrying amount of assets and liabilities before and after a variance in interest rates.

Sensitivity of the financial margin is the effect of the estimated changes in interest rates on the finance income, net for a year, before income tax and financial liabilities as of December 31, 2019 and 2018; including the effect of derivative financial instruments. The sensitivity of the Net Economic Value is calculated by re-assessing the financial assets and liabilities sensitive to interest rate changes and which comprise the ALM and held to maturity at a fixed interest rate, before income tax and any non-controlling interest, included the effect of any hedge relating to derivatives designated as cash flow hedges. For purposes of interest rate risk management, there is no distinction made by accounting category of the investments comprising the ALM, in which instruments classified as available-for-sale and held-to-maturity are included. The results of the sensitivity analysis from the estimated changes in interest rates as of December 31, 2019 and 2018 are as follows:

Currency	Changes in basis points		Sensitivity of financial margin S/000		Sensitivity of economic value S/000	
As of December 31, 2019 -						
American dollars	+/-	50	+/-	53,900	+/-	114,753
American dollars	+/-	75	+/-	80,850	+/-	172,130
American dollars	+/-	100	+/-	107,800	+/-	229,506
American dollars	+/-	150	+/-	161,700	+/-	344,260
American dollars	+/-	300	+/-	323,400	+/-	688,519
Soles	+/-	50	-/+	9,354	-/+	332,401
Soles	+/-	75	-/+	14,031	-/+	498,601
Soles	+/-	100	-/+	18,708	-/+	664,801
Soles	+/-	150	-/+	28,063	-/+	997,202
Soles	+/-	300	-/+	56,125	-/+	1,994,404
As of December 31, 2018 -						
American dollars	+/-	50	+/-	50,643	+/-	151,590
American dollars	+/-	75	+/-	75,964	+/-	227,386
American dollars	+/-	100	+/-	101,286	+/-	303,181
American dollars	+/-	150	+/-	151,928	+/-	454,771
American dollars	+/-	300	+/-	303,857	+/-	909,542
Soles	+/-	50	-/+	13,997	-/+	310,916
Soles	+/-	75	-/+	20,996	-/+	466,375
Soles	+/-	100	-/+	27,994	-/+	621,833
Soles	+/-	150	-/+	41,991	-/+	932,749
Soles	+/-	300	-/+	83,983	-/+	1,865,499

The sensitivities of the interest rates shown above are only for illustrative purposes and are based on simplified scenarios. The figures reflect the effect of the pro-forma movements on the net finance income on the basis of the projected scenarios of the yield curve and the interest rate risk profile that the Bank and its Subsidiaries currently have. However, this effect does not includes the actions that would be taken by Management to mitigate the potential impact of this risk on interest rates.

In addition, the Bank and its Subsidiaries seek proactively to change the interest rate risk profile to minimize losses and optimize net revenues. The projections above also assume that the interest rate of all maturities moves by the same amount and, therefore, do not reflect the potential impact on net finance income of some rates changing while others remain unchanged. The projections also include assumptions for simplifying calculations, such as, for example, that all positions run to maturity.

Equity securities and mutual funds, classified as available-for-sale investments, are not considered as part of the investment securities for interest rate sensitivity calculation purposes; however, sensitivity tests have been carried out of changes of 10, 25 and 30 percent in the market prices of these price-sensitivity securities in order to evaluate the effect of the expected unrealized gain or loss on other comprehensive income, before income tax, as of December 31, 2019 and 2018, as presented below:

Market price sensitivity	**Changes in market prices**	**2019**	**2018**
	%	**S/000**	**S/000**
Equity securities	+/-10	9,790	9,167
Equity securities	+/-25	24,476	22,918
Equity securities	+/-30	29,371	27,501
Investment funds	+/-10	-	24
Investment funds	+/-25	-	61
Investment funds	+/-30	-	73

(ii) Foreign exchange risk -

The Bank and its Subsidiaries are exposed to foreign currency exchange rates on their financial position and consolidated cash flows. Management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The foreign currency transactions are made at the free market exchange rates.

As of December 31, 2019, the weighted average market exchange rate published by the SBS for transactions in American dollar was S/3.311 for buying and S/3.317 for selling (S/3.369 for buying and S/3.379 for selling, as of December 31, 2018, respectively). As of December 31, 2019, the exchange rate established by the SBS to record assets and liabilities in foreign currencies was S/3.314 for each American dollar (S/3.373 for each American dollar, as of December 31,2018). The Bank and its Subsidiaries assets and liabilities by currencies, expressed in thousands of American dollars, were as follows:

	2019		**2018**	
	American dollar	**Other currencies**	**American dollar**	**Other currencies**
	US$000	**US$000**	**US$000**	**US$000**
Monetary assets				
Cash and Interbank funds	6,946,601	22,831	6,002,000	20,715
Investments at fair value through profit or loss and available for sale investments, net	459,158	18,770	529,147	26,477
Held-to-maturity investments	30,265	-	180,790	-
Loan portfolio, net	9,981,384	477	10,271,035	119
Other assets	348,221	6	80,199	11
	17,765,629	42,084	17,063,171	47,322

	2019 American dollar US$000	2019 Other currencies US$000	2018 American dollar US$000	2018 Other currencies US$000
Monetary liabilities				
Deposits and obligations	(12,438,104)	(22,260)	(11,885,082)	(20,025)
Accounts payable from repurchase agreements	(221,618)	-	(372,124)	-
Due to banks, correspondents, other entities and interbank funds	(1,528,837)	-	(1,524,235)	-
Bonds and subordinated Notes issues	(3,042,814)	(46,037)	(3,267,737)	-
Other liabilities	(244,332)	(188)	(185,253)	(117)
	(17,475,705)	(68,485)	(17,234,431)	(20,142)
Net forward position overbought (oversold)	(441,323)	59	(519,128)	(6)
Net position - currency swaps	(84,995)	-	59,150	69
Net position - cross currency swaps and interest rate swaps	208,970	28,615	568,928	(25,425)
Foreign currency options, net	(7,565)	-	6,941	-
	(324,913)	28,674	115,891	(25,362)
Net monetary position	(34,989)	2,273	(55,369)	1,818

As of December 31, 2019, the Bank and its Subsidiaries have contingent operations (indirect loans) in foreign currency for approximately US$3,848.2 million, equivalent to approximately S/12,753.1 million (approximately US$3,946.0 million, equivalent to approximately S/13,310.0 million, as of December 31, 2018), see Note 18.

The Bank and its Subsidiaries manage foreign exchange risk by monitoring and controlling the exchange positions exposed to changes in exchange rates. The Bank and its Subsidiaries measure their performance in soles, so if the net foreign exchange position (e.g. American dollar) is an asset, any depreciation of the soles with respect to this currency would positively affect the consolidated statement of financial position of the Bank and its Subsidiaries. The current position in a foreign currency comprises exchange rate-linked assets and liabilities in that currency. An institution's open position in individual currencies comprises assets, liabilities and off-balance sheet items denominated in the respective foreign currency for which the institution itself bears the risk; any appreciation/depreciation of the foreign exchange would affect the consolidated statement of income.

The Bank and its Subsidiaries net foreign exchange balance is the sum of its positive open non- soles positions (net long position) less the sum of its negative open non- soles positions (net short position); and any devaluation/revaluation of the foreign exchange position would affect the consolidated statement of income. A currency mismatch would leave the consolidated statement of financial position of the Bank and its subsidiaries vulnerable to a fluctuation of the foreign currency (exchange rate shock).

The table below shows the sensitivity analysis of the American dollar, the principal currency to which the Bank and its Subsidiaries have significant exposure as of December 31, 2019 and 2018 in its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the exchange rate against the soles, with all other variables held constant, on the consolidated statement of income, before income tax. A negative amount in the table reflects a potential net reduction in the consolidated statement of income, while a positive amount reflects a net potential increase:

Currency rate sensitivity	Change in currency rate	2019	2018
	%	S/000	S/000
Devaluation -			
American dollars	5	(5,522)	(8,893)
American dollars	10	(10,541)	(16,978)
Revaluation -			
American dollars	5	6,103	9,829
American dollars	10	12,884	20,751

29.4 Operational risk -

The operational risk is the possibility of the occurrence of losses due to inadequate processes, staff errors, information technology and relations with third parties or external events. Operational risk can produce financial losses and have legal or regulatory compliance consequences, but excludes strategic or reputation risk.

Operational risks are grouped into internal fraud, external fraud, labor relations and safety in the workplace, customer relations, business products and practices, damages to material assets, business and systems interruption and faults in process execution, delivery and management.

The Bank and its Subsidiaries have, as one of their core values, the development of an efficient risk culture, and to achieve this, it records the operational risks and their respective controls per process. Risk mapping permits their monitoring, prioritization, and proposed treatment in accordance with the established governance.

The business continuity management system allows establishing, implementing, operating, monitoring, reviewing, maintaining and improving business continuity based on best practices and regulatory requirements. The Group implements recovery strategies for the resources that support important products and services of the organization, which will be periodically tested to measure the effectiveness of the strategy. In the management of operational risk and business continuity, corporate guidelines are used and methodologies and best practices are shared among the Group's companies.

The management of information security is carried out through a systemic process, documented and known by the entire organization under the best practices and regulatory requirements. The Group designs and develops the guidelines described in the policy and procedures to have strategies for availability, privacy and integrity of the information assets of the organization.

29.5 Capital management -

The Bank and its Subsidiaries actively manage a capital base to cover the inherent risks in their activities. The capital adequacy of the Bank and its Subsidiaries is monitored using, among other measures, the norms and ratios established by the SBS, the supervising authority of its main Subsidiaries and for consolidation purposes, see Note 14(g). Furthermore, capital management responds to market expectations in relation to the solvency of the Bank and its Subsidiaries and to support the growth of the businesses considered in the strategic planning. In this way, the capital maintained by the Bank and its Subsidiaries permits them to assume unexpected losses in normal conditions and conditions of severe stress.

Capital management has as its main objectives: (i) to comply with the capital requirements established by the regulatory entities of the sector in which the Bank and its Subsidiaries operate; (ii) to safeguard the operating capacity of the Bank and its Subsidiaries so that it continues providing returns to the shareholders and benefits to other stakeholders: (iii) to maintain a solid capital base to support the development of its activities, in line with the limits and tolerances established in the declaration of Risk Appetite.

Legislative Decree N°1028 modified the Banking, Insurance and Pension Law, establishing that the mandatory capital of all financial institutions must be equal to or greater than 10 percent of the risk weighted assets and contingent credits which corresponds to the sum of: the mandatory capital requirement for market risk multiplied by 10, the mandatory capital requirement for operational risk multiplied by 10, and the credit risk weighted assets and contingent credits. Additionally, in July of 2011, SBS issued Resolution N° 8425 – 2011, by which it requires additional mandatory capital for economic cycle, concentration risk, market concentration risk, interest rate risk and others. Peruvian financial entities have five years, with effect from July 2011, to adjust their mandatory capital to the required level.

29.6 Fair values -

a) Financial instruments recorded at fair value and fair values hierarchy -

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value as of December 31, 2019 and 2018, including the hierarchy level into which the fair value measurement is categorized. The amounts are based on the values recognized in the consolidated statement of financial position:

	Note	Level 1 S/000	Level 2 S/000	Level 3 S/000	Total S/000
December 31, 2019					
Financial assets					
Derivative financial instruments:					
Forward exchange contracts		-	145,568	-	145,568
Interest rate swaps		-	230,818	-	230,818
Cross currency swaps		-	98,585	-	98,585
Currency swaps		-	354,072	-	354,072
Options		-	1,292	-	1,292
Derivatives receivable	9(b)	-	830,335	-	830,335
Investments at fair value through profit or loss (trading)	5(a)	-	-	-	-
Available-for-sale investments:					
Debt securities					
BCRP Certificates of deposit		-	8,665,271	-	8,665,271
Corporate, leasing and subordinated bonds		813,941	521,466	-	1,335,407
Government treasury bonds		4,112,387	-	-	4,112,387
Financial organizations bonds		-	-	-	-
Other instruments		-	20,209	-	20,209
Equity instruments:					
Listed securities		86,074	-	-	86,074
Unlisted securities		-	-	11,830	11,830
Subtotal	5(a)	5,012,402	9,206,946	11,830	14,231,178
Total financial assets		5,012,402	10,037,281	11,830	15,061,513
Financial liabilities					
Derivative financial instruments:					
Forward exchange contracts		-	109,110	-	109,110
Interest rate swaps		-	314,646	-	314,646
Cross currency Swaps		-	54,775	-	54,775
Currency swaps		-	308,970	-	308,970
Options		-	892	-	892
		-	788,393	-	788,393
Total financial liabilities		-	788,393	-	788,393

	Note	Level 1 S/000	Level 2 S/000	Level 3 S/000	Total S/000
December 31, 2018					
Financial assets					
Derivative financial instruments:					
Forward exchange contracts		-	64,925	-	64,925
Interest rate swaps		-	133,521	-	133,521
Cross currency swaps		-	120,744	-	120,744
Currency swaps		-	352,904	-	352,904
Options		-	747	-	747
Derivatives receivable	9(b)	-	672,841	-	672,841
Investments at fair value through profit or loss (trading)	5(a)	71,089	3,384	-	74,473
Available-for-sale investments:					
Debt securities					
BCRP Certificates of deposit		-	9,829,588	-	9,829,588
Corporate, leasing and subordinated bonds		847,095	287,247	-	1,134,342
Government treasury bonds		3,038,401	-	-	3,038,401
Financial organizations bonds		102,134	-	-	102,134
Other instruments		-	21,641	-	21,641
Equity instruments:					
Listed securities		80,891	-	-	80,891
Unlisted securities		-	-	10,779	10,779
Investments funds		-	-	242	242
Subtotal	5(a)	4,068,521	10,138,476	11,021	14,218,018
Total financial assets		4,139,610	10,814,701	11,021	14,965,332
Financial liabilities					
Derivative financial instruments:					
Forward exchange contracts		-	58,276	-	58,276
Interest rate swaps		-	103,944	-	103,944
Cross currency Swaps		-	55,454	-	55,454
Currency swaps		-	401,407	-	401,407
Options		-	592	-	592
		-	619,673	-	619,673
Total financial liabilities	28	-	619,673	-	619,673

Financial instruments included in the Level 1 category are those that are measured on the basis of quotations obtained in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and said prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial instruments included in the Level 2 category are measured on the basis of observed market factors. This category includes instruments valued using quoted prices for similar instruments, either in active or less active markets and other valuation techniques (models) where all significant inputs are directly or indirectly observable based on market data.

Following is a description of how fair value is determined for the Bank and its Subsidiaries financial instruments where valuation techniques were used with inputs based on observable market data which incorporate the estimates of the Bank and its Subsidiaries, on the assumptions that market participants would use for measuring these financial instruments:

- Valuation of derivate financial instruments -

Interest rate swaps, currency swaps and forward exchange contracts are evaluated by using valuation techniques where inputs are based on observable market data. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, foreign exchange, forward rates and interest rate curves. Options are valued using well-known, widely accepted valuation models.

A credit value adjustment (CVA) is applied to the exposure of the "Over-The-Counter" derivatives in order to consider the risk of default of the counterparties when the fair value of the derivatives is measured. The effect of this adjustment is measured in the income statement. The CVA is a cost at market prices of protection required to hedge the credit risk of the counterparties in this type of portfolio of derivatives. The CVA is calculated by multiplying the probability of default (PD), the likelihood of given deterioration (LGD) and the expected exposure (EE) at the date of impairment.

- Valuation of debt securities available for sale included in Level 2 -

Valuation of BCRP certificates of deposit, corporate, leasing, subordinated bonds and Government treasury bonds are estimated calculating their Net Present Values (NPV) through discounted cash flows, using appropriate and relevant zero coupon rate curves to discount cash flows in the respective currency and considering observable current market transactions.

BCRP deposit certificates (CD BCRP) are securities issued at a discount, in order to regulate the liquidity of the financial system. They are placed through public auction or direct placement, are freely negotiable by their holders in the Peruvian secondary market and can be used as collateral in Securities Reporting Operations with the BCRP.

Other debt instruments are evaluated using valuation techniques based on assumptions supported by prices from observable current market transactions, obtained via pricing services. Nevertheless, when prices have not been determined in an active market, fair values are based on broker quotes and assets that are valued using models whereby the majority of assumptions are market observable.

The financial instruments included in Level 3 are measured using valuation techniques (internal models), based on assumptions that are not supported by prices of observable transactions on the market for the same instrument, nor based on available market data.

b) Financial instruments not measured at fair value -

Set out below is the disclosure of the comparison between the carrying amounts and fair values of the financial instrumer value, presented in the consolidated statement of financial position by level of the fair value hierarchy:

	As of December 31, 2019					As of December 31, 2018	
	Level 1	Level 2	Level 3	Fair value	Book value	Level 1	Level 2
	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Assets							
Available funds	-	26,709,946	-	26,709,946	26,709,946	-	23,404,671
Interbank funds	-	101,979	-	101,979	101,979	-	159,985
Held-to-maturity investments	3,772,509	103,010	-	3,875,519	3,456,144	3,733,648	120,442
Loans, net	-	100,336,130	-	100,336,130	100,336,130	-	96,710,429
Other assets	-	943,159	-	943,159	943,159	-	1,283,821
Total	3,772,509	128,194,224	-	131,966,733	131,547,358	3,733,648	121,679,348
Liabilities							
Deposits and obligations	-	99,433,161	-	99,433,161	99,433,161	-	93,033,696
Interbank funds	-	204,986	-	204,986	204,986	-	547,314
Payables from repurchase agreements	-	5,803,336	-	5,803,336	5,803,336	-	7,169,908
Due to banks, correspondents and other entities	-	8,640,534	-	8,640,534	8,660,298	-	8,203,605
Bonds and subordinated Notes issued	-	14,793,651	-	14,793,651	14,312,926	-	15,197,797
Other liabilities	-	1,636,232	-	1,636,232	1,636,232	-	1,602,690
Total	-	130,511,900	-	130,511,900	130,050,939	-	125,755,010

The methodologies and assumptions used to determine fair values depend on the terms and risk characteristics of the various financial instruments indicated previously and include the following:

(i) Assets for which fair values approximate their carrying value - For financial assets and financial liabilities that are liquid or have a short term maturity (less than three months), it is assumed that the carrying amounts are similar to their fair values. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments

(ii) Financial instruments at fixed rate - The fair value of the financial liabilities at fixed rate and at amortized cost is determined by comparing the market interest rate at the time of their initial recognition to the current market rates related to similar financial instruments. In the case of listed debt, the fair value is determined on the basis of the quoted market prices. When quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity. The fair value of the loan portfolio and deposits and obligation, according to SBS Multiple Official Letter N°1575-2014, corresponds to its book value.

30 EVENTS AFTER THE REPORTING PERIOD

From December 31, 2019 until the date of this report, no significant event has occurred which affects the consolidated financial statements.

NAMES AND ADDRESSES

Issuer

Banco de Crédito del Perú
Calle Centenario 156, La Molina, Lima 12, Perú

Arrangers and Dealers

BofA Securities, Inc.
One Bryant Park
New York, NY 10036
United States

Citigroup Global Markets Inc.
388 Greenwich Street
New York, NY 10013
United States

J.P. Morgan Securities LLC
383 Madison Avenue
New York, NY 10179
United States

Dealers

BNP Paribas Securities Corp.
787 Seventh Avenue
New York, NY 10019
United States

Daiwa Capital Markets America Inc.
32 Old Slip
Financial Square
New York, NY 10005
United States

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

Natixis Securities Americas LLC
1251 Avenue of the Americas, 4th floor,
New York, NY 10021
United States

SMBC Nikko Securities America, Inc.
277 Park Avenue
New York, NY 10172
United States

Fiscal Agent, Non-U.S. Paying Agent, Non-U.S. Transfer Agent, Calculation Agent, U.S. Paying Agent, U.S. Registrar U.S. Transfer Agent and U.S. Authenticating Agent

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB, United Kingdom

Luxembourg Listing Agent
Banque Internationale à Luxembourg, S.A.

Legal Advisers

To the Issuer as to New York law
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
United States

To the Dealers as to New York law
Milbank LLP
55 Hudson Yards
New York, NY 10001-2163
United States

To the Issuer as to Peruvian law
Payet, Rey, Cauvi, Pérez Abogados
Torre Real Tres, Piso 12, Victor A
Belaunde 147, Distrito de San Isidro, 15073
Perú

Independent Auditors

Gaveglio Aparicio & Asociados S.C.R.L., a member firm of PricewaterhouseCoopers International Limited
Av. Santo Toribio 143, Piso 8,
Distrito de San Isidro, 15073
Perú