

U.S.\$716,301,000


Banco de Crédito del Perú

4.250% SENIOR NOTES DUE 2023

We, Banco de Crédito del Perú, or BCP, a commercial bank organized and existing under the laws of the Republic of Peru issued U.S.\$716,301,000 aggregate principal amount of senior notes due 2023, or the notes. An aggregate principal amount of U.S.\$350 million of the notes was offered for cash, or the cash offer, and the remaining U.S.\$366,301,000 aggregate principal amount was offered in exchange for our outstanding 4.75% Senior Notes due 2016, or the exchange offer. The notes will mature on April 1, 2023. The notes will bear interest of 4.250% per year. Interest is payable on April 1 and October 1 of each year, commencing on October 1, 2013.

Through the exchange offer, we offered eligible holders the opportunity to exchange up to U.S.\$350 million aggregate principal amount, or the maximum tender amount, of our outstanding 4.75% Senior Notes due 2016, or the existing notes, for newly issued 4.25% Senior Notes due 2023, or the new notes, upon the terms and subject to the conditions set forth in this offering memorandum (as it may be supplemented and amended from time to time), and the related letter of transmittal (as it may be supplemented and amended from time to time). The exchange offer expired at midnight, New York City time, on April 19, 2013. Holders who validly tendered and did not validly withdraw existing notes for exchange by 5:00 pm, New York City time, on April 5, 2013, received the total exchange price (as described herein). Holders who validly tendered and did not validly withdraw existing notes for exchange after the early exchange date, but at or prior to the expiration date, received the exchange price (as described herein), which does not include the early participation payment. The notes and the new notes are fully fungible.

Payments in respect of the notes will be made without deduction of, withholding for or on account of, taxes imposed by the Republic of Peru, or other then applicable jurisdictions, subject to certain exceptions. See "Description of the Notes—Payment of Additional Amounts." In the event of certain changes in the laws affecting the taxes applicable to payments under the notes, we may redeem the notes before their stated maturity at a price equal to 100% of their principal amount plus accrued and unpaid interest to the redemption date. We are entitled to redeem the notes, in whole, or in part, from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the notes on such redemption date and (2) the "make whole" amount set forth in this offering memorandum, plus, in each case, any accrued and unpaid interest, if any, up to, but not including, the date of redemption. See "Description of the Notes—Redemption Prior to Maturity—Optional Redemption."

The notes are our senior unsecured obligations and will rank equally in right of payment with all of our other senior unsecured indebtedness, except for obligations that are preferred by statute. The notes are structurally subordinated to the existing and future obligations of our subsidiaries, including trade payables. They are not guaranteed by our parent company or any of our subsidiaries. See "Regulatory Environment – Intervention by the SBS and Liquidation."

For a more detailed description of the notes, see "Description of the Notes" beginning on page 107.

No public market currently exists for the notes. We have applied to list the notes on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market. See "Listing and General Information."

Investing in the notes involves risks. See "Risk Factors" beginning on page 12.

Price: 99.196% and accrued interest, if any, from April 1, 2013.

The notes have not been registered under the U.S. Securities Act of 1933, as amended, or the Securities Act, and are being offered only to (1) qualified institutional buyers, or QIBs, under Rule 144A and (2) outside the United States in compliance with Regulation S. Prospective purchasers that are QIBs are hereby notified that the sellers of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Any offer or sale of the notes in any member state of the European Economic Area which has implemented Directive 2003/71/EC (the "Prospectus Directive") must be addressed to qualified investors (as defined in the Prospectus Directive). For more information about restrictions on transfer of the notes, see "Notice to Investors" beginning on page 130. We have registered the notes and this offering memorandum with the Peruvian Superintendence of the Securities Market (Superintendencia del Mercado de Valores, or "SMV"). In Peru, this offering will be considered a public offering directed exclusively to "institutional investors" (as such term is defined under the Seventh Final Disposition of CONASEV Resolution No. 141-98-EF/94.10, as amended).

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

This offering memorandum is a prospectus for the purpose of Luxembourg law on Prospectuses for Securities of July 10, 2005, as amended.

Citigroup Global Markets, Inc. and J.P. Morgan Securities LLC delivered the notes from the cash offer to purchasers in book-entry form on April 1, 2013.

Joint Book-Runners

Citigroup

J.P. Morgan

Joint Lead Managers

Citigroup

J.P. Morgan

Local Placement Agent

Credibolsa

Offering Memorandum dated June 14, 2013

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You should only rely on the information contained in this offering memorandum. We have not authorized anyone to provide you with different information. Neither we nor the initial purchasers are making an offer of the notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the cover of this offering memorandum regardless of time of delivery or any sale of the notes.

The initial purchasers assume no responsibility for, and make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is or shall be relied upon as, or a promise or representation by the initial purchasers as to the past or future. The initial purchasers accept no responsibility in relation to the information in this offering memorandum or any other information provided by the issuer.

We, having made all reasonable inquiries, confirm that the information contained in this offering memorandum with regard to our company is true and accurate in all material respects, that the opinions and intentions we express in this offering memorandum are honestly held, and that there are no other facts the omission of which would make this offering memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. We accept responsibility accordingly.

Unless otherwise indicated or the context otherwise requires, all references in this offering memorandum 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.

This offering memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any notes offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in our affairs or the affairs of our subsidiaries or that the information set forth in this offering memorandum is correct as of any date subsequent to the date of this offering memorandum.

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the notes. We reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the notes offered by this offering memorandum. Citigroup Global Markets, Inc. and J.P. Morgan Securities LLC will act as initial purchasers with respect to the offering of the notes.

You must (1) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this offering memorandum and the purchase, offer or sale of the notes, and (2) obtain any required consent, approval or permission for the purchase, offer or sale by you of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither we nor the initial purchasers or their agents have any responsibility therefor. See "Notice to Investors" for information concerning some of the transfer restrictions applicable to the notes.

You acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum;
- you have not relied on the initial purchasers or their respective agents or any person affiliated with the initial purchasers or their respective agents in connection with your investigation of the accuracy of such information or your investment decision; and
- no person has been authorized to give any information or to make any representation concerning us or the notes other than those as set forth in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us, the initial purchasers or their agents.

In making an investment decision, you must rely on your own examination of our business and the terms of this offering, including the merits and risks involved. The notes have not been recommended by the Securities and Exchange Commission, or the "SEC," or any state securities commission or any Peruvian or other regulatory authority. Furthermore, these authorities have not confirmed the accuracy or determined the adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

In connection with this offering, the initial purchasers may over-allot notes or effect transaction 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 initial purchasers will undertake stabilization action at all. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the notes is made and, if begun, the initial purchasers may discontinue it at any time, but it must end no later than 30 days after the issuance of the notes.

The notes may not be transferred or resold except as permitted under the Securities Act and related regulations and applicable state securities laws and applicable Peruvian law. In making your purchase, you will be deemed to have made certain acknowledgements, representations and agreements set forth in this offering memorandum under the caption "Notice to Investors." You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

This offering memorandum may only be used for the purpose for which it has been published. Neither the initial purchasers nor any of their agents is making any representation or warranty as to the accuracy or completeness of the information contained in this offering memorandum, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or the future. Neither the initial purchasers nor any of their agents has independently verified any of such information and assumes no responsibility for the accuracy or completeness of the information contained in this offering memorandum.

See “Risk Factors,” following “Summary,” for a description of certain factors relating to an investment in the notes, including information about our business. None of us, the initial purchasers or any of our or their representatives is making any representation to you regarding the legality of an investment by you under applicable legal investment or similar laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the notes.

The notes are available initially only in book-entry form. The notes offered and sold in the United States to QIBs in reliance upon Rule 144A are represented by beneficial interests in a permanent global note in fully registered form without interest coupons, or the Rule 144A note. The notes offered and sold outside the United States to non-U.S. persons pursuant to Regulation S are represented by beneficial interests in a permanent global note in fully registered form without interest coupons, or the Regulation S note and, together with the Rule 144A note, the global notes). The global notes have been deposited with The Depository Trust Company. Notes shall be issued in minimum denominations of U.S.\$10,000 and integral multiples of U.S.\$1,000 in excess thereof. See “Description of the Notes” for further discussion of these matters.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO RESIDENTS OF PERU

IN PERU, THIS OFFERING WILL BE CONSIDERED A PUBLIC OFFERING DIRECTED EXCLUSIVELY TO “INSTITUTIONAL INVESTORS” (AS SUCH TERM IS DEFINED UNDER THE SEVENTH FINAL DISPOSITION OF CONASEV RESOLUTION NO. 141-98-EF/94.10, AS AMENDED).

THE NOTES AND THIS OFFERING MEMORANDUM HAVE BEEN REGISTERED WITH THE SMV IN ACCORDANCE WITH THE PROCEDURES SET FORTH IN NUMERAL IV OF THE SECOND SECTION OF THE MANUAL FOR COMPLIANCE WITH THE APPLICABLE REQUIREMENTS FOR INITIAL PUBLIC OFFERINGS, AS SET FORTH UNDER SMV RESOLUTION NO. 004-2011- EF/94.01.1, PURSUANT TO CONASEV RESOLUTION NO. 079 2008-EF/94.01.1, APPLICABLE TO U.S. OFFERINGS IN RELIANCE OF RULE 144A UNDER THE SECURITIES ACT WITH A LOCAL PERUVIAN COMPONENT.

THE NOTES OFFERED HEREBY ARE SUBJECT TO TRANSFER AND RESALE RESTRICTIONS AND MAY NOT BE TRANSFERRED OR RESOLD IN PERU EXCEPT AS PERMITTED UNDER CONASEV RESOLUTION NO. 079-2008-EF/94.01.1, AS AMENDED.

THE NOTES HAVE BEEN PROVISIONALLY REGISTERED WITH THE FOREIGN INVESTMENT AND DERIVATIVES INSTRUMENTS REGISTRY (*REGISTRO DE INSTRUMENTOS DE INVERSIÓN Y DE OPERACIONES DE COBERTURA DE RIESGO EXTRANJEROS*) OF THE SBS, IN ORDER TO MAKE THE NOTES ELIGIBLE FOR PERUVIAN PENSION FUND INVESTMENT, AS REQUIRED BY PERUVIAN LEGISLATION. THIS REGISTRATION WAS PROVISIONALLY APPROVED, AND DEFINITIVE REGISTRATION IS CONDITIONED ON THE DELIVERY OF THE FINAL OFFERING MEMORANDUM AND OTHER ANCILLARY DOCUMENTS TO THE SBS.

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 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 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 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 offering memorandum 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 order or good morals; and
- (viii) it is not proven that such foreign court denies enforcement of Peruvian judgments or engages in a review of the merits thereof.

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 Abogados, our Peruvian counsel, that in the absence of such treaty, the requirements listed above need to be fulfilled for the recognition of a foreign judgment in Peru and 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 have designated National Registered Agents, 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 offering memorandum were obtained from internal reports and studies, where appropriate, as well as estimates, market research, publicly available information, including information available from the Peruvian *Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones* (the Superintendency of Banks, Insurance and Private Pension Fund Administrators, or the “SBS”), and industry publications. Market share, deposit and other data obtained from the SBS is limited to the banking operations of Peruvian banks, including any 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 all Peruvian and foreign subsidiaries of Peruvian banks. Therefore, the SBS information as it relates to us excludes the operations of our Bolivian subsidiary, Banco de Crédito de Bolivia, as well as our Peruvian subsidiaries, including Crédito Leasing S.A. (up to June 30, 2009, prior to the merger with BCP), Credifondo Sociedad Administradora de Fondos Mutuos de Inversión de Valores, or “Credifondo” (up to October 31, 2012, prior to the spin off described below), Credibolsa Sociedad Agente de Bolsa (up to October 31, 2012, prior to the spin off described below), or “Credibolsa”, Creditítulos Sociedad Titulizadora S.A. (up to October 31, 2012, prior to the spin off described below), or “Creditítulos” and Empresa Financiera Edyficar, or “Financiera Edyficar.” Credifondo, Credibolsa and Creditítulos were spun-off to our parent company during the fourth quarter of 2012 and are no longer our subsidiaries. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. Similarly, internal reports and studies, estimates and market research, while believed to be reliable and accurately extracted by us for the purposes of this offering memorandum, 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 offering memorandum.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum contains statements that constitute estimates and forward-looking statements, including but not limited to the sections “Summary,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These statements appear in a number of places in this offering memorandum 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:

- changes in the demand from, and the financial condition of, our customers, and competitive conditions in the markets we serve;
- changes in economic, political and business conditions in Peru;
- 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 in Peru, devaluation or revaluation of the Nuevo 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 offering memorandum.

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 offering memorandum 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 December 31, 2011 and 2012 and for the years ended December 31, 2010, 2011 and 2012 included herein (the “annual consolidated financial statements”) and our unaudited interim consolidated financial statements as of March 31, 2013 and for the three-month periods ended March 31, 2013 and 2012 (the “unaudited interim consolidated 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, or “Peruvian GAAP.” Peruvian GAAP differs in certain significant respects from International Financial Reporting Standards, or “IFRS,” as adopted by the International Accounting Standards Board, or “IASB,” and United States generally accepted accounting principles, or “U.S. GAAP.” For a description of highlights of certain differences among Peruvian GAAP, IFRS, as adopted by the IASB, and U.S. GAAP, see “Accounting Practices” set forth in Appendix A.

The annual consolidated financial statements have been audited by Medina, Zaldívar, Paredes & Asociados, a member firm of Ernst & Young Global, or “MZP.” See MZP’s report dated February 26, 2013 included in this offering memorandum. Unless otherwise indicated, the financial information presented herein is based upon the annual consolidated financial statements.

Unless otherwise specified, in accordance with Peruvian GAAP, the annual consolidated financial statements and other financial information contained in this offering memorandum are presented in consolidated form. Consolidation principles under both Peruvian GAAP and IFRS, 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 and IFRS, an enterprise is required to consolidate special purpose entities, or “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/,” “Nuevo Sol” or “Nuevos Soles” are to Peruvian Nuevos Soles.

For the convenience of the reader, this offering memorandum presents translations of certain Nuevo Sol amounts into U.S. dollars at specified rates, or the S./\$ exchange rate. Any data as of and for the period ended December 31, 2012 and as of and for the three-month period ended March 31, 2013 has been translated from Nuevos Soles into U.S. dollars at a rate of S/.2.550 = U.S.\$1.00 (the December 31, 2012 exchange rate as published by the SBS).

No representation is made that the Nuevo Sol or U.S. dollar amounts in this offering memorandum at any time could have been or could be converted into U.S. dollars or Nuevos Soles, as the case may be, at any particular rate or at all. For a discussion of the effects on us of fluctuating exchange rates, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations —Results of Operations for the Years Ended December 31, 2010, 2011 and 2012.”

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

SUMMARY

The following summary should be read in conjunction with, and is qualified in its entirety by, the detailed information and the annual consolidated financial statements and notes thereto appearing elsewhere in this offering memorandum. Prospective investors should review the section entitled “Risk Factors” for a discussion of certain factors that should be considered in connection with an investment in the notes.

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, based upon total assets, loans, deposits, shareholders’ equity and branch network. We are currently controlled by Credicorp Ltd. (NYSE: BAP), or “Credicorp”, which holds directly and through Grupo Crédito S.A., a wholly owned-subsidiary domiciled in Peru, 97.66% of our capital stock. Mr. Dionisio Romero Paoletti, our Chairman and President, is the Chairman and Chief Executive Officer of Credicorp. Members of the Romero family hold 14.24% of Credicorp’s common shares. We are listed and our common shares are traded on the Lima Stock Exchange. As of December 31, 2012, 2.34% of our common stock was publicly held.

We have the leading banking franchise in Peru, including commercial and retail. We acquired Empresa Financiera Edyficar, or “Financiera Edyficar” (microfinance) in October 2009 as part of our strategy of increasing our presence in underbanked segments. As of December 31, 2012, Financiera Edyficar, which specializes in providing financial services to lower-income people as well as micro-lending, represented 6.9% of our net income and 3.1% of our total assets. As of December 31, 2012, our subsidiary Banco de Crédito de Bolivia, or “BCB,” was the fifth-largest bank in Bolivia in terms of assets, fifth-largest in terms of total deposits, and the third-largest based on total loans. BCB represented 4.1% of our net income and 4.1% of our total assets as of December 31, 2012. We also have an agency in Miami and a branch in Panama.

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, 2012, and excluding Financiera Edyficar, we had the largest branch and second-largest automated teller machine, or “ATM,” network among banks in Peru with 365 domestic branches and agencies, including 241 in Lima and the adjoining city of Callao. We also had 1,844 ATMs and 5,712 BCP Agents, a form of automated teller service, as of December 31, 2012. Additionally, as of December 31, 2012, Financiera Edyficar had 163 branches.

As of December 31, 2012, on an unconsolidated basis and including Edyficar, we were the largest financial institution in Peru in terms of total assets of S/.85.1 billion (or U.S.\$33.4 billion), total net direct loans of S/.48.8 billion (or U.S.\$19.1 billion), total deposits of S/.55.8 billion (or U.S.\$21.9 billion), and shareholders’ equity of S/.7.4 billion (or U.S.\$2.9 billion), according to figures published by the SBS. As of December 31, 2012, our direct loans and deposits represented 30.0% and 30.6%, respectively, of the entire Peruvian financial system, according to the SBS. Given our relatively higher concentration on corporate clients, of our total loans and deposits, 54.5% and 43.6%, respectively, were denominated in U.S. dollars as compared to 43.2% and 35.7%, respectively, for the entire Peruvian financial system. As of December 31, 2012, our unconsolidated capital adequacy ratio was 14.7% (compared to the minimum regulatory capital requirement of 10.0%), and our net income for 2012 was S/.1.5 billion (or U.S.\$587.3 million).

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 that include Edyficar, we have one of the highest core-deposit ratios (*i.e.*, demand deposits plus savings and CTS deposits (severance indemnity deposits) to total deposits (*i.e.*, time deposits plus core deposits)) in the Peruvian financial system, which as of December 31, 2012, stood at 66.2% compared to the average ratio of the system of 57.9%. We have historically focused on our core lending activities as a major source of income. As of December 31, 2012, our ratios of loans to total assets and loans to total deposits were 56.5% and 87.8%, 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 in Peru, our widespread branch network, our low-cost funding structure, our high level of investment in technology and the experience and professionalism of our management.

During the years 2011 and 2012, Credicorp followed a strategy aimed to establishing a subsidiary (that will operate independently from BCP) engaged 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, or “MILA”). MILA comprises the main stock exchanges of Peru, Chile and Colombia.

For this purpose, during 2012, BCP acquired a majority interest in Correval S.A. Sociedad Comisionista de Bolsa, (“Correval”) one of the market leaders in the Colombian brokerage services industry; and Inversiones IM Trust S.A. (“IM Trust”), a Chilean brokerage and financial services company. Both companies will then be transferred to a new holding entity, a subsidiary of Credicorp.

As of the date of this offering memorandum, IM Trust has been sold at its acquisition cost to Credicorp Investments, a wholly-owned subsidiary of Credicorp, and Correval’s sale is pending of approval from Colombian regulatory authorities. Correval is currently classified as a discontinued operation in our financial statements (see note 3 (a) (iii) to the annual consolidated financial statements) and is expected to be sold at its acquisition value. Additionally, certain of our former local subsidiaries including Credifondo, Credibolsa, Credititulos and BCP’s investment banking division were spun off and acquired by BCP Capital S.A.A., a wholly-owned subsidiary of our parent company Credicorp through Grupo Crédito. We expect that at the end of this reorganization, BCP Capital, IM Trust and Correval will be subsidiaries of Credicorp Investments.

Our operations, including those of Financiera Edyficar, are supervised and regulated by the SBS and the *Banco Central de Reserva del Perú* (the Central Bank, or the “BCRP”). The operations of our Panamanian branch are supervised and regulated by the SBS and the *Superintendencia de Bancos de la República de Panamá* (the Panamanian Superintendency of Banks, or the “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. In addition, the operations of our subsidiary in Bolivia are regulated by the *Autoridad de Supervisión del Sistema Financiero* (the Supervising Authority of the Financial System, or the “ASFI”).

Strategy

Our strategy is to continue:

- diversifying our client base by developing under-banked segments, which include small companies and low-income individuals, through specially tailored loans, such as microfinance loans, and cash management products and services, and by introducing more efficient distribution channels that respond to our clients’ needs while maintaining our high-quality standards;
- developing and growing our retail banking business by expanding our distribution network and increasing bank penetration along with a strengthening of credit scoring, collection, distribution, cross selling and commercial intelligence processes;
- improving profitability through productivity enhancement, control of operating costs and more aggressive use of electronic distribution channels;
- maintaining the stability of our net income and further strengthening our balance sheet and our capital structure in order to establish a strong capital base to support future growth; and
- improving our comprehensive approach to risk management, with a focus on assessing credit risk, market risk, operational risk and reputational risk.

We believe we have been a pioneer in the Peruvian financial system, offering innovative financing solutions for the local market. Furthermore, we believe we have been able to deliver cost-competitive products with high levels of service and quality, due to our broad deposit base and our efficient operating cost structure.

We expect to continue, through a combination of organic growth and selective acquisitions, our strategy of expanding our retail banking business, which is characterized by higher margins. This strategy will allow us to continue to grow in segments in which BCP has a below-average market share due to our historic focus on the corporate segment.

We will continue to expand our branch network by establishing new offices in under-banked areas of Lima and Peru in general, where we expect demand for banking services to grow quickly. Excluding Financiera Edyficar and Banco de Crédito de Bolivia, the number of our branches increased from 330 as of December 31, 2010, to 367 as of December 31, 2012, including our branch in Panama and our agency in Miami, the number of ATMs increased from 1,159 as of December 31, 2010 to 1,844 as of December 31, 2012, and the number of BCP Agents increased from 3,513 as of December 31, 2010 to 5,712 as of December 31, 2012 as reported by the SBS. We intend to continue to focus on serving historically under-banked sectors in the main metropolitan areas of Peru as well as on lending to small and micro-businesses. Our management expects these segments to continue growing at above average rates. Also, we expect our distribution network to further increase efficiencies, resulting in higher profitability.

In the near term, we believe that the financial sector and the availability of credit in Peru will continue to expand. The rebalancing of the loan mix towards products with higher spreads and towards products denominated in Nuevos Soles is expected to offset the anticipated reductions in spreads in the corporate sector and lower spreads in U.S. dollars. As a result, we expect overall interest margins to remain relatively stable. We also expect that declines in fees and commissions due to increased competition and regulation will be offset by higher transaction and loan volumes.

We expect to benefit from certain positive trends in the Peruvian economy. In retail banking, we expect that the growing Peruvian economy will help produce continued growth in mortgage loans, consumer loans and loans to micro-businesses. Our management believes that Peru's continued economic growth should also be beneficial to middle-market and wholesale banking, which we believe will continue to expand.

Declaration of Dividends

We expect to declare a dividend at our general shareholders' meeting to be held on March 26, 2013 with respect to our results of operations for the year ended December 31, 2012. The amount of such dividend will be announced at that time.

Exchange Offer for Outstanding Securities

On March 25, 2013, we commenced an offer to exchange up to U.S.\$350 million aggregate principal amount of our outstanding U.S.\$700 million 4.75% senior notes due 2016, or 2016 senior notes, for additional 2023 senior notes. The exchange offer expired at midnight, New York City time, on April 19, 2013. Holders of senior notes due 2016 who validly tendered and did not validly withdraw their notes for exchange at or prior to April 5, 2013, and whose tenders were accepted by us, received a premium to the exchange price received by holders of senior notes due 2016 who tender after April 5, 2013. We delivered additional 2023 senior notes to holders who validly tendered and did not validly withdraw their notes at or prior to April 5, 2013 by April 10, 2013. The final settlement date of the exchange offer was April 23, 2013. The total aggregate principal amount of new 2023 senior notes issued pursuant to the exchange offer was US\$366,301,000. We did not receive any proceeds in connection with the exchange offer.

SUMMARY OF THE TERMS OF THE CASH OFFER

The following is a brief summary of certain terms of this offering. Some of the terms and conditions described below are subject to important limitations and exceptions. For a more complete description of the terms of the notes, see “Description of the Notes” in this offering memorandum.

Issuer.....	Banco de Crédito del Perú.
Notes.....	U.S.\$350,000,000 aggregate principal amount of senior notes due 2023.
Maturity	April 1, 2023.
Issue Date	April 1, 2013.
Interest	The notes bear interest at the rate of 4.250% per annum. Interest is payable on April 1 and October 1 of each year, commencing on October 1, 2013.
Issue Price.....	99.196% of the principal amount, plus accrued interest, if any, from April 1, 2013.
Ranking.....	The notes are our direct, unconditional and unsecured general obligations and, other than as set forth below, at all times rank <i>pari passu</i> in right of payment with all of our other unsecured obligations other than obligations that are, by their terms, expressly subordinated in right of payment to the notes. The notes are effectively subordinated to (i) all of our secured indebtedness with respect to the value of our assets securing that indebtedness, (ii) certain direct, unconditional and unsecured general obligations that in case of our insolvency are granted preferential treatment pursuant to Peruvian law and (iii) all of the existing and future liabilities of our subsidiaries, including trade payables. See “Regulatory Environment—Intervention by the SBS and Liquidation.”
	As of December 31, 2012, the issuer had approximately S/.819.5 million (approximately U.S.\$321.4 million) in promotional credit lines that are secured by a loan portfolio, S/.100.0 million (approximately U.S.\$39.2 million) in locally issued leasing bonds, S/.1,556.6 million (approximately U.S.\$610.4 million) in locally issued corporate bonds, S/.971.8 million (approximately U.S.\$381 million) in

syndicated loans, S/.4,282.5 million (approximately U.S.\$1,679.5 million) due to banks and correspondents with foreign financial institutions, S/.3,062 million (approximately U.S.\$1,201 million) due to related parties, S/. 3,803.1 million (approximately U.S.\$1,491.4 million) in internationally issued corporate bonds, S/. 326.5 million (approximately U.S.\$128.0 million) in locally issued subordinated bonds, S/.2,540.4 million (approximately U.S.\$996.3 million) in internationally issued subordinated bonds, and S/.627.0 million (approximately U.S.\$245.9 million) in internationally issued junior subordinated bonds.

Optional Redemption.....

We may, at our option, at any time prior to maturity, redeem the notes in whole, or in part from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the notes on such redemption date and (2) the Make-Whole Amount plus, in each case, Additional Amounts, if any, together with any accrued and unpaid interest, if any, up to, but not including, the date of redemption. The term “Make-Whole Amount” is defined under “Description of the Notes—Redemption Prior to Maturity—Optional Redemption.” Such redemption will be made so long as: (i) it is not prohibited by Peruvian laws or Central Bank regulations and (ii) it does not cause us to incur increased mandatory reserve requirements (*encaje*).

Redemption Solely for Taxation Reasons.....

We may, at our option, subject to applicable Peruvian law, redeem the 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, at the principal amount thereof, plus Additional Amounts, if any, together with any accrued and unpaid interest, if any, to the date fixed for redemption if the laws or regulations affecting taxes in Peru change in certain respects and impose Additional Amounts in respect of the notes in excess of the gross amount of Additional Amounts payable in respect of such notes prior to a Change in Tax Law. The terms “Additional Amounts” and “Change in Tax Law” are defined under “Description of the Notes—Payment of Additional Amounts” and “Description of the Notes—Redemption Prior to Maturity—Redemption Solely for Taxation Reasons,”

respectively. Such redemption will be made so long as: (i) it is not prohibited by Peruvian laws or Central Bank regulations and (ii) it does not cause us to incur increased mandatory reserve requirements (*encaje*).

Covenants

The indenture governing the notes contains covenants that, among other things:

- limit our ability to consolidate with or merge into any other corporation or convey or transfer our properties and assets substantially as an entirety to any person; and
- require us to furnish to the trustee certain supplementary and periodic information, documents and reports.

These covenants are subject to a number of important limitations and exceptions. See “Description of the Notes—Covenants.”

Book-Entry; Form and Denomination

The notes were issued in the form of one or more global notes without coupons, registered in the name of a nominee of The Depository Trust Company (“DTC”), as depositary, for the accounts of its participants including Euroclear Bank S.A./N.V. (“Euroclear”), and Clearstream Banking, *société anonyme*, Luxembourg (“Clearstream”). The notes were issued in minimum denominations of U.S.\$10,000 and integral multiples of U.S.\$1,000 in excess thereof. The notes will not be issued in definitive form except under certain limited circumstances. See “Description of the Notes—Book-Entry System; Delivery and Form—Certificated Notes.”

Use of Proceeds

The net proceeds from the offering were intended for general corporate purposes.

Further Issuances

Subject to the limitations contained in the indenture, we may from time to time, without notice to or consent of the holders of the notes, create and issue an unlimited principal amount of additional notes of the same series as the notes offered hereby.

Governing Law; Submission to Jurisdiction.....	The notes were issued by BCP as Senior Notes under Article 234 of the Peruvian Banking Law and will be governed by the law of New York. We submitted to the non-exclusive jurisdiction of the United States federal and state courts located in the Borough of Manhattan in The City of New York in respect of any action arising out of or based on the notes.
Listing.....	Application has been made to list the notes on the Luxembourg Stock Exchange (and to trade on the Euro MTF Market).
Peruvian SBS Registration	Application will be made with the Foreign Investment Instruments Registry (<i>Registro de Instrumentos de Inversión Extranjeros</i>) of the SBS, in order to make the notes eligible for investment by Peruvian private pension funds. We cannot assure you, however, that the application will be approved.
Peruvian SMV Registration	Prior to the issuance of the new notes, BCP registered the notes with the <i>Superintendencia del Mercado de Valores</i> (SMV) in accordance with the procedure set forth in Section IV.2.A.b).4 of the Manual for Compliance with the Requirements Applicable to the Public Offering of Securities (<i>Manual para el Cumplimiento de los Registros Aplicables a Ofertas Públicas de Valores Mobiliarios</i>).
Trustee, Security Registrar, Calculation Agent and Paying Agent	The Bank of New York Mellon
Luxembourg Paying Agent, Transfer Agent and Listing Agent	The Bank of New York Mellon (Luxembourg) S.A.
Transfer Restrictions; no Registration Rights	The notes have not been registered under the Securities Act and are subject to restrictions on transfer and resale. The notes may only be offered and sold (1) to persons who are QIBs, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A; or (2) to non-U.S. Persons (as defined in Regulation S of the Securities Act) in offshore transactions in reliance on Regulation S under the Securities Act; and (3) in accordance with any applicable law.

We will not be required to, nor do we intend to, register the notes for resale under the Securities Act or to offer to exchange the notes for notes registered under the Securities Act or the securities laws of any jurisdiction.

No Established Trading Market.....

The notes are a new issue of securities with no established trading market. We cannot assure you that an active or liquid trading market for the notes will develop. If an active or liquid trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

Risk Factors

Investing in the notes involves substantial risks and uncertainties. See “Risk Factors” and other information included in this offering memorandum for a discussion of factors you should carefully consider before deciding to purchase any notes.

SUMMARY OF THE TERMS OF THE EXCHANGE OFFER

The following summary contains information about us and the exchange offer. It does not contain all of the information that may be important to you in making a decision to participate in the exchange offer. For a more complete understanding of BCP and the exchange offer, we urge you to read this offering memorandum carefully, including the section entitled “Risk Factors” and “Cautionary Statements Regarding Forward-Looking Statements”. Certain descriptions in this offering memorandum of provisions of the new notes are summaries of such provisions and are qualified herein by reference to the indenture governing such new notes, as supplemented from time to time. Copies of the indenture and any supplements will, when available, be provided to you upon your request to BCP.

The Exchange Offer.....

We offered to Eligible Holders the opportunity to exchange up to U.S.\$350,000,000 of our outstanding 4.75% Senior Notes due 2016, which we refer to in this section as the “Existing Notes,” for newly issued 4.25% Senior Notes due 2023, which we refer to in this section as the “New Notes,” upon the terms and subject to the conditions set forth in this offering memorandum.

Purpose of the Exchange Offer.....

The purpose of the exchange offer is to extend the maturity of a portion of our outstanding debt from 2016, the maturity of the Existing Notes, until 2023, the maturity of the New Notes.

Holders Eligible to Participate in the Exchange Offer

The exchange offer was solicited only from holders who had properly completed, executed and delivered to the Information and Exchange Agent the eligibility letter, whereby such holder has represented to the Information and Exchange Agent that it is one of the following: (i) if in the United States, a “qualified institutional buyer,” or “QIB,” as that term is defined in Rule 144A under the Securities Act and under applicable state securities laws, or (ii) if outside the United States, a person other than a “U.S. person,” as that term is defined in Rule 902 under the Securities Act, or acquiring for the account of a U.S. person (other than as a distributor), and is acquiring New Notes in an offshore transaction in accordance with Rule 903 of Regulation S. Only holders who satisfied these requirements were authorized to receive or review this offering memorandum or to participate in the exchange offer.

The New Notes

For a description of the New Notes, see “Description of the Notes” in this offering memorandum. A participating holder will only be entitled to receive New Notes in the Exchange Offer if it tenders at or prior to the Expiration Date.

The New Notes offered in this exchange offer are expected to constitute a single series with, to have the same terms and conditions as, and to be assigned the same CUSIP and ISIN numbers as the cash offering notes.

Determination of the Total Exchange Price and the Exchange Price

Eligible Holders that validly tendered their Existing Notes and did not validly withdraw and whose tenders were accepted for exchange by us at or prior to the Early Exchange Date received, in exchange for each U.S.\$1,000 of principal amount of Existing Notes exchanged, a principal amount of New Notes equal to U.S.\$1,096.25 (the “Total Exchange Price”).

Eligible Holders that tendered their Existing Notes after the Early Exchange Date but at or prior to the Expiration Date received, in exchange for each U.S.\$1,000 principal amount of Existing Notes exchanged, a principal amount of New Notes equal to U.S.\$1,078.75 (the “Exchange Price”), the Total Exchange Price less the Early Participation Payment (as defined below).

Early Participation Payment

The Total Exchange Price includes an Early Participation Payment, payable in New Notes, of U.S.\$17.50 per U.S.\$1,000 principal amount of New Notes (the “Early Participation Payment”). Only Eligible Holders who validly tendered their Existing Notes at or prior to the Early Exchange Date and did not validly withdraw their tenders and whose tenders were accepted for exchange by us were entitled to receive the Early Participation Payment. Eligible Holders who validly tendered their Existing Notes and did not validly withdraw and whose tenders were accepted for exchange by us after the Early Exchange Date but at or prior to the Expiration Date did not receive the Early Participation Payment. See “Description of the Exchange Offer—Determination of the Total Exchange Price and the Exchange Price; Early Participation Payment—Early Participation Payment.”

Maximum Tender Amount

The aggregate principal amount of Existing Notes issued in exchange for the New Notes will not exceed U.S.\$350 million (the “Maximum Tender Amount”). We reserve the right to increase or decrease the Maximum Tender Amount.

Accrued and Unpaid Interest

All Eligible Holders whose Existing Notes were validly tendered and accepted for exchange received a cash payment equal to the accrued and unpaid interest on their Existing Notes accepted for exchange from the last applicable interest payment date up to, but excluding, the applicable settlement date, less the amount of interest accrued on the New Notes from the Cash Offering Notes Settlement Date to, but excluding, the applicable settlement date.

Denominations.....	Holders may tender Existing Notes, in whole or in part, in a minimum denomination of U.S.\$10,000 and integral multiples of U.S.\$1,000 in excess thereof.
	The New Notes were issued in minimum denominations of U.S.\$10,000 and integral multiples of U.S.\$1,000 in excess thereof.
	Cash in lieu of any fractional portion less than U.S.\$1,000 principal amount of a new note rounded down was paid on the applicable settlement date based on the Total Exchange Price or the Exchange Price, as the case may be.
Early Exchange Date	The Early Exchange Date was 5:00 p.m., New York City time, on April 5, 2013.
Expiration Date.....	The Exchange Offer expired at midnight, New York City time, on April 19, 2013.
Early Exchange Settlement Date	The Early Exchange Settlement Date was April 10, 2013. On the Early Exchange Settlement Date, subject to the terms and conditions of the Exchange Offer, we settled the exchange of all Existing Notes that had been validly tendered, and not validly withdrawn, at or prior to the Early Exchange Date.
Final Exchange Settlement Date.....	The Final Exchange Settlement Date was April 22, 2013. On the Final Exchange Settlement Date, subject to the terms and conditions of the Exchange Offer, we settled the exchange of all Existing Notes that had been validly tendered after the Early Exchange Date and at or prior to the Expiration Date.
Withdrawal Deadline.....	Tenders of Existing Notes could be withdrawn at any time at or prior to 5:00 p.m., New York City time, on April 5, 2013, unless extended by us (such time and date, as the same may be extended, the “Withdrawal Deadline”).
	A holder might withdraw the tender of such holder’s Existing Notes at any time prior to the Withdrawal Deadline by submitting a notice of withdrawal to the Information and Exchange Agent and upon compliance with the other procedures described in “Description of the Exchange Offer—Withdrawal of Tenders.”
	Tenders of Existing Notes validly tendered after the Withdrawal Deadline and at or prior to the Expiration Date could not be withdrawn, except as required by applicable law. See “Description of the Exchange Offer—Withdrawal of Tenders”

Conditions to the Exchange Offer

Notwithstanding any other provision of the Exchange Offer, our obligation to accept for exchange any of the Existing Notes validly tendered was subject to the satisfaction of the General Conditions (as defined herein) and the following Special Conditions:

- Tax Fungibility Condition: the New Notes issued in the Exchange Offer on the Early Exchange Settlement Date or the Final Exchange Settlement Date, as the case may be, are fungible for U.S. federal income tax purposes with the Cash Offering Notes issued in the New Notes Offering; and
- Cash Offering Notes Closing Condition: the New Notes Offering is settled and the Cash Offering Notes are issued in connection therewith on or before the Early Exchange Settlement Date.

We may waive any General Condition and the Tax Fungibility Condition in our sole discretion. See “Description of the Exchange Offer—Conditions to the Exchange Offer.”

Use of Proceeds

We did not receive any cash proceeds from the Exchange Offer.

Offer Restrictions

We made the Exchange Offer only in those jurisdictions where it is legal to do so. See “Jurisdictional Restrictions.”

Taxation.....

For a summary of certain tax consequences of the Exchange Offer, see “Taxation.”

Information and Exchange Agent.....

D.F. King & Co., Inc. was the Information and Exchange Agent for the Exchange Offer. The address and telephone numbers of D.F. King & Co., Inc. are listed on the back cover page of this Exchange Offer Memorandum.

Dealer Managers.....

Citigroup Global Markets, Inc. and J.P. Morgan Securities LLC were the Dealer Managers (the “Dealer Managers”) for the Exchange Offer. The addresses and telephone numbers of the Dealer Managers are listed on the back cover page of this Exchange Offer Memorandum.

No Recommendation

Neither we, the Dealer Managers, the Information and Exchange Agent or the Luxembourg Exchange Agent makes any recommendation in connection with the Exchange Offer as to whether or not any holders of Existing Notes should tender, and no person has been authorized by any of us to make such a recommendation.

Risk Factors

See “Risk Factors” and the other information included in this offering memorandum, for a discussion of factors you should carefully consider before deciding to participate in the exchange offer.

SUMMARY FINANCIAL INFORMATION

The following summary of financial and operating data as of and for each of the three years ended December 31, 2010, 2011 and 2012, as of March 31, 2013 and for the three-month periods ended March 31, 2012 and 2013 have been derived from the annual consolidated financial statements and our unaudited interim consolidated financial statements. The annual consolidated financial statements as of and for each of the two years ended December 31, 2011 and 2012, along with MZP's report therein are included in this offering memorandum. Also included with this memorandum are our unaudited interim consolidated financial statements as of March 31, 2013 and for the three-month periods ended March 31, 2013 and 2012. Financial data as of and for the year ended December 31, 2012 has been derived from the annual consolidated financial statements, which includes financial information of Correval (a discontinued operation), as explained under "Summary" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies." If Correval's financial information had been excluded in its entirety from our consolidated financial statements as of and for the year ended December 31, 2012, the reported financial data would not be materially different from that reported. This information should be read in conjunction with the annual consolidated financial statements and the notes thereto as well as the sections entitled "Capitalization," "Selected Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." As indicated above, the annual consolidated financial statements have been prepared in accordance with Peruvian GAAP, which differs in certain significant respects from IFRS and U.S. GAAP. For a description of certain significant differences among Peruvian GAAP, IFRS, and U.S. GAAP, see Appendix A.

	As of and for the years ended December 31,				As of and for the three months ended March 31,					
	2010	2011	2012	2012	2012	2013	2013			
	(Nuevos Soles in thousands)				(U.S. dollars in thousands) (unaudited)			(Nuevos Soles in thousands)		(U.S. dollars in thousands) (unaudited)
INCOME STATEMENT DATA:										
Financial income	3,840,975	4,687,284	5,620,189	2,203,996	1,323,324	1,547,471	606,851			
Financial expense	(1,192,974)	(1,429,260)	(1,699,332)	(666,405)	(389,874)	(489,673)	(192,029)			
Gross financial margin	2,648,001	3,258,024	3,920,857	1,537,591	933,450	1,057,798	414,823			
Provision for loan losses(1)	(594,831)	(708,484)	(1,111,244)	(435,782)	(187,594)	(245,523)	(96,284)			
Gross financial margin after provision for loan losses	2,053,170	2,549,540	2,809,613	1,101,809	745,856	812,275	318,539			
Gain (loss) for exchange difference	24,404	(36,853)	14,163	5,554	(13,606)	24,871	9,753			
Net financial margin.....	2,077,574	2,512,687	2,823,776	1,107,363	732,250	837,146	328,293			
Fees and commissions from banking services	1,298,332	1,446,191	1,623,399	636,627	379,767	389,482	152,738			
Net gains from sales of securities	176,780	61,682	104,636	41,034	36,469	(561)	(220)			
Net gains on foreign exchange transactions	243,978	382,220	379,615	148,869	91,717	119,900	47,020			
Other income.....	319,261	177,200	218,881	85,836	33,216	28,205	11,061			
Operating expenses	(2,457,012)	(2,629,892)	(3,102,951)	(1,216,844)	(713,354)	(797,889)	(312,898)			

	As of and for the years ended December 31,				As of and for the three months ended March 31,		
	2010	2011	2012	2012	2012	2013	2013
	(Nuevos Soles in thousands)				(U.S. dollars in thousands) (unaudited)		
Income before income tax	1,658,913	1,950,088	2,047,356	802,886	560,065	576,229	225,972
Income tax	(447,668)	(508,674)	(551,145)	(216,136)	(143,910)	(155,057)	(60,807)
Net income from continuing operations	1,211,245	1,441,414	1,496,211	586,750	416,155	421,172	165,165
Net income from discontinued operations (2)	—	—	9,701	3,803	—	4,583	1,797
Net Income (3)	1,211,245	1,441,414	1,505,912	590,554	416,155	425,755	166,963
Attributable to:							—
Equity holders of Banco de Crédito del Perú	1,209,341	1,438,994	1,497,701	587,334	415,564	423,098	165,921
Non-controlling interests	1,904	2,420	8,211	3,220	591	2,657	1,042
Net income	1,211,245	1,441,414	1,505,912	590,554	416,155	425,755	166,963
Basic and diluted earnings per share (in Nuevos Soles) from continuing operations(4)	0.3794	0.4514	0.4689	0.1839	0.1107	0.1117	0.0438
Basic and diluted earnings per share (in Nuevos Soles) from discontinued operations	—	—	0.0031	0.0012	—	0.0012	0.0005
As of and for the years ended December 31,				As of and for the three months ended March 31,			
	2010	2011	2012	2012	2013	2013	
	(Nuevos Soles in thousands)				(U.S. dollars in thousands) (unaudited)		
BALANCE SHEET DATA:							
Total assets	70,915,162	72,036,156	90,397,199	35,449,882	96,365,288	37,790,309	
Assets held for sale (2)	—	—	3,198,607	1,254,356	2,988,513	1,171,966	
Total assets net of assets held for sale	70,915,162	72,036,156	87,198,592	34,195,526	93,376,775	36,618,343	
Investments in trading and available-for-sale securities, net, investments held-to-maturity, and investments in associates	4,572,414	9,611,087	12,238,243	4,799,311	13,839,553	5,427,276	
Gross loans(5)	40,266,971	45,654,697	52,903,632	20,746,522	52,151,297	20,451,489	
Reserves for loan losses(6)	(1,181,389)	(1,420,612)	(1,799,128)	(705,540)	(1,928,347)	(756,215)	
Net loans	39,085,582	44,234,085	51,104,503	20,040,982	52,151,297	20,451,489	
Past due loans	587,471	696,472	944,532	370,405	1,105,082	433,365	

Total deposits	47,924,250	47,299,455	58,178,314	22,815,025	62,373,046	24,460,018
Issued bonds	5,503,498	8,416,312	9,325,433	3,657,033	10,280,063	4,031,397
Shareholders' equity	5,539,050	6,295,653	7,141,284	2,800,504	6,998,622	2,744,558

- (1) 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 due from bank acceptances, which are not included as assets on our consolidated balance sheet.
- (2) Assets classified as held for sale are assets whose carrying amount will be recovered principally through a sale transaction rather than continuing use. Those assets and liabilities are presented in the consolidated balance sheet as "Assets classified as held for sale" and "Liabilities directly associated with those assets" at their book values, which, in this case, corresponds to the value at which they are going to be transferred. Furthermore, in the consolidated statement of income, gains or losses are presented as "Discontinued operations". These items include balances of Correval's operations. See Notes 2(a) and 10 to the annual consolidated financial statements.
- (3) Revenue and net income generated by the split subsidiaries during the period between January 1, 2012 and the date of split (October 31, 2012), was approximately S/.86.4 million and S/.40.9 million, respectively. As of December 31, 2011, total assets, liabilities and equity of the split subsidiaries, after elimination adjustments for consolidation purposes were S/.152.1 million, S/.6.4 million and S/.145.7 million respectively. Also, its revenue and net income for the year ended December 31, 2011, amounted to S/.126.7 million and S/.68.1 million, respectively.
- (4) See note 25 to the annual consolidated financial statements.
- (5) Net of deferred interest on discounted notes and leasing receivables, plus accrued interest from performing loans, but prior to reserve for loan losses. In addition to direct loans outstanding, we had indirect loans of S/.9.0 billion, S/.10.2 billion and S/.11.7 billion as of December 31, 2010, 2011 and 2012, respectively.
- (6) Reserves for loan losses include reserves with respect to direct loans only.

The following summary financial and operating data as of and for each of the years ended December 31, 2010, 2011 and 2012 have been derived from the annual consolidated financial statements. This information should be read in conjunction with the annual consolidated financial statements and the notes thereto. As indicated above, Peruvian GAAP differs in certain significant respects from IFRS and U.S. GAAP. For a description of certain significant differences among Peruvian GAAP, IFRS and U.S. GAAP, see Appendix A.

	As of and for the years ended December 31,		
	2010	2011	2012
	(Nuevos Soles in millions, except as otherwise indicated)		
OTHER FINANCIAL DATA:			
Total operating revenue(1)	4,089.6	4,614.4	5,136.1
Dividends.....	514.1	588.3	—
Average interest-earning assets(2)	55,306.4	65,139.1	74,934.5
Average total assets(3).....	63,101.3	71,501.6	81,218.2
Average shareholders' equity(4).....	5,184.2	5,917.4	6,718.5
Risk-weighted assets(5)	42,965.7	49,557.4	60,662.8
Total regulatory capital	5,517.3	7,201.5	8,929.2
SELECTED FINANCIAL RATIOS:			
Profitability and Efficiency			
Return on average shareholders' equity(6)	24.6%	25.2%	22.4%
Return on average total assets(7)	2.0%	2.0%	1.8%
Dividend payout ratio(8).....	42.5%	40.9%	—
Net interest margin(9).....	4.8%	5.0%	5.23%
Provisions for loans losses as a percentage of total operating revenue	28.9%	30.8%	35.0%
Efficiency ratio(10).....	56.1%	52.9%	57.2%
Net fee income as a percentage of total operating revenue(11).....	31.7%	31.3%	31.6%
Capitalization and Balance Sheet Structure			
Equity-to-asset ratio(12)	8.2%	8.3%	8.3%
Total regulatory capital as a percentage of risk-weighted assets.....	12.8%	14.5%	14.7%
Total loans as a percentage of total deposits	81.6%	92.1%	87.8%
Total deposits as a percentage of total assets	67.8%	66.6%	64.4%

	As of and for the years ended December 31,		
	2010	2011	2012
Credit Quality			
Reserve for loan losses as a percentage of total gross loans(13).....	3.2%	3.3%	3.6%
Reserve for loan losses as a percentage of past due loans (coverage ratio) (13)	216.8%	218.9%	202.8%
Past due loans as a percentage of total gross loans	1.5%	1.5%	1.8%

- (1) Operating revenue is the aggregate of gross financial margin after provisions for loan losses, and non-interest income, net.
- (2) Average interest-earning assets include deposits in the Central Bank, deposits in other banks, interbank funds, investment securities and loans and the sum is calculated based on the average of month-end balances.
- (3) Average total assets is defined as the simple average between the value of total assets at the end of the period and the value of total assets at the end of the previous corresponding period.
- (4) Average shareholders' equity is defined as the simple average between the value of shareholders' equity at the end of the period and the value of shareholders' equity at the end of the previous corresponding period.
- (5) Includes on and off balance sheet assets on an unconsolidated basis as reported to the SBS.
- (6) Net income as a percentage of average shareholders' equity, computed as the average of month-end balances.
- (7) Net income as a percentage of average total assets, computed as the average of month-end balances.
- (8) Declared dividends per share divided by net income per share.
- (9) Net interest income as a percentage of average interest-earning assets, computed as the average of month-end balances.
- (10) Salaries and employee benefits, general and administrative expenses, and depreciation and amortization divided by total operating revenue.
- (11) Fees and commissions from banking services, net, as a percentage of total operating revenue.
- (12) Average equity divided by average total assets, both calculated as the average of month-end balances.
- (13) Reserve for loan losses includes reserves with respect to direct and indirect loans.

RISK FACTORS

You should carefully consider the following risk factors, as well as other information set forth in this offering memorandum, prior to making an investment in the notes. The risks described below are not the only ones that we face. Additional risks not presently known to us or that we currently deem immaterial may also have a negative effect on our business operations. In general, investing in the securities of issuers in emerging market countries, such as Peru, involves risks not typically associated with investing in the securities of U.S. companies.

Risk Factors Relating to BCP and our Business

A significant deterioration 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, 2012, the aggregate outstanding principal amount of our 20 largest borrowing relationships represented approximately 12.6% of our total consolidated direct loan portfolio (compared to 14.1% as of December 31, 2011). 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 increasing revenue, may reduce diversification of the loan portfolio and expose us to greater credit risk.

In addition, loan concentrations in commercial sectors are unavoidable in Peru and significant deteriorations 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 consumer loans and consumer mortgages, which have higher risk profiles as compared to loans to large corporate customers. We follow this by using conservative credit assessments, risk-adjusted pricing methodologies and strong capital support. Given the changing composition of our loan portfolio and possible adverse changes in the environment in which we operate, historical loss experience may not be indicative of future loan loss experience.

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 and new competitors have increasingly made inroads into the higher-margin middle-market and retail banking sectors. As of December 31, 2012, the Peruvian financial system was composed of 65 financial institutions, including 16 commercial banks, 13 municipal and 10 rural savings and loan associations (*cajas*), 10 small-business development non-bank institutions, 11 financial companies, two leasing companies and three state-owned banks (not including the Central Bank): Banco de la Nación, Development Finance Corporation (*Corporación Financiera de Desarrollo* or COFIDE) and Banco Agropecuario. As of December 31, 2012, the Peruvian financial sector also included 14 insurance companies and four private pension fund managers.

Increased competition may affect our loan growth and reduce the average interest rates that we charge our customers. Competitors may also direct greater resources and be more successful in the development and/or marketing of technologically advanced products and services that may compete directly with our products and services, adversely affecting the acceptance of our products and/or leading to adverse changes in the spending and saving habits of our customer base. 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.

Competition, which could adversely affect our market share, is also expected to increase as a result of the entrance of new participants into the Peruvian financial system. These new participants include the Chilean banks Banco Falabella and Banco Ripley in 2007, Banco Azteca, Banco Santander, and Deutsche Bank in 2008. Also, in

2010 Banco Itaú, Banco Latinoamericano de Comercio Exterior – Bladex, Morgan Stanley Bank N.A., and Bank of Tokyo – Mitsubishi UFJ opened representative offices in Peru. Finally, the Industrial and Commercial Bank of China – ICBC and Cencosud Perú were authorized to operate in the Peruvian banking system in 2011 and 2012, respectively.

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. As the recent global financial crisis has demonstrated, 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 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 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 y AFP, or the "Peruvian Banking Law," grant the SBS the authority to oversee and control banks and other financial institutions. The SBS and the 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 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 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. In August 2011, Daniel Schydlowsky was appointed as the new chairman of the SBS by President Humala. 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."

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., 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, or U.S. GAAP. We have not prepared a quantitative reconciliation of the specific differences among Peruvian GAAP, IFRS, and U.S. GAAP. Accordingly, we cannot assure you that all existing differences have been identified and that the differences described in Appendix A are in fact the most significant differences. 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 annual

consolidated financial statements, as well as differences in the information provided in the footnotes to the annual consolidated financial statements, have not been reported. See “Accounting Practices” set forth in Appendix A for a description of certain significant differences among Peruvian GAAP, IFRS and U.S. GAAP.

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 (on an unconsolidated basis, which includes subsidiaries as related parties). Our related-party exposure, on an unconsolidated basis, equaled 16.3%, 10.8% and 15.0% of our regulatory capital, as of December 31, 2010, December 31, 2011 and December 31, 2012, respectively.

As of December 31, 2012, direct and indirect loans to BCP related parties on a consolidated basis were S/.1.7 billion (U.S.\$652.9 million), in the aggregate, including S/.1,244.2 million (U.S.\$487.9 million) in outstanding loans, which comprised approximately 2.4% of our total loan portfolio, of which 98.7% were classified as Normal (*Normal*), 1.3% as a Potential Problem (*Problema Potencial*), 0.0% as Substandard (*Deficiente*), 0.0% as Doubtful (*Dudoso*) and 0.0% as a Loss (*Pérdida*). As of December 31, 2012, loans and other credits to our employees amounted to S/.628.5 million (U.S.\$246.5 million). See “Regulatory Environment—Loan Loss Reserves.”

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 devaluation of the Nuevo Sol may adversely affect our business, financial condition and results of operations.

The Peruvian economy is dollarized to a very significant degree and 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 devaluation of the Nuevo Sol could present a risk to us and a systematic risk to the Peruvian financial system. On an unconsolidated basis, 54.5% and 56.8% of our direct loans to clients, including loans made by Edyficiar, were denominated in U.S. dollars, as of December 31, 2012 and 2011, respectively. If there were to be a devaluation of the Nuevo Sol, it would be more difficult for our clients with income denominated in Nuevos 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. Devaluation is a systemic risk because, as of December 31, 2012, the Peruvian financial system had 43.2% of its direct loans denominated in U.S. dollars according to the SBS, compared to 44.4% as of December 31, 2011.

On an unconsolidated basis, 43.6% and 47.8% of our deposits, including Edyficiar, were denominated in U.S. dollars, as of December 31, 2012, and 2011, respectively. According to the SBS, as of December 31, 2012, 35.7% of the deposits in the Peruvian financial system were denominated in U.S. dollars, compared to 41.0% as of December 31, 2011. 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 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 2011, we have experienced temporary shifts in the currency mix of our deposit base from Nuevos Soles or U.S. dollars. However, as of December 31, 2012, according to the Central Bank, Peruvian reserves were U.S.\$63.9 billion and, according to the SBS, U.S. dollar-denominated deposits in the Peruvian financial system as of December 31, 2011 were U.S.\$48.8 billion.

As of December 31, 2011 and December 31, 2012 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 devaluation of the Nuevo Sol but, at the same time, exposes us to translation losses if the Nuevo Sol continues to appreciate. We cannot assure you that this asset-liability position will be maintained or that a devaluation of the Nuevo Sol will not have a direct or indirect negative effect on us, on our equity and/or on the quality of our assets.

The adoption of new international banking guidelines may result in a higher cost of borrowing or the unavailability of funds from certain sources, and have an adverse effect on our business, financial condition and results of operations.

In June 2004, the Basel Committee on Banking Supervision published a report entitled “International Convergence of Capital Measurement and Capital Standards: A Revised Framework,” which sets out a new capital adequacy framework (commonly referred to as the Basel II Framework) to replace the Basel Capital Accord issued in 1988. The Basel Committee originally intended for the new framework to be available for implementation in member jurisdictions as of year-end 2006, although implementation of some aspects has been delayed and individual member countries determined their own actual implementation schedules. The Basel Committee members have encouraged authorities in other jurisdictions, such as Peru, to consider the readiness of their supervisory structures for the Basel II Framework and recommended that they proceed at their own pace, based on their own priorities.

Among other changes implemented by the Basel II Framework is the use, in certain cases, of external credit assessments for determining risk weightings. New regulations based on the Basel framework were enacted in July 2009 and were implemented in full as of July 1, 2010. See “Regulatory Environment.” We cannot assure you that when such guidelines are adopted that they will not require us to need additional capital in order to maintain our asset base or will not cause our cost of funds to increase.

With regard to risk weightings to be applied to exposures to sovereign states, the Basel II Framework replaces the existing approach with a system that would use external credit assessments for determining risk weightings. External risk assessments also apply, either directly or indirectly and to varying degrees, to the risk weighting of exposures to banks, securities firms and corporations. The Basel II Framework could require financial institutions lending to Peruvian banks to be subject to higher capital requirements as a result of the credit risk rating of Peru, possibly resulting in higher borrowing costs for Peruvian banks, such as BCP, or unavailability of funds from these sources. In addition, given that many banks in the Peruvian market have significant assets in foreign currency-denominated Peruvian government securities, assignment of 100% risk-weightings to such securities could have a material adverse effect on the financial system as a result of declining risk-based capital ratios.

On December 2009, the Basel committee released its consultative documents ”Strengthening the Resilience of the Banking Sector“ and ”International Framework for Liquidity Risk Measurement, Standards and Monitoring“ (commonly referred to as Basel III), related to the regulation, supervision and risk management of global banks.

Comments on these consultative documents were due in April 2010 and an impact assessment was performed in the first half of 2010. The results of this impact assessment were published in December 2010 together with the full text of Basel III, which presents the details of global regulatory standards on bank capital adequacy and liquidity agreed by the Governors and Heads of Supervision, and endorsed by the G20 Leaders.

On July 20, 2011, the SBS issued SBS Resolution 8425-2011, establishing the final methodologies and the implementation schedule of the additional capital requirements consistent with Pillar 2 of Basel II and certain aspects of Basel III. The new capital requirements, which are aimed at covering risks not contemplated in Pillar I of Basel II, include requirements to cover concentration, interest rate and systemic risk. Additionally, pro-cyclical capital requirements were also established. These new requirements will be implemented over a period of five years starting July 2012. We have already begun implementing the additional capital requirements and therefore do not expect the adoption of this new framework to have a material effect on our operations. However, we cannot assure you that our assumptions will turn out to be correct, nor that the adoption of the new framework will not have an adverse effect on our business, financial condition and results of operations. Also, the SBS could require us to implement the Basel III framework, which could require us to need additional capital to maintain our asset base.

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.

We rely heavily on our information technology systems to conduct our business and 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 back-up and security systems to mitigate these risks, we cannot assure you that such failures or interruptions will not occur or that we will adequately address them if they do occur. Accordingly, the occurrence of any failures or interruptions could have a material adverse effect on our business, financial condition and results of operations.

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 is highly dollarized. This difference could result in an increase in interest expense relative to interest income, which would reduce our net interest income. See "Business—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.

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 interest 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 debt, 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 Nuevo Sol- 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 with 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 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.

Risk Factors Relating to Peru

Economic and political developments in Peru 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 devaluation of the Nuevo 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 conditions will not return or that such conditions will not have a material and adverse effect on our business, financial condition or results of operations.

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. Former President García, much like his predecessor Alejandro Toledo, gained the support of the country's business sector by maintaining business-friendly and open-market economic policies that sustained and even fostered economic growth, while controlling the inflation rate at historically low levels.

On July 28, 2011, Ollanta Humala was sworn in as the new president of Peru for a five-year term through 2016, after winning a run-off election. President Humala continued with most of the conservative economic policies, a responsible fiscal policy and autonomous monetary policy of his predecessors. Furthermore, the appointment of cabinet ministers with government experience and public announcements from government officials have dissipated most concerns that Peru's economic policy framework would change drastically during his term. However, we cannot assure you whether the current or any future Peruvian administration will maintain business-friendly and open-market economic policies or policies that stimulate economic growth and social 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.

Finally, social demands and conflicts could have an effect on the Peruvian economy. Public protests over the development of certain mining and infrastructure projects, such as the protests in mid-2012 regarding Minas Conga, a mining project in the northern state of Cajamarca, Peru, could result in the cessation of certain projects.

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

In 2012, mining and agricultural and livestock products represented 56.8% and 9.0% of Peru's exports, respectively. 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 devaluation.

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.

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 4.8% during the period from 1995 to 2012. 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 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. Over the five-year period ended on December 31, 2012, the Peruvian economy experienced annual inflation averaging approximately 3.46% per year as measured by the Peruvian Consumer Price Index. This index is calculated by the *Instituto Nacional de Estadística e Informática* (the National Institute of Statistics and Information, or "INEI") and measures variations in prices of a selected group of goods and services typically consumed by Peruvian families. We cannot assure, however, that inflation will remain at these levels.

The Central Bank 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 high level of 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 Nuevo Sol in the economy. Despite the positive effect that it may have on reducing cross-border transaction costs and preserving purchasing power, the high level of dollarization of the Peruvian economy has also hampered monetary policy by undermining the Central Bank's ability to control the money supply. The high level of dollarization of the economy affects the Peruvian financial system by forcing the 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. A devaluation of the U.S. dollar poses a risk to us and a systemic risk to the Peruvian financial system because of the high 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 Nuevos 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.

The Central Bank relies primarily on open market operations (primarily repurchase agreements on Central Bank certificates of deposits and discount-window transactions) to regulate the liquidity in the financial system and promotes an image of the Central Bank as a lender of last resort. Repurchase agreements on Central Bank certificates of deposit are by far the lowest-cost source of funding for local currency. Discount-window transactions are carried out at above-market rates and commissions.

To confront the volatility of short-term capital flows, which in the past have been a destabilizing factor in Peru's monetary system, the 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 Central Bank may require additional and marginal reserves. The exact level and method of calculation of the reserve requirement is set by the 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). 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 three years and subject to a cap, which is the greater of S/. 400 million or 2.2 times the bank's regulatory capital) from foreign financial institutions, other central banks, governments or multilateral lending agencies.

In recent months, the Central Bank has increased the Base Rate in more than one occasion. We cannot assure you that the 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.

The climatic phenomenon El Niño and other 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.

El Niño is an oceanic and atmospheric phenomenon that causes a warming of temperatures in the Pacific Ocean, resulting in heavy rains off the coast of Peru and Ecuador and various other effects in other parts of the world. The effects of El Niño, which typically occurs every two to seven years around Christmas, include, among other things, flooding and significant declines in fish populations and negative effects on agriculture, and accordingly, can have a negative effect on Peru's economy. In the past, El Niño has adversely impacted our agricultural and fishing loan portfolios, which, as of December 31, 2012, represented 2.1% and 0.7% of our total loan portfolio, respectively. The strongest El Niño events of the 20th and 21st centuries occurred in 1982-1983 and in 1997-1998.

In addition, Peru has experienced other natural phenomena in the past such as earthquakes and floods. Most recently, on August 15, 2007, a strong earthquake, measuring 7.9 on the Richter scale, hit the central coast of Peru, heavily affecting the Ica province in particular. A major earthquake could damage infrastructure necessary to our operations. If such events occur in the future, we may suffer damage to, or destruction of, properties and equipment, as well as temporary disruptions to our services, which may negatively affect our business.

Our clients could also be affected by such natural disasters, which in turn could affect their ability to repay their loans or force them to withdraw their deposits with us.

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," increased by 101.0% in 2009, increased by 65.0% in 2010, and decreased by 16.7% in 2011. In 2012, the IGBVL increased by 5.9% as compared to December 31, 2011. In recent years, the BVL has experienced increased participation from retail investors that react rapidly to the effects from international markets. The volatility in the international markets, caused by events such as the recent European debt crisis, may adversely affect the Peruvian financial system as well. The Peruvian financial system has not experienced any significant liquidity problems as a result of the recent international 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 recent crises in Venezuela, Ecuador, Bolivia, Brazil, Colombia 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.

Different disclosure principles in Peru and the United States may provide you with different or less information about us than you expect.

Securities disclosure requirements in Peru differ from those applicable in the United States. Accordingly, the information about us available to you may not be the same as the information available to security holders of a U.S. company. There may be less publicly available information about us than is regularly published about companies in the U.S. and certain other jurisdictions. We are not subject to the periodic reporting requirements of the Exchange Act and, therefore, are not required to comply with the information disclosure requirements that it imposes.

Risk Factors Relating to the Notes

The notes constitute a new issue of securities for which there is no existing market, and we cannot assure you that you will be able to sell your notes in the future.

The notes constitute a new issue of securities for which there is no existing market, and we cannot assure you that in the future a market for the notes will develop or that you will be able to sell any notes you have purchased or that any such notes may be sold for any particular price. Although we have applied for the notes to be listed on the Luxembourg Stock Exchange and traded on the Euro MTF Market, we cannot assure you that an active market for the notes will develop.

The initial purchasers have advised us that they intend to make a market in the notes, but they are not obligated to do so and may discontinue any market making in the notes at any time, in their sole discretion. If the initial purchasers do not facilitate trading in the notes (or beneficial interests therein) for any reason, we cannot assure you that another firm or person will do so. In addition, trading or resale of the notes (or beneficial interests therein) may be negatively affected by other factors described in this offering memorandum arising from this transaction or the market for securities of Peruvian issuers generally. As a result, we cannot assure you as to the liquidity of any trading market for the notes and as a result, you may be required to bear the financial risk of your investment in the notes indefinitely.

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

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. Moreover, a downgrade in a company's rating may result from issues not relating to its capacity to repay indebtedness, as was the case when on February 26, 2013 Moody's downgraded BCP's Subordinated Bonds as a result of a change in its rating methodology that involve the elimination of the systemic support from the rating of those instruments. The measure affected several similar bonds worldwide.

An explanation of the significance of ratings may be obtained from the rating agencies. We 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 of the market price and marketability of the notes.

Enforcing your rights as a noteholder 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.

The notes are subject to restrictions on transfer.

The notes have not been and will not be registered under the Securities Act, any U.S. state securities laws or the laws of any other jurisdiction other than Peru. You may not offer the notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement. It is your obligation to ensure that your offers and sales of the notes within the United States and other countries comply with applicable securities laws. See "Notice to Investors."

The notes sold and registered in Peru are subject to transfer and resale restrictions set forth in CONASEV Resolution No. 079-2008-EF-94.01.7.

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

None of our directors or executive officers are residents of the United States. All of our assets and those of our directors and executive officers are located outside the United States. As a result, it may not be possible for investors in our 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.

We are 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. 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 Peruvian law, our obligations under the notes are subordinated to certain statutory preferences. In the event of our intervention and/or liquidation, such statutory preferences, including certain unsecured and unsubordinated 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.”

Risks Relating to the Exchange Offer

A decision to exchange your existing notes for new notes would expose you to the risk of nonpayment for a longer period of time.

The existing notes mature in 2016. The new notes will mature on April 1, 2023. If, following the maturity date of your existing notes, but prior to the maturity date of the new notes, we were to default on any of our obligations or become subject to a bankruptcy or similar proceeding, the holders of existing notes who did not exchange their existing notes for new notes would have been paid in full and there would exist a risk that holders of existing notes who exchanged their existing notes for new notes would not be paid in full, if at all. Any decision to tender your existing notes should be made with the understanding that the lengthened maturity of the new notes exposes you to the risk of nonpayment for a longer period of time.

The exchange offer will result in reduced liquidity for the existing notes that are not exchanged.

To the extent the exchange offer is consummated, the aggregate principal amount of outstanding existing notes will be reduced and such reduction could be substantial. A reduction in the amount of outstanding existing notes would likely adversely affect the liquidity of the non-tendered or not accepted existing notes. An issue of securities with a small outstanding principal amount available for trading, or float, generally commands a lower price than does a comparable issue of securities with a greater float. Therefore, the market price of existing notes that are not tendered or not accepted may be adversely affected. A reduced float may also make the trading prices of existing notes that are not tendered or exchanged more volatile.

We expressly reserve the right to purchase any existing notes that remain outstanding after the expiration date.

We expressly reserve the absolute right, in our sole discretion, from time to time to purchase any existing notes that remain outstanding after the expiration date through open market or privately negotiated transactions, one or more additional tender or exchange offers or otherwise, on terms that may differ from this exchange offer and could be for cash or other consideration, or to exercise any of our rights under the indenture that governs the existing notes.

Holders of existing notes may not withdraw their tendered existing notes on or after the withdrawal deadline except as required by applicable law.

The expiration date of the exchange offer is April 19, 2013, and on or following the withdrawal deadline withdrawal rights will only be provided as required by applicable law. As a result, there may be an unusually long period of time during which participating holders may be unable to effect transfers or sales of their existing notes.

The Exchange Offer may be cancelled, delayed or amended.

We have the right to terminate or withdraw at our sole discretion the exchange offer if a condition to our obligation to exchange existing notes for new notes is not satisfied or waived at or prior to any applicable date. Even if the exchange offer is consummated, it may not be consummated on the schedule described in this exchange offer memorandum. Accordingly, holders participating in the exchange offer may have to wait longer than expected to receive their new notes (or to have their existing notes returned to them in the event the company terminates the

exchange offer), during which time such holders will not be able to effect transfers or sales of their existing notes (except in the limited circumstances described herein). In addition, subject to certain limits, the company has the right to amend the terms of the exchange offer prior to the expiration date.

The consideration to be received in the exchange offer does not reflect any valuation of the existing notes or the new notes and is subject to general economic and market volatility.

Neither our board of directors nor our management has made any determination that the consideration to be received in the exchange offer represents a fair valuation of either the existing notes or the New Notes. We have not obtained a fairness opinion from any financial advisor or other person about the fairness to us or to you of the consideration to be received by holders of existing notes who validly tender, and do not validly withdraw (and whose tenders are accepted for exchange), their existing notes in the exchange offer.

A holder of existing notes may not be able to tender all or any of its notes.

The amount of existing notes accepted for exchange in this exchange offer may be limited because of the maximum tender amount, the consequences of which include, among other things, that we will not accept for exchange more than the maximum tender amount of existing notes validly tendered. Therefore, upon application of the proration procedures described in this exchange offer, we may not accept all of your existing notes that are validly tendered. Furthermore, if the exchange offer is fully subscribed as of the early exchange date, note holders who validly tender existing notes after the early exchange date will not have any of their existing notes accepted for exchange, provided that such existing notes may be accepted for exchange if we increase our maximum tender amount, which we are entitled to do in our sole discretion. We can offer no assurance that we will increase the maximum tender amount. Accordingly, we cannot assure you of the amount, if any, of your existing notes that will be accepted for exchange in the exchange offer.

USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately U.S.\$344.8 million after deducting the initial purchasers' discounts and commissions and the estimated offering expenses payable by us. The net proceeds from the offering will be used for general corporate purposes.

CAPITALIZATION

The following table sets forth our unconsolidated regulatory capital as of December 31, 2012. This information has been derived from the annual consolidated financial statements included elsewhere in this offering memorandum.

	As of December 31, 2012			
	Actual		As adjusted for the offering	
	(Nuevos Soles in millions)	(U.S. dollars in millions)(1)	(Nuevos Soles in millions)	(U.S. dollars in millions)(1)
Capital stock, net	3,102.9	1,216.8	3,102.9	1,216.8
Legal and other capital reserves.....	2,194.8	860.7	2,194.8	860.7
Accumulated earnings with capitalization commitments	388.2	152.2	388.2	152.2
Non-cumulative junior subordinated debt.....	2,786.6	1,092.8	2,786.6	1,092.8
Computable subordinated debt	637.5	250.0	637.5	250.0
Loan loss reserves(2)	705.4	276.6	705.4	276.6
Unrealized gains	627.0	245.9	627.0	245.9
Less: goodwill.....	(122.1)	(47.9)	(122.1)	(47.9)
Less: investment in subsidiaries and financial institutions and others	(696.1)	(272.8)	(696.1)	(272.8)
Total regulatory capital	8,929.2	3,501.9	8,929.2	3,501.9
 Risk-weighted assets(3).....	60,662.8	23,789.3	61,555.30	24,139.30

Capital ratios

Regulatory capital as a percentage of risk-weighted assets(4)(6)	14.7%	14.7%	14.5%	14.5%
Ratio of risk-weighted assets to regulatory capital(4)(5).....	6.8x	6.8x	6.9x	6.9x

- (1) For the convenience of the reader, these figures have been translated into U.S. dollars at S/.2,550 = \$1.00, the December 31, 2012 exchange rate published by the SBS. Such translation should not be construed as a representation that the Nuevo Sol amounts have been converted into U.S. dollars pursuant to the requirements of IFRS, U.S. 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) Risk weighted asset figures adjusted for the offering assume the proceeds from the offering are invested in assets that are 100% risk weighted.
- (4) 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.
- (5) As part of the implementation of Basel II, this ratio has been progressively lowered from 10.2x effective July 1, 2010 to 10.0x effective July 1, 2011, onwards. For further details see "Regulatory Environment—Implementation of Basel Principles—Capital Adequacy."
- (6) As part of the implementation of Basel II, the SBS minimum regulatory capital requirement, expressed as a percentage of risk-weighted assets has been progressively increased from 9.8% effective July 1, 2010, and to 10% effective July 1, 2011 onwards. For further details see "Regulatory Environment—Implementation of Basel Principles—Capital Adequacy."

EXCHANGE RATES

Exchange rates for the Nuevo 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, 2008 through December 31, 2012 and through the date indicated in the table below, based on information published by the SBS. On June 13, 2013 the S/. to U.S.\$ exchange rate was S/.2.145 to U.S.\$1.00.

	<u>Low</u>	<u>High</u>	<u>Period Average(1)</u>	<u>Period End</u>
Year Ended:				
December 31, 2008.....	2.693	3.157	2.941	3.140
December 31, 2009.....	2.852	3.259	3.006	2.890
December 31, 2010.....	2.787	2.883	2.826	2.809
December 31, 2011.....	2.694	2.833	2.752	2.696
December 31, 2012.....	2.550	2.709	2.634	2.550
Month Ended:				
August 31, 2012	2.610	2.629	2.616	2.610
September 30, 2012	2.594	2.611	2.603	2.598
October 31, 2012	2.578	2.602	2.588	2.592
November 30, 2012	2.579	2.616	2.599	2.579
December 31, 2012.....	2.550	2.581	2.567	2.550
January 31, 2013.....	2.540	2.578	2.552	2.578
February 28, 2013.....	2.567	2.586	2.578	2.581
March 31, 2013.....	2.585	2.604	2.594	2.589
April 30, 2013	2.577	2.646	2.598	2.646
May 31, 2013.....	2.600	2.734	2.646	2.734
June 30, 2013 (through June 13, 2013)	2.124	2.152	2.138	2.145

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

Source: SBS

Devaluation of the Nuevo 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 Nuevo 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 devaluation of the Nuevo 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 Nuevos 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 following tables present our selected consolidated financial and operating data as of and for each of the three years ended December 31, 2010, 2011 and 2012, as of March 31, 2013 and for the three-month periods ended March 31, 2012 and 2013. These tables have been derived from the annual consolidated financial statements and our unaudited interim consolidated financial statements. The annual consolidated financial statements as of and for each of the two years ended December 31, 2011 and 2012, along with MZP's report therein are included in this offering memorandum. Also included with this memorandum are our unaudited interim consolidated financial statements as of March 31, 2013 and for the three-month periods ended March 31, 2013 and 2012. Financial data as of and for the year ended December 31, 2012 has been derived from the annual consolidated financial statements, which includes financial information of Correval (a discontinued operation), as explained under "Summary" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies." If Correval's financial information had been excluded in its entirety from our consolidated financial statements as of and for the year ended December 31, 2012, the reported financial data would not be materially different from that reported. This information should be read in conjunction with the annual consolidated financial statements and the notes thereto as well as the sections entitled "Capitalization," "Selected Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." As indicated above, the annual consolidated financial statements have been prepared in accordance with Peruvian GAAP, which differs in certain significant respects from IFRS and U.S. GAAP. For a description of certain significant differences among Peruvian GAAP, IFRS, and U.S. GAAP, see Appendix A.

	As of and for the years ended December 31,				As of and for the three months ended March 31,					
	2010	2011	2012	2012	2012	2013	2013			
	(Nuevos Soles in thousands)				(U.S. dollars in thousands) (unaudited)			(Nuevos Soles in thousands)		(U.S. dollars in thousands) (unaudited)
INCOME STATEMENT DATA:										
Financial income	3,840,975	4,687,284	5,620,189	2,203,996	1,323,324	1,547,471	606,851			
Financial expense	(1,192,974)	(1,429,260)	(1,699,332)	(666,405)	(389,874)	(489,673)	(192,029)			
Gross financial margin	2,648,001	3,258,024	3,920,857	1,537,591	933,450	1,057,798	414,823			
Provision for loan losses(1)	(594,831)	(708,484)	(1,111,244)	(435,782)	(187,594)	(245,523)	(96,284)			
Gross financial margin after provision for loan losses	2,053,170	2,549,540	2,809,613	1,101,809	745,856	812,275	318,539			
Gain (loss) for exchange difference	24,404	(36,853)	14,163	5,554	(13,606)	24,871	9,753			
Net financial margin.....	2,077,574	2,512,687	2,823,776	1,107,363	732,250	837,146	328,293			
Fees and commissions from banking services	1,298,332	1,446,191	1,623,399	636,627	379,767	389,482	152,738			
Net gains from sales of securities	176,780	61,682	104,636	41,034	36,469	(561)	(220)			
Net gains on foreign exchange transactions	243,978	382,220	379,615	148,869	91,717	119,900	47,020			
Other income.....	319,261	177,200	218,881	85,836	33,216	28,205	11,061			
Operating expenses	(2,457,012)	(2,629,892)	(3,102,951)	(1,216,844)	(713,354)	(797,889)	(312,898)			
Income before income tax	1,658,913	1,950,088	2,047,356	802,886	560,065	576,229	225,972			
Income tax	(447,668)	(508,674)	(551,145)	(216,136)	(143,910)	(155,057)	(60,807)			

	As of and for the years ended December 31,				As of and for the three months ended March 31,		
	2010	2011	2012	2012	2012	2013	2013
	(Nuevos Soles in thousands)				(U.S. dollars in thousands) (unaudited)		
Net income from continuing operations.....	1,211,245	1,441,414	1,496,211	586,750	416,155	421,172	165,165
Net income from discontinued operations (2)	—	—	9,701	3,803	—	4,583	1,797
Net Income (3)	1,211,245	1,441,414	1,505,912	590,554	416,155	425,755	166,963
Attributable to:							-
Equity holders of Banco de Crédito del Perú	1,209,341	1,438,994	1,497,701	587,334	415,564	423,098	165,921
Non-controlling interests	1,904	2,420	8,211	3,220	591	2,657	1,042
Net income	1,211,245	1,441,414	1,505,912	590,554	416,155	425,755	166,963
Basic and diluted earnings per share (in Nuevos Soles) from continuing operations(4)	0.3794	0.4514	0.4689	0.1839	0.1107	0.1117	0.0438
Basic and diluted earnings per share (in Nuevos Soles) from discontinued operations.....	—	—	0.0031	0.0012	—	0.0012	0.0005

	As of and for the years ended December 31,				As of and for the three months ended March 31,	
	2010	2011	2012	2012	2013	2013
	(Nuevos Soles in thousands)				(U.S. dollars in thousands) (unaudited)	
BALANCE SHEET DATA:						
Total assets	70,915,162	72,036,156	90,397,199	35,449,882	96,365,288	37,790,309
Assets held for sale (2).....	—	—	3,198,607	1,254,356	2,988,513	1,171,966
Total assets net of assets held for sale	70,915,162	72,036,156	87,198,592	34,195,526	93,376,775	36,618,343
Investments in trading and available-for-sale securities, net, investments held-to-maturity, and investments in associates	4,572,414	9,611,087	12,238,243	4,799,311	13,839,553	5,427,276
Gross loans(5).....	40,266,971	45,654,697	52,903,632	20,746,522	52,151,297	20,451,489
Reserves for loan losses(6)	(1,181,389)	(1,420,612)	(1,799,128)	(705,540)	(1,928,347)	(756,215)
Net loans	39,085,582	44,234,085	51,104,503	20,040,982	52,151,297	20,451,489
Past due loans	587,471	696,472	944,532	370,405	1,105,082	433,365

Total deposits	47,924,250	47,299,455	58,178,314	22,815,025	62,373,046	24,460,018
Issued bonds	5,503,498	8,416,312	9,325,433	3,657,033	10,280,063	4,031,397
Shareholders' equity	5,539,050	6,295,653	7,141,284	2,800,504	6,998,622	2,744,558

- (1) 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 due from bank acceptances, which are not included as assets on our consolidated balance sheet.
- (2) Assets classified as held for sale are assets whose carrying amount will be recovered principally through a sale transaction rather than continuing use. Those assets and liabilities are presented in the consolidated balance sheet as "Assets classified as held for sale" and "Liabilities directly associated with those assets" at their book values, which, in this case, corresponds to the value at which they are going to be transferred. Furthermore, in the consolidated statement of income, gains or losses are presented as "Discontinued operations". These items include balances of Correval's operations. See Notes 2(a) and 10 to the annual consolidated financial statements.
- (3) Revenue and net income generated by the split subsidiaries during the period between January 1, 2012 and the date of split (October 31, 2012), was approximately S/.86.4 million and S/.40.9 million, respectively. As of December 31, 2011, total assets, liabilities and equity of the split subsidiaries, after elimination adjustments for consolidation purposes were S/.152.1 million, S/.6.4 million and S/.145.7 million respectively. Also, its revenue and net income for the year ended December 31, 2011, amounted to S/.126.7 million and S/.68.1 million, respectively.
- (4) See note 25 to the annual consolidated financial statements.
- (5) Net of deferred interest on discounted notes and leasing receivables, plus accrued interest from performing loans, but prior to reserve for loan losses. In addition to direct loans outstanding, we had indirect loans of S/.9.0 billion, S/.10.2 billion and S/.11.7 billion as of December 31, 2010, 2011 and 2012, respectively.
- (6) Reserves for loan losses include reserves with respect to direct loans only.

The following summary financial and operating data as of and for each of the years ended December 31, 2010, 2011 and 2012 have been derived from the annual consolidated financial statements. This information should be read in conjunction with the annual consolidated financial statements and the notes thereto. As indicated above, Peruvian GAAP differs in certain significant respects from IFRS and U.S. GAAP. For a description of certain significant differences among Peruvian GAAP, IFRS and U.S. GAAP, see Appendix A.

	As of and for the years ended December 31,		
	2010	2011	2012
<i>(Nuevos Soles in millions, except as otherwise indicated)</i>			
OTHER FINANCIAL DATA:			
Total operating revenue(1)	4,089.6	4,614.4	5,136.1
Dividends.....	514.1	588.3	—
Average interest-earning assets(2)	55,306.4	65,139.1	74,934.5
Average total assets(3).....	63,101.3	71,501.6	81,218.2
Average shareholders' equity(4).....	5,184.2	5,917.4	6,718.5
Risk-weighted assets(5)	42,965.7	49,557.4	60,662.8
Total regulatory capital	5,517.3	7,201.5	8,929.2
SELECTED FINANCIAL RATIOS:			
Profitability and Efficiency			
Return on average shareholders' equity(6)	24.6%	25.2%	22.4%
Return on average total assets(7)	2.0%	2.0%	1.8%
Dividend payout ratio(8).....	42.5%	40.9%	—
Net interest margin(9).....	4.8%	5.0%	5.23%
Provisions for loans losses as a percentage of total operating revenue	28.9%	30.8%	35.0%
Efficiency ratio(10).....	56.1%	52.9%	57.2%
Net fee income as a percentage of total operating revenue(11).....	31.7%	31.3%	31.6%
Capitalization and Balance Sheet Structure			
Equity-to-asset ratio(12)	8.2%	8.3%	8.3%
Total regulatory capital as a percentage of risk-weighted assets.....	12.8%	14.5%	14.7%
Total loans as a percentage of total deposits	81.6%	92.1%	87.8%
Total deposits as a percentage of total assets	67.8%	66.6%	64.4%
Credit Quality			
Reserve for loan losses as a percentage of total gross loans(13).....	3.2%	3.3%	3.6%

	As of and for the years ended December 31,		
	2010	2011	2012
Reserve for loan losses as a percentage of past due loans			
(coverage ratio) (13)	216.8%	218.9%	202.8%
Past due loans as a percentage of total gross loans	1.5%	1.5%	1.8%

- (1) Operating revenue is the aggregate of gross financial margin after provisions for loan losses, and non-interest income, net.
- (2) Average interest-earning assets include deposits in the Central Bank, deposits in other banks, interbank funds, investment securities and loans and the sum is calculated based on the average of month-end balances.
- (3) Average total assets is defined as the simple average between the value of total assets at the end of the period and the value of total assets at the end of the previous corresponding period.
- (4) Average shareholders' equity is defined as the simple average between the value of shareholders' equity at the end of the period and the value of shareholders' equity at the end of the previous corresponding period.
- (5) Includes on and off balance sheet assets on an unconsolidated basis as reported to the SBS.
- (6) Net income as a percentage of average shareholders' equity, computed as the average of month-end balances.
- (7) Net income as a percentage of average total assets, computed as the average of month-end balances.
- (8) Declared dividends per share divided by net income per share.
- (9) Net interest income as a percentage of average interest-earning assets, computed as the average of month-end balances.
- (10) Salaries and employee benefits, general and administrative expenses, and depreciation and amortization divided by total operating revenue.
- (11) Fees and commissions from banking services, net, as a percentage of total operating revenue.
- (12) Average equity divided by average total assets, both calculated as the average of month-end balances.
- (13) Reserve for loan losses includes reserves with respect to direct and indirect 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 “Forward-Looking Statements” and “Risk Factors—Risk Factors relating to BCP” and “—Risk Factors relating to Peru” above.

Introduction

The following discussion should be read in conjunction with the annual consolidated financial statements as of and for each of the three years ended December 31, 2012, which were prepared in accordance with Peruvian GAAP, in each case including the notes thereto. Peruvian GAAP differs in certain material respects from IFRS and U.S. GAAP. For a description of certain significant differences among Peruvian GAAP, IFRS and U.S. GAAP see Appendix A. The annual consolidated financial statements have been audited by MZP, as stated in the reports appearing herein.

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, 2010, 2011 and 2012. Certain of the accounting practices we employ, which conform to Peruvian GAAP for financial entities, 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 consolidated financial statements are described below. For further details on these accounting principles, see note 3 to the annual consolidated financial statements.

Basis for presentation and use of estimates

The annual consolidated financial statements have been prepared from our accounting records, which are maintained in nominal Nuevos Soles as of the date of the transactions, in accordance with Peruvian GAAP. These accounting principles are consistent with those used in 2011 and 2010, except as explained in the text under “—Accounting changes.”

The preparation of the annual consolidated financial statements requires management to make estimates that affect the reported amounts of assets and liabilities, income and expenses and disclosure of material contingencies in the notes to the annual consolidated financial statements. Actual results could differ from those estimates. The most significant estimates used in the preparation of the financial statements are related to the calculation of the allowance for loan losses, the valuation of investments, the estimated useful live and recoverable amount of property, furniture and equipment and intangible assets, the provision for seized assets, the valuation of brand name, goodwill and client relationships, the valuation of derivatives, and the share base payments. The accounting criteria used for each of these items are described the following paragraphs.

Accounting Changes

Through letter SBS No. 38179-2011 dated August 23, 2011, the SBS indicated that the program that grants Credicorp shares to employees should be recorded under IFRS 2 “Share-based payments,” starting January 1, 2012, but requiring a prospective treatment. See “—Share-based payment transactions.”

On November 2010, the International Financial Reporting Interpretations Committee (IFRIC) agreed that workers’ profit sharing must be recorded following IAS19 “Employees’ benefits” and not IAS 12 “Income tax”. Consequently, a deferred asset or liability should not be calculated due to temporary differences. On January 21, 2011, the SBS issued Multiple Official Letter N°4049-2011; adopting the Committee’s interpretation starting

January 2011. The changes required by the SBS and the accounting treatment followed by us are the following: (i) workers' profit sharing for services provided must be recorded as employees' expenses in the caption "Salaries and employees' benefits" of the consolidated income statements, and (ii) the related assets and liabilities for deferred workers' profit sharing were eliminated and; assets and liabilities for deferred income tax considering an income tax rate of 30 percent were recalculated. The net effect of the elimination and recalculation amounted to S/.20.4 million which are presented in the caption "Retained earnings" of the consolidated statements of changes in shareholders' equity.

Consolidation

Subsidiaries are all entities over which the Bank has control, meaning the power to govern their financial and operating policies. This is generally evidenced by a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which effective control is transferred to the Bank and are no longer consolidated from the date that control ceases.

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

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

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

The accounting records of foreign subsidiaries are kept in the original currency of each country. For consolidation purposes its balances were translated to Peruvian Nuevos Soles as follows: (i) assets and liabilities are translated at the exchange rate on the free market as of the consolidated balance sheet 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.

Assets classified as held for sale and liabilities directly associated with those assets

Assets classified as held for sale are assets whose carrying amount will be recovered principally through a sale transaction rather than continuing use. To qualify as assets available for sale, the sale must be highly probable. Those assets and liabilities are presented in the consolidated balance sheet as "Assets classified as held for sale" and "Liabilities directly associated with those assets" at their book values, which, in this case, corresponds to the value at which they are going to be transferred. Furthermore, in the consolidated statement of income, gains or losses are presented as "Discontinued operations". Similarly, cash flows from operating, investing and financing activities generated by the discontinued operation have been excluded from the consolidated statements of cash flows. See notes 2(a) and 10 to the annual consolidated financial 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.

In accordance with Resolution No. 11356-2008 issued by the SBS on November 19, 2008, new allowance requirements came into effect as of December 1, 2008 whereby the generic allowance percentage of loans classified as normal was modified to specific percentages for each type of loan, and pro-cyclical allowance requirements were established. The purpose of the pro-cyclical allowance requirement is to create additional allowances for loans classified as normal whenever the economy is experiencing high levels of GDP growth. As of December 31, 2008, since the Peruvian macroeconomic conditions for the activation of the pro-cyclical provisions were met, we and our banking subsidiaries in Peru recorded the required additional allowance. On September 10, 2009, the SBS, through Circular No. B-2181-2009, announced the suspension of the pro-cyclical requirements. This suspension was lifted on September 28, 2010, through Circular No. B-2193-2010. Pro-cyclical requirements range between 0% and 1.5%. For further details on the pro cyclical provision requirements, see note 3(e) and 7(f) to the annual consolidated financial statements.

As of December 31, 2008, Resolution No. 6941-2008 came into effect with the objective of mitigating the risk of overindebtedness by retail customers. It establishes the processes that financial institutions must have in place in order to detect, monitor, and control the overindebtedness of individuals, micro-businesses and small businesses. Institutions that fail to comply with the requirements established by Resolution No. 6941-2008 are subject to additional allowance requirements aimed to cover unused revolving credit lines of micro-business and consumer loans. We were not required to make additional provisions as result of the implementation of this resolution.

In accordance with SBS Resolution No. 11356-2008, as of July 1, 2010, the previous four categories used to classify loans (commercial, micro-business, consumer, and mortgage) were replaced by the following eight categories: corporate loans, big-business loans, medium-business loans, small-business loans, micro-business loans, revolving consumer loans, non-revolving consumer loans and residential mortgage loans. Further, loan portfolios must now be separated between retail and non-retail borrowers. Retail borrowers include individual or legal entities who have direct or indirect loans within the categories of consumer (revolving and non-revolving), micro-business, small-business or mortgage loans, while, 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.

Additionally, as of July 1, 2010, credit conversion factors, or “CCF,” are applied to indirect loans in order to determine the “equivalent exposure to credit risk,” which is the basis for calculating the required provision. The CCF can vary from 0% to 100%, depending on the type of indirect loan.

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:

Level of Risk Classification	Corporate and Big-Business Loans (%)			Medium-Business Loans (%)		
	No guarantee	Highly liquid preferred guarantees	Readily preferred guarantees	No guarantee	Highly liquid preferred guarantees	Readily preferred guarantees
I: Normal (<i>Normal</i>)	0.7	0.7	0.7	1.0	1.0	1.0
II: Potential Problem (<i>Problema Potencial</i>)	5.0	2.5	1.25	5.0	2.5	1.25
III: Substandard (<i>Deficiente</i>)	25.0	12.5	6.25	25.0	12.5	6.25
IV: Doubtful (<i>Dudosos</i>)	60.0	30.0	15.0	60.0	30.0	15.0
V: Loss (<i>Pérdida</i>)	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 is based on the length of overdue payments. 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:

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

In accordance with the established regulations, the calculation of the allowance is determined on the basis of its classification and using specific percentages, which vary depending on whether or not the client's debts are secured with highly liquid preferred guarantees (cash deposits and rights on credit certificates) or readily preferred guarantees (treasury bonds issued by the Peruvian government and securities included in the Lima Stock Exchange Selective Index, among others) or preferred guarantees (primary lien/pledge on financial instruments, securities and property, agricultural or mining pledges, insurance on export credits, among others), considered at their net realizable value as determined by an independent appraisal. The calculation of the allowance for a loan is determined primarily on the basis of its classification, the type of related collateral, its liquidity and susceptibility to ready execution and its net realizable value as determined by an independent appraisal. The guarantor's credit classification is also a factor in calculating the allowance when loans are made to subsidiaries of a financial or insurance company.

For loans that are past due over 90 days, we are required to estimate our expected loss on each loan. Such estimate must be calculated by taking into consideration the economic situation and the operating condition of the borrower, including the value of any guarantees, type of credit, and the borrower's economic activity or sector, among others. The actual required provision is the greater of the expected loss and the provision estimated according to general procedures.

Similarly, for clients with secured loans, including mortgages, classified as "doubtful" or "loss" whose payment is in arrears for a period of 24 or 36 months, respectively, the allowance is calculated as if such loans were unsecured.

The allowance for a direct loan is presented as an asset deduction, while the allowance for indirect loans is presented as a liability under consolidated balance sheet caption "other liabilities."

In the case of borrowers in countries where there is an increased risk of difficulty in servicing external debt, an assessment of the political and economic situation is made, and an additional allowance for country risk may be added.

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

As of December 31, 2012 and 2011, the initial recognition and the subsequent measurement of investments at fair value through profit or loss, available-for-sale and held to maturity, are carried out following SBS Resolution N°10639-2008, "Regulations for the classification and valuation of investments" and amendment. The guidelines for valuation of investments, according to their classification are as follows::

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

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

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

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

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

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

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

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

The Bank and its subsidiaries evaluate, at each date of the consolidated financial statements, if there is evidence that any instrument classified as available-for-sale and held-to-maturity is impaired; if that is the case, an impairment is recognized in the consolidated income statement, even though the investment has not been retired or sold.

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

The difference between the proceeds received from the sale of an investment and its book value is recognized in the consolidated income statement.

In any of the aforementioned cases, if the SBS deems it necessary that we constitute a provision for any investment, such provision must be determined by the SBS based on each individual investment and recorded in the consolidated income statement for the year.

Investments in associates

According to SBS Resolution N°10639-2008, this category includes only equity securities acquired with the purpose of having equity participation and/or significant influence in other entities or institutions.

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

Derivative financial instruments

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

Trading. Derivative financial instruments are initially recorded in the consolidated balance sheet at cost, thereafter, they are recorded at fair value. Fair values are obtained based on market exchange and interest rates. All derivatives are accounted for as assets when fair value is positive and as liabilities when fair value is negative. Gains

and losses arising from changes in fair values are recorded in the consolidated income statement. In addition, forwards, swaps and options are recorded as off-balance sheet accounts at their notional amount.

Hedging. A derivative financial instrument that seeks to achieve a financial hedge for a given risk is designated for hedging 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 relationship exists. If the SBS, which must also approve this designation, considers the documentation to be unsatisfactory or finds weaknesses in the methodologies applied, it may require the immediate termination of the hedge agreement and the recording of the derivative financial instrument as trading. A hedge is considered 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 be offset in a range of 80% to 125%.

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

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

If the hedge instrument expires, is sold, terminated or exercised, or if the hedge does not comply with the hedging accounting criteria, the hedge agreement is prospectively terminated and the balances recorded in the consolidated balance sheet are transferred to the consolidated income statement in the line item under which the hedged item is kept.

The SBS has authorized the designation of derivative financial instruments maintained by us and our subsidiaries as hedging operations because the functional currency of Credicorp is the U.S. dollar. For further details, see note 9(c) to the annual consolidated financial statements.

Embedded derivatives. Certain derivatives embedded in other financial instruments (host contract) are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are separated from the host instrument and measured at fair value with changes in fair value recorded in the income statement unless we or our subsidiaries choose to designate the hybrid contracts (host contract and embedded derivative) at fair value through profit and loss.

In accordance with SBS Resolution No. 1737-2006, we have certificates indexed to Credicorp’s stock price that will be settled in cash, which are hybrid instruments with embedded derivatives that are not closely related to the risk of the host contract. In this regard, we have decided to classify these instruments at fair value through profit and loss. Therefore, the separation of the embedded derivative is not required.

Intangible assets

On February 24, 2010, the SBS issued Resolution N°1967-2010, which established the accounting procedures for intangible assets with limited or unlimited useful life. Limited useful life intangible assets will be amortized for a period not to exceed 5 years, and the adopted amortization method cannot be modified without prior SBS approval. Unlimited useful life assets, as well as goodwill, registered before January 1, 2010, will be amortized according to regulations in force at the time of the initial registration of such asset, and for a period not to exceed 5 years. Unlimited useful life intangible assets registered after January 1, 2010, will be recognized at cost, minus any accumulated impairment. However, according to an authorization from the SBS, goodwill generated in the acquisition of Edyficar in 2009 is measured at cost less any accumulated impairment loss.

Seized assets

Assets seized are initially recorded at the lowest of: (a) the value assigned to them through a legal proceeding, (b) the amount of any out-of-court settlement or (c) the unpaid value of the debt associated with such assets. Simultaneously with this determination of value at initial recognition, an allowance equivalent to 20% of the legal settlement or recoverable asset value is recorded. For this purpose we are permitted to use any allowance for loan losses that had been established for the related loan.

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

- (1) Assets that are not real estate: A monthly allowance equivalent to one twelfth of the book value of the asset (net of the 20% allowance) will be provided starting from the first month of seizure or recovery, until reaching an allowance of 100% of the seized or recovered value.
- (2) Real estate: After three and a half years, uniform monthly allowances must be provided for at the end of each month over the net book value obtained in the eighteenth or twelfth month, depending on whether the SBS extension term approval was obtained or not, respectively, until reaching a provision of 100% of the seized or recovered value.

An updated appraisal of the market value of seized assets (which should be determined by an independent appraiser and should not be more than one year old) is required and necessarily implies the creation of an impairment charge, when the net realization value is lower than its net book value. If the net realization value is higher than the net book value, the increased value cannot be recorded for accounting purposes.

Income tax

Current income tax is calculated on the basis of taxable income as determined for tax purposes, based on income tax principles as required by the tax authorities. Such principles differ from the accounting principles that we and our subsidiaries use.

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 that arise from the manner in which we and our subsidiaries expect to recover or settle the carrying amount of our assets and liabilities at the consolidated balance sheet date.

Deferred tax assets and liabilities are recognized without taking into consideration the time in which it is estimated that temporary differences will be realized or settled. Deferred assets are recognized when sufficient future tax benefits are probable for the realization of the deferred assets. At the balance sheet date, our management evaluates the non-recognized deferred assets and the balance of the recognized assets, and records deferred assets not previously recognized to the extent that probable future tax benefits will allow their recovery, or reduces the deferred assets to the extent that it is not likely that sufficient future tax benefits will be available to use part or all of the deferred assets recognized in the accounting records.

We determine our deferred income tax based on the tax rate applicable to our non-distributed profits and we recognize any additional tax for the distribution of dividends on the date on which the liability for distribution of such is recognized.

Workers' profit sharing

Workers' profit sharing is calculated on the basis of taxable income as determined for tax purposes, based on income tax principles as required by the tax authorities. Such principles differ from the accounting principles that we and our subsidiaries use.

Until December 31, 2010, workers' profit sharing reflected 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 were measured using the worker's profit sharing rates expected to be applied to taxable income in the years in which temporary differences were expected to be recovered or settled.

On January 21, 2011, the SBS issued Multiple Official Letter N°4049-2011 establishing a new mandatory accounting treatment for workers' profit sharing consistent with IAS19 "Employees' benefits". Effective January 2011, entities must only recognize a liability when the employee has rendered a service; therefore, the deferred workers' profit sharing should not be calculated by temporary differences; given that these differences would be attributable to future services that must not be considered as obligations or rights under IAS 19. Workers' profit sharing expenses are therefore recorded as employees' expenses and included in the caption "Salaries and employees' benefits". As a result, S/.88.1 million and S/.69.9 million were reclassified from the caption "Workers' profit sharing" to the caption "Salaries and employees' benefits" in our consolidated income statements for the years ended December 31, 2011 and 2010, respectively. For further details, including with respect to reclassifications of our income statement line items, see notes 3(a) and 3(x) to the annual consolidated financial statements.

Supplementary plan for workers' profit sharing

Until 2008, we granted certain executives and employees with more than one year of service Stock Appreciation Rights (SARs) over Credicorp's shares. Credicorp is our ultimate shareholder and is listed on the Lima and New York stock exchanges. The SARs were granted at the price of Credicorp's shares on the grant date and are exercisable at that price, allowing recipient employees to benefit from the difference between the fixed exercise price and the market price as of the exercise date. For further details, see note 16 to the annual consolidated financial statements. The recorded expense in each year represents the estimated market value of the appreciation rights that can be exercised by the beneficiaries on the date of the consolidated balance sheet. The price of the SARs is estimated using a binomial method in accordance with IFRS 2 "Share-based payments." For further details, see note 16 to the annual consolidated financial statements.

Stock awards accounting policy

On April 2009, a new supplementary plan for workers' profit sharing was implemented to benefit our key executives and employees in the form of stock awards. Under this new plan, we and our subsidiaries purchase Credicorp shares and transfer them to the beneficiaries of the plan. The shares are maintained as restricted securities until vesting and, for control purposes, recorded in the caption "Off-balance sheet accounts" of our consolidated balance sheets. One third of the shares granted vest in each of the following three years on the anniversary of the grant date. In compliance with SBS Oficio 9771-2009, dated March 24, 2009, we and our subsidiaries record as an expense the full amount paid for the shares. This expense is included in the caption "Salaries and employee benefits" of the annual consolidated financial statements. For further details, see notes 3(p) and 16 to the annual consolidated financial statements.

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

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

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

Sale and repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognized from the consolidated balance sheet as the Bank and its subsidiaries retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognized in the consolidated balance sheet as an asset with a

corresponding obligation to return it, including accrued interest as a liability within “Payables from repurchase agreements and security lending”, reflecting the transaction’s economic substance as a loan to the Bank and its subsidiaries. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the effective interest rate.

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

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

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

As of December 31, 2011, the Bank and its subsidiaries had not purchased securities under agreements to resell at a future date, or sale of securities purchased under resale agreements. As of December 31, 2012, such operations had been performed exclusively by Correval, see Note 10 to the annual consolidated financial statement.

As of December 31, 2010, 2011 and 2012, outstanding repurchase agreements were S/.702.3 million, S/.674.0 million, and S/. 1,667.6 million, respectively.

Acquisition of Financiera Edyficar

The acquisition of Financiera Edyficar was recorded in accordance with IFRS 3 “Business Combinations,” using the purchase method, reflecting the assets and liabilities acquired at their estimated fair values as of the acquisition date, including intangible assets not recorded in Financiera Edyficar’s balance sheet as of the acquisition date, such as trademarks and client relationships, as well as the resulting goodwill and considering the deferred income taxes and workers’ profit sharing. The annual consolidated financial statements for the year ended December 31, 2010, include the financial results of Financiera Edyficar for such period.

Results of Operations for the Years Ended December 31, 2010, 2011 and 2012

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, which differ in certain significant respects from IFRS and U.S. GAAP.

The following table sets forth, for the years ended December 31, 2010, 2011 and 2012, the principal components of our net income:

	For the years ended December 31,		
	(Nuevos Soles in thousands)		
	2010	2011	2012
Financial income.....	3,840,975	4,687,284	5,620,189
Financial expense	(1,192,974)	(1,429,260)	(1,699,332)
Gross financial margin.....	2,648,001	3,258,024	3,920,857
Provision for loan losses.....	(594,831)	(708,484)	(1,111,244)
Gross financial margin after provision for loan losses.....	2,053,170	2,549,540	2,809,613
(Loss) gain for exchange difference	24,404	(36,853)	14,163
Net financial margin	2,077,574	2,512,687	2,823,776
Non-financial income	2,038,3351	2,067,293	2,326,531
Operating expenses.....	(2,457,012)	(2,629,892)	(3,102,951)

	For the years ended December 31,		
	2010	2011	2012
(Nuevos Soles in thousands)			
Income before income tax.....	1,658,913	1,950,088	2,047,356
Income tax	(447,668)	(508,674)	(551,145)
Net income from continuing operations	1,211,245	1,441,414	1,496,211
Net Income from discontinued operations	—	—	9,701
Net Income	1,211,245	1,441,414	1,505,912
Attributable to:			
Equity holders of Banco de Crédito del Perú.....	1,209,341	1,438,994	1,497,701
Non-controlling interests	1,904	2,420	8,211

In 2012, net income increased by S/.64.5 million, or 4.5%, to S/.1.5 billion compared to 2011. This increase was primarily driven by an increase of S/.662.8 million, or 20.3%, in gross financial margin and an increase of S/.259.2 million, or 12.5%, in non-financial income. The increase was partially offset by a S/.402.8 million increase, or 56.9%, in provisions for loan losses and by a S/.473.1 million, or 18.0%, increase in operating expenses. Gross financial margin after provision for loan losses increased by S/.260.1 million, or 10.2%.

In 2011, net income increased by S/.230.2 million, or 19.0%, to S/.1.4 billion compared to 2010. This increase was primarily driven by an increase of S/.610.0 million, or 23.0%, in gross financial margin attributable to higher interest rates in Nuevos Soles. The increase was partially offset by a S/.172.9 million, or 7.0%, increase in operating expenses. Gross financial margin after provision for loan losses increased by S/.496.4 million, or 24.2%.

Gross financial margin

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

	For the years ended December 31,		
	2010	2011	2012
(Nuevos Soles in thousands)			
Financial income:			
Interest from loan portfolio.....	3,385,051	4,109,775	4,998,967
Interest from trading, available-for-sale and held-to-maturity investments	259,614	345,793	431,980
Interest from deposits in Central Bank and other banks	89,810	115,700	103,297
Commissions on loans and other financial transactions.....	42,012	41,389	23,998
Fluctuation from derivative financial instruments position	39,665	45,355	56,040
Other.....	24,823	29,272	5,906
Total financial income	3,840,975	4,687,284	5,620,189
Financial expense:			
Interest on deposits and obligations.....	(338,637)	(511,006)	(662,448)
Interest on bonds and subordinated notes issued	(293,729)	(468,956)	(572,929)
Interest due to banks, correspondents and other entities.....	(351,944)	(321,510)	(350,653)
Deposit Insurance Fund fees.....	(57,329)	(67,891)	(79,831)
Fluctuation on derivative financial instruments position	(113,062)	(21,579)	(40,253)
Other.....	(38,273)	(38,318)	(33,218)
Total financial expense	(1,192,974)	(1,429,260)	(1,699,332)
Gross financial margin	2,648,001	3,258,024	3,920,857

Our gross financial margin increased by 20.3% in 2012 and 23.0% in 2011.

Financial income

Financial income increased by 19.9% in 2012, after increasing by 22.0% in 2011. The increase in 2012 was mainly due to higher loan balances and higher interest rates charged on our foreign currency-denominated loan

portfolio. The increase in 2011 was mainly due to higher loan balances and higher interest rates charged on our local currency-denominated loan portfolio.

Average nominal interest rates we earned on our loans were 9.9% in 2010, 10.0% in 2011, and 10.5% in 2012. The average nominal interest rate for foreign currency-denominated loans decreased from 6.8% in 2010 to 4.8% in 2011 and increased to 5.5% in 2012. Average nominal interest rates for Nuevo Sol-denominated loans increased from 14.9% in 2010 to 17.9% in 2011 and decreased slightly to 17.5% in 2012.

In 2012, the monthly average balance of our foreign currency-denominated loan portfolio was S/.27.5 billion, an increase of 9.0% from 2011, while the monthly average balance of our Nuevo Sol-denominated loans was S/.20.2 billion, an increase of 23.3% from 2011. In 2011, the monthly average balance of our foreign currency-denominated loan portfolio was S/.25.2 billion, an increase of 18.9% from 2010, while the monthly average balance of our Nuevo Sol-denominated loans was S/.16.3 billion, an increase of 23.0% from 2010. In 2012, the increase in local currency-denominated loans was due to higher consumer loan balances, while the increase in foreign currency-denominated loans was due to the prevailing low rate environment in foreign currency.

Financial expense

Financial expense increased 18.9% in 2012 after increasing 19.8% in 2011. The increase in 2012 was primarily driven by higher rates paid on foreign currency-denominated time deposits and by higher balances due to banks and correspondents and due to higher aggregate amounts of issued bonds outstanding. The increase in 2011 was primarily driven by higher rates paid on local currency-denominated time deposits and to higher balances of issued bonds outstanding. Average nominal interest rates on total deposits were 1.0%, 1.2% and 1.4% in 2010, 2011 and 2012, respectively. Average nominal interest rates on foreign currency-denominated deposits decreased from 0.7% in 2010 to 0.6% in 2011 and increased to 0.7% in 2012. Average nominal interest rates on Nuevo Sol-denominated deposits increased from 1.2% in 2010 to 1.9% in 2011 to 2.0% in 2012. The decrease in the average nominal interest rate paid on foreign currency-denominated deposits in 2011 was driven by the prevailing low interest rate environment, while the increase in the average nominal interest rate paid on local currency-denominated deposits was driven by the increases in the Central Bank's reference rate. The increase in the average nominal interest rate paid on foreign currency-denominated and local currency-denominated deposits in 2012 was driven by the higher balance of time deposits with a higher average interest rate than those of demand and saving deposits.

Our average foreign currency-denominated deposits were S/.25.9 billion in 2012, S/.25.1 billion in 2011 and S/.22.6 billion in 2010. Average deposits denominated in Nuevos Soles were S/.28.4 billion, S/.22.5 billion and S/.18.8 billion in 2012, 2011 and 2010, respectively. In 2012, the average balance of demand deposits, savings, and time deposits increased by 10.0%, 13.9%, and 17.5%, respectively. In 2011, the average balance of demand deposits, savings, and time deposits increased by 18.2%, 18.5%, and 10.0%, respectively.

Net financial margin

Our net financial margin (gross financial margin divided by average interest earning assets) increased from 4.8% in 2010 to 5.0% in 2011, and increased to 5.2% in 2012.

Provision for loan losses

The following table sets forth, for the years ended December 31, 2010, 2011 and 2012, the movements in our allowance for loan losses, including reserves for indirect loans. Our provisions for indirect loans were S/.92.4 million, S/.103.7 million, and S/.116.0 at December 31, 2010, 2011 and 2012, respectively.

	For the years ended December 31,		
	2010	2011	2012
(Nuevos Soles in thousands)			
Allowance for loan losses at the beginning of the year/period	1,095,841	1,273,789	1,524,348
Provisions of the year/period, net of recoveries	594,831	708,484	1,111,244
Allowance from acquisition of Edyficiar	—	—	—
Write-offs	(404,396)	(432,614)	(677,883)
Foreign exchange translation	(12,487)	(25,311)	(42,592)
Allowance for loan losses at the end of the year/period	1,273,789	1,524,348	1,915,117

Our allowance for loan losses, net of recoveries, increased by S/.390.8, or 25.6%, in 2012, increased by S/.250.6 million, or 19.7% in 2011 and by S/.177.9 million, or 16.2% in 2010. The increase in 2012 was due to portfolio growth across all business segments and an increase in loan loss requirements in retail banking as a result of credit deterioration in this portfolio. The increase in 2011 and 2010 was due to higher loan volumes across all business segments. Provisions in 2010 were also affected by the activation of the pro-cyclical provisioning requirements in effect since October 2010. Recoveries of previously charged-off accounts amounted to S/.108.2 million in 2012 and S/.97.0 million in 2011 and are reported under the “Other income” caption of “Selected Statistical and Other Information.”

The increase in provisions in 2010, 2011 and 2012 was partly offset by write-offs, which increased by 56.7% in 2012, by 7% in 2011 and by 51.7% in 2010. These write-offs were loans that were fully provisioned and considered unrecoverable. See “Selected Statistical and Other Information—Loan Portfolio—Loan Loss Reserves.”

Total reserves, including reserves for indirect loans, as a percentage of past due loans were 202.8% at year-end 2012 compared to 218.9% at year-end 2011 and 216.8% at year-end 2010. Total reserves as a percentage of substandard loans, which we define as loans with risk classifications of Deficient, Doubtful and Loss, decreased to 119.1% at year-end 2012 from 121.5% at year-end 2011 after increasing from 114.3% at year-end 2010. Given the changing composition of our loan portfolio and recent developments in the Peruvian and global economy, 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,		
	2010	2011	2012
(Nuevos Soles in thousands)			
Fees and commissions from banking services	1,298,332	1,446,191	1,623,399
Net gains from sales of securities	176,780	61,682	104,636
Net gains on foreign exchange transactions.....	243,978	382,220	379,615
Other non-financial income	319,261	177,200	218,881
Total non-financial income.....	2,038,351	2,067,293	2,326,531

Our non-financial income increased 12.5% to S/. 2.3 billion in 2012 from S/.2.1 billion in 2011 and from S/.2.0 billion in 2010.

Fees and commissions from banking services increased 12.3% to S/.1.6 billion in 2012 compared to 2011 and increased 11.4% to S/.1.4 billion in 2011 compared to 2010. The increase in fees and commissions from banking services in 2012 and 2011 was principally due to an increase in transfer and collections fees, increased commissions from credit/debit card services, increases in fees from trust services and improved property leasing services.

Sales of securities resulted in a net gain of S/.104.6 million in 2012 compared to a net gain of S/.61.7 million in 2011 and a net gain of S/.176.8 million in 2010. The increase in gains from sales of securities in 2012 as compared to 2011 was driven by the profits from our sales of Peruvian government securities. The decrease in gains from sales of securities in 2011 as compared to 2010 was driven by the absence in 2011 of extraordinary gains associated with an exchange program of government bonds offered by the Peruvian government in 2010. In April 2010, the Peruvian government offered the exchange of 7.500% Euro denominated Global Bonds due 2014 for cash and new bonds (8.375% U.S. dollar denominated Global Bonds due 2033). As a result of our participation in the aforementioned exchange program, we recorded a S/.90.5 million gain. Additionally, on the exchange date we terminated related cross-currency swaps that were part of our fair value hedge strategy generating a loss of approximately S/.44.6 million that was recorded under financial expense.

Our gains from foreign exchange transactions were S/.379.6 million in 2012, S/.382.2 million in 2011 and S/.244.0 million in 2010. The increase in 2011 and 2010 was due to higher foreign exchange trading volumes in response to the appreciation of the Nuevo Sol.

Other non-financial income increased 23.5% to S/.218.9 million in 2012 after decreasing 44.5% to S/.177.2 million in 2011 from 17.3% to S/.319.3 million in 2010. Other non-financial income principally consists of gains on

indexed certificates, recoveries of charged-off accounts, customer service charges and certain sundry income items. BCP maintains a proprietary position in indexed certificates issued by Citigroup and Crédit Agricole Corporate and Investment Bank (formerly Calyon) to mitigate the volatility in operating expenses caused by stock appreciation rights granted to executives. The indexed certificates are in the form of warrants issued by Citigroup and Calyon, and are settled exclusively in cash. These instruments do not qualify for hedge accounting. Gains on these indexed certificates are reported as other income while losses are reported under operating expenses (see note 9(b) to the annual consolidated financial statements). The increase in 2012 in other non-financial income was driven mainly by an increase of recoveries of charged-off accounts of S/.11.2 million and gains in our position of indexed certificates of S/.30.2 million. The decrease in 2011 in other non-financial income was driven mainly by the absence in 2011 of gains in our position of indexed certificates. The increase in 2010 in other non-financial income was due principally to gains on indexed certificates of S/.156.6 million.

Operating expenses

The following table reflects, for the years ended December 31, 2010, 2011 and 2012, the components of our operating expenses:

	For the years ended December 31,		
	2010	2011	2012
(Nuevos Soles in thousands)			
Salaries and employee benefits.....	1,369,059	1,357,854	1,626,763
General and administrative expenses.....	709,029	831,257	1,035,326
Depreciation and amortization.....	219,026	249,242	274,083
Provision for seized assets	4,136	4,281	3,248
Taxes and contributions.....	79,889	88,677	98,566
Other.....	75,873	98,581	64,965
Total operating expenses	2,457,012	2,629,892	3,102,951

BCP's operating expenses (excluding provisions for loan losses) increased 18.0% to S/.3.1 billion in 2012, and increased 7.0% to S/.2.6 billion in 2011. The increase in 2012 compared to 2011 was due to a 19.8% increase in salaries and employee benefits and a 24.6% increase in general and administrative expenses. The increase in 2011 compared to 2010 was driven mainly by a 17.2%, or S/.122.2 million, increase in general and administrative expenses.

Salaries and employee benefits, which include expenses on stock appreciation rights (SARs) on Credicorp's stock given to executives, increased 19.8% in 2012 and decreased 0.8% in 2011 after having increased by 14.3% in 2010. The increase in 2012 was principally due to higher expenses for salaries, vacation pay, medical assistance and other personnel expenses in line with our organic growth. The decrease in 2011 was mainly driven by lower charges related to the expensing of SARs. The increase in 2010 was driven by higher variable compensation expenses in line with higher loan volumes. Expenses related to SARs are directly correlated with the price of Credicorp's shares. In addition, we and our subsidiaries implemented a new share-based payment plan, granting a number of Credicorp shares to certain executives who have been employed for at least one year. In connection with this plan, we and our subsidiaries acquired all the shares granted to our executives, which are being held as restricted by us and our subsidiaries for a 3 year term; shares are fully liberated in favor of the executives 1/3 each year. Until December 31, 2011, shares of Credicorp legally delivered to executives, as authorized by Official Letter SBS N°9771-2009, were recorded as personnel expenses, for all the amount disbursed in their acquisition and in the year they were legally delivered to the executive. In August 2011, the SBS issued Official Letter N°38179-2011, by which it indicated that all share-based payments plan must be recorded following IFRS 2 – Share-based payments, starting January 1, 2012, but requiring prospective treatment. As a result of changes in the accounting treatment of workers' profit sharing, salaries and employee benefits in 2010, 2011 and 2012 include S/.69.9 million, S/.88.1 million and S/.93.9 million associated with employee profit sharing, respectively.

General and administrative expenses increased from S/.709.0 million in 2010 to S/.831.3 million in 2011, and increased to S/.1,035.3 million in 2012, representing an increase of 17.2% from 2010 to 2011 and an increase of 24.6% from 2011 to 2012. As a percentage of operating expenses, general and administrative expenses were 33.4%, 31.6%, 28.9% in 2012, 2011 and 2010, respectively. The increase in expenses in 2012 and 2011 was mainly due to higher marketing and infrastructure expenses.

Depreciation and amortization increased 10.0% to S/.274.1 million in 2012 and increased 13.8% to S/.249.2 million in 2011 from S/.219.0 million in 2010. The increase in 2012 was due mainly to higher amortization expenses of capitalized disbursements related to the implementation and development of several projects (such as the implementation of treasury solutions, the windows system, CRM for wholesale banking and basic information of clients, among others). The increase in 2011 was due to higher amortization expenses of software and of intangibles associated with Edyfifar.

Other expenses decreased 34.1% from S/.98.6 million in 2011 to S/.65.0 million in 2012 and increased 29.9% from S/.75.9million in 2010 to S/.98.6 million in 2011. In 2012, the decrease was driven by the absence of losses in our position of indexed certificates. In 2011, the increase was due to a S/.50.3 million loss in our proprietary position in indexed certificates recorded in 2011.

Income taxes

Our income tax expense was S/.551.2 million in 2012, S/.508.7 million in 2011 and S/.447.7 million in 2010. The statutory income tax rate payable in Peru in each of those years was 30% of taxable income. BCP's effective tax rates in 2010, 2011 and 2012 were 27.0%, 26.1% and 26.2%, respectively. The increase in the effective tax rate from 2011 to 2012 was due to an increase in non-deductible expenses in 2012. The decrease in the effective tax rate from 2010 to 2011 was driven by a decrease in non-deductible expenses.

Analysis of Financial Condition

Total assets

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

	As of December 31,		
	2010	2011	2012
<i>(Nuevos Soles in thousands)</i>			
Cash and due from banks, and interbank funds	23,853,075	14,784,184	19,870,153
Investments at fair value through profit or loss and available for sale, net, and investments held to maturity	4,536,565	9,568,570	12,198,973
Gross loans	40,266,971	45,654,697	52,903,632
Allowance for loan losses	(1,181,389)	(1,420,612)	(1,799,129)
Net loans	39,085,582	44,234,085	51,104,503
Assets classified as held for sale	-	-	3,198,607
Other assets	3,439,940	3,449,677	4,024,963
Total assets	70,915,162	72,036,516	90,397,199

Total assets increased by 1.6% in 2011. As of December 31, 2012, we had total assets of S/.90.4 billion which represents an increase of 25.5% from 2011.

The balance of cash and due from banks, and interbank funds includes restricted funds held to comply with existing reserve requirements dictated by the Central Bank. As of December 31, 2012, reserve requirements were approximately S/.5.9 billion and US\$4.0 billion compared to approximately S/.3.8 billion and US\$3.2 billion as of December 31, 2011.

Our total deposits with the Central Bank were S/.16.1 billion as of December 31, 2012 compared to S/.10.2 billion as of December 31, 2011, and S/.17.7 billion as of December 31, 2010. After decreasing by 49.3% in 2010, our securities holdings (which include certificates of deposit from the Central Bank, marketable securities and investments) increased 110.9% to S/.9.6 billion from December 31, 2010 to December 31, 2011 and increased by 27.5% in 2012. In October 2010, the Central Bank started accepting deposits in lieu of issuing certificates of deposit in order to increase the effectiveness of its monetary policy. Accordingly, our balance of certificates of deposit (reported as investments) declined in 2010 while our deposits with the Central Bank (reported as cash and due from banks) increased. In 2011, the Central Bank restarted the issuance of certificates of deposit. Consequently, in the year ended December 31, 2011, our deposits with the Central Bank declined by S/.7.5 billion while our holdings of certificates of deposit issued by the Central Bank increased by S/.4.5 billion.

As of December 31, 2012, our direct loans, net of provisions, were S/.51.1 billion compared to S/.44.2 billion as of December 31, 2011 and S/.39.1 billion as of December 31, 2010. Our direct net loans represented 56.4% of our total assets as of December 31, 2012 compared to 61.4% and 55.1% as of December 31, 2011 and 2010, respectively.

Total liabilities

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

	As of December 31,		
	2010	2011	2012
		(Nuevos Soles in thousands)	
Deposits and obligations.....	47,924,250	47,299,455	58,178,314
Due to banks, correspondents and other entities, and interbank funds.....	10,229,670	7,971,152	9,479,309
Bonds and subordinated notes issued	5,503,498	8,416,312	9,325,433
Other liabilities	1,718,694	2,041,574	6,148,092
Total liabilities	65,376,112	65,728,493	83,131,146

As of December 31, 2012, we had total liabilities of S/.83.1 billion, an increase of S/.17.7 billion, or 26.9%, as compared to December 31, 2011. In 2011, total liabilities increased by 0.6% to S/.65.7 billion as compared to December 31, 2010. In 2010 total liabilities increased by 29.7%. The increase in deposits in 2010 was partially offset by the reclassification of S/.3.1 billion and S/.1.0 billion of time deposits maintained by CCR Inc. and Atlantic Security Bank (both foreign related entities), respectively, to “due to banks, correspondents and other entities, and interbank funds”. Excluding the impact of such reclassification, total deposits increased by S/.10.2 billion, or 24.5%, in 2010. Accordingly, due to banks, correspondents, and other entities, and interbank funds increased by S/.226.7 million in 2010. In 2011, total deposits decreased by S/.624.8 million to S/.47.3 billion. In 2012, total deposits increased by S/.10.9 billion to S/.58.2 billion.

Due to banks, correspondents and other entities, and interbank funds increased by 18.9% to S/.9.5 billion in 2012 and decreased by 22.1% to S/.8.0 billion in 2011. The increase in 2012 was due to the increase of our funding base and our ability to get funding at more attractive rates. In 2011, the decrease in banks, correspondents and other entities, and interbank funds was driven by our decision to increase the average maturity of our funding base by replacing short-term funding with long-term bonds and subordinated notes.

Bonds and subordinated notes issued increased from S/.5.5 billion as of December 31, 2010 to S/.8.4 billion as of December 31, 2011. In 2012, bonds and subordinated notes issued increased by S/.0.9 billion or 10.8%. The increases are attributable to long term debt issuances executed in order to meet the growing demand for medium and long-term funding resulting from accelerated loan growth, to our decision to extend the average maturity of our funding base and to strengthen our regulatory capital.

Our funding strategy has been structured around maintaining a diversified deposit base. In 2012, demand deposits increased 13.9% to S/.19.3 billion, savings deposits increased 12.9% to S/.15.5 billion and time deposits, including CTS deposits increased 40.7% to S/.23.2 billion. In 2011, demand deposits increased 12.8% to S/.17.0 billion and savings deposits increased 15.2% to S/.13.7 billion, while time deposits, including CTS deposits, decreased 17.6% to S/.17.2 billion. The decrease in time deposits in 2011 was driven by our decision to reduce rate-sensitive deposits primarily from institutional investors. Based on information published by the SBS, we estimate that as of December 31, 2012, we had 42.4% of total savings deposits in the Peruvian banking system and 37.5% of total deposits, both representing the highest share among Peruvian banks. An important characteristic of our deposit base is that, as of December 31, 2012, it included 54.8% of the entire Peruvian banking system’s CTS deposits (severance indemnity deposits), compared to 56.1% as of December 31, 2011. 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 69.8% of our total deposits as of December 31, 2012 (75.4% as of December 31, 2011). Based on figures published by the SBS, our market share in these types of deposits amounted to 35.1% of the Peruvian financial system as of December 31, 2012, compared to 33.7% as of December 31, 2011.

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,																																		
	2010	2011	2012																																
(Nuevos Soles in thousands, except percentages) (unaudited)																																			
Regulatory capital and capital adequacy ratio(1)																																			
<table> <tr> <td>Capital stock, net</td> <td>2,557,738</td> <td>2,557,738</td> <td>3,102,897</td> </tr> <tr> <td>Legal and other capital reserves.....</td> <td>1,329,155</td> <td>2,004,022</td> <td>2,194,828</td> </tr> <tr> <td>Accumulated earnings with capitalization agreements</td> <td>—</td> <td>—</td> <td>388,200</td> </tr> <tr> <td>Computable subordinated debt</td> <td>702,250</td> <td>674,000</td> <td>637,500</td> </tr> <tr> <td>Unrealized gains in subsidiaries.....</td> <td>517,939</td> <td>595,400</td> <td>627,047</td> </tr> <tr> <td>Less: goodwill.....</td> <td>(144,841)</td> <td>(144,841)</td> <td>(122,083)</td> </tr> <tr> <td>Less: investment in subsidiaries and financial institutions and other.....</td> <td>(605,924)</td> <td>(569,129)</td> <td>(696,117)</td> </tr> <tr> <td>Total basic regulatory capital</td> <td>4,379,074</td> <td>5,139,948</td> <td>6,132,272</td> </tr> </table>				Capital stock, net	2,557,738	2,557,738	3,102,897	Legal and other capital reserves.....	1,329,155	2,004,022	2,194,828	Accumulated earnings with capitalization agreements	—	—	388,200	Computable subordinated debt	702,250	674,000	637,500	Unrealized gains in subsidiaries.....	517,939	595,400	627,047	Less: goodwill.....	(144,841)	(144,841)	(122,083)	Less: investment in subsidiaries and financial institutions and other.....	(605,924)	(569,129)	(696,117)	Total basic regulatory capital	4,379,074	5,139,948	6,132,272
Capital stock, net	2,557,738	2,557,738	3,102,897																																
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Total basic regulatory capital	4,379,074	5,139,948	6,132,272																																
<table> <tr> <td>Loan loss reserves(2)</td> <td>506,439</td> <td>572,891</td> <td>705,382</td> </tr> <tr> <td>Computable subordinated debt</td> <td>1,237,684</td> <td>2,057,838</td> <td>2,786,582</td> </tr> <tr> <td>Less: investment in subsidiaries and financial institutions</td> <td>(605,924)</td> <td>(569,129)</td> <td>(694,989)</td> </tr> <tr> <td>Total supplementary regulatory capital</td> <td>1,138,199</td> <td>2,061,600</td> <td>2,796,975</td> </tr> </table>				Loan loss reserves(2)	506,439	572,891	705,382	Computable subordinated debt	1,237,684	2,057,838	2,786,582	Less: investment in subsidiaries and financial institutions	(605,924)	(569,129)	(694,989)	Total supplementary regulatory capital	1,138,199	2,061,600	2,796,975																
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Total supplementary regulatory capital	1,138,199	2,061,600	2,796,975																																
Total regulatory capital.....	5,517,274	7,201,549	8,929,248																																
Risk-weighted assets.....	42,965,696	49,557,350	60,662,813																																
Regulatory capital requirements																																			
Risk capital requirements.....	4,296.6	4,955.7	6,066.3																																
Additional capital requirements(3)	—	—	788.6																																
Total regulatory capital requirements	4,296.6	4,955.7	6,854.9																																
Capital ratios																																			
Regulatory capital as a percentage of risk-weighted assets(1)(4)	12.8%	14.5%	14.7%																																
Ratio of risk-weighted assets to regulatory capital(5).....	7.8x	6.9x	6.8x																																

(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.

(2) Since July 1, 2009, amended SBS rules allow banks using the standardized method for capital adequacy purposes to include loan loss reserves up to 1.25% of risk-weighted assets in the calculation of regulatory capital.

(3) On July 20, 2011, the SBS issued SBS Resolution 8425-2011, establishing the methodologies and the implementation schedule of the additional capital requirements. The new capital requirements, which are aimed at covering risks not contemplated in Pillar I of Basel II, include requirements to cover concentration, interest rate and systemic risk. Additionally, pro-cyclical capital requirements were also established. These new requirements will be implemented over a period of five years starting in July 2012.

(4) As part of the implementation of Basel II, the SBS minimum regulatory capital requirement, expressed as a percentage of risk-weighted assets has been progressively increased from 9.8% effective July 1, 2010 to 10% effective July 1, 2011, onwards. For further details see “Regulatory Environment—Implementation of Basel Principles—Capital Adequacy.”

(5) As part of the implementation of Basel II, this ratio has been lowered from 10.2x effective July 1, 2010, to 10.0x effective July 1, 2011, onwards. For further details see “Regulatory Environment—Implementation of Basel Principles—Capital Adequacy.”

Liquidity Risk

We manage our assets and liabilities to ensure that we have sufficient liquidity to meet our present and future financial obligations and that we are able to take advantage of appropriate business opportunities as they arise. Liquidity risk represents the potential for 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.

The general growth of our deposit base over the past years has enabled us to increase significantly our lending activity. We are subject to SBS Resolution No. 472-2001, enacted in June 2001, which made our Market Risk Unit responsible for liquidity management, and which established minimum liquidity ratios. The liquidity ratio, which is the ratio of liquid assets as a percentage of short-term liabilities, as strictly defined by the SBS, must exceed 15% for Nuevo Sol-denominated liabilities, and 30% for foreign currency-denominated liabilities. Our daily liquidity average ratios during the month of December 2012 were 49.2% and 46.3% for Nuevo Sol and foreign currency-denominated liabilities, respectively (compared to 45.9% and 43.8%, respectively in December 2011 and 64.4% and 36.8%, respectively in December 2010), demonstrating our continuing excess liquidity.

Our retail banking and the private banking businesses have developed a diversified and stable deposit base that 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 and CTS deposits.

Other sources of funds and liquidity, mostly short and long-term borrowings from correspondent banks and other financial institutions, issued bonds and subordinated debt, are increasingly important sources of funding. These short and long-term borrowings are predominantly denominated in U.S. dollars and are primarily used to fund foreign currency-denominated loans. We actively manage and monitor the maturity profile of these borrowings to maintain appropriate liquidity levels and to minimize our refinancing risk.

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

	As of December 31,		
	2010	2011	2012
(Nuevos Soles in thousands)			
Core deposits			
Demand deposits.....	15,747,422	16,924,036	19,289,681
Savings deposits.....	11,924,035	13,740,419	15,515,531
CTS deposits.....	3,688,561	4,737,333	5,687,427
Total core deposits	31,360,018	35,401,788	40,492,639
Other deposits(1)	16,447,625	11,758,869	17,524,093
Total deposits	47,807,643	47,160,657	58,016,732
Interest payable.....	116,607	138,798	161,582
Total deposits (including interest payable)	47,924,250	47,299,455	58,178,314
Due to banks, correspondents and other entities, and interbank funds	10,229,670	7,597,258	9,479,307
Issued bonds	5,503,498	8,416,312	9,325,433
Total sources of liquid funds(2)	63,657,418	63,313,025	76,983,054
Core deposits as a percent of total deposits.....	65.6%	75.1%	69.8%
Core deposits as a percent of total sources of liquid funds	49.3%	55.9%	52.6%

(1) Mostly time deposits and certificates of deposits.

(2) Includes total deposits, due to banks and correspondents and issued bonds.

The decline of S/.4.7 billion in other deposits in 2011 was driven by our decision to reduce short-dated time deposits held primarily by rate-sensitive institutional clients. The increase of S/.5.8 billion in other deposits in 2012 was driven by the higher interest rates offered for time deposits and certificates of deposit.

We are required to maintain deposits with the Central Bank, as legal reserves, determined as a percentage of the deposits and other liabilities owed to our clients. The legal reserve requirement is currently 9.0% and can vary from time to time. The requirement has been modified several times since December 2009. It was increased from 6.0% to 7.0% in July 2010, to 8.0% in August 2010, to 8.5% in September 2010, and to 9.0% in October 2010. Legal reserves are meant to ensure the availability of liquid funds to cover withdrawals of deposits. Additional reserves

are also required for domestic and foreign currency obligations. Additionally, we have significant investments of excess liquid funds in short-term Central Bank deposits and Central Bank certificates of deposit.

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

	As of December 31,		
	2010	2011	2012
	(Nuevos Soles in thousands)		
Funds at Central Bank			
Deposits.....	17,719,107	10,203,051	16,106,647
Certificates of deposit.....	1,022,053	5,553,165	7,559,462
Total funds at Central Bank	18,741,160	15,756,216	23,666,109
Total funds at Central Bank as a percent of total deposits.....	39.1%	32.8%	40.8%

In October of 2010, the Central Bank started offering deposits and ceased offering certificates of deposit. Unlike certificates of deposit that were available to a range of investors including pension funds and foreign banks, deposits in the Central Bank are available only to local banks. Certificates of deposit from the Central Bank are reported as available-for-sale investments within our investment portfolio, while deposits at the Central Bank are reported as cash and due from banks. In 2011, the Central Bank restarted issuing certificates of deposit. As a consequence, our balance in deposits with the Central Bank declined while our holdings of certificates of deposits increased in 2011. In 2012, funds with the Central Bank increased by 50.2%, to S./23,666 million.

We at times have accessed Peru's short-term interbank deposit market, generally as a lender in the U.S. dollar interbank market and a borrower in the Nuevos Soles interbank market. The 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.

The following table presents, for the years ended December 31, 2010, 2011 and 2012, our bond issuances:

	For the years ended December 31,		
	2010	2011	2012
	(Nuevos Soles in thousands)		
Bonds issued			
Corporate bonds.....	2,247,200	2,411,056	530,000
Leasing bonds	—	—	—
Subordinated bonds.....	—	1,013,600	932,500
Other	47,969	94,906	—
Total	2,295,169	3,519,562	1,462,500

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 provide for 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 balance sheet against interest rate and currency movements.

The following table reflects our off-balance sheet arrangements (notional amounts) as of December 31, 2010, 2011 and 2012:

	As of December 31,		
	2010	2011	2012
	(Nuevos Soles in thousands)		
Contingent Operations			
Guarantees and stand-by letters of credit	7,619,963	8,387,916	9,982,046
Import and export letters of credit.....	1,170,681	1,620,338	1,488,381
Due from bank acceptances	197,560	166,331	256,959
Total indirect loans	8,988,204	10,174,585	11,727,386
Derivatives			
<i>Held for trading</i>			
Forward exchange contracts	7,382,600	9,315,557	13,384,519
Interest rate swaps.....	1,997,481	1,860,494	2,991,020
Cross currency swaps.....	1,300,860	794,022	1,429,060
Options	291,057	173,040	242,985
<i>Held as hedges</i>			
Interest rate swaps.....	1,338,969	2,084,892	2,013,963
Cross currency swaps.....	391,993	311,208	656,641
Cross currency and interest rate swaps	318,435	221,680	153,301
Forward exchange contracts	—	—	—
Total	13,021,395	14,760,893	20,871,489
Responsibilities under credit line agreements	6,833,306	9,504,383	10,210,169
Other contingent operations	12,339	7,358	135,093
Total contingent operations.....	28,855,244	34,447,219	42,944,137

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.

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. As of December 31, 2012, forward exchange contracts and foreign currency options had maturities of less than three years, and interest rate swaps and currency swaps had maturities of up to 10 years.

We provide custody, trust, corporate administration, investment management and consulting services to third parties. Assets held in trust are not recorded in the consolidated financial statements.

Commitments and Contractual Obligations

We enter into various commitments and contractual obligations which we recognize on our balance sheet that may require future cash payments. The following table summarizes our commitments and contractual obligations by remaining maturity as of December 31, 2012.

	Total as of December 31, 2012	Payments due by period		
		Less than 1 year	1–5 years	More than 5 years
(Nuevos Soles in thousands)				
Bonds	9,193,752	186,634	2,846,765	6,160,353
Time deposits	17,524,093	16,550,957	973,116	20
Interbank funds.....	299,974	299,974	—	—
Due to banks, correspondents, and other entities (1)	9,136,844	2,539,534	4,612,243	1,985,068
Total.....	36,154,663	19,577,099	8,432,124	8,145,441

(1) Includes mainly loans to fund foreign trade operations and working capital, and promotional credit lines granted by COFIDE to promote affordable housing in Peru. 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, 2012, due to banks, correspondents, and other entities includes loans maintained with CCR Inc. (a Credicorp subsidiary) for U.S.\$1,016.4 million, equivalent to S/.2,591.9 million, (US\$753.5 million, equivalent to S/.2.0 billion as of December 31, 2011) 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. Also, as of December 31, 2012 due to banks, correspondents, and other entities includes a promissory note with BCP Emisiones Latam 1 S.A. (a wholly owned subsidiary of Credicorp) for 2.7 million Unidades de Fomento Chilenas - UF, equivalent to S/.328.6 million (S/.311.2 million as of December 31, 2011) related to the issuance by BCP Emisiones Latam 1 S.A. of bonds through the Santiago de Chile Stock Exchange. For further details, see note 12 to our annual consolidated financial statements.

Trend Information

According to figures published by the SBS, in 2012, Peru's financial system grew by 12.0% and by 12.6% in terms of deposits and loans, respectively. Commercial banks' deposits and loans in turn grew by 11.2% and by 12.2%, respectively, while official GDP figures reported by the INEI show an accumulated GDP growth of 6.3% in 2012.

In 2013, we believe we will see the continuation of the previous year's positive trends. Domestic demand is expected to continue strengthening, creating opportunities for increasing banking penetration. This perspective assumes that there will not be any substantial economic policy changes in the near future and that the unstable international economic environment will not have a significant adverse effect on the Peruvian economy due to the strength of Peruvian external and fiscal accounts.

We anticipate continued expansion of the Peruvian economy. We intend to focus on maintaining market share in our core businesses while increasing our share of the small business segment and certain retail banking products, where there is ample margin for growth since financial intermediation is still low.

In order to keep pace with the growth experienced during 2012, 2011 and 2010, we will continue to make investments in widening our operating capacity and generating a competitive advantage with larger and more innovative business activities. In 2013, we expect to continue remodeling our branch network, open new branches and install new ATMs and BCP Agents. In addition, we expect to continue to invest in system upgrades, new equipment and applications in information technology. As a consequence of this expansion, we expect to have increases in personnel expenses, marketing expenses, information technology, transportation and communications required to operate the growing channels of our client services.

In addition to expanding our infrastructure and human resources, we expect to continue increasing our capital base through access to the international capital markets and additional retention of earnings.

In order to manage our growth, we intend to continue enforcing high evaluation standards when granting loans and our conservative provisioning policy as a means of mitigating exposure to credit risk although we cannot assure you that we will be able to maintain the quality of our loan portfolio during a time of growth and expansion into riskier business segments.

SELECTED STATISTICAL AND OTHER INFORMATION

The following tables present certain selected statistical information and ratios for us 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, 2010, 2011 and 2012, and the results of operations for 2010, 2011 and 2012.

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 (Nuevos Soles or foreign currency (primarily U.S. dollars)), rather than by the domestic or international nature of the balance. In addition, except where noted, such average balances are based upon the month ending balances for each year, with any such annual balance denominated in Nuevos 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, 2010, 2011 and 2012.

Average Balance Sheets
Assets, Interest Earned and Average Interest Rates

	Year ended December 31, 2010			Year ended December 31, 2011			Year ended December 31, 2011	
	Average Balance	Interest Earned	Nominal Avg. Rate	Average Balance	Interest Earned	Nominal Avg. Rate(3)		
(Nuevos Soles in thousands, except percentages)								
ASSETS:								
Interest-earning assets								
<i>Deposits in Central Bank</i>								
Nuevos Soles	1,254,564	71,355	5.69%	3,337,238	91,229	2.73%	3,902,017	
Foreign currency	6,101,010	9,375	0.15%	7,689,449	8,999	0.12%	8,365,799	
Total	7,355,574	80,730	1.10%	11,026,687	100,228	0.91%	12,267,816	
<i>Deposits in other banks</i>								
Nuevos Soles	129,039	2,517	1.95%	185,157	9,329	5.04%	149,817	
Foreign currency	1,994,301	6,563	0.33%	2,356,356	6,143	0.26%	1,826,426	
Total	2,123,340	9,080	0.43%	2,541,513	15,472	0.61%	1,976,243	
<i>Investment securities</i>								
Nuevos Soles	7,875,533	127,401	1.62%	6,419,084	262,039	4.08%	8,457,479	
Foreign currency	2,893,440	122,116	4.22%	2,923,957	67,902	2.32%	3,977,474	
Total	10,768,973	249,517	2.32%	9,343,041	329,941	3.53%	12,434,953	
<i>Total loans(1)</i>								
Nuevos Soles	13,287,395	1,981,653	14.91%	16,343,563	2,932,292	17.94%	20,159,387	
Foreign currency	21,206,078	1,445,410	6.82%	25,214,754	1,218,873	4.83%	27,474,562	
Total	34,493,473	3,427,063	9.94%	41,558,317	4,151,165	9.99%	47,633,949	
<i>Total dividend-earning assets(2)</i>								
Nuevos Soles	34,627	694	2.00%	28,112	1,592	5.66%	21,017	
Foreign currency	530,764	9,403	1.77%	641,447	14,260	2.22%	600,556	
Total	565,391	10,097	1.79%	669,559	15,852	2.37%	621,573	
<i>Total interest-earning assets</i>								
Nuevos Soles	22,581,158	2,183,620	9.67%	26,313,154	3,296,481	12.53%	32,689,717	
Foreign currency	32,725,593	1,592,867	4.87%	38,825,963	1,316,177	3.39%	42,244,817	
Total	55,306,751	3,776,487	6.83%	65,139,118	4,612,658	7.08%	74,934,534	
Non-interest-earning assets								
<i>Cash and due from banks</i>								
Nuevos Soles	998,511	—	—	1,320,481	—	—	1,295,834	
Foreign currency	951,622	—	—	1,166,368	—	—	1,054,378	
Total	1,950,133	—	—	2,486,849	—	—	2,350,212	
<i>Premises and equipment</i>								
Nuevos Soles	817,703	—	—	916,035	—	—	1,021,148	
Foreign currency	43,251	—	—	38,599	—	—	42,520	
Total	860,954	—	—	954,634	—	—	1,063,668	
<i>Other non-interest-earning assets and gains from derivatives instruments</i>								
Nuevos Soles	2,322,822	44,809	—	2,469,978	49,967	—	2,755,069	
Foreign currency	1,033,793	19,678	—	879,244	24,659	—	2,272,248	
Total	3,356,615	64,487	—	3,349,222	74,626	—	5,027,317	
<i>Total non-interest-earning assets</i>								
Nuevos Soles	4,139,036	44,809	—	4,706,494	49,967	—	5,072,051	
Foreign currency	2,028,666	19,678	—	2,084,211	24,659	—	3,369,146	

	Year ended December 31, 2010			Year ended December 31, 2011			Year ended December 31, 2012
	Average Balance	Interest Earned	Nominal Avg. Rate	Average Balance	Interest Earned	Nominal Avg. Rate(3)	
	(Nuevos Soles in thousands, except percentages)						
Total	6,167,702	64,487	—	6,790,705	74,626	—	8,441,197
<i>Total average assets</i>							
Nuevos Soles	26,720,194	2,228,429	8.34%	31,019,648	3,346,448	10.79%	37,761,768
Foreign currency.....	34,754,259	1,612,545	4.64%	40,910,174	1,340,836	3.28%	45,613,963
Total	61,474,453	3,840,974	6.25%	71,929,822	4,687,284	6.52%	83,375,731

(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. Interest for years prior to the year in which a loan became past due is included.

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

Average Balance Sheets
Liabilities, Interest Paid and Average Interest Rates

	Year ended December 31, 2010			Year ended December 31, 2011			Year ended December 31, 2011	
	Average Balance	Interest Paid	Nominal Avg. Rate	Average Balance	Interest Earned	Nominal Avg. Rate		
(Nuevos Soles in thousands, except percentages)								
LIABILITIES:								
Interest-bearing liabilities								
<i>Demand deposits</i>								
Nuevos Soles.....	6,385,461	26,069	0.41%	6,870,341	36,326	0.53%	8,127,764	
Foreign currency	7,409,012	14,946	0.20%	9,433,362	19,051	0.20%	9,812,947	
Total	13,794,473	41,015	0.30%	16,303,703	55,377	0.34%	17,940,711	
<i>Savings deposits</i>								
Nuevos Soles(1).....	4,818,865	11,500	0.24%	6,252,458	22,094	0.35%	7,842,851	
Foreign currency	5,935,283	14,236	0.24%	6,486,941	15,607	0.24%	6,672,820	
Total	10,754,148	25,736	0.24%	12,739,399	37,701	0.30%	14,515,671	
<i>Time deposits</i>								
Nuevos Soles.....	7,617,158	196,849	2.58%	9,394,770	374,004	3.98%	12,458,231	
Foreign currency	9,287,103	132,365	1.43%	9,202,956	111,816	1.22%	9,399,495	
Total	16,904,261	329,214	1.95%	18,597,726	485,820	2.61%	21,857,726	
<i>Due to banks and correspondents and issued bonds</i>								
Nuevos Soles.....	2,201,394	140,606	6.39%	2,112,141	216,082	10.23%	2,920,258	
Foreign currency	10,649,752	505,067	4.74%	13,880,622	574,384	4.14%	15,837,758	
Total	12,851,146	645,673	5.02%	15,992,763	790,466	4.94%	18,758,016	
<i>Total interest-bearing liabilities</i>								
Nuevos Soles.....	21,022,878	375,024	1.78%	24,629,710	648,506	2.63%	31,349,104	
Foreign currency	33,281,150	666,614	2.00%	39,003,881	720,858	1.85%	41,723,020	
Total	54,304,028	1,041,638	1.92%	63,633,591	1,369,364	2.15%	73,072,124	
Non-interest-bearing liabilities and shareholders' equity								
<i>Other liabilities and losses from derivatives instruments</i>								
Nuevos Soles.....	1,165,674	(15,274)	—	1,306,356	6,968	—	1,660,094	
Foreign currency	1,079,757	166,610	—	1,282,121	52,929	—	1,960,250	
Total	2,245,431	151,336	—	2,588,477	59,897	—	3,620,344	
<i>Shareholders' equity</i>								
Nuevos Soles.....	4,924,994	—	—	5,707,756	—	—	6,683,263	
Foreign currency	—	—	—	—	—	—	—	
Total	4,924,994	—	—	5,707,756	—	—	6,683,263	

	Year ended December 31, 2010			Year ended December 31, 2011			Ye
	Average Balance	Interest Paid	Nominal Avg. Rate	Average Balance	Interest Earned	Nominal Avg. Rate	
<i>(Nuevos Soles in thousands, except percentages)</i>							
<i>Total non-interest-bearing liabilities and shareholders' equity</i>							
Nuevos Soles.....	6,090,668	(15,274)	—	7,014,112	6,968	—	8,343,357
Foreign currency	1,079,757	166,610	—	1,282,121	52,929	—	1,960,250
Total	7,170,425	151,336	—	8,296,233	59,897	—	10,303,607
<i>Total average liabilities and shareholders' equity</i>							
Nuevos Soles.....	27,113,546	359,750	1.33%	31,643,822	655,474	2.07%	39,692,461
Foreign currency	34,360,907	833,224	2.42%	40,286,002	773,787	1.92%	43,683,270
Total	61,474,453	1,192,974	1.94%	71,929,824	1,429,261	1.99%	83,375,731

(1) Includes the amount paid to Central Bank for deposit insurance fund.

Net Interest Income and Expense: Volume and Rate Analysis

	Years ended December 31, 2010 / 2011			Years ended December 31, 2011 / 2012		
	Increase/(Decrease) due to changes in:			Increase/(Decrease) due to changes in:		
	Volume	Rate	Net Change (Nuevos Soles in thousands)	Volume	Rate	Net Change
Interest Income						
<i>Interest-earning deposits in Central Bank</i>						
Nuevos Soles	118,455	(98,581)	19,874	15,439	(32,444)	(17,005)
Foreign currency	2,441	(2,817)	(376)	792	(415)	377
Total	120,896	(101,398)	19,498	16,231	(32,859)	(16,628)
<i>Deposits in other banks</i>						
Nuevos Soles	1,095	5,717	6,812	(1,781)	1,387	(394)
Foreign currency	1,191	(1,611)	(420)	(1,382)	6,001	4,619
Total	2,286	4,106	6,392	(3,163)	7,388	4,225
<i>Investment securities</i>						
Nuevos Soles	(23,561)	158,199	134,638	83,211	(16,416)	66,795
Foreign currency	1,288	(55,502)	(54,214)	24,465	(6,153)	18,312
Total	(22,273)	102,697	80,424	107,676	(22,569)	85,107
<i>Total loans(1)</i>						
Nuevos Soles	455,790	494,849	950,639	684,619	(92,209)	592,410
Foreign currency	273,232	(499,769)	(226,537)	109,238	170,153	279,391
Total	729,022	(4,920)	724,102	793,857	77,944	871,801
<i>Total dividend-earning assets</i>						
Nuevos Soles	(131)	1,029	898	(402)	(160)	(562)
Foreign currency	1,961	2,896	4,857	(909)	2,550	1,641
Total	1,830	3,925	5,755	(1,311)	2,390	1,079
<i>Total interest-earning assets</i>						
Nuevos Soles	360,888	751,973	1,112,861	798,848	(157,604)	641,244
Foreign currency	296,926	(573,616)	(276,690)	115,897	188,443	304,340
Total	657,814	178,357	836,171	914,745	30,839	945,584
Interest expense						
<i>Demand deposits</i>						
Nuevos Soles	1,980	8,277	10,257	6,648	(3,545)	3,103
Foreign currency	4,084	21	4,105	767	3,719	4,486
Total	6,064	8,298	14,362	7,415	174	7,589
<i>Savings deposits</i>						
Nuevos Soles	3,421	7,173	10,594	5,620	12,804	18,424
Foreign currency	1,323	48	1,371	447	802	1,249
Total	4,744	7,221	11,965	6,067	13,606	19,673
<i>Time deposits</i>						
Nuevos Soles	45,939	131,216	177,155	121,956	(5,687)	116,269
Foreign currency	(1,199)	(19,350)	(20,549)	2,388	17,509	19,897
Total	44,740	111,866	156,606	124,344	11,822	136,166
<i>Due to banks and correspondents and issued bonds</i>						
Nuevos Soles	(5,701)	81,177	75,476	82,674	(81,597)	1,077
Foreign currency	153,225	(83,908)	69,317	80,987	51,053	132,040
Total	147,524	(2,731)	144,793	163,661	(30,544)	133,117
<i>Total interest-bearing liabilities</i>						
Nuevos Soles	64,342	209,140	273,482	176,923	(38,050)	138,873
Foreign currency	114,625	(60,381)	54,244	50,254	107,418	157,672
Total	178,967	148,759	327,726	227,177	69,368	296,545

(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 interest income, gross yield, net interest margin and yield spread, all on a nominal basis.

	As of December 31,		
	2010	2011	2012
	(Nuevos Soles in thousands, except percentages)		
Average interest-earning assets			
Nuevos Soles	22,581,158	26,313,155	32,689,717
Foreign currency	32,725,593	38,825,963	42,244,817
Total	55,306,751	65,139,118	74,934,534
Net interest income			
Nuevos Soles	1,808,596	2,647,975	3,150,346
Foreign currency	926,253	595,319	741,987
Total	2,734,849	3,243,294	3,892,333
Gross yield(1)			
Nuevos Soles	9.67%	12.53%	12.05%
Foreign currency	4.87%	3.39%	3.84%
Weighted-average rate	6.83%	7.08%	7.42%
Net interest margin(2)			
Nuevos Soles	8.01%	10.06%	9.64%
Foreign currency	2.83%	1.53%	1.76%
Weighted-average rate	4.94%	4.98%	5.19%
Yield spread(3)			
Nuevos Soles	7.89%	9.89%	9.53%
Foreign currency	2.86%	1.54%	1.73%
Weighted-average rate	4.91%	4.93%	5.14%

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

(2) Net interest margin represents net interest income 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 Nuevos Soles using the applicable exchange rate published by the SBS as of the date of the relevant balance sheet.

	As of December 31,		
	2010	2011	2012
	(Nuevos Soles in thousands)		
Nuevo Sol-denominated			
Peruvian Central Bank	11,836,357	2,226,828	5,370,190
Commercial banks	190,527	281,547	62,874
Other	—	508	1,170
Total Nuevo Sol-denominated.....	12,026,884	2,508,883	5,434,234
Foreign currency-denominated			
Peruvian Central Bank	5,882,750	7,976,223	10,736,457
Commercial banks	3,593,349	1,244,090	1,083,846
Other	165,731	245,853	178,230
Total foreign currency-denominated.....	9,641,830	9,466,165	11,998,534
Total.....	21,668,714	11,975,048	17,432,767

In 2010 the Central Bank started offering deposits in lieu of certificates of deposit. Accordingly, the balance of deposits with the Central Bank increased in 2010, while the balance of BCRP certificates of deposit decreased. In 2011, the Central Bank restarted issuing certificates of deposits. Our balance of deposit with the Central Bank consequently decreased while our holdings in certificates of deposit issued by the Central Bank increased. In 2012, deposits with the Central Bank increased by S/6.0 billion to S/.16.1 billion.

Investment Portfolio

The following table shows the value of our trading, available-for-sale, and held-to-maturity investment securities by type at the lower of cost or market value. In accordance with amendments introduced by the SBS through Resolution No. 10639-2009, trading and available-for-sale investments as of December 31, 2010, 2011 and 2012 are shown at fair value:

	As of December 31,		
	2010	2011	2012
(Nuevos Soles in thousands)			
Peruvian sovereign bonds.....	397,541	863,590	648,108
Peruvian treasury bonds.....	180,096	173,312	301,389
Listed equity securities – BCI Chile(1).....	719,490	558,587	668,839
Listed equity securities – Other	30,691	30,341	96,400
Corporate and leasing bonds.....	1,043,696	977,326	1,176,827
International financial entities bonds	119,560	102,710	123,429
Peruvian Central Bank certificates of deposit.....	1,022,053	5,553,165	7,559,462
Foreign government bonds	307,740	362,805	561,902
Treasury notes from the Central Bank of Bolivia	243,053	299,097	436,027
Participation in Bolivia's RAL fund	225,267	132,812	200,815
Asset Backed Securities.....	19,285	295,577	307,015
Other investment.....	204,032	198,266	81,465
Total securities holdings.....	4,512,504	9,547,588	12,161,678

(1) Includes unrealized gains of S/.596.9 million, S/.426.9 million and S/.532.0 million as of December 31, 2010, 2011 and 2012, respectively.

In April 2010, we participated in an exchange program offered by the Peruvian Government whereby we exchanged our 7.500% Euro denominated Global Bonds due 2014 for cash and new bonds (8.375% U.S. dollar denominated Global Bonds due 2033, the “2033 Bonds”). We received €90.4 million (equivalent to S/.348.0 million) in cash and US\$323.1 million (equivalent to S/.915.9 million) in 2033 Bonds.

In October 2010, the Central Bank, started offering deposits in lieu of certificates of deposit. Accordingly, the balance of these notes declined in 2010 while our deposits with the Central Bank increased. In 2011, the Central Bank restarted issuing certificates of deposits. Consequently, our holdings in certificates of deposit increased while our deposits with the Central Bank decreased. In 2012, BCP's holdings of BCRP's certificates increased by S/.2.0 billion to S/.7.6 billion.

The weighted-average yield on our Nuevo Sol-denominated interest and dividend-earning investment portfolio was 1.6% in 2010, 4.1% in 2011 and 3.9% in 2012. The weighted-average yield on our foreign currency-denominated portfolio was 4.2% in 2010, 2.3% in 2011, and 2.2% in 2012. The total weighted-average yield of our portfolio was 2.3% in 2010, 3.5% in 2011, and 3.3% in 2012.

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, an impairment is deemed to exist.

The following table shows the maturities of our investment securities by type as of December 31, 2012:

	No maturity	Within 1 year	After 1 year but within 5 years	Maturing After 5 years but within 10 years	After 10 Years	Total
(Nuevos Soles in thousands, except percentages)						
Peruvian sovereign bonds.....	—	13,780	98,907	530,564	4,857	648,108
Peruvian treasury bonds	—	—	191,006	110,383	—	301,389
Listed equity securities – BCI Chile(1)	668,839	—	—	—	—	668,839
Listed equity securities – Other(1)	96,400	—	—	—	—	96,400
Corporate and leasing bonds.....	—	211,221	469,868	347,791	147,947	1,176,827
International financial entities bonds.....	—	29,741	60,774	32,914	—	123,429
Peruvian Central Bank certificates of deposit.....	—	6,422,505	1,136,957	—	—	7,559,462
Foreign government bonds.....	—	26,190	185,781	306,594	43,337	561,902
Treasury notes from the Central Bank of Bolivia.....	—	399,343	36,684	—	—	436,027
Participation in Bolivia's RAL fund	—	200,815	—	—	—	200,815
Securitization instruments	—	—	82,819	11,215	212,981	307,015
Other investments.....	48,910	5,188	26,276	1,091	—	81,465
Total (2)	814,149	7,308,783	2,289,072	1,340,552	409,122	12,161,678

(1) Equity securities are categorized as not maturing.

(2) As of December 31, 2012, the Bank maintained repurchase agreements for approximately S/.1,667.6 million guaranteed with cash for approximately S/175.1 million, and securities classified as investments available for sale and held to maturity investments for an estimated fair value of S/.1,201.3 million and S/.662.2 million, respectively

We maintain a conservative portfolio with the majority of our investments having maturities of less than one year. As of December 31, 2012, 58.4% of our investment portfolio consisted of investments with maturities of less than one year. Instruments issued by the Central Bank, which historically have been highly liquid investments, represented 63.1% of our total investments.

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

	For the year ended December 31,		
	2010	2011	2012
Peruvian government bonds and investments in Peruvian debt.....	7.2%	4.9%	2.7%
Bonds.....	5.6%	4.2%	3.0%
Central Bank certificates of deposit.....	0.5%	4.2%	3.9%
Foreign government bonds	2.1%	4.2%	2.3%

Loan Portfolio

Loans by Type

The following table shows our direct loans by type:

	As of December 31,		
	2010	2011	2012
(Nuevos Soles in thousands)			
Loans	27,440,389	30,965,981	35,466,018
Leasing transactions.....	6,639,934	7,519,494	8,856,955
Credit cards.....	3,668,225	4,873,648	5,893,844

	As of December 31,		
	2010	2011	2012
Discounted notes.....	1,341,885	1,488,820	1,421,181
Factoring.....	766,646	686,175	832,564
Advances and overdrafts.....	299,899	63,355	118,190
Refinanced and restructured loans	215,469	258,899	362,626
Past due loans	587,471	696,472	944,532
Total gross loans(1)	40,959,918	46,552,844	53,895,927
Past due loans amounts	(587,471)	(696,472)	(944,532)
Total performing loans	40,372,447	45,856,372	52,951,395
Performing loans as a percentage of total gross loans	98.6%	98.5%	98.2%

(1) Total gross loans exclude deferred interest on discounted notes and leasing receivables, and accrued interest on performing loans

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 and credit cards: 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: Involves the sale of title of a company's accounts receivables to a bank or other financial institution. The receivables are sold without recourse, and we cannot collect from the seller in the event accounts prove uncollectible. Factoring involves the receipt of funds by the seller from the bank prior to the average maturity date, based upon the invoice amount of the receivable, less cash discounts, less an allowance for estimated claims and returns, among other items.

Refinanced and restructured 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 the Peruvian Corporate Restructuring Law.

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, 2010, 2011 and 2012.

Economic Activity	As of December 31,					
	2010		2011		2012	
	Amount	% Total	Amount	% Total	Amount	% Total
Manufacturing	8,648,357		9,149,604	19.7	9,323,390	17.3
Mortgage loans	6,025,085	14.1	7,343,447	15.8	8,887,991	16.5
Commerce	5,804,094		7,010,464	15.1	8,169,957	15.2
Consumer loans	4,908,475	12.0	6,145,301	13.2	7,561,448	14.0
Electricity, gas and water.....	2,861,262		3,199,021	6.9	3,736,881	6.9
Leaseholds and real estate activities	2,541,068		3,036,482	6.5	3,840,640	7.1
Mining	2,526,259		2,328,521	5.0	1,953,727	3.6
Communication, storage and transportation	2,254,140		2,013,948	4.3	1,991,993	3.7
Local services	1,339,402		1,872,814	4.0	2,444,244	4.5
Agriculture	892,237		892,784	1.9	1,125,408	2.1
Financial services	887,248		848,752	1.8	1,082,812	2.0
Hotels and restaurants	652,876		760,351	1.6	950,802	1.8
Fishing.....	366,656		348,697	0.7	365,999	0.7
Construction	661,330		703,208	1.5	1,301,264	2.4
Education, health and other services.....	560,830		644,396	1.4	863,210	1.6
Others	30,599		255,054	0.6	296,161	0.6
Total gross loans	40,959,918	100.0	46,552,844	100.0	53,895,927	100.0

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, 2012 were S/.6.8 billion (U.S.\$2.7 billion), all of which were outstanding loans, representing 12.6% of the total loan portfolio. Total direct and indirect loans outstanding and available by customer ranged from S/.1,008.5 million (U.S.\$395.5 million) to S/.220.5 million (U.S.\$86.5 million), including 12 customers with over S/.255.0 million (U.S.\$100.0 million). Total direct and indirect loans outstanding and available to our 20 largest customers were classified in the following risk categories as of December 31, 2012: Normal (*Normal*) 100%; Potential Problem (*Problema Potencial*) 0%; Substandard (*Deficiente*) 0%; Doubtful (*Dudoso*) 0%; and Loss (*Pérdida*) 0%. See “—Loan Portfolio—Classification of the Loan Portfolio.”

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 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 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.

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 in 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 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 Central Bank is 30% of our regulatory capital. Therefore, with an unconsolidated regulatory capital of S/.8.9 billion

(U.S.\$3.5 billion) as of December 31, 2012, our legal lending limits vary from S/.892.9 million (U.S.\$350.2 million) to S/.4.5 billion (U.S.\$1.8 billion). As of December 31, 2012, we continue to be in compliance with Peruvian Banking Law lending limits.

As of December 31, 2012 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 Nuevo Sol and foreign currency-denominated loan portfolio at the dates indicated.

	As of December 31,				
	2010		2011		2012
	(Nuevos Soles in thousands, except percentages)				
Nuevo Sol-denominated	15,428,570	37.7%	19,093,443	41.0%	23,379,421
Foreign currency-denominated	25,531,348	62.3%	27,459,401	59.0%	30,516,506
Total gross loans	40,959,918	100.0%	46,552,844	100.0%	53,895,927
					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, 2011, by type and by the time remaining to maturity. Loans are stated before deduction of reserves for loan losses.

As of December 31, 2012	Maturing				
	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
		(Nuevos Soles in thousands, except percentages)			
Loans	41,350,879	7,354,371	7,168,240	10,449,442	5,836,888
Discounted notes	1,421,181	1,313,995	100,707	6,389	90
Advances and overdrafts	118,190	118,190			
Leasing transactions	8,856,955	1,574,277	3,669,399	1,590,302	1,201,937
Factoring	832,564	832,359	205		
Refinanced loans	362,626	114,803	63,296	63,697	51,204
Total performing loans	52,951,395	11,307,995	11,001,847	12,109,830	7,090,119
Past-due loans	944,532	268,095	676,444		
Total gross loans	53,895,927	11,576,090	11,678,291	12,109,830	7,090,119
Percentage of total performing loan portfolio	98.2%	97.7%	94.2%	100.0%	100.0%
					100.0%

Classification of the Loan Portfolio

We classify our loan portfolio (which includes the loan portfolio of BCB) in accordance with SBS regulations. In accordance with SBS Resolution No. 11356-2008, 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 (*Dudosos*) 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 (“CACS”); 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 (*Dudosos*) 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(e) and 7(e) 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 (Dudosos): 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 (*Dudosos*) 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,		
	2010	2011	2012
	(Nuevos Soles in thousands)		
Level of Risk Classification			
I: Normal (<i>Normal</i>).....	38,963,469	44,121,613	51,134,987
II: Potential Problem (<i>Problema Potencial</i>).....	882,265	1,176,645	1,152,935
III: Substandard (<i>Deficiente</i>).....	352,181	376,957	486,941
IV: Doubtful (<i>Dudosos</i>).....	340,859	426,421	592,029
V: Loss (<i>Pérdida</i>)	421,144	451,208	529,035
Total gross loans	40,959,918	46,552,844	53,895,927
III+IV+V(Impaired loans)	1,114,184	1,254,586	1,608,005

All of the Loss (*Pérdida*) loans and substantially all of the Doubtful (*Dudosos*) 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 loans as past due at various times, depending on their type. We consider loans past due after no more than 15 days, except for consumer mortgage and leasing loans, and loans to micro-businesses, which are considered past due after 30 days. Also, pursuant to SBS rules, we consider overdrafts past due after 30 days. Accrued interest on past-due loans is recognized only when and to the extent received. With the exception of discounted notes and overdrafts, the recognition of accrued but unpaid interest on a loan is reversed when it becomes past due.

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

	As of December 31,		
	2010	2011	2012
	(Nuevos Soles in thousands, except as otherwise indicated)		
Current(1)	39,409,781	44,652,586	49,460,659
Past due			
Overdue 16-119 days	192,698	247,096	375,741
Overdue 120 days or more	394,773	449,376	568,797
Total past-due loans	587,471	696,472	944,538
Total loans	39,997,252	45,349,058	50,405,197
Unearned interest	962,666	1,203,786	3,490,729
Total gross loans	40,959,918	46,552,844	53,895,926
Past due loan amounts as a percentage of total loans.....	1.5%	1.5%	1.8%

(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.

Past Due Loan Portfolio

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

	As of December 31,		
	2010	2011	2012
Past due loan amounts		(Nuevos Soles in thousands)	
Loans	346,036	372,568	478,251
Leasing transactions	4,054	21,910	22,476
Credit cards	166,014	224,377	344,492
Discounted notes	8,163	7,936	6,814
Factoring	—	—	—
Advances and overdrafts in demand deposits.....	10,440	6,946	8,342
Refinanced loans	52,764	62,735	84,157
Total past due portfolio	587,471	696,472	944,532
Specific reserves(1)	(626,133)	(724,989)	(931,868)
Not specifically identified reserves(1).....	(647,656)	(799,359)	(983,248)
Total reserves for loan losses(2)	(1,273,789)	(1,524,348)	(1,915,117)
Total past due portfolio net of total reserves for direct loans	(686,316)	(827,876)	(970,584)

(1) These reserves for loan losses have been established in accordance with SBS regulations. See “Selected Statistical and Other Information—Loan Portfolio—Classification of the Loan Portfolio”.

(2) 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) of S/.92.4 million, S/.103.7 million and S/.116.0 million as of December 31, 2010, 2011 and 2012, 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,		
	2010	2011	2012
(Nuevos Soles in thousands)			
Allowance for loan losses at the beginning of the year	1,095,841	1,273,789	1,524,348
Net provisions for the period.....	594,831	708,484	1,111,244
Loan portfolio written off.....	(404,396)	(432,614)	(677,883)
Foreign exchange translation	(12,487)	(25,311)	(42,592)
Allowance for loan losses at the end of the year/period.....	1,273,789	1,524,348	1,915,117

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, 2012 include S/.1.8 billion of reserves for losses on direct loans and S/.116.0 million of reserves for losses in indirect loans (S/.1.4 billion and S/.103.7 million as of December 31, 2011, respectively). The reserves for losses on indirect loans are reported within Other Liabilities in our consolidated balance sheet.

For the years ended December 31, 2010, 2011 and 2012, we had recoveries of previously written-off loans of approximately S/.86.6 million, S/.97.0 million, and S/.108.2 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,		
	2010	2011	2012
(Nuevos Soles in thousands)			
Commercial loans	827,063	983,089	1,216,704..
Consumer loans.....	301,886	362,604	488,634
Residential mortgage loans	144,840	178,656	209,779
Total allowance(1).....	1,273,789	1,524,348	1,915,117

(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,					
	2010	2011	2012			
(Nuevos Soles in thousands, except percentages)						
Demand deposits						
Nuevo Sol-denominated.....	6,594,008	41.9%	7,354,241	43.5%	9,085,574	47.1%
Dollar-denominated	9,153,414	58.1%	9,569,795	56.5%	10,204,107	52.9%
Total.....	15,747,422	100.0%	16,924,036	100.0%	19,289,681	100.0%
Savings deposits						
Nuevo Sol-denominated.....	5,759,223	48.3%	7,053,674	51.3%	8,840,843	57.0%
Dollar-denominated	6,164,812	51.7%	6,686,746	48.7%	6,674,688	43.0%
Total.....	11,924,035	100.0%	13,740,419	100.0%	15,515,531	100.0%

	As of December 31,								
	2010		2011		2012				
	(Nuevos Soles in thousands, except percentages)								
Severance Indemnity Deposits (CTS)									
Nuevo Sol-denominated.....	1,183,263	32.1%	1,965,408	41.5%	2,882,634	50.7%			
Dollar-denominated	2,505,298	67.9%	2,771,925	58.5%	2,804,793	49.3%			
Total.....	<u>3,688,561</u>	<u>100.0%</u>	<u>4,737,333</u>	<u>100.0%</u>	<u>5,687,427</u>	<u>100.0%</u>			
Time deposits									
Foreign Currency Bank Certificates									
Dollar-denominated	459,782	100.0%	367,572	100.0%	427,234	100.0%			
Other time deposits									
Nuevo Sol-denominated.....	9,144,119	57.2%	7,147,053	62.7%	10,608,852	62.1%			
Dollar-denominated	6,843,724	42.8%	4,244,244	37.3%	6,488,007	37.9%			
Total other time deposits.....	<u>15,987,843</u>	<u>100.0%</u>	<u>11,391,297</u>	<u>100.0%</u>	<u>17,096,859</u>	<u>100.0%</u>			
Total.....	<u>16,447,625</u>	<u>—</u>	<u>11,758,869</u>	<u>—</u>	<u>17,524,093</u>	<u>—</u>			
Total deposits									
Nuevo Sol-denominated.....	22,680,613	47.4%	23,520,375	49.9%	31,417,903	54.2%			
Dollar-denominated	25,127,030	52.6%	23,640,282	50.1%	26,598,829	45.8%			
Total.....	<u>47,807,643</u>	<u>100.0%</u>	<u>47,160,657</u>	<u>100.0%</u>	<u>58,016,732</u>	<u>100.0%</u>			
Interest payable.....	116,607	—	138,798	—	161,582	—			
Total deposits (including interest payable).....	<u>47,924,250</u>	<u>—</u>	<u>47,299,455</u>	<u>—</u>	<u>58,178,314</u>	<u>—</u>			
Total deposits									
Interest bearing (including interest payable)	33,100,563	69.1%	30,458,179	64.4%	38,988,260	68.0%			
Non-interest bearing.....	14,823,687	30.9%	16,841,276	35.6%	19,190,054	32.0%			
Total.....	<u>47,924,250</u>	<u>100.0%</u>	<u>47,299,455</u>	<u>100.0%</u>	<u>58,178,314</u>	<u>100.0%</u>			

Return on Equity and Assets

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

	As of December 31,		
	2010	2011	2012
Return on assets(1)	1.9%	2.0%	1.8%
Return on equity(2).....	24.6%	25.2%	22.5%
Dividend payout ratio(3)	45.2%	40.9%	—
Equity to assets ratio(4)	8.0%	7.9%	8.0%

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

(2) Net income 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.

(4) Average shareholder's equity divided by average total assets.

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/.4.8 billion, S/.3.0 billion and S/.4.1 billion as of December 31, 2010, 2011 and 2012, respectively.

Derivative Instruments

The tables below set forth, for the years ended December 31, 2010, 2011, and 2012, the fair value of the derivative financial instruments recorded as an asset or a liability, together with their notional amounts. The gross notional amount is the amount of a derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured.

As of December 31, 2012, 2011 and 2010, with the approval of the SBS, certain derivative financial instruments maintained by us and our subsidiaries have been designated as hedging operations because the functional currency of Credicorp is the U.S. Dollar.

As of December 31, 2010				
	Assets	Liabilities	Notional Amount	Related instrument
(Nuevos Soles in thousands)				
Derivatives held for trading				
Forward exchange contracts	48,878	29,889	7,382,600	—
Interest rate swaps	86,513	90,776	1,997,481	—
Currency swaps	48,690	35,202	1,300,860	—
Options	1,542	867	291,057	—
Derivatives held as hedges				
<i>Cash flow hedge</i>				
Interest rate swaps	—	6,066	383,896	Due to banks
Interest rate swaps	—	17,799	801,814	Due to related parties
Cross currency swaps	33,264	—	347,927	Due to banks
Cross currency swaps	1,113	141	44,066	Bonds issued
Cross currency and interest rate swaps.	21,395	14,125	318,435	Bonds issued
<i>Fair value hedge</i>				
Interest rate swaps	—	8,846	153,259	Available-for-sale investments
Total	241,395	203,711	13,021,395	
As of December 31, 2011				
	Assets	Liabilities	Notional Amount	Related instrument
(Nuevos Soles in thousands)				
Derivatives held for trading				
Forward exchange contracts	56,251	75,962	9,315,557	—
Interest rate swaps	85,045	84,114	1,860,494	—
Currency swaps	48,526	24,423	794,022	—
Options	554	2,159	173,040	—
Derivatives held as hedges				
<i>Cash flow hedge</i>				
Interest rate swaps	—	18,025	591,175	Due to related parties
Interest rate swaps	1,439	8,627	1,348,000	Due to banks
Cross currency swaps	6,500	—	311,208	Due to related parties
Cross currency and interest rate swaps.	24,049	9,843	221,680	Bonds issued
<i>Fair value hedge</i>				
Interest rate swaps	—	14,953	145,717	Available-for-sale investments
Total	222,364	238,106	14,760,893	

As of December 31, 2012				
	Assets	Liabilities	Notional Amount	Related instrument
<i>(Nuevos Soles in thousands)</i>				
Derivatives held for trading				
Forward exchange contracts	179,228	130,165	13,384,519	—
Interest rate swaps	76,264	73,855	2,991,020	—
Currency swaps	68,167	43,169	1,429,061	—
Options	1,103	1,078	242,985	—
Derivatives held as hedges				
<i>Cash flow hedge</i>				
Interest rate swaps	—	12,408	390,000	Due to related parties
Interest rate swaps	—	7,073—	977,500	Due to banks
Interest rate swaps	—	1,688	510,000	Repurchase agreements
Cross currency swaps	40,582	—	328,580	Due to related parties
Cross currency swaps	—	7,652	318,308	Available-for-sale investments
Cross currency swaps	—	535	9,752	Loan portfolio
Cross currency and interest rate swaps	28,310	5,172	153,301	Bonds issued
<i>Fair value hedge</i>				
Interest rate swaps	—	12,575	136,463	Available-for-sale investments
Total	<u>393,654</u>	<u>295,370</u>	<u>20,871,489</u>	

BUSINESS

Overview

History and developments

BCP is a *sociedad anónima* authorized to operate as a multiple banking institution under 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, 2012, 97.66% of our capital stock was held directly and indirectly by Credicorp (NYSE: BAP) and 2.34% 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. The Romero family holds 14.24% of the common shares of Credicorp. Dionisio Romero Paoletti is Chairman of the Board of Directors of Credicorp and Chairman of the Board of Directors of BCP.

In 1993, we acquired Banco Popular de Bolivia from the Bolivian government and renamed it Banco de Crédito de Bolivia, or “BCB”. BCB’s results have been consolidated in our financial statements since the date of its acquisition in November 1993.

In 2002 we opened a branch in Panama and an agency in Miami, and acquired Banco Santander Central Hispano–Perú, or “BSCH-Perú,” which is included in our consolidated financial statements since such date. BSCH-Perú was merged into BCP on February 28, 2003.

In October 2009, BCP acquired from the Cooperative for Assistance and Relief Everywhere Inc. (CARE) – Perú, all the shares that this entity owned in Empresa Financiera Edyficar S.A., representing 77.12% of Financiera Edyficar’s capital stock. In accordance with Peruvian legal requirements in effect at the time, BCP made a public tender to Financiera Edyficar’s minority shareholders to acquire the remaining 22.88% of the company’s stock. As a result of the tender offer, we acquired an additional 22.66% of Financiera Edyficar’s capital stock bringing our ownership to 99.79% as of December 2011. Financiera Edyficar, which specializes in microfinance, has a target market and product offering consistent with our strategy of increasing our penetration in the retail market by diversifying our client base. We intend to maintain Financiera Edyficar as an independent entity, preserving its business model, brand and personnel.

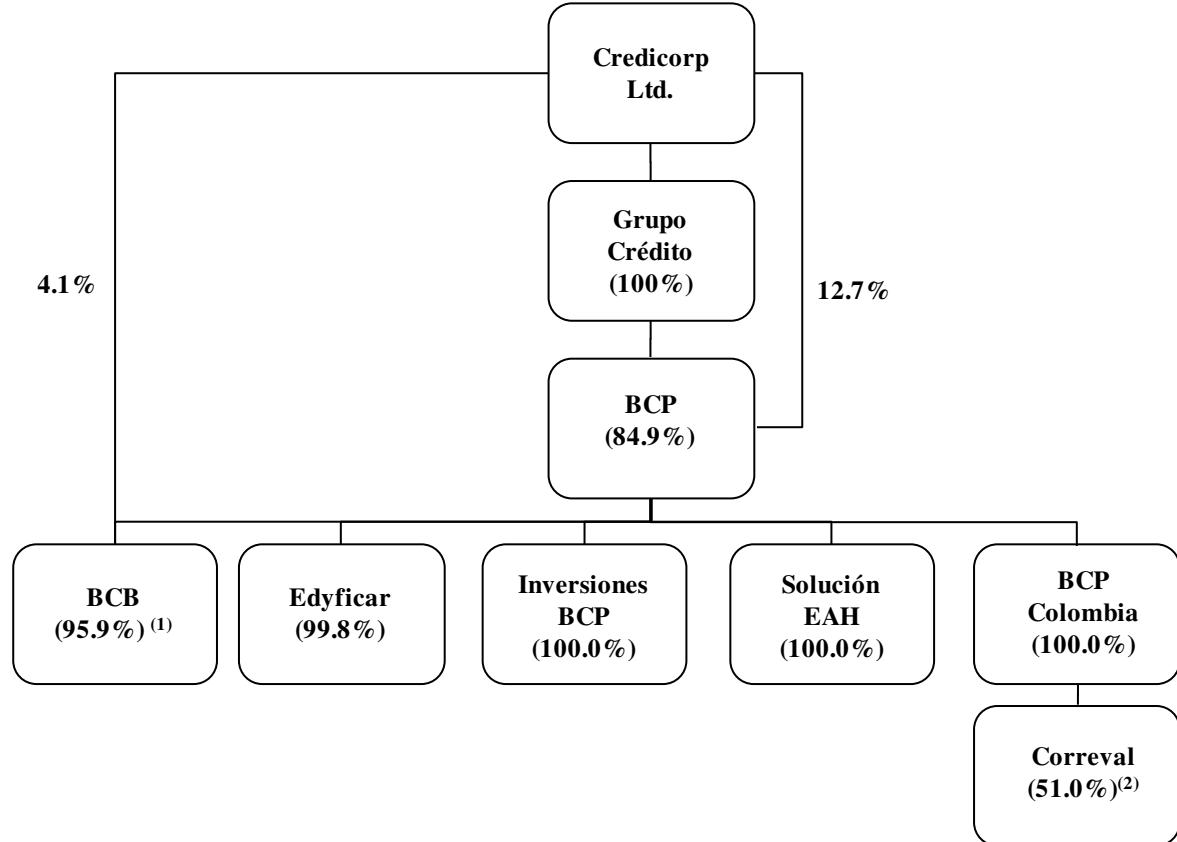
During the years 2011 and 2012, Credicorp followed a strategy aimed to establishing a subsidiary (that will operate independently from the BCP) engaged in financial advisory activities, asset management and investment banking at a regional scale and primarily focused on the Latin American Integrated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

On November 30, 2011, we reached an agreement with Correval’s shareholders to acquire a 51% stake in Correval, subject to the approval from the authorities in Colombia and 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, a Chilean brokerage and financial services company. This acquisition, which values IM Trust at \$184 million, closed on July 31, 2012.

As of the date of this offering memorandum, IM Trust has been sold at its acquisition cost to Credicorp Investments, a wholly-owned subsidiary of Credicorp, and Correval’s sale is pending of approval from Colombian regulatory authorities. Correval is currently classified as a discontinued operation in our financial statements (see note 3 (a) (iii) to the annual consolidated financial statements) and is expected to be sold at its acquisition value. Additionally, certain of our former local subsidiaries including Credifondo, Credibolsa, Credititulos and BCP’s investment banking division were spun off and acquired by BCP Capital S.A.A., a wholly-owned subsidiary of our parent company Credicorp through Grupo Crédito. We expect that at the end of this reorganization, BCP Capital, IM Trust and Correval will be subsidiaries of Credicorp Investments.

General

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



(1) 0.9% owned indirectly through other BCP subsidiaries

(1) 6.9% owned indirectly through other BCI subsidiaries
(2) Correval will be transferred to Credicorp Investments in the first half of 2013, after receiving the required authorizations.

In addition to our local subsidiaries (Edyficar y Solucion EAH), we have an agency in Miami, a branch in Panama, a subsidiary in Bolivia (which is a fully licensed bank that has local subsidiaries) and an affiliate bank, Atlantic Security Bank, in the Cayman Islands.

In 2012, we represented 71.8% of Credicorp's total revenues, 86.5% of its total assets, 77.4% of its net income and 66.6% of its shareholders' equity. As of December 31, 2012, our issued capital consisted of 3,102.9 million fully subscribed and paid common shares and we had an unconsolidated capital adequacy ratio of 14.7%, compared to 14.5% as of December 31, 2011. Our operations are supervised and regulated by the SBS and the 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 52 Elvira Méndez, Edificio Vallarino Piso 3, Obarrio, 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 principal subsidiaries are as follows:

- BCB is our commercial bank in Bolivia. We own 95.9% of BCB, and Credicorp holds the remaining 4.1%. BCB initiated operations under the BCP umbrella in February 1994. In July 1998, BCB absorbed the operations of Banco de La Paz, making BCB the fourth-largest bank in Bolivia in terms of assets. As of December 31, 2012, BCB was the third-largest bank in Bolivia in terms of loans, fifth-largest in terms of deposits and the fifth-largest in terms of assets. The bank targets small- and mid-size corporate clients and offers a broad range of corporate, retail banking and leasing products. Our total direct and indirect investment in Bolivia as of December 31, 2012 was S/.332.6 million. BCB's results are consolidated in our financial statements.
- Financiera Edyficar was established in 1997. It focuses exclusively on providing financial services to lower-income people, primarily businessmen and entrepreneurs of micro and small enterprises in Peru. We acquired Financiera Edyficar in October 2009 and, as of December 31, 2012 we own 99.8% of its capital stock.
- Inversiones BCP is a holding company established in Chile for the sole purpose of holding common shares of Banco de Crédito e Inversiones BCI Chile ("BCI"). Our holdings in BCI represented a 3.60% and 3.66% participation in that entity as of December 31, 2011 and December 31, 2012, respectively.
- Solución EAH is a subsidiary dedicated exclusively to granting mortgage loans. Prior to May 25, 2010 Solución EAH 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 Solución changed its name and social purpose to comply with regulatory requirements arising from the acquisition of Edyficar.

The following table shows the contributions of our operating entities as of and for the year ended December 31, 2012, after eliminations for consolidation.

Operating entity	Total Assets	Total Revenue (In percentages)	Net Income	Shareholders' Equity
BCP(1).....	91.8	89.6	87.1	82.3
BCB	4.1	3.4	4.1	4.9
Financiera Edyficar.....	3.1	6.6	6.9	4.0
Inversiones BCP	0.8	0.2	1.1	8.1
Solución EAH.....	0.3	0.2	0.8	0.7
Others	0.0	0.0	0.0	0.1
Total	100.0	100.0	100.0	100.0

(1) Does not include revenues and net income of Correval, IM Trust, Credifondo, Credibolsa and Credititulos.

Distribution Network

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

	As of December 31,		
	2010	2011	2012
BCP			
Branches	330	345	367
<i>Lima and Callao</i>	213	220	241
<i>Provinces of Peru</i>	115	123	124
<i>Offshore</i>	2	2	2
ATM's	1,159	1,485	1,844
BCP Agents	3,513	4,674	5,712
Total BCP	5,002	6,504	7,923
<i>Electronic Transactions (% of total transactions)</i>	80%	86%	87%
BCB Branches	66	42	41
Edyficar Branches	102	124	163

Source: SBS, BCP

Competition

As of December 31, 2012, the Peruvian financial system was composed of 65 financial institutions, including 16 commercial banks, 13 municipal and 10 rural savings and loan associations (*cajas*), 10 small-business development non-bank institutions (Edpymes), 11 financial companies, two leasing companies and three state-owned banks (not including the Central Bank): Banco de la Nación, Development Finance Corporation (*Corporación Financiera de Desarrollo* or COFIDE) and Banco Agropecuario. As of December 31, 2012, the Peruvian financial sector also included 14 insurance companies and four private pension fund managers.

Over the past five years the entry of new participants, including foreign banks and non-bank financial institutions, has increased the level of competition in Peru. In 2007, the SBS authorized the Chilean banks Banco Falabella and Banco Ripley to transform their existing non-banking financial institutions into banks. In 2008, the SBS authorized the Mexican bank Banco Azteca and the Spanish bank Banco Santander to establish banking subsidiaries in Peru, and Deutsche Bank to operate in Peru. In addition, Scotiabank Perú acquired Banco del Trabajo and changed its status from that of a commercial bank to that of a financial company, naming it CrediScotia S.A. In 2010, the SBS authorized Financiera Uno, a financial company, and Leasing Perú, a leasing company subsidiary of Leasing Bancolombia S.A. to begin operations in Peru. Also in 2010, the opening of representative offices of four foreign banks (Banco Itaú, Banco Latinoamericano de Comercio Exterior – Bladex, Morgan Stanley Bank N.A., and Bank of Tokyo – Mitsubishi UFJ) was authorized by the SBS. Finally, in 2011, the SBS authorized Industrial and Commercial Bank of China – ICBC to establish a banking subsidiary in Peru denominated ICBC Perú Bank.

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, 2012.

As of December 31, 2012	Assets	Direct Loans	Deposits
		(in percentages)	
Commercial Banks.....	80.6%	83.3%	79.8%
Municipal Savings and Loans Associations.....	5.2%	6.4%	6.1%
Financial Companies ⁽¹⁾	3.7%	4.7%	2.4%
Rural Savings and Loans Associations	1.1%	1.2%	1.2%
Small Business Non-bank Institutions	0.4%	0.6%	0.0%
Leasing Companies.....	0.2%	0.2%	0.0%
State-owned Banks ⁽²⁾	8.8%	3.7%	10.6%
Total	100.0%	100.0%	100.0%

(1) Includes Edyficar

(2) Includes Banco de la Nación and Banco Agropecuario, state owned banks.

As of December 31, 2012, 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, 2012	Assets	Deposits (in percentages)	Loans
BCP ⁽¹⁾	30.6	30.6	30.0
BBVA Continental.....	17.9	17.9	19.4
Scotiabank Perú ⁽²⁾	12.8	11.4	14.0
Interbank ⁽³⁾	8.6	8.0	9.2
Others	30.2	32.0	27.4
Total Peruvian financial system.....	100.0	100.0	100.0

(1) Includes Edyficar

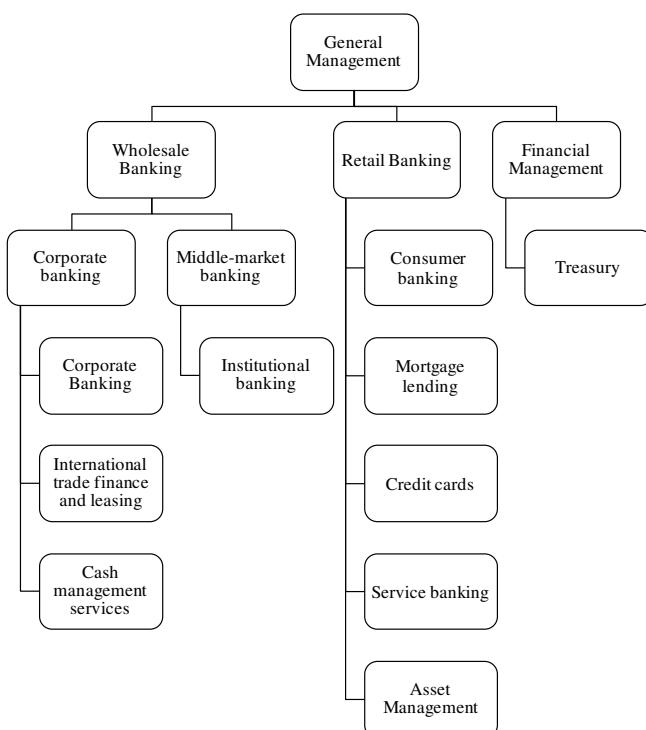
(2) Includes Crediscotia

(3) Includes Financiera Uno

Source: SBS. Information regarding BCP, Interbank and Scotiabank Perú includes offshore branches.

Business Units

The following chart illustrates BCP's current organizational structure.



During the years 2011 and 2012, Credicorp followed a strategy aimed to establishing a subsidiary (that will operate independently from the BCP) engaged 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, or "MILA"). MILA comprises the main stock exchanges of Peru, Chile and Colombia.

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The table below shows our average loan balances by business unit.

	Average Loans and Dollarization for December					
	2010		2011		2012	
	Average Loans (\$/. Bn)	Dollarization	Average Loans (\$/. Bn)	Dollarization	Average Loans (\$/. Bn)	Dollarization
Wholesale Banking						
Corporate Banking.....	14.5	75.8%	14.8	76.3%	14.9	81.9%
Middle-market Banking.....	7.6	77.9%	8.2	78.2%	9.4	78.7%
Total Wholesale Banking.....	22.2	76.5%	22.9	77.0%	24.3	80.7%
Retail Banking						
Mortgage Banking.....	5.4	55.2%	6.6	52.7%	8.1	46.8%
Small Business Banking.....	5.1	37.0%	6.6	32.7%	8.2	29.4%
Credit Cards.....	1.6	13.3%	2.1	11.3%	2.5	11.0%
Consumer Banking.....	2.7	27.0%	3.5	20.9%	4.5	20.4%
Other	0.5	32.1%	0.6	27.2%	0.8	20.1%
Total Retail Banking.....	15.3	39.0%	19.4	35.0%	24.1	31.4%
Edyficar	1.0	3.5%	1.3	2.3%	1.8	1.6%
BCB.....	1.6	n/a	2.0	n/a	2.2	n/a
Total BCP	40.2	61.3%	45.7	58.0%	52.4	56.1%

The table below shows our average deposit balances by business unit:

	Average Deposits and Dollarization for December					
	2010		2011		2012	
	Average Deposits (S/. Bn)	Dollarization	Average Deposits (S/. Bn)	Dollarization	Average Deposits (S/. Bn)	Dollarization
Wholesale Banking						
Corporate Banking.....	10.7	57.4%	8.9	58.0%	12.2	53.6%
Middle-market Banking.....	12.2	29.7%	11.0	32.0%	12.1	29.5%
Total Wholesale Banking.....	22.9	42.7%	19.9	43.6%	24.3	41.6%
Total Retail Banking.....	20.0	53.9%	23.7	50.0%	28.2	43.6%
Other Business Units	0.9	87.0%	0.9	71.1%	0.1	100.0%
BCB.....	2.7		2.7		2.9	
Total BCP	46.6	51.7%	47.2	50.6%	55.4	45.7%

Wholesale Banking

Wholesale banking has traditionally been our largest business unit in which the majority of our loans are concentrated. In December 2012, wholesale banking represented 46.3% and 43.8% of BCP's total average loans and total average deposits, respectively. In 2012, fee income from wholesale banking represented 23.8% of 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 short-, medium- and long-term loans, local and foreign currency loans, foreign trade-related financing, lease financing. Our wholesale banking unit is divided into the following businesses:

- corporate banking, which provides loans and other credit services to companies with annual revenues in excess of U.S.\$50 million,
- middle-market banking, which serves mid-sized companies,
- institutional banking, which focuses principally on serving non-profit organizations, state-owned companies and other major institutions,
- international trade finance and leasing, which manages our relationship with financial institutions abroad and manages the financial leasing product,
- cash management, which develops transactional services, and
- trust and custody services, such as providing for the physical custody of securities, the payment of dividends and interest, and acting as paying agent for securities that we do not hold in custody.

Corporate banking

The corporate banking unit has traditionally been the strength of our lending activities, providing banking services to virtually all of the major industrial and commercial enterprises in Peru. We believe that we have an advantage in servicing large corporations in Peru because of our capital base and relative size compared to other Peruvian banks.

The corporate banking unit focuses on serving large-sized companies with annual turnover greater than U.S.\$50 million, with dominant market positions in particular products or brands and have audited financial statements. We may classify other companies in this category if they belong to important Peruvian economic groups (in terms of size and economic importance), even if they do not meet the above criteria.

Our corporate banking unit provides primarily local and foreign currency loans and has a primary responsibility for maintaining relationships with our largest banking clients. In addition, our corporate banking unit provides letters of credit, standby letters of credit, domestic collections, funds transfer services throughout Peru, payments through our Miami agency, and foreign exchange facilities.

In general, the corporate banking unit grants short-term financing; however it can provide longer terms for companies financing capital expenditures or fixed assets, among other purposes.

Guarantees and collateral received by this unit consist of receivables in the case of sales financing, warrants or pledges on inventory in the case of inventory financing, and other collateral in the case of financing for fixed asset acquisitions and improvements to infrastructure.

Although we have been a strong player in the corporate banking segment and maintain a competitive advantage, we anticipate limited growth prospects in this business due to high levels of market penetration and competition from capital markets.

Middle-market banking

Our middle-market banking unit generally serves the same industries and offers the same products as our corporate banking unit. Its focus, however, is on providing customers with working capital loans, primarily secured by accounts receivable. This is accomplished by arranging financing for medium and long-term investment programs, including leasing services.

The middle-market unit focuses on organizations with annual revenues between U.S.\$6.7 million and U.S.\$50 million, and on organizations with annual revenues between U.S.\$1.5 million and U.S.\$6.7 million that satisfy at least three of the following four requirements: outstanding debt over U.S.\$0.6 million; annual revenues over U.S.\$1.5 million; leverage below 3x; and holding at least five financial products with the financial sector. Generally these clients are not listed on the stock exchange but in some cases are capable of issuing financial obligations or commercial paper. Their financial information is audited. These companies are typically family-controlled but professionally managed.

We see significant opportunities in lending to the middle-market sector, particularly in Peru's agriculture, fishing and construction industries, where special emphasis has been placed and specific task units have been created to attend to the needs of these economic groups.

Interest margins in the middle-market unit continue to be attractive. Because of their size, middle-market companies in Peru generally do not have access to the local or international capital markets or to credit from foreign banks which creates an attractive opportunity for us. We believe that middle-market companies have benefited significantly from an improved economic environment in Peru over the past few years. Loan quality problems have been addressed through procedures and organizational changes that have focused on improving the loan approval and credit-risk assessment processes.

Our medium-term financing products, which include structured loans, project finance and syndicated transactions, are designed to accommodate specific clients' needs. Through these products, we have been an active lender and financial advisor to Peru's mining, technology and energy sectors. In addition to our regular sources of

funds, we are an intermediary of COFIDE and international financial institutions such as the *Corporación Andina de Fomento* (Andean Development Corporation), the International Finance Corporation and the IADB, in several medium-term credit lines for project finance in certain sectors.

The middle-market unit requires that all facilities extended to middle-market clients be personally guaranteed by the main shareholders and their spouses. In addition, these clients are usually required to provide collateral security, pledging assets unrelated to the business being financed, such as real estate owned by the main shareholders.

Institutional banking

This unit serves non-profit organizations, whether public or private, including state and local government entities, international organizations, educational institutions and non-governmental organizations, among others. The client base has grown significantly since 2002 due to a market re-segmentation effort.

The institutional banking unit is strategically important since these clients are interested in a variety of products and services and this presents us with opportunities to generate income from fees and cross selling. Institutional banking clients are principally users of transactional products and require advisory services for investment management. Our strategy in this segment is focused on building customer loyalty by offering customized services at relatively competitive rates and providing outstanding service quality. Institutional banking clients require mainly remote office banking, collections and automated payroll payment services.

International trade finance and leasing

Our international trade finance unit is focused primarily on providing short-term credit for international trade, funded with internal resources or with credit lines from foreign banks and institutions. It also offers medium-term lines of credit funded by international commercial banks and governmental institutions of other countries. In addition, our international trade finance unit earns fees by providing customers with letters of credit, international collections and foreign exchange services.

We maintain a direct presence abroad through our Miami agency and Panama branch and have access to a wide network of foreign correspondent banks to offer several internationally competitive products to our customers. We also have correspondent banking relationships and uncommitted credit lines with more than 250 banks for foreign trade operations, financing of working capital and medium and long-term investment projects.

In 2006, we introduced a new product to support exporters whose sales to other countries are conducted with no bills of credit or documentary collection. By creating Factoring Internacional, we became affiliated with the world's largest chain in this product. Through Factors Chain International, we can now acquire export invoices and address the exporters' working capital needs.

The leasing unit offers and manages financial leasing operations. Based on data published by the SBS as of December 31, 2012, BCP's lease finance business is currently the largest in Peru, with a market share of 38.7%. Leasing operations were conducted by BCP's subsidiary Credileasing until July 1, 2009, when Credileasing merged with BCP.

Cash management services

Our cash management services unit is in charge of developing, marketing, and selling transactional or "cash management" and electronic lending solutions for our corporate and institutional clients, it handles the exchange of information and money transfers to corporations, midsize companies, institutions and micro-business companies. We offer more than 43 products aimed at strengthening ties with clients and assuring their loyalty, as well as reducing costs using electronic channels and increasing fee income. Services managed by this unit include collections (automated trade bill collection and electronic factoring), automated payments (direct credits to personnel and supplier's accounts and money transfers), electronic lending (reverse factoring, electronic discounts and electronic working capital loans) remote office banking and cash management through checking accounts with special features.

Trust and custody services

As of December 31, 2012, our trust and custody unit held S/.98.0 billion, or U.S.\$38.5 billion, in securities for more than 58,106 active customer accounts, as compared to S/.100.3 billion, or U.S.\$ 37.2 billion, for more than 58,421 active customer accounts as of December 31, 2011. Our custody services include the physical custody of securities and the payment of dividends and interest. In addition, we act as paying agent for securities of which we are not custodians. Trust services include administration and representation services, supervision of transactions for our clients and transfer settlement and payment services for local securities issuances, allowing clients to be adequately represented in their activities in the local and international securities markets.

Retail Banking

In December 2012, retail banking-related loans represented 46.0% and 50.9% of our total net loans and total deposits, respectively. In 2012, fee income from retail banking constituted 25.4% of total fee income.

The Retail Banking division's operations are divided into two units: service banking and retail banking. Our retail banking serves individuals and small-sized companies with annual sales levels of up to U.S.\$6.7 million. BCP's objective is to establish profitable long-term relationships with its broad client base, using segmentation strategies that satisfy the specific needs of each type of client. The Retail Banking division is subdivided further into three areas in order to serve each client segment appropriately: exclusive banking, small- and micro-business banking and consumer banking. The service banking unit manages BCP's distribution channels and supports the retail banking division

As of December 31, 2012, based on figures published by the SBS and excluding Financiera Edyficar, 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, 2012, we had the second most extensive ATM network in Peru, consisting of 1,844 ATMs and 5,712 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, 2012, Edyficar's distribution network consisted of 163 branches.

With the segmentation of our retail client base, we are able to focus on cross-selling products and improving per-client profitability. Our management expects the retail banking businesses to be one of the principal growth areas for our lending activities.

Enalta and Exclusive banking (Affluent Banking)

Affluent customers are crucial to BCP because of their high loan and deposit volume and their attractive profitability. They receive a differentiated value plan which includes: (i) access to innovative products, (ii) dedicated customer services channels such as specialized account managers and/or expert phone banking, (iii) preferential service by tellers at the branches and (iv) special interest rates on loans. Affluent Banking units serve a client base of high net worth with outstanding credit history and serves households that have a monthly income ranging from U.S.\$2,000 to U.S.\$10,000 or an investment portfolio of at least U.S.\$400,000. Enalta and Exclusive banking are relatively profitable units and they generate a higher volume of business when compared to other areas in retail banking.

Small business banking and micro-business banking

The small business banking unit serves clients with debts between U.S.\$500,000 and US\$1.2 million annual sales between U.S.\$200,000 and U.S.\$6.7 million. Additionally, this unit serves those clients that do not meet the criteria required by the middle-market banking unit, as described above.

Small businesses benefit from products specially designed for their needs, such as Cash Credit for Businesses, a revolving credit line repaid in installments, as well as the usual credit products, such as discounted notes, letters of credit, guarantees and stand-by credits.

Even though it is managed independently, Financiera Edyficar serves the microfinance segment including, business owners and entrepreneurs of micro and small enterprises in Peru. Products offered by Edyficar include micro-business loans and residential mortgage loans primarily denominated in Nuevos Soles.

The micro-business banking unit concentrates its efforts on small loans to individuals who derive their income primarily from small, family-run businesses with annual sales between U.S.\$8,000 and U.S.\$500,000. In spite of its high informality and high credit risk, this unit is attractive in terms of its growth potential, which has driven BCP to work towards its development on two fronts: (1) client training programs through seminars and presentations and (2) formalization programs based upon alliances with government institutions such as Prompyme, the Ministry of Labor and Social Promotion, a number of municipalities and the Peruvian Center for the Promotion of Small Business.

Consumer banking

Consumer banking is in charge of developing strategies for the retail customers not included in affluent banking or small business banking. Consumer banking focuses on customers who receive their payroll through BCP. 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 expand benefits to non-banking products (i.e., access to discounted products) and access to payroll advances.

Mortgage lending

We were the largest mortgage lender in Peru with a market share of 33.0% of total mortgage loans in the Peruvian financial system as of December 31, 2012, according to the SBS. This was, to a large extent, the result of extensive marketing campaigns and improvements in the quality and speed of our mortgage loan application process.

We expect our mortgage lending business to continue growing given the low levels of mortgage penetration, the increasing demand for housing, the availability of funds for the Peruvian government's *MiVivienda* low-income housing program, and the current economic outlook for controlled inflation and economic growth in Peru.

Mortgage financing is available only to customers with minimum monthly income in excess of U.S.\$400 or S/.1,200, in the case of the traditional mortgage loan and the *MiVivienda* program. The *MiVivienda* program, however, limits the value of the house to be purchased to 70 UITs (or tax units equivalent to approximately U.S.\$98,000 as of December 31, 2012). We will finance up to 90% of the appraised value of a property where monthly mortgage payments do not exceed 30% of the client's stable net income. The maximum maturity for our mortgage loans is 25 years. We offer fixed-rate residential mortgage loans denominated in both U.S. dollars and Nuevos Soles. Our mortgage portfolio is predominantly fixed rate and U.S. Dollar-denominated.

Consumer lending

Consumer lending, which includes credit cards and installment loans has grown significantly as improving economic conditions have led to increased consumer spending. BCP expects the strong demand for these products to continue. In addition to interest income, BCP derives fee income from customer application and maintenance, retailer transactions, and merchant processing, finance and penalty charges on credit cards.

Our credit cards are primarily issued with the Visa brand, but we also offer American Express cards. Based on information published by the SBS, we account for 15.7% of the outstanding active credit cards in the financial system in Peru as of December 31, 2012, as compared to 14.9% as of December 31, 2011 and 11.2% as of December 31, 2010. The total number of active credit cards in Peru as of December 31, 2012 was 7.3 million, of which approximately 32.6% were issued by banking entities associated with department stores.

According to the SBS, the credit balance of all credit card loans in the Peruvian financial system as of December 31, 2012 was S/.15.4 billion, representing 9.5% of total loans compared to S/.13.3 billion, representing 9.2% of total loans, respectively, as of December 31, 2011. Based on internal reports, December 2012 our market share of total volume of outstanding credit card loans to individuals by banks and financial companies was 21.7% compared to 20.6% in December 2011 and 19.5% in December 2010.

Service banking

The service banking unit is in charge of managing distribution channels, as well as procedures aimed at satisfying requirements for retail banking. A separate group, the systems and organization group, is responsible for processes and information regarding technological and organizational matters. The distribution channels unit operates the branch network. BCP evaluates its branch network on a continuous basis to monitor branch profitability in order to improve operating efficiency.

The service banking unit carries out personal loan authorization and collection and has invested substantially during the past few years to improve delivery channels in order to provide better quality and more efficient service. It is also responsible for the development and sale of third-party processing services that generate fee income from transactions and mass processing.

Treasury, Foreign Exchange and Proprietary Trading

Our treasury and foreign exchange units are active participants in money market and foreign exchange trading. These units manage our foreign exchange positions and reserves and are also involved in analyzing liquidity and other asset/liability matters. The trading desk plays an important role in short-term money markets in Nuevos Soles and in foreign currencies and has been active in the auctions of certificates of deposit by the Central Bank and in financings through certificates of deposit, interbank transactions and guaranteed negotiable notes, among other instruments.

Our proprietary trading consists of trading and short-term investments in securities, which include instruments from various countries. These short-term investments are made primarily to facilitate our treasury management and corporate finance efforts. This has become an increasingly important part of our business as we seek returns on excess liquidity pending improved lending conditions.

Lending Policies and Procedures

Lending policies, including the approval and review of credit procedures, are based upon conservative criteria that we have adopted and are uniformly applied to all of our subsidiaries. These policies are set within the guidelines established by the Peruvian Banking Law and SBS regulations, and the guidelines set forth by our Board of Directors.

The credit approval process is based primarily on the evaluation of a borrower's repayment capacity and on commercial and banking references. A corporate borrower's repayment capacity is determined by analyzing the historical and projected financial condition of the company and of the industry in which it operates. An analysis of the company's current management, banking references and past experiences in similar transactions, as well as the collateral to be provided, are other important factors in the credit approval process. For individual borrowers, the information that is presented by the prospective borrower is evaluated by a credit officer, and the application is passed through a scoring program for approval by a centralized credit unit.

Credit risk management in retail banking involves assessing the client's credit history and other aspects in order to determine its ability to repay its debt. Additionally, in each case, loan approval is subject to a number of credit scoring models, which assign loan-loss probabilities related to expected returns in each market segment.

Success in the small business and retail lending areas depends largely on our ability to obtain reliable credit information about prospective borrowers. In this regard, we, together with several partners, formed a credit research company called Infocorp in November 1995. In addition, the SBS has expanded its credit exposure database service to cover all businesses or individuals with any amount borrowed from a Peruvian financial institution, including information on the loan risk category in which borrowers are classified.

We have a policy with respect to the lending authority of our loan officers and have in place procedures designed to ensure that these limits are adhered to before a loan is disbursed. Under our credit approval process, the lending authority for middle-market and small business loans is centralized into a specialized credit risk analysis unit, in which officers have authority to approve loans within specified limits, thus allowing middle-market and small business loan officers to concentrate on their client relations. To ensure that loan officers and credit analysis

officers are acting within the limits of their lending authority, the credit department and our internal auditors regularly examine credit approvals.

The following table briefly summarizes our policy on lending limits for loan officers and credit risk analysis officers. Requests for credit facilities in excess of the limits set forth below are reviewed by our General Manager, Executive Committee or, if the amount of the proposed facility is sufficiently large, our Board of Directors.

Officer Group	Risk without collateral or with only personal collateral or guarantee	Risk with preferred guarantees (1)	Years
(U.S. dollars in thousands)			
Board of Directors.....	Regulatory limit	Regulatory limit	Regulatory limit
Executive Committee (2)	350,166	350,166	15
General Manager (3)	60,000	60,000	15
Risk Division Manager (3).....	13,500	27,000	15
Credit Risk Manager (3).....	7,200	14,400	10
Credit Risk Chief (3).....	2,700	5,400	10

- (1) Preferred guarantees include deposits in cash, stand-by letters, securities and other liquid assets with market price, mortgages, non-real estate property guarantees and assets generated by leasing operations.
- (2) The lending limit of the Executive Committee corresponds to 10% of our regulatory capital. Figures shown in the table above were calculated using our regulatory capital as of December 30, 2012.
- (3) The lending limit shown in the table above is increased by 25% for loans to clients with internal ratings of AAA and AA.

We believe that an important factor in maintaining the quality of our loan portfolio is the selection and training of our loan officers. We require loan officers to have degrees in economics, accounting or business administration from reputable local or foreign schools. In addition, our training program consists of a six-month rotation through all of our business-related areas and the credit risk analysis area. After the training period is over, trainees are assigned as assistants to loan officers for a period of at least one year before they can be promoted to loan officers. Loan officers also receive additional training throughout their careers at BCP. Laterally hired officers are generally required to have previous experience as loan officers.

Our general policy is to grant loans secured by collateral. As of December 31, 2012, based on figures published by the SBS, approximately S/.30.4 billion of our direct loan portfolio, which represents 61.0% of the total based upon our unconsolidated figures, as compared to 55.8% as of December 31, 2011, was secured by collateral. Liquid collateral is a small portion of the total collateral. In general, if we require collateral for the extension of credit, the value of such collateral must exceed the amount of the facilities granted by 10% to 50%. The appraisal of illiquid collateral, in particular real estate assets, machinery and equipment, is performed by independent experts when required for specific reasons. Our general policy is to require that the appraised value of illiquid collateral exceed the loan amount by at least 25%. In cases where a borrower encounters difficulties, we seek to obtain additional collateral. For clients with secured loans, including mortgages, classified as Doubtful (*Dudoso*) or Loss (*Pérdida*) whose payment is in arrears for a period of 24 or 36 months, respectively, the existence of collateral is disregarded when determining the applicable provisioning requirements.

In accordance with Peruvian banking regulations, the existence of collateral does not affect the borrower classification process. Pursuant to the Peruvian Banking Law, secured loans (or the portion thereof) covered by collateral issued to borrowers classified as Potential Problem (*Problema Potencial*), Substandard (*Deficiente*) or Doubtful (*Dudoso*) and Loss (*Pérdida*) are subject to lower loan loss provision requirements. If a borrower is classified as Substandard (*Deficiente*) or lower, our entire credit exposure to such borrower is classified at the same level.

We conduct unannounced internal audits of our financial statements and have an annual audit by external auditors of our books and credit records, in each case, consistent with the local banking regulations for the jurisdictions in which we operate.

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 by business unit and products for the periods presented:

	Breakdown of Average Deposits for December		
	2010	2011	2012
Total deposits			
Wholesale Banking	49.3%	42.2%	43.8%
Retail Banking	42.9%	50.2%	50.9%
Other	7.8%	7.6%	5.3%
Total	100.0%	100.0 %	100.0%
Core deposits / total deposits			
Wholesale Banking	43.2%	54.7%	48.8%
Retail Banking	91.0%	91.4%	91.1%
Total	69.9%	78.8%	75.2%
Dollarization			
Wholesale Banking	42.7%	43.6%	41.6%
Retail Banking	53.9%	50.0%	43.6%
Total	48.8%	47.6%	45.7%
Wholesale deposits			
Savings	2.0%	1.9%	1.5%
Demand.....	41.2%	52.8%	47.2%
Time.....	56.8%	45.3%	51.2%
Total wholesale deposits	100.0%	100.0 %	100.0%
Retail deposits			
Savings	49.3%	49.0%	48.1%
Demand.....	23.3%	22.6%	22.7%
CTS.....	18.4%	19.8%	20.3%
Time.....	9.0%	8.6%	8.9%
Total retail deposits	100.0%	100.0 %	100.0%

Information Technology

We are a technology leader in the Peruvian banking sector. We developed our technology platform largely using internal resources, and in 1986 we were among the first banks to introduce ATMs in the Peruvian market and the first to introduce electronic banking for corporations in 1988, telephone banking in 1996 and internet banking for the retail segment in 1999.

In 1974, in an effort to improve the data transmission among our offices, we connected them through the Teleproceso – TP Bancario, becoming the first bank in Latin America able to show account balances online. Among other benefits, this network allowed real-time money transfers between accounts located in different parts of the country.

All of our retail banking services and most of our corporate banking services are fully computerized. All of our points of service, including branches, ATMs, point of sale (POS) terminals, and BCP Agents are linked to our data

processing center, permitting us to monitor and analyze services while allowing most transactions to be executed on a real-time, on-line basis.

Our most critical operational data and software are stored on a mainframe computer system, access to which is controlled by a series of authorized passwords, with strong IT security and privacy policies.

We have two data centers in Lima, 22 km apart, and they operate following the active-to-active and load balancing approach. In 2010 we implemented a third center located in Hortolandia, Brazil to facilitate the recovery of critical services if a major disaster, natural or otherwise, impairs our centers in Lima. The system is designed to act as a surrogate technology backbone, providing all of our services to the branches and electronic financial systems (ATMs, internet banking, BCP agents, and credit and debit card transactions). The system is designed to allow us to operate under as close to normal conditions as possible during such a disaster.

We consider our technology platform to be one of our main competitive strengths and have continued to invest in this area to maintain our competitive position in the banking sector. Our investments in IT have provided the power, storage capacity, bandwidth and other IT services to make us the best in our class with respect to IT.

During 2012 our IT group changed its operating model by outsourcing the administration and operation of the IT infrastructure and application development to IBM, Tata Consultancy Services and Everis, leading companies in their field. Our IT group expects this change to improve time to market, increase the flexibility and capacity of the network and improve efficiency and productivity in accordance with international best practices.

Risk Management

We have specific risk management policies and procedures that structure and delineate exposures to market risk, liquidity risk, interest rate risk and derivatives trading risk.

Market risk

Market risk is the risk of loss to future earnings, to fair values, or to future cash flows, related to financial instruments, whether or not recorded on our balance sheet, arising from adverse changes in market factors that affect their value, such as interest rates, foreign currency exchange rates, commodity prices, and other relevant market or price changes. Market risk is attributed to all financial instruments sensitive to market risk, including securities, loans, deposits and borrowings, as well as derivative instruments. Special emphasis is placed on managing exposure due to mismatched positions in maturities, currencies and interest rates.

The objective of market risk management is to avoid excessive exposure of earnings and equity to loss and to reduce the volatility inherent in financial instruments.

Our primary market risk exposure is to interest rates, as net interest income is affected primarily by interest rate volatility, and, to a lesser extent, to foreign currency exchange risk. The management of interest rate risk must incorporate the differences between Nuevo Sol- and foreign currency-based interest-sensitive assets and liabilities. Our derivative business is concentrated in foreign currency forward contracts. In March 2006, we started entering into cross currency swaps contracts. We also hold a limited number of interest rate hedging instruments. With the exception of foreign currency forward contracts and a limited number of interest rate hedging instruments, we have not entered into derivative instrument contracts. Our policy has been to hedge substantially all of the foreign exchange risk with our forward contracts.

At BCP, decisions regarding management of liquidity, interest rate policy, foreign exchange position and other significant asset and liability management, or “ALM,” matters are made by the Market Risk Committee, which meets monthly. Additionally, we have an Asset and Liability Committee that meets monthly to review the overall risk exposure 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 central manager of finance and our treasury department and reviewed in weekly meetings of our senior management. The market risk unit is in charge of the measurement, control and follow-up of all positions that involve market risk exposure.

Operational Risk

Operational risks are defined as those dealing with the possibility of suffering financial losses due to deficiencies in internal procedures, information technology or personnel, or the occurrence of adverse external events. Banks are required to adequately manage risks involved in the performance and continuity of their operations and services in order to minimize possible financial losses and reputation damage due to inadequate or non-existent policies or procedures.

Following these SBS guidelines, as well as the guidelines issued by the Basel Committee on Banking Supervision, and the advice of international consultants, we have appointed a specialized team that is responsible for operational risk management across our organization. This team reports regularly to our risk committee, top managers and Board of Directors.

We intend to follow the risk control standards of international financial institutions that are known for their leadership in this field. Our overall objective is to implement an efficient and permanent monitoring system to control operational risks, while the actual management of risk control procedures is conducted by the areas that carry out critical activities.

Liquidity risk and asset and liability management

Our exposure to market risk is in part a function of the structure and composition of our assets and liabilities. Our ALM policy seeks to ensure sufficient liquidity to meet operational funding requirements, as well as to monitor, measure and control interest rate risks, exchange risks, and market risks on securities trading positions. Through our various operating units, we apply non-statistical and statistical models for the ALM tasks.

We use a variety of tools to measure market risks arising from changes in the price of financial instruments and securities prices. Non-statistical methods to measure market risks include: position limits for each trading activity and their allowable risk, or stop-loss, marking of all positions to market, profit and loss statements, position reports, and independent verification of the pricing of positions. The statistical estimation of potential losses under adverse market conditions is considered an important tool in the market risk measurement, and for that purpose we use a historic simulation version of the Value at Risk, or “VaR,” methodology, which estimates market risk at a 99% confidence level. Testing exercises are performed periodically by which VaR estimates are compared with actual results.

The historical simulation version of the VaR is applied to products that are affected by price risk. This methodology is applied to: (i) foreign currency positions (“spot” and “forward” foreign currency contracts), (ii) securities portfolio (fixed income, equities and government bonds) and (iii) money market instruments (certificates and overnight deposits).

Additionally, the risk analysis of the investment portfolio is complemented by various indicators including the degree of portfolio diversification, which measures the concentration of investments taking into account their risk factors, and the VaR as a percentage of the investment, which measures the risk level assumed in a specific segment of the portfolio. We have established VaR limits and stop-loss limits alerts as a function of the maximum potential losses in unfavorable market scenarios that we are willing to assume in the portfolio of each type of security.

Our market risk unit issues on a daily basis to our treasurer, trading managers and Chief Financial Officer reports on positions, profits and losses and VaR results, as well as a series of alerts that have been incorporated using VaR estimates. The Market Risk Committee is provided reports on a monthly basis. We believe that these procedures, which stress timely communication between the market risk unit and senior management, are important elements of the risk management process.

Interest rate risk management

A key component of our ALM policy is the management of adverse changes in earnings as a result of changes in interest rates. The management of interest rate risk relates to the timing and magnitude of the re-pricing of assets compared to liabilities and attempts to control of risks associated with interest rate fluctuations. We hedge some of our interest rate risk through the use of interest rate derivatives contracts. As part of the management of interest rate

risks, both our Market Risk Committee and Asset and Liability Committee may direct changes in the composition of our balance sheet.

One method of measuring interest rate risk is quantifying the effect of interest rate changes over the interest margin, or the interest rate sensitivity gap. Interest rate sensitivity is the relationship between market interest rates and net interest income due to the maturity or re-pricing characteristics of interest-earning assets and interest-bearing liabilities. For any given period, the pricing structure is matched when an equal amount of such assets and liabilities mature or re-price in that period. Any mismatch of interest-earning assets and interest-bearing liabilities is known as a gap position. A negative gap denotes liability sensitivity and normally means that a decrease in interest rates would have a positive effect on net interest income, while an increase in interest rates would have a negative effect on net interest income. The interest margin exposure is usually analyzed for a period limited to a twelve-month horizon.

A second measure of interest rate risk extends the period of analysis, considering expected terms to maturity of interest rate-sensitive assets and liabilities, to determine variations in their economic value due to interest rates changes.

In addition to the static gap position, we employ a simulation analysis to measure the degree of short-term interest rate risk. Sensitivity analysis is performed to express the potential gains or losses in future earnings resulting from selected hypothetical changes in interest rates. Sensitivity models are calculated on a monthly basis using both actual balance sheet figures detailed by maturity re-pricing interval and interest yields or costs. Simulations are run using various interest rate scenarios to determine potential changes to future earnings.

Gap simulation analysis has several shortcomings, one of which is its “static” nature that is, it does not consider ongoing loan and deposit activity and another of which is the inadequate treatment of individually negotiated loan and deposit rates, as in prime client cases, or the finer breakdown of rates applicable to different business segments. Furthermore, more than 50% of our interest bearing deposits can be unilaterally modified, causing difficulties in establishing the expected re-pricing period of these products in the simulations. Additionally, we consider within the Foreign Currency category not only Dollar-denominated transactions, but also the currency of BCB, our subsidiary in Bolivia, which may present different trends in certain periods but, due to its relatively small value, does not significantly affect the results of the analysis.

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. The SBS has authorized the designation of derivative financial instruments maintained by us and our subsidiaries as hedging operations because the functional currency of Credicorp is the U.S. dollar. For further details, see note 9(c) to the annual consolidated financial statements. We do not currently engage in more sophisticated or complex derivatives transactions or options. Our position in derivative instruments is closely monitored and is also subject to nominal and stop-loss limits.

As of December 31, 2012, the notional amount of outstanding forward contracts was approximately S/.13.4 billion or U.S.\$5.2 billion (with an uncovered net position of approximately S/.22.9 billion or U.S.\$9.0 million). All of those contracts were entered into solely to serve customer needs. Interest rate swap and currency swap operations as of December 31, 2012 amounted to approximately S/.5.2 billion or U.S.\$2.0 billion and S/.2.1 billion U.S.\$817.9 million, respectively. These contracts are recorded at fair value, with both realized and unrealized gains and losses recorded in the consolidated income statements.

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. 28306, a designated government agency, the Financial Intelligence Unit (*Unidad de Inteligencia Financiera*, or “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 recently enacted regulations, mainly Law No. 28306 and SBS Resolution No. 838-2008, 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—Peruvian Regulation—Anti-money laundering rules,” we have had internal “know your customer” policies since 1995.

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, 2012, we had 22,538 full-time employees, compared to 18,616 as of December 31, 2011 and 16,148 as of December 31, 2010.

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*, or “FEB”). In order to negotiate a collective agreement on behalf of its members, FEB must have as members over 50% of all Peruvian banking employees. Because the representation of banking employee members of FEB declined below 50%, primarily because of the substantial reduction in the size of the government-owned banking business during the 1990s, the most recent collective bargaining agreement, which expired on June 30, 1995, was not renewed. None of our employees belong to an employees’ union. 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 are party to a number of legal actions and proceedings brought against us in the ordinary course of our operations. We establish provisions for actions that we believe in our judgment are likely to be resolved adversely to us. We believe that none of the claims brought against us, either individually or in the aggregate, is likely to have a material adverse effect on our business, financial condition or results of operations.

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 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 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 was appointed by President Humala in August 2011.

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 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 Central Bank exercises its power and authority independently and is responsible for its affairs in accordance with the government's policies. The Central Bank is empowered to determine the inflation target and to adopt a monetary policy in accordance therewith, and is also responsible for establishing mandatory minimum liquidity reserves.

The SMV is the Peruvian capital markets regulatory entity. The main purpose of the SMV is to promote, regulate and supervise the Peruvian capital markets. The SMV, controls compliance and sanctions any violator of the 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 in the Lima Stock Exchange. Therefore, according to the Peruvian

Securities Market Law and its regulations, banks are required to file before the SMV and the Lima Stock Exchange, 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 current 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%	80%	—

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 elements that have instruments (having 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.

Additional regulatory capital requirements

SBS Resolution 8425-2011, enacted in July 2011, has established additional requirements for financial institutions, to cover risks not contemplated in Pillar I of Basel II (e.g. concentration, interest rate, systemic risk). Additionally, pro-cyclical capital requirements were also established. These new requirements will be implemented over a period of five years starting in July 2012.

Credit risks

According to article 186 of the Peruvian Banking Law, and SBS Resolution No. 14354-2009, enacted 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 is still subject to the issuance of further regulations.

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, 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.

Operational risk

SBS Resolution No. 2115-2009, enacted in April 2009, 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, 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. 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 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.

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"	Standard	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 63	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 I 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 II through V 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 Central Bank. On September 10, 2009, the SBS, through Circular No. B-2181-2009, announced the suspension of the pro-cyclical requirements. This suspension was lifted on September 28, 2010, through Circular No. B-2193-2010.

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.

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 Selective Index of the Lima Stock Exchange (ISBVL), 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 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. 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).

Country Risk Reserve Requirements

SBS Resolution No. 505-2002, enacted in June 2002, 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. 11356-2008, enacted in November 2008 and effective since July 2010, 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 new regulation covers all kinds of risks that could affect a banking operation, such as operational, market, credit, strategic, liquidity, legal and reputational risks.

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 Regulation No. 10639-2008, effective as of March 2009, 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 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 Central Bank may require additional and marginal reserves. The exact level and method of calculation of the reserve requirement is set by the 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). 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 three years and subject to a cap, which is the greater of S/. 400 million or 2.2 times the bank's regulatory capital) from foreign financial institutions, other central banks, governments or multilateral lending agencies.

Since February 2013, the minimum legal reserve requirement for local and foreign currency deposits is 9.0%. Foreign currency and local currency deposits collected from the general public are subject to a marginal rate of 55% and 30%, respectively. Deposits in all currencies collected from a foreign financial institution are subject to a 20% special rate and a 120% marginal rate. Local and foreign currency borrowings from certain foreign sources with an original maturity of three years or less are subject to (i) a 20% special rate and a 120% marginal rate for local currency borrowings, and (ii) a 60% special rate for foreign currency borrowings. 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 Central Bank.

They must also keep at least 3.0% of their local and foreign currency deposited in the Central Bank. The Central Bank oversees compliance with the reserve requirements.

The 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 overnight deposits interest rate, minus 100 basis

points; and, (b) for foreign currency deposits is a 60% one-month LIBOR interest rate. 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 Central Bank in accordance with monetary policy objectives.

In the past few months, the Central Bank has on numerous occasions changed the deposit reserve requirements 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 Central Bank.

Deposit Insurance Fund

Bank deposits are protected by the Deposit Insurance Fund (*Fondo de Seguro de Depósitos* or 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 December 2012 and February 2013, the maximum coverage amount is S/.91,216 per person per bank.

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 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 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 with authorization from the Treasury or borrow long-term government securities from the Treasury.

Anti-Money Laundering 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, or “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.

The government agency responsible for supervising the anti-money laundering system is the Peruvian Financial Intelligence Unit (UIF), which was absorbed by the SBS in July 2007. The chairman of this agency is appointed by the chairman of the SBS.

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 the internal regulations of the BVL.

Under these rules, listed companies such as banks are required to disclose to the market on a timely manner (within 24 hours) all information that investors are reasonably likely to consider material. Special regulation

provides for specific parameters to determine what is considered relevant information. Banks are also subject to full disclosure and reporting obligations under the banking regulatory framework.

Subordinated Debt as a Component of Regulatory Capital of BCP

Subject to certain requirements set forth under Peruvian law, the full amount of redeemable subordinated debt may qualify as a component of Tier II regulatory capital of BCP, according to Peruvian law.

As a component of Tier II regulatory capital, the amount of outstanding redeemable subordinated debt may be used to absorb losses that are incurred by BCP. Accordingly, during an intervention or liquidation proceeding and upon instruction of the SBS, any losses of BCP would be absorbed first by current and retained earnings, donations and premiums on the issuance of shares and legal and voluntary reserves, then by common and preferred shares, followed by hybrid instruments which qualify as Tier I and Tier II regulatory capital (as applicable) and finally by redeemable subordinated debt which qualifies as Tier II regulatory capital.

The only portion of redeemable subordinated debt that is eligible to be included in Tier II regulatory capital in its entirety is the aggregate outstanding amount of subordinated debt which has a term to maturity equal or greater than five years. The percentage of redeemable subordinated debt eligible to be included in Tier II regulatory capital decreases at a 20% discount rate per annum during the five-year period prior to maturity as follows:

<u>Maturity</u>	<u>Discount Rate</u>
Less than or equal to one year	100%
More than one year but less than two years	80%
More than two years but less than three years	60%
More than three years but less than four years	40%
More than four years but less than five years	20%

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 ("Surveillance") 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 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 divestiture, 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.

Third order - Taxes:

1st. Claims by the Peruvian social security administration (*EsSalud*) related to health care benefits for which the bank is responsible as employer.

2nd. Taxes.

Fourth order - Unsecured and non-privileged credits & Subordinated debt:

1st. 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, 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.

2nd. The legal interest on the Bank's obligations that may accrue during the liquidation.

3rd. Subordinated debt.

Except for unsecured and non-privileged credits, 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.

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.

MANAGEMENT

We are managed by our Board of Directors, President (Chief Executive Officer) and Executive Vice-Presidents. Our Board of Directors consists of:

<u>Name</u>	<u>Position</u>	<u>Board Member Since</u>
Mr. Dionisio Romero Paoletti.....	President	2003
Mr. Raimundo Morales Dasso.....	Vice President	2009
Mr. Jorge Camet Dickman.....	Deputy Director	1999
Mr. Fernando Fort Marie	Member of the Board of Directors	1990
Mr. Reynaldo Llosa Barber	Member of the Board of Directors	1990
Mr. Juan Carlos Verme Giannoni.....	Member of the Board of Directors	1990
Mr. Luis Enrique Yarur Rey.....	Member of the Board of Directors	1995
Mr. Eduardo Hochschild Beeck.....	Member of the Board of Directors	2003
Mr. Roque Benavides Ganoza	Member of the Board of Directors	2009
Mr. Benedicto Cigüeñas Guevara.....	Member of the Board of Directors	2005
Mr. Felipe Ortiz de Zevallos Madueño.....	Member of the Board of Directors	2006
Mr. Germán Suárez Chávez.....	Member of the Board of Directors	2006
Mr. Luis Enrique Romero Belismelis	Member of the Board of Directors	2009
Mr. Carlos del Solar Simpson.....	Member of the Board of Directors	2012

The members of our Board of Directors may be contacted at our address at Calle Centenario 156, La Molina, Lima 12, Peru.

Detailed below is a brief biographical description of the members of our Board of Directors.

Mr. Dionisio Romero Paoletti

Mr. Dionisio Romero Paoletti holds a degree in Business Administration from Brown University and a Master's degree in Business Management from Stanford University. He has been a Director of the Bank since 2003. In addition, he has served as the Chairman of the Board of Credicorp since March 2009 and he serves as a Director on the boards of various other companies.

Mr. Raimundo Morales Dasso

Mr. Raimundo Morales Dasso is an economist from the Universidad del Pacífico and he holds a Master's degree in Business Management from The Wharton School, University of Pennsylvania. From October 1990 until March 2008, he served as the Bank's General Manager. In addition, he serves as Deputy Chairman of the Board of Credicorp and several of its subsidiaries, and serves as a Director on the boards of various other companies.

Mr. Jorge Camet Dickman

Mr. Jorge Camet Dickman is an engineer and became a Director of the Bank in 1999. He has had a distinguished career in the public sector and was Minister of Economy and Finance and Minister of Industry, Tourism, Commerce and International Commercial Negotiations.

Mr. Fernando Fort Marie

Mr. Fernando Fort Marie is a lawyer and a partner at the law firm of Fort, Bertorini y Godoy. Mr. Fort has served as a Director of the Bank from 1979 to 1987 and from March 1990 to the present. He has served as a Director of Credicorp since March 1999. Additionally, Mr. Fort serves as a Director on the board of Inversiones Centenario and the boards of various other companies.

Mr. Reynaldo Llosa Barber

Mr. Reynaldo Llosa Barber is a businessman and has served as a Director of the Bank from 1980 to 1987 and

from March 1990 to the present. He has been a Director of Credicorp since August 1995. Mr. Llosa is also the main partner and general manager of F.N. Jones S.R. Ltda., and serves as a Director on the boards of various other companies.

Mr. Juan Carlos Verme Giannoni

Mr. Juan Carlos Verme Giannoni is a businessman and has served as a Director of the Bank since March 1990 and as a Director of Credicorp since August 1995. Mr. Verme also serves as a Director on the boards of various other companies.

Mr. Luis Enrique Yarur Rey

Mr. Luis Enrique Yarur Rey is a businessman with a Bachelor's degree in law and graduate degrees in Economics and Management. He became a Director of Credicorp in 2002. Mr. Yarur is the Chairman of the Board of Banco de Crédito e Inversiones in Chile, and a member of the boards of various other Chilean companies.

Mr. Eduardo Hochschild Beeck

Mr. Eduardo Hochschild Beeck is a mechanical engineer and holds a degree in Physics. He became a Director of the Bank in 2003. He serves as a Director on the boards of various other companies.

Mr. Roque Benavides Ganoza

Mr. Roque Benavides Ganoza is an engineer from Pontificia Universidad Católica del Perú and holds a Master's degree in Business Administration from Henley, the Management College of Brunel University. He is a Director and the Executive President of Compañía de Minas Buenaventura S.A., one of the largest mining companies in Peru, since 2004, and is a Director on the boards of several companies affiliated with Buenaventura. He has been a member and served as the President of several industrial organizations such as CONFIEP (*Confederación Nacional de Instituciones Empresariales Privadas*). He has been a Director on the board of the Bank since March 2009.

Mr. Benedicto Cigüeñas Guevara

Mr. Benedicto Cigüeñas Guevara is an economist and became a Director of the Bank in January 2005. Previously he had been Chief Financial Officer of the Bank for 12 years (1991 to 2003).

Mr. Felipe Ortiz de Zevallos Madueño

Mr. Felipe Ortiz de Zevallos Madueño is an industrial engineer with a Master's degree in Management Science from Rochester University and a Management Program Degree from Harvard Business School. He became a Director of the Bank in March 2006. He also serves as a Director on the board of Credicorp and other companies.

Mr. Germán Suárez Chávez

Mr. Germán Suárez Chávez is an economist and received his Master's degree in Economics from Columbia University. Mr. Suárez became a Director of the Bank in March 2006. Mr. Suárez was President and Chairman of the Board of the Peruvian Central Bank from 1992 to 2001, and he serves as a Director on the boards of various other companies, including Credicorp, Compañía de Minas Buenaventura S.A. and Refinería La Pampilla.

Mr. Luis Enrique Romero Belismelis

Mr. Luis Enrique Romero Belismelis has a Bachelor's degree from Boston University. He is a board member of several industrial, commercial and service sector companies in Peru. He has served as the Vice-President of the board of Alicorp S.A.A., one of the largest industrial companies in Peru, since 1996. He is Mr. Romero Paoletti's first cousin.

Mr. Carlos del Solar Simpson

Mr. Carlos del Solar Simpson has a degree in geology from Universidad Nacional Mayor de San Marcos and

holds a Masters' degree in Science from Stanford University. He has previously served as CEO and President of the Hunt Oil Company of Peru. He has been and currently is a member of the Board of Directors of several industrial organizations such as CONFIEP. He was elected to our Board of Directors at the General Shareholders' meeting held March 30, 2012.

Executive Committee and Audit Committee

Our Executive Committee meets weekly 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, our internal controls and the performance of our external and internal auditors, and engages in our follow-up responses to recommendations of the SBS. In certain urgent circumstances, the Executive Committee has the authority is empowered to make decisions in place of the Board of Directors.

Our Audit Committee 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 every two months.

The members of our Executive Committee and our Audit Comitee can be contacted at our address at Calle Centenario 156, La Molina, Lima 12, 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. Reynaldo Llosa Barber	Member of the Board of Directors
Mr. Benedicto Cigüeñas Guevara	Member of the Board of Directors
Mr. Juan Carlos Verme Giannoni	Member of the Board of Directors

The members of our Audit Committee are:

Name	Position
Mr. Raimundo Morales Dasso	Member of the Board of Directors
Mr. Juan Carlos Verme Giannoni	Member of the Board of Directors
Mr. Germán Suárez Chávez.....	Member of the Board of Directors
Mr. Benedicto Cigüeñas Guevara (advisor).....	Member of the Board of Directors

Senior Management

Our principal executives are as follows:

Executive Vice Presidents	Position	Year Joined	Bank
Mr. Walter Bayly Llona.....	General Manager		1993
Mr. Alvaro Correa Malachowski	Planning and Finance Central Manager		1997
Mr. Pedro Rubio Feijoo	Wholesale Banking Central Manager		1985
Mr. Gianfranco Ferrari de las Casas	Retail Banking Central Manager		1995
Mr. Jorge Ramirez del Villar Lopez de Romaña.....	Operations and Systems Central Manager		1993
Mr. Reynaldo Llosa Benavides.....	Risk Central Manager		1997
Mr. Pablo Miñan Galarza.....	Credit Management Division		1994
Mr. Diego Cavero Belaunde	Corporate Banking Division		1994
Mr. Gonzalo Alvarez-Calderón Alzamora	Middle Market Banking Division		1981
Mr. Fernando Fort Godoy.....	Asset Management Division		1996
Mr. Lionel Derteano Ehni	Commercial Division		1999
Mr. Harold Marcenaro Goldfarb.....	Marketing Division		2001

<u>Executive Vice Presidents</u>	<u>Position</u>	<u>Year Joined Bank</u>
Mr. André Figuerola Boesch.....	Treasury and FX Division	1995
Mr. José Luis Muñoz Rivera.....	Accounting Division	1997
Mr. Ricardo Bustamante Gonzales	Systems and Organizations Division	1993
Mr. José Esposito Li-Carrillo.....	Audit Division	1996
Mr. Guillermo Morales Valentin	Legal Division	2007
Mr. Pablo de la Flor Belaunde	Corporate Affairs Division	2012
Mr. Bernardo Sambra Graña.....	Human Resources Division	1999

Our principal executives can be contacted at our address at Calle Centenario 156, La Molina, Lima 12, Peru.

Set forth below is brief biographical information regarding our current officers who are not also directors.

Mr. Walter Bayly Llona

Mr. Walter Bayly Llona received a Bachelor's degree in Business Administration from Universidad del Pacífico in Lima, Peru, and a Master's degree in Management from the Arthur D. Little Management School in Cambridge, Massachusetts. He has been the General Manager of the Bank since June 30, 2008. He was previously Chief Financial and Accounting Officer of Credicorp and Executive Vice President of Planning and Finance of the Bank, a position he held since April 2004. Previously, Mr. Bayly held various other management positions within the Bank, including the Wholesale Banking, Middle Market Banking, Systems and Organization, and Investment Banking Groups. Mr. Bayly joined the Bank in 1993. Previously, he worked for three years at Casa de Bolsa México where he was Partner and Managing Director in Corporate Finance and for ten years at Citibank in Lima, New York, Mexico and Caracas, where he worked primarily in the Corporate Finance and Loan Syndication groups.

Mr. Alvaro Correa Malachowski

Mr. Alvaro Correa Malachowski is an industrial engineer from the Pontificia Universidad Católica del Peru. He also holds a Master's degree in Business Administration from Harvard Business School. In 1997, he joined the Bank as Retail Risk Management Manager, later serving as IT Solutions Manager in the Systems and Organization Division. Mr. Correa then served as General Manager of Atlantic Security Bank, one of our related parties, Credicorp Securities and the Bank's Miami agency for three years. Since 2008 he has held the position of Planning and Finance Central Manager of the Bank.

Mr. Pedro Rubio Feijoo

Mr. Pedro Rubio Feijoo is an industrial engineer with a degree from North Carolina State University. He is the Wholesale Banking Group Manager at the Bank, and previously served as Middle-Market Banking Manager. He has been with the Bank since 1985.

Mr. Gianfranco Ferrari de las Casas

Mr. Gianfranco Ferrari de las Casas has a Master's degree in Business Administration and marketing from Northwestern University's J.L. Kellogg Graduate School of Management. He joined the Bank's Wholesale Banking Group in 1995, where he served as Corporate Finance Manager and Corporate Finance Group Manager. Between 2005 and 2007, Mr. Gianfranco Ferrari de las Casas served as General Manager of Banco de Crédito de Bolivia BCB. Currently, he is the Retail Banking Central Manager of the Bank.

Mr. Jorge Ramírez del Villar López de Romaña

Mr. Jorge Ramírez del Villar López de Romaña is the Operations and Systems Central Manager. He is an industrial engineer with a Master's degree in Information Technology from the University of Pennsylvania, a Master's degree in Business Administration from The Wharton School, University of Pennsylvania, a Master's degree in Economics from the London School of Economics and a Master's degree in International Affairs from Cambridge University. He previously served as the Bank's Corporate Finance Manager and Credibolsa's General Manager and Finance Group Manager. Mr. Ramirez del Villar also worked at Occidental Petroleum Corporation and

Booz, Allen & Hamilton. He has been with the Bank since 1993.

Mr. Reynaldo Llosa Benavides

Mr. Reynaldo Llosa Benavides is the Risk Central Manager. He holds a degree in Business Management from St. Mary's University and a Master's degree in Business Administration with a specialization in Finance from Northwestern University's J.L. Kellogg Graduate School of Management. He previously served as the Bank's Middle-Market and Corporate Banking Manager. He has been with the Bank since 1997.

Mr. Pablo Miñán Galarza

Mr. Pablo Miñán Galarza is an industrial engineer, with a Master's degree in Business Administration from ESAN. Previously, he was responsible for the Corporate Finance unit of the Bank, serving as Risk Administration Manager. Currently, he is the Credit Group Manager. Mr. Pablo Miñán Galarza has been with the Bank since 1994.

Mr. Diego Cavero Belaunde

Mr. Diego Cavero Belaúnde has a degree in Business Administration from Universidad de Lima, with a Master's degree in Business Administration from Red McCombs School of Business at The University of Texas at Austin. He has been the CEO of Banco de Crédito de Bolivia, as well as Chairman of the Board of Credifondo Bolivia. He has also been Manager of the Corporate Banking and Middle Market Commercial Banking groups. Mr. Cavero Belaunde is currently the Manager of the Corporate Banking Division.

Mr. Gonzalo Alvarez-Calderón Alzamora

Mr. Gonzalo Alvarez-Calderón Alzamora has a degree in Business Administration from Universidad de Lima. He also holds a Master's degree in Business Administration from the American Graduate School of International Management – Thunderbird. For the past 15 years and until February 2012, he was Manager of the International Banking & Leasing unit. He is currently Manager of the Middle Market Division.

Mr. Fernando Fort Godoy

Mr. Fernando Fort Godoy has a degree in Business Administration and a Master's degree from the University of Michigan Business School. He has served the Bank as a consultant in the Corporate Finance area and in various positions within the Wholesale Banking group. He was Manager of the Middle-Market Banking Division from 2008 to 2011. He is currently Manager of the Asset Management Division.

Mr. Lionel Derteano Ehni

Mr. Lionel Derteano Ehni has a Bachelor's degree in economics from Universidad de Lima. He also holds a Master's degree in Finance and Operations from Owen School, Vanderbilt University. He has been with the Bank since 1999, having worked in Risk Management, Corporate Banking and Retail Banking. Since 2009, he has acted as Executive Vice Chairman of Financiera Edyficar, and was recently appointed Manager of the Commercial Division.

Mr. Harold Marcenaro Goldfarb

Mr. Harold Marcenaro Goldfarb has a bachelor's degree in Economics from Universidad del Pacífico and a Master's degree in Business Administration from The Wharton School, University of Pennsylvania. He joined the Bank in 2001, having worked in the Systems and Organization Division, Credit Cards and Consumer Banking divisions and later serving as the Bank's Retail Risk Management Manager for 4 years. Mr. Marcenaro became manager of the Retail Banking Strategic Analysis Area in August 2011. Prior to joining the Bank, Mr. Marcenaro worked for Interinvest, the Presidency of the Council of Ministers and for the Investigation Center of Universidad del Pacífico. Since April 2012, he has acted as the manager of the Marketing Division.

Mr. André Figuerola Boesch

Mr. André Figuerola Boesch holds a double major in Finance and Business Economics from The University of South Carolina, and a Master's degree in Business Administration from Universidad del Pacífico. He has been a portfolio manager in the Latam Private Banking Division at UBS in Zürich, Switzerland, and head of the FX sales team at Banco Unión in Caracas, Venezuela. He has been with the Bank since 1995.

Mr. José Luis Muñoz Rivera

Mr. José Luis Muñoz Rivera is an accountant with an Executive Master's degree in Business Administration from Universidad de Piura. Since March 1997, he has been the Manager of the Accounting Division of the Bank. 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.

Mr. Ricardo Bustamante González

Mr. Ricardo Bustamante González holds an undergraduate degree in Economics and a Master's degree in Information Technology Project Management from George Washington University. Mr. Bustamante joined the Bank in 1993. Since May 1999, he has served as Manager of the Systems and Organization Division. Previously, he worked at Banco del Sur del Perú, Grupo Inca and Global Insurance Organization in Australia.

Mr. Jose Esposito Li-Carrillo

Mr. Esposito is an economist from Universidad del Pacífico, Peru. He also has a Master's degree in Economics from the University of Wisconsin – Milwaukee and L-3 Certificate of Insurance from the CII, U.K. Mr. Esposito joined BCP in 1996 in the Corporate Finance Department. He has held the position of General Manager of Credibolsa, the brokerage house of BCP between 2000 and 2005. From 2006 to 2009 he has been the Chief Financial Officer of Pacífico Seguros, Credicorp's insurance company. Since 2010, he has held the position of Chief Audit Executive of the Bank and Credicorp.

Mr. Guillermo Morales Valentín

Mr. Guillermo Morales Valentín is the Legal Group Manager. He holds a law degree from Pontificia Universidad Católica del Perú and a Master's degree in Law (LLM) from Texas University. He has been the Bank's Legal Group Manager since January 2010. He was the Legal Manager for Grupo Santander Peru from 2003 to 2007. Mr. Morales has also been a Director in the board of Edelnor S.A.A., Red Electrica del Sur and Universia Peru S.A. He has been with the Bank since 2007.

Mr. Pablo de la Flor Belaunde

Mr. Pablo de la Flor is a political scientist with a Master's degree from Yale University and an MPA from Harvard University's Kennedy School of Government. He has served as Vice Minister of International Trade and Lead Trade Negotiator for Peru. He has also been Vice President of Corporate Affairs at the Antamina Mining Company, Program Officer at the Ford Foundation, and consultant to various multilateral development institutions. Currently, Mr. de la Flor is Manager of the Corporate Affairs Division of BCP.

Mr. Bernardo Sambra Graña

Mr. Bernardo Sambra Graña has a degree in Business Administration from Universidad de Lima, with a Master's degree in Finance from Universidad del Pacifico and a Human Resources specialization from Ross School of Business at the University of Michigan. He previously served as Manager of Electronic Cash Management Solutions in the Wholesale Banking Division. Currently, Mr. Sambra is the Human Resources Division Manager at BCP.

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, 2012, BCP had issued and outstanding 3,102,896,755 common shares and total issued capital in the amount of S./3,102,896,755. 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 97.66% of our common stock. The remaining 2.34% is diluted among individual investors. Credicorp's common stock trades on the NYSE under the symbol BAP.

As of December 31, 2012, Credicorp's issued capital consisted of 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 on form 20-F filed with the SEC on April 24, 2012:

Shareholder	Nominal amount of shares	% Ownership(1)
Atlantic Security Holding Corporation	14,620,846	15.49
Romero family(2)	13,438,428	14.24

(1) As a percentage of issued and outstanding shares (including shares held by ASHC and other Credicorp subsidiaries).
(2) Includes common shares directly or indirectly owned by Dionisio Romero Seminario and his family or companies owned or controlled by him. Mr. Dionisio Romero Paoletti, son of Dionisio Romero Seminario, is the Chairman and Chief Executive Officer of Credicorp.

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, 2010, 2011 and 2012:

	As of and for the year ended December 31,		
	2010	2011	2012
	(Nuevos Soles in thousands)		
Related-party transactions with Credicorp subsidiaries			
Assets			
Loans, net	155,631	84,374	100,932
Other assets	64,163	81,748	60,851
Liabilities			
Deposits and obligations	325,711	436,030	477,118
Other liabilities	4,232,062	2,804,236	3,312,823
Contingent operations	82,497	82,194	143,130
Other off-balance sheet accounts	1,151,448	1,010,005	880,489
Income			
Interest income	10,634	9,125	5,584
Interest expenses	242,110	185,249	149,332
Other income, net	55,040	64,486	116,721

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 December 31, 2010, 2011, and 2012:

	As of and for the year ended December 31,		
	2010	2011	2012
	(Nuevos Soles in thousands)		
Related-party transactions with non-Credicorp subsidiaries			
Loans, net	745,974	695,806	1,143,299
Indirect loans	75,827	104,947	134,018
Derivatives at market value	3,751	4,020	4,673
Deposits and obligations	286,460	194,824	605,906

In addition, we also hold securities-available-for-sale in related parties in the amount of S/.9.3 million, S/.7.7 million and S/.4.5 million as of December 31, 2010, December 31, 2011, and December 31, 2012, respectively.

Accordingly, as of December 31, 2012, direct and indirect loans to Credicorp subsidiaries were S/.387.5 million, in the aggregate, including S/.100.9 million in outstanding loans. None of these loans are among our 20 largest borrowers. These loans comprised approximately 0.20% of our total loan portfolio, of which 98.7% were classified as Normal (*Normal*), 1.3% as Potential problem (*Problema Potencial*), 0.0% as Substandard (*Deficiente*), 0.0% as Doubtful (*Dudoso*) and 0.0% as Loss (*Pérdida*).

As of December 31, 2012, loans and other credits to our employees amounted to S/.628.5 million (U.S.\$246.5 million).

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 15.0% of our regulatory capital as of December 31, 2012 and 10.8% of our regulatory capital as of December 31, 2011. 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

The Notes will be issued pursuant to an indenture dated as of April 1, 2013, among The Bank of New York Mellon, as trustee, paying agent and security registrar and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and transfer agent, and us.

The indenture provides for the issuance of the Notes but does not limit the aggregate principal amount of Notes that may be issued under the indenture, and provides that, subject to certain conditions, additional Notes may be issued under the indenture from time to time. The indenture does not limit the amount of additional indebtedness or other obligations that we may incur. At our option, this additional indebtedness may consist of additional Notes (“Additional Notes”) issued by us in one or more transactions, which shall have identical terms (other than issue date, issue price and in certain cases, first interest payment date) as the notes issued hereby; provided, however, that if the Additional Notes are not fungible with the Notes for U.S. federal income tax purposes, the Additional Notes will have separate CUSIP and ISIN numbers and separate common codes. Holders of Additional Notes will vote together with holders of the Notes issued hereby as one class.

This summary describes the general terms and provisions of the indenture and the Notes. The description of certain provisions of the Notes does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the indenture and the Notes, including the definitions therein of certain terms. We urge you to read each of the indenture and the form of the Notes because they, and not this description, define your rights as a holder of Notes. In case of any conflict regarding the rights and obligations of the holders of the Notes under the indenture, the Notes, and this offering memorandum, the terms of the indenture will prevail. Capitalized terms not otherwise defined in this “Description of the Notes” have the meanings ascribed to them in the indenture. You may obtain a copy of the indenture and the form of the Notes by contacting the trustee at the address indicated in this offering memorandum and, for so long as the Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange (the “LSE”) and to trading on the Euro MTF Market, at the office of the paying agent in Luxembourg.

Ranking

The Notes will be our direct, unconditional and unsecured general obligations and will, other than as set forth below, at all times rank *pari passu* in right of payment with all of our other unsecured obligations other than obligations that are, by their terms, expressly subordinated in right of payment to the Notes. The Notes will be effectively subordinated to (i) all of our secured indebtedness with respect to the value of our assets securing that indebtedness, (ii) certain direct, unconditional and unsecured general obligations that in case of our insolvency are granted preferential treatment pursuant to Peruvian law and (iii) all of the existing and future liabilities of our subsidiaries, including trade payables. See “Regulatory Environment—Intervention by the SBS and Liquidation.”

As of December 31, 2012, the issuer had approximately S/.819.5 million (approximately U.S.\$321.4 million) in promotional credit lines that are secured by a loan portfolio, S/.100.0 million (approximately U.S.\$39.2 million) in locally issued leasing bonds, S/.1,556.6 million (approximately U.S.\$610.4 million) in locally issued corporate bonds, S/.971.8 million (approximately U.S.\$381 million) in syndicated loans, S/.4,282.5 million (approximately U.S.\$1,679.5 million) due to banks and correspondents with foreign financial institutions, S/.3,062 million (approximately U.S.\$1,201 million) due to related parties, S/. 3,803.1 million (approximately U.S.\$1,491.4 million) in internationally issued corporate bonds, S/. 326.5 million (approximately U.S.\$128.0 million) in locally issued subordinated bonds, S/.2,540.4 million (approximately U.S.\$996.3 million) in internationally issued subordinated bonds, and S/.627.0 million (approximately U.S.\$245.9 million) in internationally issued junior subordinated bonds.

Principal, Maturity and Interest

We are issuing \$716,301,000 aggregate principal amount of Notes. The Notes will mature on April 1, 2023. Interest on the Notes will accrue at a fixed rate of 4.250% per annum. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months. The Notes will not be entitled to the benefit of any sinking fund. Interest on the Notes will be payable semi-annually in arrears on each April 1 and October 1 of each year (each, an “Interest Payment Date”), commencing on October 1, 2013. Interest on the Notes will accrue from the date of original issuance, or if interest has already been paid, from the date it was most recently paid. Upon maturity we

will redeem the notes at a price equal to 100% of their principal amount plus accrued and unpaid interest to the maturity date.

Under New York law, which governs the notes, legal claims for payment of principal or interest are valid for six years from the event giving rise to the claim.

Redemption Prior to Maturity

The outstanding principal amount of the Notes will be paid upon maturity unless required to be earlier repaid as a result of the occurrence and continuation of an Event of Default (as defined herein) or as described below under “—Optional Redemption” and “—Redemption Solely for Taxation Reasons.”

Optional Redemption

We will have the right, at our option, to redeem any of the Notes, in whole at any time or in part from time to time prior to their maturity, on at least 30 days’ but not more than 60 days’ notice, at a redemption price equal to the greater of (1) 100% of the principal amount of such Notes on such redemption date and (2) the sum of the present value on such redemption date of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points (the “Make-Whole Amount”), plus in each case any accrued and unpaid interest on the principal amount of the Notes up to, but not including, the date of redemption, plus Additional Amounts, if any (subject to the right of holders of record on the relevant record date to receive interest due on the relevant Interest Payment Date). In addition, such redemption will be permitted so long as: (i) it is not prohibited by Peruvian laws or Central Bank regulations and (ii) it does not cause us to incur increased mandatory reserve requirements (*encage*).

“Comparable Treasury Issue” means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity 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 maturity of April 1, 2023.

“Comparable Treasury Price” means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the Quotation Agent 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 us.

“Quotation Agent” means an internationally recognized investment bank, other than the Reference Treasury Dealers appointed by us.

“Reference Treasury Dealer” means Citigroup Global Markets, Inc. and J.P. Morgan Securities LLC or their respective affiliates which are primary United States government securities dealers and not less than two other leading primary United States government securities dealers in New York City reasonably designated by us; provided, however, that if any of the foregoing shall cease to be a primary United States government securities dealer in New York City (a “Primary Treasury Dealer”), we will substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Quotation Agent, of the bid and asked price for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent 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 semi-annual equivalent yield to maturity or interpolated maturity (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.

Redemption Solely for Taxation Reasons

We may, at our election, subject to applicable Peruvian law, redeem the 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, at their principal amount, plus Additional Amounts (as defined herein), 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, we have or will become obligated to pay or will be liable for Additional Amounts in respect of the Notes in excess of the gross amount of Additional Amounts payable in respect of such Notes prior to a Change in Tax Law; and
- (ii) such obligation cannot be avoided by us taking reasonable measures available to us (such measures not involving any material cost to us or the incurring by us 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: (i) it is not prohibited by Peruvian laws or Central Bank regulations and (ii) it does not cause us 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 Peru or any political subdivision or governmental authority thereof or (b) any judicial decision, official administrative announcement or regulatory procedure of Peru (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 on or after the date of issuance of the Notes.

Before giving notice of redemption, we shall deliver to the trustee an officers' certificate stating that we are entitled to effect such redemption in accordance with the terms set forth in the indenture and setting forth in reasonable detail a statement of the facts relating thereto. The statement will be accompanied by a written opinion of counsel to the effect, among other things, that:

- (i) we have become obligated to pay or will be liable for Additional Amounts payable in respect of the Notes in excess of the gross amount of Additional Amounts payable in respect of such Notes prior to such change or amendment, as described above;
- (ii) we cannot avoid payment of such Additional Amounts by taking reasonable measures available to us; and
- (iii) all governmental approvals necessary for us to effect the redemption have been obtained and are in full force and effect or specifying any such necessary approvals that as of the date of such opinion have not been obtained.

Payment and Administration of the Notes

The Notes will bear interest at the rate specified above. See "—Principal, Maturity and Interest" above. Interest on the Notes will be paid on the dates specified above to the person in whose name a Note is registered at the close of business on the 15th day preceding the respective Interest Payment Date (such date, a "record date," whether or not a Business Day).

If any Interest Payment Date or maturity date for the Notes falls on a day that is not a Business Day, the related payment of principal or interest will be made on the next succeeding Business Day as if it were made on the date such payment was due, and no interest will accrue on the amount so payable for the period from and after such Interest Payment Date or maturity date, as the case may be. Interest on the Notes will be computed on the basis of a

360-day year of twelve 30-day months. “Business Day” means a day that is a day other than Saturday, Sunday or a day on which banking institutions in New York City, United States, or Lima, Peru, generally are authorized or required by law, regulation or executive order to remain closed.

Any interest on the Notes which is payable, but is not paid or duly provided for, on any Interest Payment Date shall cease to be payable to the holder of the Note on the regular record date, and such defaulted interest may be paid by us to the persons in whose name the Notes are registered at the close of business on a special record date (as such term is explained in the indenture) fixed by the trustee for such purpose. Except as described in “—Book-Entry System; Delivery and Form,” we will pay principal and interest by check and may mail interest checks to a holder’s registered address.

The principal of and interest on the Notes will be payable in U.S. dollars or in such other coin or currency of the United States of America as is legal tender for the payment of public and private debts at the time of payment.

The Notes will be issued in denominations of \$10,000 and any integral multiple of \$1,000 in excess thereof and only in the form of beneficial interests in respect of one or more global notes registered in the name of Cede & Co., as nominee of The Depository Trust Company, or DTC. Beneficial interests in respect of the global notes will be held through financial institutions acting on behalf of the beneficial holders of such interests as direct or indirect participants in DTC. Except in limited circumstances, owners of beneficial interests in respect of the global notes will not be entitled to receive physical delivery of Notes in certificated form. See “—Book-Entry System; Delivery and Form.” No service charge will be made for any registration of, transfer or exchange of Notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Initially, the trustee will act as paying agent and security registrar for the Notes. The Notes may be presented for registration of transfer and exchange at the offices of the security registrar for the Notes.

Highly Leveraged Transactions; Change of Control

The indenture does not include any debt covenants or other provisions which afford holders of the Notes protection in the event of a highly leveraged transaction or a change of control.

Indebtedness, Liens, Dividends, Investments, Transactions with Affiliates, Reserves and Maintenance of Properties

The indenture does not limit our ability to incur additional indebtedness (including Additional Notes), our ability to grant liens on our assets and properties, our payment of dividends, our ability to make investments or enter into transactions with our affiliates or require us to create or maintain any reserves.

We may not dispose of and must maintain and keep in good condition any tangible property useful in the conduct of our business, unless such disposal or the discontinuance of its maintenance is, in our judgment, desirable in the conduct of our business and not disadvantageous in any material respect to the holders of the Notes.

Covenants

We have agreed to restrictions on our activities for the benefit of holders of the Notes. The following restrictions will apply separately to the Notes:

Consolidation, Merger, Sale or Conveyance

We may not consolidate with or merge into any other corporation or convey or transfer our properties and assets substantially as an entirety to any person, unless:

- (i) the successor corporation (if not BCP) shall be a corporation organized and existing under the laws of (A) Peru, (B) the United States of America or any state thereof, or (C) any country member of the Organisation for Economic Co-operation and Development or the G-20 and any state thereof (to the extent applicable), and shall expressly assume by a supplemental indenture, delivered to and in a form satisfactory to the trustee, the due and punctual payment of the principal of, premium, if any and interest on all the outstanding Notes and the performance of every covenant in the indenture on our part to be performed or observed;

(ii) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both would become an Event of Default, shall have happened and be continuing; and

(iii) we shall have delivered to the trustee an officers' certificate and an opinion of counsel, each stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with the foregoing provisions relating to such transaction and all conditions precedent in the indenture relating to such transaction have been complied with.

In case of any such consolidation, merger, conveyance or transfer, such successor corporation will succeed to and be substituted for us as obligor on the Notes with the same effect as if it had issued the Notes. Upon the assumption of our obligations by any such successor corporation in such circumstances subject to certain exceptions, we will be discharged from all obligations under the Notes and the indenture.

For purposes of the above, "G-20" means the Group of Twenty (G-20) Finance Ministers and Central Bank Governors.

Periodic Reports

So long as any Notes are outstanding, we will furnish to the trustee:

(i) within 120 days following the end of each of our fiscal years, an English version (or accompanied by an English translation thereof) of our consolidated audited income statements, balance sheets, statements of shareholders equity and cash flow statements and the related notes thereto for the two most recent fiscal years in accordance with Peruvian GAAP or in accordance with such accounting standards as may from time to time be required for Peruvian banks, together with an audit report thereon by our independent auditors; and

(ii) within 60 days following the end of the first three fiscal quarters in each of our fiscal years, an English version (or accompanied by an English translation thereof) of our quarterly reports containing unaudited consolidated balance sheets, statements of income, statements of shareholders equity and statements of cash flows and the related notes thereto, in each case for the quarterly period then ended and the corresponding quarterly period in the prior fiscal year and prepared in accordance with Peruvian GAAP or in accordance with such accounting standards as may from time to time be required for Peruvian banks.

In addition, we shall furnish to the holders of the Notes and to prospective investors, upon the requests of such holders, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as such Notes are not freely transferable under the Exchange Act by "persons" who are not "affiliates" under the Securities Act.

In addition, if and so long as the Notes are admitted to listing on the Official List of the LSE and to trading on the Euro MTF Market and the rules of the LSE so require, copies of such reports and information furnished to the trustee will also be made available at the specified office of the paying agent in Luxembourg.

Listing

In the event that the Notes are admitted to listing on the Official List of the LSE and to trading on the Euro MTF Market, we will use our reasonable best efforts to maintain such listing, provided that if, as a result of the European Union regulated market amended Directive 2001/34/EC (the "Transparency Directive") or any legislation implementing the Transparency Directive we could be required to publish financial information either more regularly than we otherwise would be required to or according to accounting principles which are materially different from the accounting principles which we would otherwise use to prepare our published financial information, or we determine that it is unduly burdensome to maintain a listing on the LSE, we may delist the Notes from the Euro MTF Market in accordance with the rules of the LSE and seek an alternative admission to listing, trading and/or quotation for the Notes on a different section of the LSE or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as we may decide. Although we cannot assure you as to the liquidity that may result from a listing on the LSE, delisting the Notes from the LSE may have a material effect on the ability of holders of the Notes to resell the Notes in the secondary market.

Events of Default

An “Event of Default,” with respect to the Notes is defined in the indenture as:

- (i) our default in the payment of any principal of any of the Notes, when due and payable, whether at maturity or otherwise;
- (ii) our default in the payment of any interest or any Additional Amounts when due and payable on any of the Notes and the continuance of such default for a period of 30 days;
- (iii) our default in the performance or observance of any other term, covenant, warranty, or obligation in respect of the Notes or the indenture, not otherwise expressly defined as an Event of Default in clauses (i) or (ii) above, and the continuance of such default for more than 60 days after written notice of such default has been given to us by the trustee or the holders of at least 25% in aggregate principal amount of the Notes outstanding specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default”;
- (iv) the occurrence with respect to any of our Indebtedness (as defined below) or any of our “significant subsidiaries” (as defined in Article 1, Rule 1-02 (w)(1) or (2) of Regulation S-X promulgated under the Securities Act, as such regulation is in effect on the date of the indenture) Indebtedness having an outstanding principal amount of \$50,000,000 or more in the aggregate for all such Indebtedness of all such persons (a) of an event of default that results in such Indebtedness being accelerated prior to its scheduled maturity or (b) failure to make any payment of such Indebtedness when due and such defaulted payment is not made, waived or extended within the applicable grace period;
- (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;
- (vi) any proceeding is instituted by or against us or any of our significant subsidiaries seeking to adjudicate us or any of our significant subsidiaries bankrupt or insolvent, or seeking the liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of any Indebtedness, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for us or any of our significant subsidiaries or for any substantial part of our property or any of our significant subsidiaries’ property, 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 us or any of our 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, “Indebtedness” means (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 Indebtedness referred to in clauses (i) through (iv) above.

The indenture provides that (i) if an Event of Default (other than an Event of Default described in clauses (v), (vi) and (vii) above) shall have occurred and be continuing with respect to the Notes, either the trustee or the holders of not less than 25% of the total principal amount of the Notes then outstanding may declare the principal of all outstanding Notes and the interest accrued thereon, if any, to be due and payable immediately and (ii) if an Event of Default described in clauses (v), (vi) and (vii) above shall have occurred, the principal of all outstanding Notes and the interest accrued thereon, if any, shall become and be immediately due and payable without any declaration or

other act on the part of the trustee or any holder of Notes. In this case, we will be required, without limiting any of our payment obligations under the Notes, to duly comply with any and all then-applicable Central Bank regulations for remittance of funds outside of Peru. The indenture provides that the Notes owned by us or any of our affiliates shall be deemed not to be outstanding for, among other purposes, declaring the acceleration of the maturity of the Notes. Upon the satisfaction by us of certain conditions, the declaration described in clause (i) of this paragraph may be annulled by the holders of a majority of the total principal amount of the Notes then outstanding. Past defaults, other than non-payment of principal, interest and compliance with certain covenants, may be waived by the holders of a majority of the total principal amount of the Notes outstanding.

In the event of any Event of Default specified in clause (iv) above, such Event of Default and all consequences thereof shall be annulled, waived and rescinded, automatically and without any action by the trustee or the holders of the Notes, if within 60 days after we or our significant subsidiaries received notice of such acceleration or failed to make a principal payment, and before the entering of any judgment:

- (x) the Indebtedness that is the basis for such Event of Default has been discharged;
- (y) the holders thereof have rescinded, annulled or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or
- (z) the default that is the basis for such Event of Default has been cured.

Payment of Additional Amounts

All payments in respect of the Notes will be made free and clear of and without any deduction or withholding for or on account of any present or future Taxes (as defined below), unless the withholding or deduction of such Taxes 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 we are required by any law of any Taxing Jurisdiction (as defined below) to withhold or deduct any Taxes from or in respect of any sum payable under the Notes, we shall (i) pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts receivable by holders of any Notes after such withholding or deduction shall equal the respective amounts which would have been receivable by such holder 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 will 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 connection with the 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 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 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, (2) if the certification, identification or other reporting requirement does not concern nationality, residence or identity with the Taxing Jurisdiction, the holder (or beneficial owner) is able to comply with these requirements without undue hardship and (3) we have given the holders (or beneficial owners) at least 30 calendar days prior notice that they will be required to comply with such requirement;
- (iv) in the event that the holder fails to surrender (where surrender is required) its Note for payment within 30 days after we have made available a payment of principal or interest, provided that we will pay Additional Amounts to which a holder would have been entitled had the Note been surrendered on the last day of such 30-day period;

(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) where such withholding or deduction of Taxes is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other directive on the taxation of savings implementing the conclusions of the European Council of Economic and Finance Ministers (“ECOFIN”) meeting of June 3, 2003 or any law implementing or complying with, or introduced in order to conform to, such directive;

(vii) by or on behalf of a holder who has been able to avoid such withholding or deduction of Taxes by presenting the relevant Note to another available paying agent of BCP in a member state of the European Union;

(viii) where such withholding or deduction is imposed on or in respect of any Note pursuant to sections 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

(ix) any combination of items (i) to (viii) above.

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.

“Taxes” means, with respect to payments on the 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 “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 Indenture (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 the Indenture

Subject to applicable Peruvian banking regulations, we and the trustee may, without the consent of the holders of the Notes, amend, waive or supplement the indenture or the Notes for certain specified purposes, including, among other things, curing ambiguities, defects, omissions or inconsistencies, to conform the text of the indenture or the Notes to any provision in this “Description of the Notes” or making any other provisions with respect to matters or questions arising under the indenture or the Notes or making any other change as will not adversely affect the interests of any holder of the Notes in any material respect. Without the consent of any holder of the Notes, we and the trustee may amend the indenture to evidence the assumption by a successor corporation of our covenants contained in the indenture and the Notes, to add to our covenants, or to surrender any right or power conferred by the indenture upon us, for the benefit of the holders of the Notes, to establish any form of security as provided for in the indenture and the issuance of and terms thereof, to add to the rights of the holders of the Notes, and to evidence and provide for the acceptance of a successor trustee.

In addition, with certain exceptions, we and the trustee may amend, waive or supplement the indenture or the Notes with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding, but no such modification may be made without the consent of the holder of each outstanding Note affected thereby which would:

(i) change the maturity of any payment of principal of or any installment of interest on any Note, or reduce the principal amount thereof or the interest or premium payable thereon, or change the method of computing the amount of principal thereof or interest or premium, if any, payable thereon on any date or change any place of payment where, or the coin or currency in which, any principal or interest or premium thereon are payable, or impair the right of holders to institute suit for the enforcement of any such payment on or after the date when due; or

(ii) reduce the percentage in aggregate principal amount of the outstanding Notes, the consent of whose holders is required for any such amendment, supplement or waiver or the consent of whose holders is required for any waiver of compliance with certain provisions of the indenture or certain defaults thereunder and their consequences provided for in the indenture; or

(iii) modify any of the provisions of certain sections of the indenture with respect to the Notes, including the provisions summarized in this paragraph, except to increase any such percentage or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding Note affected thereby.

The indenture provides that the Notes owned by us or any of our affiliates shall be deemed not to be outstanding for, among other purposes, consenting to any such modification.

Registrar, Transfer Agent and Paying Agents

The Bank of New York Mellon will act as our agent as security registrar for the Notes. The Bank of New York Mellon will also act as paying agent for the Notes. We have the right at any time to vary or terminate the appointment of any paying agents and to appoint additional or successor paying agents in respect of the Notes. Registration of transfers of the Notes will be effected without charge, but upon payment (with the giving of such indemnity as we may require) in respect of any tax or other governmental charges that may be imposed in relation to it. We will not be required to register or cause to be registered the transfer of the Notes after the Notes have been called for redemption. Application has been made to admit the Notes for listing on the Official List of the LSE and to trading on the Euro MTF Market. As long as the Notes are listed on this market, we will also maintain a paying agent and a transfer agent in Luxembourg.

The Trustee

The Bank of New York Mellon is the trustee under the indenture. The indenture provides that during the existence of an Event of Default, the trustee will exercise the rights and powers vested in it by the indenture, using the same degree of care and skill as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. In the absence of an Event of Default, the trustee need only perform the duties specifically set forth in the indenture. The indenture does not contain limitations on the rights of the trustee under the indenture, should it become our creditor, to obtain payment of claims. The trustee is not precluded from engaging in other transactions and, if it acquires any conflicting interest, it is not required to eliminate such conflict or resign. The address of the trustee is The Bank of New York Mellon, 101 Barclay Street, Floor 4 East, New York, New York 10286.

Notices

From and after the date the Notes are listed on the Euro MTF Market and so long as a listing on the Euro MTF Market is maintained or is required by the rules of the LSE, all notices to holders of Notes will be published in English:

(1) in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*); or

(2) if such Luxembourg publication is not practicable, in one other leading English language newspaper being published on each day in morning editions, whether or not it shall be published in Saturday, Sunday or holiday editions.

Notices shall be deemed to have been given on the date of publication as aforesaid or, if published on different dates, on the date of the first such publication. Notices to holders may also be published on the website of the LuxSE (www.bourse.lu).

Notices to be given to holders of a global note will be given only to DTC in accordance with its applicable policies as in effect from time to time. Notices to be given to holders of Notes not in global form will be sent by mail to the respective addresses of the holders as they appear in the security register maintained by the security registrar, and will be deemed given when mailed. Neither the failure to give notice to a particular holder, nor the defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder.

Governing Law; Submission to Jurisdiction

The Notes are being issued as senior Notes under Article 234 of the Peruvian Banking Law, and the indenture provides that it and the Notes will be governed by, and be construed in accordance with, the laws of the State of New York, without giving effect to the applicable principles of conflict of laws.

We have consented to the 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, The City of New York, New York, United States, and any appellate court from any of these courts, and to the courts of our own corporate domicile, in respect of actions brought against us as defendants, and have waived any immunity from the jurisdiction of these courts over any suit, action or proceeding that may be brought by the trustee or a holder based upon the indenture and the Notes and have waived any right to be sued in any other jurisdiction to which we may be entitled on account of place of residence and domicile. We have appointed National Registered Agents, Inc. as our initial authorized agent upon which all writs, process and summonses may be served in any suit, action or proceeding brought by the trustee or a holder based upon the indenture or the Notes against us in any court of the State of New York or any United States Federal court sitting in the Borough of Manhattan, The City of New York and have agreed that such appointment shall be irrevocable so long as any of the Notes remain outstanding or until the irrevocable appointment by us of a successor in The City of New York as its authorized agent for such purpose and the acceptance of such appointment by such successor.

Book-Entry System; Delivery and Form

The Notes are being offered and sold in connection with the initial offering thereof solely to “qualified institutional buyers,” as that term is defined in Rule 144A under the Securities Act, pursuant to Rule 144A, and in offshore transactions to persons other than “U.S. persons,” as defined in Regulation S under the Securities Act, in reliance on Regulation S. Following the initial offering of the Notes, the Notes may be resold to qualified institutional buyers pursuant to Rule 144A, non-U.S. persons in offshore transactions in reliance on Regulation S, and pursuant to Rule 144 under the Securities Act, as described under “Notice to Investors.”

The Global Notes

Rule 144A Global Note

Notes offered and sold to qualified institutional buyers pursuant to Rule 144A will initially be issued in the form of one or more registered Notes in global form, without interest coupons. The Rule 144A global note will be deposited on the date of the closing of the sale of the Notes with, or on behalf of, The Depository Trust Company, or DTC and registered in the name of Cede & Co., as nominee of DTC, and will remain in the custody of The Bank of New York Mellon, as custodian pursuant to the FAST Balance Certificate Agreement between DTC and The Bank of New York Mellon, as custodian. Interests in the Rule 144A global note will be available for purchase only by qualified institutional buyers.

Regulation S Global Note

Notes offered and sold in offshore transactions to non-U.S. persons in reliance on Regulation S under the Securities Act will initially be issued in the form of one or more registered notes in global form, without interest coupons. The Regulation S global note will be deposited upon issuance with, or on behalf of, a custodian for DTC in the manner described in the preceding paragraph for credit to the respective accounts of the purchasers, or to such

other accounts as they may direct, at Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”) or Clearstream Banking, *société anonyme* (“Clearstream”) as participants in DTC.

Investors may hold their interests in the Regulation S global note directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations which are participants in such systems. After the expiration of the Restricted Period (defined below under “—Exchanges Among the Global Notes”), investors may also hold such interests through organizations other than Euroclear or Clearstream that are participants in the DTC system. Euroclear and Clearstream will hold such interests in the Regulation S global note on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositaries. Such depositaries, in turn, will hold such interests in the Regulation S global note in customers’ securities accounts in the depositaries’ names on the books of DTC.

Except as set forth below, the Rule 144A global note and the Regulation S global note, collectively referred to in this section as the “global notes,” may be transferred, in whole and not in part, solely to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in respect of the global notes may not be exchanged for Notes in physical, certificated form (referred to as “certificated notes”) except in the limited circumstances described below.

The Notes will be subject to certain restrictions on transfer and will bear a restrictive legend as set forth under “Notice to Investors.”

All interests in the global notes, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems.

Exchanges Among the Global Notes

Prior to the 40th day after the later of the commencement of the offering of the Notes and the date of the closing of the sale of the Notes (through and including the 40th day, the “Restricted Period”), transfers by an owner of a beneficial interest in respect of the Regulation S global note to a transferee who takes delivery of this interest through the Rule 144A global note will be made only in accordance with applicable procedures and upon receipt by the trustee of a written certification from the transferor of the beneficial interest in the form provided in the indenture to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A. Such written certification will no longer be required after the expiration of the Restricted Period.

Transfers by an owner of a beneficial interest in respect of the Rule 144A global note to a transferee who takes delivery of such interest through the Regulation S global note, whether before or after the expiration of the Restricted Period, will be made only upon receipt by the trustee of a certification from the transferor in the form provided in the indenture to the effect that such transfer is being made in accordance with Regulation S or (if available) Rule 144 under the Securities Act and that, if such transfer is being made prior to the expiration of the Restricted Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Any beneficial interest in respect of one of the global notes that is transferred to a person who takes delivery in the form of an interest in another global note will, upon transfer, cease to be an interest in such global note and become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other global note for as long as it remains such an interest.

Certain Book-Entry Procedures for the Global Notes

The descriptions of the operations and procedures of DTC, Euroclear and Clearstream set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. Neither we, the trustee nor the initial purchasers take any responsibility for these operations or procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

DTC has advised us that it is (i) a limited purpose trust company organized under the laws of the State of New York, (ii) a “banking organization” within the meaning of the New York Banking Law, (iii) a member of the Federal Reserve System, (iv) a “clearing corporation” within the meaning of the Uniform Commercial Code, as amended, and (v) a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitates the clearance and settlement of securities transactions between participants through electronic book-entry changes to the accounts of its participants, thereby eliminating the need for physical transfer and delivery of certificates. DTC’s participants include securities brokers and dealers (including the initial purchasers), banks and trust companies, clearing corporations and certain other organizations. Indirect access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies, or indirect participants that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Investors who are not participants may beneficially own securities held by or on behalf of DTC only through participants or indirect participants.

We expect that pursuant to procedures established by DTC (i) upon deposit of each global note, DTC will credit the accounts of participants designated by the initial purchasers with an interest in the global note and (ii) ownership of the Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the interests of participants) and the records of participants and the indirect participants (with respect to the interests of persons other than participants).

The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Accordingly, the ability to transfer interests in the Notes represented by a global note to such persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in Notes represented by a global note to pledge or transfer such interest to persons or entities that do not participate in DTC’s system, or to otherwise take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a global note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by the global note for all purposes under the indenture. Except as provided below, owners of beneficial interests in respect of a global note will not be entitled to have Notes represented by such global note registered in their names, will not receive or be entitled to receive physical delivery of certificated Notes, and will not be considered the owners or holders thereof under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee thereunder. Accordingly, each holder owning a beneficial interest in respect of a global note must rely on the procedures of DTC and, if such holder is not a participant or an indirect participant, on the procedures of the participant through which such holder owns its interest, to exercise any rights of a holder of Notes under the indenture or such global note. We understand that under existing industry practice, in the event that we request any action of holders of Notes, or a holder that is an owner of a beneficial interest in respect of a global note desires to take any action that DTC, as the holder of such global note, is entitled to take, DTC would authorize the participants to take such action and the participants would authorize holders owning through such participants to take such action or would otherwise act upon the instruction of such holders. Neither we nor the trustee or any paying agent, security registrar or transfer agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of Notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to such Notes.

Payments with respect to the principal of, premium, if any, liquidated damages, if any, and interest on any Notes represented by a global note registered in the name of DTC or its nominee on the applicable record date will be payable by the trustee to or at the direction of DTC or its nominee in its capacity as the registered holder of the global note representing such Notes under the indenture. Under the terms of the indenture, we and the trustee, the paying agents, the security registrar and the transfer agents may treat the persons in whose names the Notes, including the global notes, are registered as the owners thereof for the purpose of receiving payment thereon and for any and all other purposes whatsoever. Accordingly, neither we nor the trustee, any paying agent, security registrar or transfer agent has or will have any responsibility or liability for the payment of such amounts to owners of beneficial interests in respect of a global note (including principal, premium, if any, liquidated damages, if any, and interest). Payments by the participants and the indirect participants to the owners of beneficial interests in respect of

a global note will be governed by standing instructions and customary industry practice and will be the responsibility of the participants or the indirect participants and DTC.

Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary. However, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a global note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received in Euroclear or Clearstream as a result of sales of interest in a global note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the global notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the trustee or any paying agent, security registrar or transfer agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes

If (i) we notify the trustee in writing that DTC is no longer willing or able to act as a depositary or DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days of such notice or cessation, (ii) we, at our option, notify the trustee in writing that we elect to cause the issuance of certificated notes under the indenture, (iii) upon the request of any holder subsequent to the occurrence of any Event of Default or (iv) upon the occurrence of certain other events as provided in the indenture, then, upon surrender by DTC of the global notes, certificated notes will be issued to each person that DTC identifies as the beneficial owner of the Notes represented by the global notes. Upon any such issuance, the trustee is required to register such certificated notes in the name of such person or persons (or the nominee of any thereof) and cause the same to be delivered thereto.

Neither we nor the trustee, any paying agent, security registrar or transfer agent shall be liable for any delay by DTC or any participant or indirect participant in identifying the beneficial owners of the related Notes and each such person may conclusively rely on, and shall be protected in relying on, instructions from DTC for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the Notes to be issued).

Replacement of Notes

In case of mutilated, destroyed, lost or stolen Notes, application for replacement thereof may be made to the trustee or us. Any such Note shall be replaced by the trustee in compliance with such procedures, on such terms as

to evidence and indemnification as the trustee and we may require and subject to any applicable law or regulation. All such costs as may be incurred in connection with the replacement of any Notes shall be borne by the applicant. Mutilated Notes must be surrendered before new ones will be issued.

BENEFIT PLAN CONSIDERATIONS

The notes may be purchased and held by or with the assets of an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), an individual retirement account or other plan subject to Section 4975 of the Code (collectively, “Plans”) or an employee benefit plan sponsored by a state or local government or otherwise subject to laws that include restrictions substantially similar to Section 406 of ERISA or Section 4975 of the Code (“similar laws”). A fiduciary of an employee benefit plan subject to ERISA must determine that the purchase and holding of notes is consistent with its fiduciary duties under ERISA.

In addition, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons who have specified relationships to the Plan, *i.e.*, “parties in interest” as defined in ERISA or “disqualified persons” as defined in Section 4975 of the Code (collectively referred to as “parties in interest”), unless exemptive relief is available under a class exemption issued by the U.S. Department of Labor or a statutory exemption. Parties in interest that engage in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. We, and our current and future affiliates, may be parties in interest with respect to many Plans. Thus, each fiduciary who is, or is acting on behalf of, a Plan or a plan subject to similar laws must determine whether an investment in the notes might constitute or give rise to a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or any similar law. Each purchaser or holder of the notes, and each fiduciary who causes any entity to purchase or hold the notes will be deemed by its purchase and holding to have represented and warranted on each day such purchaser or holder holds such notes, that either (i) it is neither a Plan nor a plan subject to similar laws and it is not purchasing or holding notes on behalf of or with the assets of any Plan or plan subject to similar laws; or (ii) its purchase, holding and subsequent disposition of the notes shall not constitute or give rise to a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any similar law.

Fiduciaries of any Plans or plans subject to similar law should consult their own legal counsel before purchasing the notes. Each purchaser of notes will have exclusive responsibility for ensuring that its purchase, holding and subsequent disposition of the notes does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any similar laws. Nothing herein shall be construed as a representation that an investment in the notes would meet any or all of the relevant legal requirements with respect to investments by, or is appropriate for, Plans or plans subject to similar law generally or any particular Plan or plan subject to similar law.

TAXATION

The following discussion summarizes certain Peruvian and U.S. federal income tax considerations that may be relevant to you if you purchase, own or sell the notes. This summary is based on laws, regulations, rulings and decisions now in effect in each of these jurisdictions, including any relevant tax treaties. Any change could apply retroactively and could affect the continued validity of this summary.

This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules.

You should consult your tax advisor about the tax consequences of acquiring, holding and disposing of the notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local or other tax laws.

Peruvian Tax Considerations

The following summary of certain Peruvian tax matters as in force on the date of this offering memorandum 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 a beneficial owner 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 a beneficial owner of a note who is not a Peruvian Holder.

Peru has entered into treaties with various countries to avoid double taxation, and is in the process of entering into similar treaties with Spain. The following are the countries with which Peru has executed treaties to avoid double taxation, all of which are currently in effect: Bolivia, Brazil, Canada, Chile, Colombia and Ecuador.

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%. Accordingly, interest paid on the notes will be subject to withholding at this preferential rate of 4.99%.

We are required to act as withholding agent for any income tax due with respect to interest paid on the notes. We have 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—Additional Amounts.”

Sale of the Notes

Any gain arising from the sale, exchange or other disposition of the beneficial interest in the notes would not be subject to Peruvian income tax, except with respect to Peruvian Holders. Prospective purchasers should discuss with their own tax advisors the application of any income tax described herein to their particular situations.

Value added tax

Interest paid on the notes is subject to Peruvian value added tax (*Impuesto General a las Ventas*, or “VAT”) at a rate of 18% if the proceeds from the offering of the notes are used in Peru. Under Peruvian tax laws, we are

responsible and the sole obligors before the Peruvian tax administration for any VAT applicable to interest payments on the notes and will be entitled to VAT credit for such payments.

Notwithstanding the above, according to Supreme Decree No. 099-2011-EF, interest paid on securities, such as the notes, issued pursuant to an international offering by a legal entity incorporated or established in Peru will be exempt from VAT if (i) the notes and the corresponding offering memorandum are registered with the SMV; (ii) the international offering has a ‘placement tranche’ in Peru, and (iii) the international offering is made pursuant to Supreme Decree No. 093-2002-EF (*Texto Único Ordenado de la Ley del Mercado de Valores*) or Legislative Decree No. 862 (*Ley de Fondos de Inversión y sus Sociedades Administradoras*). The aforementioned exemption will be in effect until December 31, 2015. Although it is customary to extend these VAT exemptions, there can be no guarantee that the exemption will be renewed after December 31, 2015. We expect to comply with the VAT exemption requirements and, therefore, expect that interest payments on the notes will be exempted from VAT until the exemption expires.

The sale, exchange or disposition of 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 Nuevos Soles or foreign currency, are levied with a financial transactions tax (“FTT”) at a 0.005% rate. Therefore, FTT will levy the price paid for and the interest resulting from the notes if deposited in or withdrawn from a Peruvian bank or other financial institution, as the case may be.

U.S. Federal Income Tax Considerations

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT THIS TAX DISCLOSURE WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE COMPANY OF THE NOTES, AND IT CANNOT BE USED BY ANY U.S. TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE ASSERTED AGAINST THE HOLDER UNDER THE CODE. U.S. TAXPAYERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a description of certain U.S. federal income tax consequences that may be relevant to the acquisition, ownership and disposition of the notes by U.S. Holders, as defined below. This description addresses only the U.S. federal income tax considerations applicable to U.S. Holders that purchase notes pursuant to this offering for the “issue price,” which 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 and that will hold the notes as capital assets (generally, assets held for investment). This description does not address tax considerations applicable to holders that may be subject to special tax rules, including:

- certain financial institutions;
- insurance companies;
- real estate investment trusts or regulated investment companies;
- dealers or traders in securities;
- tax-exempt entities;
- persons that will hold the notes as part of a “conversion” transaction or as a position in a “straddle” for U.S. federal income tax purposes;
- persons subject to the U.S. federal alternative minimum tax;
- persons that have a “functional currency” other than the U.S. dollar; or

- partnerships or other entities classified as partnerships for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership (including any entity classified as a partnership for U.S. federal income tax purposes) that holds notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships and partners in such partnerships should consult their tax advisors concerning the U.S. federal income tax consequences to them of the acquisition, ownership and disposition of the notes by the partnership.

This description is based on the Code, existing, proposed and temporary U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as of the date hereof. U.S. tax laws and the interpretation thereof are subject to change, which change could apply retroactively and could affect the tax consequences described below.

For purposes of this description, a “U.S. Holder” is a beneficial owner of the notes for U.S. federal income tax purposes that is:

- a citizen or individual resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof, including the District of Columbia;
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source, or
- a trust (1) that has validly elected to be treated as a U.S. person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

This discussion does not address any U.S. federal tax consequences other than U.S. federal income tax consequences (such as the estate and gift tax or the Medicare tax on net investment income). This discussion also does not address U.S. state, local and non-U.S. tax consequences. You should consult your tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning or disposing of the notes, in your particular circumstances.

Payments of Interest

Interest paid on a note (including any Additional Amounts) will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder’s method of accounting for federal income tax purposes.

The amount of interest taxable as ordinary income will include any amounts withheld in respect of Peruvian taxes. Interest income earned by a U.S. Holder with respect to a note will constitute foreign-source income for U.S. federal income tax purposes, which may be relevant to a U.S. Holder in calculating the U.S. Holder’s foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. In addition, certain Peruvian taxes, if any withheld from interest income on a note may be eligible for credit against the U.S. Holder’s U.S. federal income tax liability, subject to generally applicable limitations and conditions, or, at the election of the U.S. Holder, for deduction in computing the U.S. Holder’s taxable income. Generally, only income taxes (or taxes in lieu of income taxes) qualify for the foreign tax credit. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances.

Sale, Exchange, Retirement or Other Taxable disposition

Upon the sale, exchange, retirement or other taxable disposition of a note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, retirement or other taxable disposition and the U.S. Holder’s tax basis in the note. Gain or loss, if any, will generally be U.S.-source income for purposes of computing a U.S. Holder’s foreign tax credit limitation. For these purposes, the amount realized does not include any amount attributable to accrued interest, which will be taxed as interest. The U.S. Holder’s tax basis

in a note generally will equal the U.S. Holder's cost for acquiring the note. The U.S. Holder's gain or loss will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange, retirement or other taxable disposition the note has been held for more than one year. If you are a non-corporate U.S. holder, the maximum marginal U.S. federal income tax rate applicable to long-term capital gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income (other than certain dividends). The deductibility of capital losses is subject to limitations.

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 disposition of the notes, unless such U.S. holder is exempt from information reporting and, when required, demonstrates this fact. Any such payments or proceeds to a U.S. holder that are subject to information reporting generally will be subject to U.S. backup withholding if the U.S. Holder fails to provide its taxpayer identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisors concerning the application of information reporting and backup withholding rules.

Foreign Asset Reporting

Certain U.S. holders who are individuals (and under proposed Treasury regulations, certain entities) may be required to report information relating to an interest in the notes, subject to certain exceptions (including an exception for notes held in accounts maintained by U.S. financial institutions). U.S. holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of the notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement among us and the initial purchasers, we have agreed to sell to the initial purchasers, and each of the initial purchasers has agreed, severally and not jointly, to purchase from us, the principal amount of notes set forth opposite its name below in the cash offering.

Initial Purchaser	Principal Amount of Notes
Citigroup Global Markets, Inc.....	U.S.\$175,000,000
J.P. Morgan Securities LLC.....	U.S.\$175,000,000
Total.....	U.S.\$350,000,000

BCP Capital Financial Services S.A. is not an initial purchaser nor has it conducted any placement activities within the U.S. or to U.S. persons. In addition, Credibolsa, our affiliate, is acting as placement agent solely with respect to the placement of the notes in Peru.

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the notes sold under the purchase agreement if any of these notes are purchased.

We have agreed to indemnify the initial purchasers and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part. The initial purchasers may offer and sell the Notes through any of their affiliates.

Commissions and Discounts

The initial purchasers propose initially to offer the notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed.

Notes Are Not Being Registered

The notes have not been registered under the Securities Act or any state securities laws. The initial purchasers propose to offer the notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The initial purchasers will not offer or sell the notes except to persons they reasonably believe to be qualified institutional buyers or pursuant to offers and sales to non-U.S. persons that occur outside of the United States within the meaning of Regulation S. In addition, until 40 days following the commencement of this offering, an offer or sale of notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the notes will be deemed to have made acknowledgments, representations and agreements as described under "Notice to Investors."

New Issue of Notes

The notes are a new issue of securities with no established trading market. Although we have applied to have the notes listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, we cannot assure you that an active market for the notes will develop. We have been advised by the initial purchasers that they may make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the

liquidity of the trading market for the notes. If an active trading market for the notes 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 on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors. See “Risk Factors—Risk Factors Relating to the Notes—The notes constitute a new issue of securities for which there is no existing market, and we cannot assure you that you will be able to sell your notes in the future.”

Settlement

Delivery of the notes for the cash offer was made to investors on April 1, 2013, which was the fifth business day following the date of this offering memorandum (such settlement being referred to as “T+5”). Under Rule 15c6-1 of the SEC, under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wished to trade on the date of pricing were required, by virtue of the fact that the notes will initially settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement.

The Early Exchange Settlement Date was April 13, 2013. On the Early Exchange Settlement Date, we settled the exchange of all Existing Notes that had been validly tendered, and not validly withdrawn, at or prior to the Early Exchange Date. The Final Exchange Settlement Date was April 23, 2013. On the Final Exchange Settlement Date we settled the exchange of all Existing Notes that had been validly tendered after the Early Exchange Date and at or prior to the Expiration Date.

No Sales of Similar Securities

We have agreed that, for a period of 45 days after the date of this offering memorandum, we will not, without first obtaining the prior written consent of Citigroup Global Markets, Inc. and J.P. Morgan Securities LLC, directly or indirectly, issue, sell, offer to contract or grant any option to sell, pledge, transfer or otherwise dispose of, any of our debt securities substantially similar to the notes offered hereby in the international capital markets, except for the notes sold to the initial purchasers pursuant to the purchase agreement.

Short Positions

In connection with the offering, the initial purchasers may purchase and sell the notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of notes than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the initial purchasers’ purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in 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.

Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the initial purchasers make any representation that the initial purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

The initial purchasers and/or their affiliates may enter into derivative and/or structured transactions with clients, at their request, in connection with the notes, and the initial purchasers and/or their affiliates may also purchase some of the notes to hedge their risk exposure in connection with such transactions. Also, the initial purchasers and/or their affiliates may acquire the notes for their own proprietary accounts. Such acquisitions may have an effect on demand for and the price of the notes.

Other Relationships

Affiliates of the initial purchasers are lenders and arrangers under certain of our debt facilities. Some of the initial purchasers 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 us or our 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 initial purchasers 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 ours or our affiliates. If any of the initial purchasers or their affiliates has a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, such initial purchasers 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 our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers 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.

Credibolsa, which is serving as placement agent for the notes in Peru, and BCP Capital, which is acting as a Joint Lead manager, are subsidiaries of our parent company, Credicorp.

Selling Restrictions

Notice to Prospective Investors in Peru

In Peru this constitutes a public offering directed exclusively to “institutional investors” under CONASEV Resolution No. 079-2008-EF/94.01.1, as amended.

The Notes and this offering memorandum have been registered with the SMV in accordance with the procedure set forth in Section IV.2.A.b.4 of the Manual for Compliance with the Requirements Applicable to the Public Offering of Securities (*Manual para el Cumplimiento de los Requisitos Aplicables a Ofertas Públicas de Valores Mobiliarios*), as amended by SMV Resolution No. 004-2011-EF/94.01.1, applicable to U.S. offerings in reliance of Rule 144A of the Securities Act with a Peruvian component.

In order to purchase the Notes, each “institutional investor” in Peru must sign an statement representing (a) that it is an “institutional investor” (as such term is defined in the Seventh Final Disposition of CONASEV Resolution No. 141-98-EF/94.10, as amended); and (b) that it understands (i) the differences in the accounting and tax treatment in Peru and the country or countries where the Notes will be traded, and (ii) the terms and conditions of the Notes.

Notice to Prospective Investors in the EEA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) an offer to the public of any notes which are the subject of the offering contemplated by this offering memorandum may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any notes may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) by the initial purchasers to fewer than 100 natural or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, or legal persons (other than “qualified investors” as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of notes shall result in a requirement for the publication by us or any representative of a prospectus pursuant to Article 3 of the Prospectus Directive.

Any person making or intending to make any offer of notes within the EEA should only do so in circumstances in which no obligation arises for us or any of the initial purchasers to produce a prospectus for such offer. Neither we nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes through any financial intermediary, other than offers made by the initial purchasers which constitute the final offering of notes contemplated in this offering memorandum.

For the purposes of this provision, and your representation below, the expression an “offer to the public” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any notes to be offered so as to enable an investor to decide to purchase any notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any notes under, the offer of notes contemplated by this offering memorandum will be deemed to have represented, warranted and agreed to and with us and each initial purchaser that:

- (a) it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- (b) in the case of any notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the notes acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than “qualified investors” (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (ii) where notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those notes to it is not treated under the Prospectus Directive as having been made to such persons.

Any offer or sale of the notes in any member state of the European Economic Area which has implemented the Prospectus Directive must be addressed to qualified investors (as defined in the Prospectus Directive).

Notice to Prospective Investors in the United Kingdom

With respect to offers and sales in the United Kingdom each initial purchaser has represented and agreed that:

- it has only communicated and 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 Financial Services and Markets Act of 2000, or “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 issuer; and
- 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.

Notice to Prospective Investors in Hong Kong

The notes may not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures ordinance (Cap. 571, Laws of Hong Kong) and any rules made under that Ordinance or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32, Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of the issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Securities which 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 (Cap. 571, Laws of Hong Kong) or any rules made under that Ordinance.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Future Act, Chapter 289 of Singapore (the “SFA”), (ii) to a “relevant person” as defined in Section 275(2) of the SFA, or any person pursuant to Section 275 (1A), 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 and 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 (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary is an accredited investor;

shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferable within six months after that corporation or that trust has acquired the notes under Section 275 of the SFA except:

- (i) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA) and in accordance with the conditions, specified in Section 275 of the SFA;
- (ii) (in the case of a corporation) where the transfer arises from an offer referred to in Section 275(1A) of the SFA, or (in the case of a trust) where the transfer arises from an offer that is made on terms that such rights or interests are acquired at a consideration of not less than \$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets;
- (iii) where no consideration is or will be given for the transfer; or
- (iv) where the transfer is by operation of law.

By accepting this offering memorandum, the recipient hereof represents and warrants that he is entitled to receive it in accordance with the restrictions set forth above and agrees to be bound by limitations contained herein. Any failure to comply with these limitations may constitute a violation of law.

Notice to Prospective Investors in Switzerland

The notes may not be offered or sold, directly or indirectly, in Switzerland except in circumstances that will not result in the offer of the notes being a public offering in Switzerland within the meaning of the Swiss Federal Code of Obligations (“CO”). Neither this prospectus supplement and the accompanying prospectus nor any other offering or marketing material relating to the notes constitutes a prospectus as that term is understood pursuant to Article 652a or 1156 CO, and neither this prospectus supplement and the accompanying prospectus nor any other offering material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland. The notes are not authorized by or registered with the Swiss Financial Market Supervisory Authority as a foreign collective investment scheme. Therefore, investors do not benefit from protection under the Swiss Federal Act on Collective Investment Schemes or supervision by the Swiss Financial Market Supervisory Authority.

NOTICE TO INVESTORS

The notes have not been registered, and will not be registered, under the Securities Act or any state securities laws, and the notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the notes are being offered and sold only:

- in the United States to qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A under the Securities Act; and
- outside of the United States, to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act.

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of notes (other than the initial purchasers in connection with the initial issuance and sale of notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

- (1) it is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made pursuant to Rule 144A or (b) a non-U.S. person that is outside the United States;
- (2) it acknowledges that the notes have not been registered under the Securities Act or with any securities regulatory authority of any state and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (3) it understands and agrees that notes initially offered in the United States to qualified institutional buyers will be represented by a global note and that notes offered outside the United States pursuant to Regulation S will also be represented by a global note;
- (4) it will not resell or otherwise transfer any of such notes except (a) to us or any of our subsidiaries, (b) within the United States to a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (c) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act, (d) pursuant to an exemption from registration under the Securities Act (if available) or (e) 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 other jurisdictions;
- (5) either (i) it is neither an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), an individual retirement account or other plan subject to Section 4975 of the Code (collectively, “Plans”) nor an employee benefit plan sponsored by a state or local government or otherwise subject to laws that include restrictions substantially similar to Section 406 of ERISA or Section 4975 of the Code (“similar laws”) and it is not purchasing or holding notes on behalf of or with the assets of any Plan or plan subject to similar laws; or (ii) its purchase, holding and subsequent disposition of the notes shall not constitute or give rise to a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any similar law;
- (6) it agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes;
- (7) it acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement or in respect of notes sold or transferred either pursuant to (a) Rule 144A or (b) Regulation S) the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the indenture;

(8) it acknowledges that the trustee, registrar or transfer agent for the notes may not be required to accept for registration or transfer of any notes acquired by it, except upon presentation of evidence satisfactory to the Issuer that the restrictions set forth herein have been complied with;

(9) it acknowledges that we, the initial purchasers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the notes are no longer accurate, it will promptly notify us and the initial purchasers; and

(10) if it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

Resale Restrictions in Peru

Each purchaser of the Notes in Peru represent (a) that it is an “institutional investor” (as such term is defined in the Seventh Final Disposition of CONASEV Resolution No. 141-98-EF/94.10); and (b) that it understands (i) the differences in the accounting and tax treatments in Peru and the country or countries where the securities will be traded and (ii) the terms and conditions of the securities.

Legends

The following is the form of restrictive legend which will appear on the face of the Rule 144A global note and which will be used to notify transferees of the foregoing restrictions on transfer. This legend will only be removed with our consent. If we so consent, it will be deemed to be removed.

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE OR OTHER SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS A “QUALIFIED INSTITUTIONAL BUYER” (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN “OFFSHORE TRANSACTION” PURSUANT TO RULE 903 OR 904 OF REGULATION S AND, WITH RESPECT TO (A) AND (B), EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO SUCH ACCOUNT, (2) AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT (A) (I) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (II) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (III) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (IV) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (V) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, (3) (I) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS NEITHER AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), AN INDIVIDUAL RETIREMENT ACCOUNT OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”) (COLLECTIVELY, “PLANS”) NOR AN EMPLOYEE BENEFIT PLAN SPONSORED BY A STATE OR LOCAL GOVERNMENT OR OTHERWISE SUBJECT TO LAWS THAT INCLUDE RESTRICTIONS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAWS”) AND IT IS NOT PURCHASING OR HOLDING THE SECURITIES ON BEHALF OF OR WITH THE ASSETS OF ANY PLAN OR PLAN SUBJECT TO SIMILAR LAWS; OR (II) REPRESENTS THAT ITS PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF THE SECURITIES SHALL NOT CONSTITUTE OR GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406

OF ERISA, SECTION 4975 OF THE CODE OR ANY SIMILAR LAW, AND (4) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

THIS LEGEND MAY ONLY BE REMOVED AT THE OPTION OF THE ISSUER.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH PARAGRAPH 2A(V) ABOVE, THE ISSUER RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

The following is the form of restrictive legend which will appear on the face of the Regulation S global note and which will be used to notify transferees of the foregoing restrictions on transfer:

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS. PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT), THIS SECURITY MAY NOT BE REOFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE REFERRED TO HEREIN.

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 Abogados, Lima, Peru. Certain legal matters will be passed upon for the initial purchasers by Milbank, Tweed, Hadley & McCloy LLP, New York, New York and Miranda & Amado Abogados, Lima, Peru.

LISTING AND GENERAL INFORMATION

Listing

We have applied to list the notes on the Official List of the Luxembourg Stock Exchange and to admit them to trading on the Euro MTF Market. If listed and so long as the rules of the Luxembourg Stock Exchange require, notice of any optional redemption, change of control or any change in the rate of interest payable on the notes will be published on the website of the Luxembourg Stock Exchange at www.bourse.lu (or if the rules so require, in a leading daily newspaper of general circulation in Luxembourg, which we expect to be *Luxemburger Wort*).

We accept responsibility for the information contained in this offering memorandum. To the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

We have appointed The Bank of New York Mellon (Luxembourg) S.A. as the Luxembourg listing and paying agent for the notes in Luxembourg. We reserve the right to vary such appointment. So long as the notes are listed on the Luxembourg Stock Exchange and traded on the Euro MTF Market, we will maintain a paying agent in Luxembourg.

Copies of the indenture, our by-laws and our articles of incorporation will be available at the expense of the Issuer at our offices, the corporate trust office of the trustee and at the offices of the Luxembourg paying agent.

Clearing Information

The global notes representing the notes have been accepted into the applicable systems used by DTC, Euroclear and Clearstream. The CUSIP, ISIN and common code numbers for the notes are as follows:

144A note CUSIP	144A note ISIN	144 A note Common Code
05990G AA3	US05990GAA31	091293005
Regulation S note CUSIP	Regulation S note ISIN	Regulation S note Common Code
P0956J CG8	USP0956JCG87	091213770

Authorization

Our Board of Directors authorized the issuance of the notes and their generic terms and conditions in a meeting on January 23, 2013. We have obtained all other consents and authorizations necessary under Peruvian law for the issuance of the notes.

Litigation

Other than as set forth in this offering memorandum, we are not involved in any litigation or arbitration proceeding that is material in the context of the issuance of the notes. We are not aware of any material litigation or arbitration proceeding that is pending or threatened other than as set forth in this offering memorandum.

Financial Information

We have prepared, and intend to continue to prepare, audited fiscal year-end consolidated financial statements and quarterly unaudited interim consolidated financial statements while the notes are outstanding, both in conformity with Peruvian GAAP. There has been no material adverse change in our business, financial condition, results of operations or prospects since December 31, 2012, the date of our last annual consolidated financial statements.

Copies of our latest audited annual and unaudited quarterly interim reports may be obtained, and copies of offering documents referred to herein (including the forms of the notes) will be available free of charge at the corporate trust office of the trustee and at the offices of the Luxembourg paying agent.

INDEPENDENT ACCOUNTANTS

Our independent auditor for the years ended December 31, 2010, 2011 and 2012 was Medina, Zaldívar, Paredes & Asociados, a member firm of Ernst & Young Global, independent certified public accountants in Peru. The annual consolidated financial statements as of and for the years ended December 31, 2011 and 2012, and for the three-year period ended December 31, 2012, included in this offering memorandum have been audited by Medina, Zaldívar, Paredes & Asociados, as stated in its report appearing herein.

AVAILABLE INFORMATION

We will furnish, upon prior written request of any registered owner of a note, or noteholder, or beneficial owner of a note, or note owner, such information as is specified in paragraph (d)(4) of Rule 144A under the Securities Act: (a) to such noteholder or note owner, (b) to a prospective purchaser of such note (or beneficial interest therein) who is a qualified institutional buyer designated by such noteholder or note owner or (c) to the trustee for delivery to such noteholder or note owner or such prospective purchaser so designated, in each case in order to permit compliance by such noteholder or note owner with Rule 144A in connection with the resale of such note (or a beneficial interest therein) in reliance upon Rule 144A unless, at the time of such request, (1) we are subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or (2) we qualify for the exemption to Rule 12g3-2(b).

BANCO DE CRÉDITO DEL PERÚ AND SUBSIDIARIES
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Translation of a report originally issued in Spanish - See Note 30
to the consolidated financial statements

Independent auditor's report

To the shareholders of Banco de Crédito del Perú

We have audited the accompanying consolidated financial statements of Banco de Crédito del Perú (a subsidiary of Credicorp Ltd., a holding incorporated in Bermuda) and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years ended December 31, 2012, 2011 and 2010, and the summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Independent auditor's report (continued)

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Banco de Crédito del Perú and Subsidiaries as of December 31, 2012 and 2011, and the consolidated results of its operations and its consolidated cash flows for each of the three years ended December 31, 2012, 2011 and 2010; in accordance with accounting principles prescribed by the Superintendencia de Banca, Seguros y AFP (SBS) for Peruvian financial entities.

Lima, Peru,
February 26, 2013

Countersigned by:

*Medina, Zaldivar, Paredes
& Asociados*


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

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

Banco de Crédito del Perú and Subsidiaries

Consolidated balance sheets

As of December 31, 2012 and 2011

	Note	2012 S/.(000)	2011 S/.(000)
Assets			
Cash and due from banks:	5		
Cash and clearing		2,427,381	2,491,154
Deposits in Peruvian Central Bank		16,106,647	10,203,051
Deposits in local and foreign banks		1,102,234	1,822,500
Restricted funds		179,400	246,360
Accrued interest on cash		<u>10,005</u>	<u>5,514</u>
		19,825,667	14,768,579
Interbank funds		44,486	15,605
Investments:			
Investments at fair value through profit or loss and available-for-sale investments, net	6 (a)	11,536,831	9,568,570
Investments held-to-maturity	6 (l)	<u>662,142</u>	<u>-</u>
		12,198,973	9,568,570
Loans, net	7	51,104,503	44,234,085
Investments in associates		39,270	42,517
Property, furniture and equipment, net	8	1,236,604	1,136,660
Other assets, net:			
Financial instruments at fair value	9	477,322	330,978
Other, net	9	2,271,757	1,939,522
Assets classified as held for sale	10	<u>3,198,607</u>	<u>-</u>
Total assets		<u>90,397,199</u>	<u>72,036,516</u>
Off-balance sheet accounts -	19		
Contingent operations		42,944,137	34,447,219
Other		<u>270,110,870</u>	<u>185,502,484</u>
Total		<u>313,055,007</u>	<u>219,949,703</u>

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

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

Banco de Crédito del Perú and Subsidiaries

Consolidated statements of income

For the years ended December 31, 2012, 2011 and 2010

	Note	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Financial income and expenses				
Financial income	20	5,620,189	4,687,284	3,840,975
Financial expenses	20	(1,699,332)	(1,429,260)	(1,192,974)
Gross financial margin		3,920,857	3,258,024	2,648,001
Allowance from loan losses	7(g)	(1,111,244)	(708,484)	(594,831)
		2,809,613	2,549,540	2,053,170
Gain (loss) for exchange difference		14,163	(36,853)	24,404
Net financial margin		<u>2,823,776</u>	<u>2,512,687</u>	<u>2,077,574</u>
Non - financial income				
Banking services commissions, net	21	1,623,399	1,446,191	1,298,332
Net gain on securities	22	104,636	61,682	176,780
Net gain on foreign exchange transactions		379,615	382,220	243,978
Other non - financial income	23	218,881	177,200	319,261
		<u>2,326,531</u>	<u>2,067,293</u>	<u>2,038,351</u>
Operating expenses				
Salaries and employees' benefits	24	(1,626,763)	(1,357,854)	(1,369,059)
General and administrative		(1,035,326)	(831,257)	(709,029)
Depreciation and amortization	8(a) and 9(d)	(274,083)	(249,242)	(219,026)
Provision for seized assets		(3,143)	(4,281)	(4,136)
Taxes and contributions		(98,566)	(88,677)	(79,889)
Other operating expenses	23	(65,070)	(98,581)	(75,873)
		<u>(3,102,951)</u>	<u>(2,629,892)</u>	<u>(2,457,012)</u>

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

Consolidated statements of income (continued)

	Note	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Income before income tax from continuing operations		2,047,356	1,950,088	1,658,913
Income tax	14(b)	(551,145)	(508,674)	(447,668)
Net income from continuing operations		1,496,211	1,441,414	1,211,245
Net income from discontinued operations	10	9,701	-	-
Net Income		<u>1,505,912</u>	<u>1,441,414</u>	<u>1,211,245</u>
Attributable to:				
Equity holders of Banco de Crédito del Perú		1,497,701	1,438,994	1,209,341
Non-controlling Interests		8,211	2,420	1,904
		<u>1,505,912</u>	<u>1,441,414</u>	<u>1,211,245</u>
Basic and diluted earnings per share (in Nuevos Soles) from continuing operations		0.4689	0.4514	0.3794
Basic and diluted earnings per share (in Nuevos Soles) from discontinued operations		0.0031	-	-
Weighted average number of ordinary shares for basic earnings	25	<u>3,173,692</u>	<u>3,187,897</u>	<u>3,187,897</u>

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

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

Banco de Crédito del Perú and Subsidiaries

Consolidated statements of changes in shareholders' equity

For the years ended December 31, 2012, 2011 and 2010

	Number of outstanding shares (in thousands)	Capital stock S/.(000)	Legal reserve S/.(000)
Balances as January 1, 2010	2,228,288	2,228,288	546,51
Capitalization of income, Note 15(a)	329,450	329,450	
Transfer to legal reserve, Note 15(c)	-	-	348,68
Transfer to special reserve, Note 15(c)	-	-	
Cash dividends, Note 15(e)	-	-	
Net unrealized gain from available-for-sale investments	-	-	
Net transfer of realized gain from available-for-sale investments to consolidated income statements	-	-	
Transfer of net realized loss from cash flow hedges to the consolidated income statements	-	-	
Net income	-	-	
Balances as of December 31, 2010	<u>2,557,738</u>	<u>2,557,738</u>	895,20
Transfer to special reserve, Note 15(c)	-	-	
Cash dividends, Note 15(e)	-	-	
Adjustment of deferred workers' profit sharing, Note 3(a)(ii)	-	-	
Net unrealized loss from available-for-sale investments, Note 15(d)	-	-	
Net transfer of realized gain from available-for-sale investments to consolidated income statements, Note 15(d)	-	-	
Transfer of net realized loss from cash flow hedges to the consolidated income statements, Note 15(d)	-	-	
Exchange differences on translation of foreign operations	-	-	
Net income	-	-	
Balances as of December 31, 2011	<u>2,557,738</u>	<u>2,557,738</u>	895,20
Capitalization of income, Note 15(a)	630,159	630,159	
Transfer to legal reserve, Note 15(b)	-	-	220,55
Cash dividends, Note 15(e)	-	-	
Acquisition of subsidiary - Correval, Note 2(a)	-	-	
Acquisition of subsidiary - IM Trust S.A., Note 2(a)	-	-	
Transfer of subsidiary - IM Trust S.A., Note 2(a)	-	-	
Split of a equity block, Note 2(b)	(85,000)	(85,000)	(29,75)
Net unrealized gain from available-for-sale investments, Note 15(d)	-	-	
Net transfer of realized gain from available-for-sale investments to consolidated income statements, Note 15(d)	-	-	
Transfer of net realized loss from cash flow hedges to the consolidated income statements, Note 15(d)	-	-	
Exchange differences on translation of foreign operations	-	-	
Net income	-	-	
Balances as of December 31, 2012	<u>3,102,897</u>	<u>3,102,897</u>	1,086,01

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

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

Banco de Crédito del Perú and Subsidiaries

Consolidated cash flows statements

For the years ended December 31, 2012, 2011 and 2010

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Cash flows from operating activities			
Net income	1,505,912	1,441,414	1,211,245
Adjustments to reconcile net income to net cash provided by operating activities:			
Allowance for loan losses	1,111,244	708,484	594,831
Depreciation and amortization	274,083	249,242	219,026
Deferred income tax	(71,804)	(42,017)	3,971
Provision for seized assets	3,143	4,281	4,136
(Gain) loss from valuation of indexed certificates	(30,236)	50,318	(156,625)
Loss from share-based compensation plan	48,191	7,938	192,260
Net gain from sale of securities	(104,636)	(61,682)	(176,780)
Net gain from sale of seized assets	(8,243)	(12,950)	(16,396)
Changes in asset and liability accounts:			
Other assets	(404,431)	23,555	209,585
Other liabilities	<u>27,320</u>	<u>(230,261)</u>	<u>(20,559)</u>
Net cash provided by operating activities	<u>2,350,543</u>	<u>2,138,322</u>	<u>2,064,694</u>
Cash flows from investing activities			
Sales of property, furniture and equipment	35,063	1,365	1,074
Sales of seized assets	17,000	20,926	24,973
Purchase of intangible assets	(117,654)	(129,175)	(182,169)
Purchase of property, furniture and equipment	<u>(292,733)</u>	<u>(285,580)</u>	<u>(236,148)</u>
Net cash used in investing activities	<u>(358,324)</u>	<u>(392,464)</u>	<u>(392,270)</u>

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

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

Consolidated cash flows statements (continued)

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Cash flows from financing activities			
Net increase in deposits and obligations	10,878,859	129,360	5,538,335
Net increase (decrease) in payables from repurchase agreements	993,637	(28,250)	601,100
Net (increase) decrease in investments at fair value through profit or loss and available-for-sale investment	(2,595,229)	(5,183,748)	4,698,361
Net decrease (increase) in investments in associates and received dividends	3,247	7,474	(2,914)
Net increase (decrease) in due to banks, correspondents and other entities, and interbank funds	1,554,811	(2,258,518)	6,535,541
Net increase in bonds and subordinated notes issued	909,121	2,912,814	1,931,656
Net increase in loan portfolio	(7,991,152)	(5,865,383)	(7,267,255)
Cash dividends	(588,279)	(514,105)	(594,953)
Net cash provided (used in) by financing activities	<u>3,165,015</u>	<u>(10,800,356)</u>	<u>11,439,871</u>
Net increase (decrease) in cash and cash equivalents			
	5,157,234	(9,054,498)	13,112,295
Cash and cash equivalents split, Note 2(b)	(33,186)	-	-
Cash and cash equivalents at the beginning of year	<u>14,552,219</u>	<u>23,576,717</u>	<u>10,464,422</u>
Cash and cash equivalents at the end of year	<u>19,646,267</u>	<u>14,522,219</u>	<u>23,576,717</u>
Supplementary cash flow information			
Cash paid during the year for:			
Interests	1,588,049	1,376,087	1,115,817
Income tax	1,064,727	540,529	469,012
Non-cash flows transactions			
Related parties liabilities	-	-	4,130,812

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

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Banco de Crédito del Perú and Subsidiaries

Notes to the consolidated financial statements

As of December 31, 2012 and 2011

1. Operations

Banco de Crédito del Perú (hereinafter "the Bank" or "BCP") was incorporated in 1889 and is a subsidiary of Credicorp Ltd. (a holding incorporated in Bermuda in 1995), which as of December 31, 2012 owns directly and indirectly 97.66 percent of its capital stock (97.65 percent as of December 31, 2011).

The Bank's registered office is at Calle Centenario N°156, La Molina, Lima, Peru. As of December 31, 2012, the Bank and its Subsidiaries had 365 branches and agencies in Peru and 2 branches abroad (343 branches and agencies in Peru and 2 branches abroad as of December 31, 2011).

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

The consolidated financial statements as of December 31, 2011 and for the year then ended were approved by the General Shareholders Meeting dated March 30, 2012 without modifications. The consolidated financial statements as of December 31, 2012 and for the year then ended were approved by the Audit Committee and Management on February 26, 2013, and will be submitted for their final approval by the Board of Directors and the General Shareholders' Meeting within the period established by law. In Management's opinion, the consolidated financial statements will be approved by the Board of Directors and the General Shareholders' Meeting without modifications.

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

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

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Notes to the consolidated financial statements (continued)

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

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

On April 27, 2012, the Bank acquired 51 percent of Correval, an investment banking entity established in Bogota, Colombia, for approximately US\$72.3 million paid in cash consideration (equivalent to S/.190.9 million). In addition, on July 31, 2012, the Bank acquired 60.6 percent of IM Trust, an investment banking entity established in Santiago, Chile, for approximately US\$131.5 million (equivalent to approximately S/.351.2 million), of which US\$ 110.9 million were paid in cash consideration at the acquisition date and US\$20.6 million will be paid in cash consideration on August 2013.

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

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

However, because the authorizations from the Colombian Authorities have not been granted as of December 31, 2012, the transfer of Correval was not completed. Consequently, in order to comply with IFRS 5 "Non-current assets held for sale and discontinued operations", Correval assets and liabilities are presented as "Assets classified as held for sale" and "Liabilities directly associated with such assets classified as held for sale", respectively, in the consolidated balance sheets and the results of operations are presented as "Discontinued operations" in the consolidated statements of income, see Note 10(a).

Management considers that the transfer, which will be done for the same amount paid at the acquisition date, will culminate in the first half of 2013, after receiving the required authorizations.

On the other hand, Correval and IM Trust purchase agreements include put options in favor of the non-controlling interests and call options in favor of the Bank, over all non-controlling interests.

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Notes to the consolidated financial statements (continued)

Said options are part of the rights and obligations transferred in the case of IM Trust and, to be transferred, in the case of Correval, to Credicorp Investments Ltd. The characteristics of the put options, over the remaining non-controlling interests in Correval are presented in Note 10(b).

(b) Split of an equity block

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

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

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

	2012 S/.(000)
Assets -	
Cash	33,186
Accounts receivable	13,322
Other accounts receivable	15,000
Investments at fair value though profit or loss	96,252
Investments available-for-sale	37,703
Other assets	3,387
Total assets	198,850
Liabilities -	
Loans payable	46,656
Accounts payable	6,375
Other liabilities	7,795
Total liabilities	60,826
Equity	138,024

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

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Notes to the consolidated financial statements (continued)

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

Entities that are included in the consolidated financial statements as of December 31, 2012, considering the transactions described in paragraphs (a) and (b) and as of December 31, 2011, are presented in Note 3 (b).

3. Significant accounting policies

In the preparation and presentation of the accompanying consolidated financial statements, the Bank and its Subsidiaries' Management has complied with the regulations established by the SBS in force in Peru as of December 31, 2012 and 2011. Significant accounting principles and practices used in the preparation of the Bank and its Subsidiaries' consolidated financial statements are the following:

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

The accompanying consolidated financial statements have been prepared from the Bank and its Subsidiaries' accounting records, which are maintained in nominal Peruvian currency (Nuevos Soles), in accordance with SBS regulations and, supplementary, with International Financial Reporting Standards - IFRS approved by the Consejo Normativo de Contabilidad (Peruvian Accounting Council, hereinafter "CNC" for its Spanish acronym) in force in Peru as of December 31, 2012 and 2011, see paragraph (y.i).

These accounting principles are consistent with those used in 2011 and 2010, except as explained in paragraph (ii) below.

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

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

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

Notes to the consolidated financial statements (continued)

(ii) Accounting changes -
Applicable since 2012 -

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

Applicable since 2011 -

(ii.b) On November 2010, the International Financial Reporting Interpretations Committee (IFRIC) agreed that workers' profit sharing must be recorded following IAS19 "Employees' benefits" and not IAS 12 "Income tax". Consequently, a deferred asset or liability should not be calculated due to temporary differences.

On January 21, 2011, the SBS issued Multiple Official Letter N°4049-2011; adopting the Committee's interpretation starting January 2011. The changes required by the SBS and the accounting treatment followed by the Bank and its Subsidiaries are the following:

- Workers' profit sharing for services provided must be recorded as employees' expenses in the caption "Salaries and employees' benefits" of the consolidated income statements.
- The related assets and liabilities for deferred workers' profit sharing were eliminated and; assets and liabilities for deferred income tax considering an income tax rate of 30 percent were recalculated. The net effect of the elimination and recalculation amounted to S/.20.4 million which are presented in the caption "Retained earnings" of the consolidated statements of changes in shareholders' equity.

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

Those assets and liabilities are presented in the consolidated balance sheet as "Assets classified as held for sale" and "Liabilities directly associated with those assets" at their book values, which, in this case, corresponds to the value at which they are going to be transferred. Furthermore, in the consolidated statement of income, gains or losses are presented as "Discontinued operations". Similarly, cash flows from operating, investing and financing activities generated by the discontinued operation have been excluded from the consolidated statements of cash flows. See Notes 2(a) and 10.

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Notes to the consolidated financial statements (continued)

(b) Consolidation -

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

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

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

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

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

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

- Assets and liabilities are translated at the exchange rate on the free market as of the consolidated balance sheet date.
- Revenues and expenses are translated at the monthly average exchange rate.

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

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Notes to the consolidated financial statements (continued)

The consolidated financial statements include the financial statements of the Bank and its subsidiaries in which it had consolidation at 31 December 2012 and 2011, before eliminations made in such process:

Entity	Activity and Country	Percentage of participation	
		2012 %	2011 %
Banco de Crédito del Perú, Note 2(b)	Banking, Peru	-	-
Banco de Crédito de Bolivia and Subsidiaries	Banking, Bolivia	95.92	95.92
Empresa Financiera Edyficar S.A.	Microcredits, Peru	99.79	99.79
Inversiones BCP S.A.	Holding, Chile	99.99	99.99
Solución Empresa Administradora Hipotecaria S.A.	Mortgage loans, Peru	100.00	100.00
Inmobiliaria BCP S.A.	Real estate, Peru	100.00	100.00
Correval S.A. - Sociedad Comisionista de Bolsa, Notes 2(a) and 10	Investment banking, Colombia	51	-
Credifondo S.A. - Sociedad Administradora de Fondos, Note 2(b)	Mutual funds management, Peru	-	100.00
Credibolsa - Sociedad Agente de Bolsa S.A. Note 2(b)	Brokerage, Peru	-	100.00
Creditítulos Sociedad Titulizadora S.A. Note 2(b)	Assets securitization management, Peru	-	100.00

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Notes to the consolidated financial statements (continued)

(c) Financial instruments -

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

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

(d) Recognition of revenue and expenses -

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

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

Dividends are recognized as income when they are declared.

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

Other revenues and expenses are recorded on an accrual basis.

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Notes to the consolidated financial statements (continued)

(e) Loans and allowance for loan losses -

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

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

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

As of December 31, 2012 and 2011, the allowance for loan losses was determined following guidelines established by SBS Resolutions N°11356-2008 "Regulation for the evaluation and classification of the debtor and the requirement of provisions" and N°6941-2008 "Regulation for Managing the Risk of Retail Debtors with High Leverage Levels". In accordance to SBS Resolution N°11356-2008, the loan portfolio is separated in retail and non retail borrowers, who could be individuals or legal entities. Retail borrowers have direct or indirect loans, classified as consumer (revolving and none revolving), micro-business, small business or mortgage loans. Non retail borrowers have direct or indirect loans with corporate, large business or medium business loans. Management periodically reviews and analyzes the loan portfolio, classifying it in the following categories: normal, potential problems, substandard, doubtful or loss, depending on the degree of risk of default of payment of each debtor.

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

As of December 31, 2012 and 2011, the allowance rate for indirect loans can be 0, 25, 50 and 100 percent, depending on the type of credit and is determined over the basis of a loan conversion factor.

The allowance for direct loans is computed considering the risk classification assigned and using specific percentages, which vary depending on whether the loans are or not secured by self-liquidating preferred collaterals (mainly cash deposits and rights on credit certificates); highly liquid preferred collaterals (treasury bonds issued by the Peruvian Government, financial instruments of the Central Reserve Bank of Peru - BCRP, debt instruments issued by

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Notes to the consolidated financial statements (continued)

governments and central banks traded on a stock exchange, among others) or preferred collaterals (primary pledge on financial instruments, machinery, property, agriculture products or minerals, insurance credit on exports, among others); considered at their net realizable value as determined by an independent appraiser. In case a loan has a substitute responsibility of an entity of the financial or insurance system (credits affected to substitution of counterparty), the calculation of the allowance is made considering the guarantor's classification.

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

Additionally, for each loan past due over 90 days, the expected loss on each loaned amount must be estimated. Such estimation must consider the economic situation and the transaction conditions, including the collaterals value, type of loan, borrower's economic activity or sector, among others. The recorded specific allowance must be the greater amount between the expected loss and the allowance estimated following the general procedures explained in the preceding paragraph.

The allowance for direct loans is presented as an asset deduction, while the allowance for indirect loans is presented as a liability in the caption "Others liabilities, net", Note 9(a).

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

As of December 31, 2012 and 2011, the Bank and its Subsidiaries maintain pro-cyclical allowances that amount to S/.281.1 million and S/.239.8 million, respectively, computed following SBS Circular Letter No. B-2193-2010, which requires, in the presence of certain macroeconomic conditions, that for loans classified as normal an additional provision to the fixed percentages described in Note 7(f), must be recorded.

(f) Transactions in foreign currency -

Assets and liabilities in foreign currencies are recorded at the exchange rate on the date in which the transactions are made and expressed in Peruvian currency at the end of each month using the exchange rate established by the SBS, see Note 4. Exchange gains or losses generated by the restatement of assets and liabilities in foreign currency are recorded in the consolidated income statement.

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Notes to the consolidated financial statements (continued)

(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 -

Trading derivative financial instruments are initially recognized in the consolidated balance sheet at cost, and thereafter, they are recognized at fair value. Fair values are obtained based on exchange rates and interest rates prevailing in the market. Gains and losses arising from changes in fair values are recorded in the consolidated income statement, recognizing an asset or liability in the consolidated balance sheet as appropriate. In addition, they are recorded as off-balance sheet accounts at their notional amount, Note 19(a).

Hedging -

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

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

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

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

If the hedge instrument expires, 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 balance sheet is transferred to the consolidated income statement during the term the hedged item is kept.

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Notes to the consolidated financial statements (continued)

As of December 31, 2012 and 2011, 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, the U.S. Dollar, see Note 9(c).

Embedded derivatives -

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

As of December 31, 2012 and 2011, in accordance with SBS Resolution N°1737-2006, the Bank has Indexed Certificates to Credicorp stock price that will be settled in cash, which are hybrid instruments with embedded derivatives that are not closely related to the risk of the host contract. In this regard, the Bank has decided to classify these instruments at inception at fair value through profit and loss. Therefore, the separation of the embedded derivative is not required, Note 9(b).

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

As of December 31, 2012 and 2011, the initial recognition and the subsequent measurement of investments at fair value through profit or loss, available-for-sale and held to maturity, are carried out following SBS Resolution N°10639-2008, "Regulations for the classification and valuation of investments" and amendment. The guidelines for valuation of investments, according to their classification are as follows:

- Investments at fair value through profit or loss - Initial recognition is at fair value, considering the transaction costs associated with such investments as expenses. Subsequent measurement is at fair value and any gain or loss arising from changes in the initial cost and subsequent fair value is recognized directly in the consolidated income statement.
- Investments available-for-sale - Initial recognition is at fair value, including the transaction costs that are directly associated to their acquisition. Gains or losses originated by changes between the initial cost and fair value are recognized directly in equity, unless a permanent impairment in its value exists. When an instrument is realized or sold, the unrealized gains or losses previously recognized as part of equity are recognized in the consolidated income statement.

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Notes to the consolidated financial statements (continued)

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

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

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

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

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

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

The Bank and its Subsidiaries evaluate, at each date of the consolidated financial statements, if there is evidence that any instrument classified as available-for-sale and held-to-maturity is impaired; if that is the case, an impairment is recognized in the consolidated income statement, even though the investment has not been retired or sold.

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

The difference between the proceeds received from the sale of an investment and its book value is recognized in the consolidated income statement.

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Notes to the consolidated financial statements (continued)

(i) Investments in associates -

According to SBS Resolution N°10639-2008, this category includes only equity securities acquired with the purpose of having equity participation and/or significant influence in other entities or institutions.

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

(j) Property, furniture and equipment and depreciation -

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

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

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

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

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

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Notes to the consolidated financial statements (continued)

(k) Seized assets, assets received as payment and realizable assets -

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

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

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

- Assets that are not real state - a uniform monthly provision in a term of twelve months, until providing for one hundred percent of the net seized or recovered value.
- Real estate - uniform monthly provisions over the net book value obtained at the twelfth month. In addition, SBS Resolution N°1535-2005 allows a term extension of six months, in such case; a uniform monthly provision must be made over the net book value obtained in the eighteenth month. On both situations, provisions must be made until providing for one hundred percent of the net book value in a term of three years and a half, starting the date monthly provisions began to be provided.

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

(l) Finite useful live intangible assets -

SBS Resolution N°1967-2010, establishes the accounting procedures for intangible assets with finite useful live. These assets are included in the caption "Other assets, net" of the consolidated balance sheets and are stated at historical acquisition cost less accumulated amortization and accumulated impairment losses, if applicable; see following paragraph (q). These assets are composed principally by acquisition and development of software used by the Bank and its Subsidiaries in their operations, which are recorded at cost; brand rights of use, which are recorded considering the related contract; as well as finite useful live intangible assets identified in the acquisition of Edyficar in 2009, which were recognized on the consolidated balance sheets at their fair values determined at their acquisition date, corresponding to the brand name and costumer relationship, see Note 9(d)

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

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Notes to the consolidated financial statements (continued)

The Bank and its Subsidiaries' finite useful lives intangible assets are amortized using the straight-line method, based in their estimated useful lives (five years), see Note 9 (d).

However, in consideration of the future transfer of Correval to Credicorp Investments (Note 2 (a)), amortization of finite useful live intangibles assets arising from the acquisition of Correval was calculated considering the following useful lives:

	Years
Brand	25
Customer relationship	8 and 10
Fund management contracts	28

(m) Indefinite useful live intangible assets - Goodwill -
According to SBS Resolutions N°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; and then, it is measured its cost less any impairment loss, which is tested annually or more frequently when any event or change in circumstances indicates that the fair value may be impaired, see following paragraph (q). However, according to an authorization from the SBS, goodwill generated in the acquisition of Edyficar in 2009 is measured at cost less any accumulated impairment loss.

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

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

Therefore, the Bank and its Subsidiaries record deferred income taxes, considering the guidelines of IAS12 - Income Tax. The deferred income tax reflects the effects of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts determined for tax purposes. Deferred assets and liabilities are measured using the tax rates expected to be applied to taxable income in the years in which temporary differences are

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Notes to the consolidated financial statements (continued)

expected to be recovered or settled. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences which arise from the way in which the Bank and its Subsidiaries expect to recover or eliminate the carrying amount of its assets and liabilities at the consolidated balance sheets dates.

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

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

(p) Share-based payment transactions -

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

The first share-based payment plan was granted until 2008 and consisted of rights/options granted in the form of stock appreciation rights (SARs) over a number of Credicorp shares to certain executives who had at least one year of service. According to the conditions of the plan, a fixed settlement price of the rights/options was established at the grant date, allowing the executive to obtain as benefit the difference between the market price at the moment in which the rights/options are exercised and the agreed settlement price, Note 17. The related expense is recorded considering the accrued services at the date of the consolidated balance sheet, multiplied by the difference between the estimated market price of the rights/options at the date of the consolidated balance sheet and the agreed settlement price.

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

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

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

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

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

(q) Impairment -

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

(r) Fiduciary activities -

Assets and cash flows from fiduciary operations in which there is a commitment to return such assets and cash flows to a client and in which the Bank and its Subsidiaries participate as a fiduciary, have been excluded from these consolidated financial statements, because the Bank and its Subsidiaries are not owners of such assets and cash flows and they do not assume the risks and rewards that arise from their ownership.

The Bank and its Subsidiaries for fiduciary control purposes record these operations in the caption "Off-balance sheet accounts", Note 19, of the consolidated balance sheets and the commissions received for these activities are included in the caption "Other income", Note 23, of the consolidated income statement.

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Notes to the consolidated financial statements (continued)

(s) Provisions -

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

(t) Contingencies -

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

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

(u) Earnings per share -

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

As of December 31, 2012, 2011 and 2010, the Bank and its Subsidiaries do not have financial instruments with dilutive effects; therefore, basic and diluted earnings per share are the same.

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

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

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Notes to the consolidated financial statements (continued)

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

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

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

As of December 31, 2011, the Bank and its Subsidiaries had not purchased securities under agreements to resell at a future date, or sale of securities purchased under resale agreements. As of December 31, 2012, such operations had been performed exclusively by Correval, see Note 10.

- (w) Cash and cash equivalents -
Cash and cash equivalents presented in the consolidated statements of cash flows correspond to "Cash and due from banks" of the consolidated balance sheets, which includes deposits with less than a three-month maturity as of the acquisition date, BCRP time deposits, funds deposited in central banks and overnight deposits, excluding restricted funds.
- (x) Reclassifications -
The comparative amounts have been reclassified, if necessary, to make them comparable with the current year presentation. Management considers that reclassifications made in the consolidated financial statements as of December 31, 2011 and 2010, are not significant considering the consolidated financial statements as a whole.
- (y) International Financial Reporting Standards (IFRS) -
 - (y.i) IFRS Issued and in effect in Peru as of December 31, 2012.
The CNC through Resolutions N°051-2012-EF/30 issued on August 29, 2012 and N°048-2011-EF/30 issued on January 6, 2012, formalized the implementation of the current versions of the years 2012 and 2011, respectively, of IFRS 1 to 13, IAS 1 to 41, the pronouncements 7 to 32 of the Standing Interpretations Committee (SIC) and Interpretations of the International Financial Reporting Standards (IFRIC) 1 to 19 and

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amendments up to October 2011, to IAS, IFRS and IFRIC issued internationally. Their application is from the day after the issuance of the Resolution or after the effective date as stipulated in each specific standard.

In addition, on March 14, 2012, through Resolution N°050-2012-EF/30, the CNC agreed to maintain in Peru the application of the equity method to record in the consolidated financial statements investments in associates and joint ventures.

Through Resolution N°914-2010, the SBS postponed the effective date, for financial institutions of IFRS 7 "Financial Instruments: Disclosures" and IFRS 8 "Operating Segments". No effective date has been defined by the SBS.

(y.ii) IFRS issued and effective in Peru as of December 31, 2011 -
The current versions of year 2009 of IFRS 1 to 8, IAS 1 to 41, the pronouncements 7 to 32 of the Standing Interpretations Committee (SIC), interpretations of International Financial Reporting Standards (IFRIC) 1 to 19 and amendments up to May 2010 to IAS 1 and 34, IFRS 1, 3 and 7, IFRIC 13 and the transition requirements for amendments arising as a result of IAS 27, were in force as of December 31, 2011.

Because standards explained in paragraphs (y.i) and (y.ii) are only complementary to the SBS accounting rules, they will not have any significant effect in the preparation of the accompanying consolidated financial statements, unless the SBS adopts them in the future through the modification of the Accounting Manual for Financial Entities or the issuance of specific rules. The Bank and its Subsidiaries have not estimated the effect in its consolidated financial statements, of the adoption of the above mentioned standards, if adopted by the SBS.

(z) Harmonization process of accounting standards -
As part of the harmonization process of accounting standards issued by the SBS with IFRS, on September 19, 2012, the SBS issued Resolution N°7036-2012, establishing amendments to the Accounting Manual for financial entities.

Also, on November 30, 2012, the SBS issued Official Letter N°45311-2012, requiring financial entities to prepare an implementation plan for compliance with the deadlines included in SBS Resolution N°7036-2012 and amendments; the plan must include a schedule of activities for adapting accounting processes and computer systems. On December 14, 2012, the Bank presented to the SBS the implementation plan.

SBS Resolution N° 7036-2012 is effective since January 2013 and is to be applied prospectively. Also, the SBS, through the Official Letter mentioned above, extended the deadline of certain amendments until May 31, 2013 for financial entities that could not adapt their systems to the changes requested as of January 1, 2013. The Bank filed for this extension.

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Notes to the consolidated financial statements (continued)

In Management opinion, the requirements included in SBS Resolution N°7036-2012, do not significantly affect its operations or consolidated balances.

On the other hand, on September 19, 2012, SBS issued Resolution N°7033-2012, effective January 2013. Consequently, the Regulation on Classification and Valuation of Investments approved by SBS Resolution N°10639-2008 was repealed.

The main amendment in said Resolution is the inclusion of a standard methodology for identification of impairment on financial instruments classified as investments available for sale and investments held-to-maturity.

Such methodology includes two filters analysis. The first filter refers to a significant decrease in fair value (50 percent of cost) and a consecutive decrease during the last 12 months, of at least 20 percent. The second filter refers to qualitative aspects of the issuer. In Management opinion, the adoption of SBS Resolution N°7033-2012, will not have a significant effect on the Bank and its Subsidiaries consolidated financial statements.

4. Foreign currency transactions and exposure to exchange risk

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

As of December 31, 2012, the weighted average market exchange rate published by the SBS for transactions in U.S. Dollars was S/. 2.549 for buying and S/.2.551 for selling (S/.2.695 and S/.2.697 as of December 31, 2011, respectively). As of December 31, 2012, the exchange rate established by the SBS to record assets and liabilities in foreign currencies was S/.2.55 for each U.S. Dollar, S/. 0.366379 for each Boliviano and S/.0.001443 for each Colombian Peso (S/.2.696, S/.0.393004 and S/.0.001391, as of December 31, 2011, respectively). A detail of the Bank and its Subsidiaries' foreign currency assets and liabilities is shown below (presented in thousands of U.S. Dollars):

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Notes to the consolidated financial statements (continued)

	2012		2011	
	U.S. Dollars US\$(000)	Other Currencies US\$(000)	U.S. Dollars US\$(000)	Other Currencies US\$(000)
Assets				
Cash and due from banks and interbank funds	4,837,784	160,540	3,836,388	125,885
Investments at fair value through profit or loss and available-for-sale investments, net	1,112,515	259,646	780,615	351,850
Investments held-to-maturity	150,099	-	-	-
Loans, net	10,632,720	684,030	9,111,246	531,043
Other assets	38,333	981,767	115,063	128,008
Assets classified as held for sale	-	1,254,355	-	-
	<u>16,771,451</u>	<u>3,340,338</u>	<u>13,843,312</u>	<u>1,136,786</u>
Liabilities				
Deposits and obligations	(9,550,941)	(898,485)	(8,087,598)	(702,359)
Payable from repurchase agreements	(525,418)	(10,910)	(250,000)	-
Due to banks, correspondents and other entities and interbank funds	(3,068,397)	(129,714)	(2,542,199)	(116,179)
Bonds and subordinated notes issued	(2,806,750)	-	(2,641,162)	-
Other liabilities	(248,981)	(26,364)	(101,803)	(52,912)
Liabilities directly associated with assets classified as held for sale	-	(1,137,015)	-	-
	<u>(16,200,487)</u>	<u>(2,202,488)</u>	<u>(13,622,762)</u>	<u>(871,450)</u>
Net forward position (oversold)	(319,576)	(5,258)	323,525	8,509
Net currency swap position, Note 19(a)	(65,782)	-	(155,579)	-
Net cross currency and interest rate swap position, Note 19(a)	(60,418)	89,289	(197,659)	115,433
Options	(5,954)	-	3,269	-
Net asset position	<u>119,234</u>	<u>1,221,881</u>	<u>194,106</u>	<u>389,278</u>

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Notes to the consolidated financial statements (continued)

As of December 31, 2012, the Bank and its Subsidiaries have contingent operations (indirect loans) in foreign currency for approximately US\$ 3,204.2 million, equivalent to approximately S/.8,170.7 million (approximately US\$2,739.2 million, equivalent to approximately S/.7,384.9 million, as of December 31, 2011), Note 19.

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

Year	Devaluation (revaluation) %	Inflation %
2008	4.8	6.7
2009	(8.0)	0.3
2010	(2.8)	2.1
2011	(4.0)	4.7
2012	(5.4)	2.7

5. Cash and due from banks

As of December 31, 2012, cash and due from banks includes approximately US\$4,064.1 million and S/.5,947.4 million (US\$3,202.6 million and S/.3,816.0 million, as of December 31, 2011) of mandatory reserve that the Bank and its Subsidiaries must maintain for their obligations with the public. These reserves are deposited in the vaults of the Bank and its Subsidiaries and in the Central Reserve Bank of Peru - BCRP, and are within the limits established by prevailing legislation.

As of December 31, 2012, cash and due from banks subject to mandatory reserve in Peruvian currency and foreign currency are affected at an implicit rate of 18.74 percent and 39.97 percent, respectively, of the total obligations subject to reserve, as required by the BCRP (13.52 percent and 37.03 percent, respectively, as of December 31, 2011).

The reserve funds which represents the minimum mandatory do not earn interest; however, the mandatory reserve deposited in BCRP in excess of minimum mandatory, earns interests at a nominal rate established by BCRP. As of December 31, 2012, the excess in foreign currency amounts to approximately US\$3,257.4 million, equivalent to approximately S/.8,306.4 million, and earns interest in U.S. Dollars at an average rate of 0.10 percent (US\$2,257.2 million, equivalent to approximately S/.6,085.4 million, at an average rate of 0.18 percent as of December 31, 2011), while the excess in Nuevos Soles amounts to approximately S/.2,953.7 million and earns interests at an average rate of 1.75 percent (S/.1,007.2 million, at an average rate of 2.45 percent as of December 31, 2011).

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Notes to the consolidated financial statements (continued)

Deposits in local and foreign banks correspond principally to balances in Nuevos Soles and U.S. Dollars. All deposits are unrestricted and earn interest at market rates. As of December 31, 2012 and 2011, the Bank and its Subsidiaries do not have significant deposits in any specific financial institution.

As of December 31, 2012, the Bank and its Subsidiaries maintain restricted funds related to repurchase agreements and other funds that amount to US\$ 68.7 million, equivalent to S/.175.1 million and S/.4.3 million, respectively (restricted funds related to repurchase agreements, derivative financial instruments and other funds that amount to US\$90.1, equivalent to S/.223.2 million, S/.19.6 million and S/.3.6 million, respectively, as of December 31, 2011).

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Notes to the consolidated financial statements (continued)

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

(a) This item is made up as follows:

	2012		
	Unrealized gross amount		
	Amortized cost S/.(000)	Gains S/.(000)	Losses S/.(000)
Investments at fair value through profit or loss (trading) -	<u>-</u>	<u>-</u>	<u>-</u>
Investments available-for-sale			
BCR Certificate of deposits (b)	7,557,344	2,585	(467)
Corporate and leasing bonds (c)	1,086,616	28,635	(865)
Listed equity security - Banco de Crédito e Inversiones -			
BCI Chile (d)	136,851	531,988	-
Treasury notes from the Central Bank of Bolivia (e)	434,029	1,998	-
Peruvian sovereign bonds (f)	354,448	13,481	-
Assets back securities	294,009	13,163	(157)
Foreign governments bonds (g)	239,251	818	(748)
Participation in RAL funds (h)	200,815	-	-
Peruvian treasury bonds (f)	181,257	9,749	-
Bonds of multilateral financial institutions	115,453	7,976	-
Mutual funds participations	51,525	672	-
Listed equity securities - Credicorp	36,192	-	-
Trading certificates of deposit	29,262	6	-
Non-listed equity securities	3,571	69	(547)
Listed equity securities (BVL)	<u>-</u>	<u>-</u>	<u>-</u>
	<u>10,720,623</u>	<u>611,140</u>	<u>(2,784)</u>
Balance of fair value through profit or loss (trading) and available-for-sale investments, net			
Accrued interest			
Total			

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Notes to the consolidated financial statements (continued)

- (b) BCRP certificates of deposit are issued at discount, acquired in public auctions, negotiated in the Peruvian secondary market and settled in Nuevos Soles.
- (c) As of December 31, 2012, the balance includes mainly bonds issued by entities from Peru, The United States of America, Colombia and Chile, which represents 34.3 percent, 20.0 percent, 13.7 percent and 11.8 percent of the total balance, respectively (44.2 percent, 32.1 percent, 3.9 percent and 5.8 percent of the total balance, respectively as of December 31, 2011). As of December 31, 2012 and 2011, 98.8 percent and 97.2 percent, respectively, of these bonds were "investment grade".
- (d) As of December 31, 2012 and 2011, corresponds to 3,821,057 and 3,752,890 shares, which represents 3.66 percent and 3.60 percent of BCI-Chile capital stock, respectively.
- (e) As of December 31, 2012, it includes mainly treasury notes from the Central Bank of Bolivia, issued at discount in Bolivianos for an amount of Bolivianos 1,172 million, equivalent to S/.436.0 million (mainly Bolivianos 758.6 million, equivalent to S/. 297.4 million as of December 31, 2011)
- (f) Sovereign bonds are issued in Nuevos Soles and Peruvian treasury bonds correspond to global bonds issued in U.S. Dollars and Euros.

As of December, 31, 2012, the Bank maintained cross currency swaps ("CCS") which, as indicated in Note 3(g), were designated as cash flow hedges of certain bonds issued at fixed rate and in Nuevos Soles and Euros by the Peruvian Government for a notional amount of S/.318.3 million, see Note 9(c); through the CCS these bonds were economically converted to U.S. Dollars at fixed rate.

- (g) As of December 31, 2012, foreign governments bonds corresponds to US\$79.5 million, equivalent to S/.202.7 million, issued by the Colombian Government; US\$10.7 million, equivalent to S/.27.3 million, issued by the Bolivian Government; US\$2.6 million, equivalent to S/.6.6 million, issued by the Brazilian Government and US\$1.0 million, equivalent to S/.2.6 million , issued by the Chilean Government (US\$130.7 million, equivalent to S/.352.4 million, issued by the Colombian Government; US\$2.9 million, equivalent to S/.7.7 million, issued by the Brazilian Government and US\$1.0 million, equivalent to S/.2.7 million, issued by the Chilean Government as of December 31, 2011).

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Notes to the consolidated financial statements (continued)

- (h) As of December 31, 2012, the participation quotas in the fund "Requirement of Cash Assets" (RAL for its Spanish acronym), are denominated in Bolivianos and U.S. Dollars, and amounts approximately to Bolivianos 243.9 million, equivalent to S/.90.7 million and US\$43.2 million, equivalent to S/.110.1million, respectively (approximately Bolivianos 188.6 million, equivalent to S/.73.9 million and US\$21.8 million, equivalent to S/.58.9 million, respectively, as of December 31, 2011). They comprise investments made by Banco de Crédito de Bolivia in the Central Bank of Bolivia as collateral for the deposits maintained with the public. RAL Fund has restrictions for its use and it is required for all banks operating in Bolivia.
- (i) As of December 31, 2012, the Bank maintained interest rate swaps (IRS), which as indicated in Note 3(g), were designated as fair value hedges of certain bonds issued at fixed rate in U.S. Dollars by the Peruvian Government, corporate entities and multilateral financial entities, for a notional amount of S/.136.5 million (S/.145.7 million, as of December 31, 2011), see Note 9(c); through the IRS, these bonds were economically converted to variable interest rate.

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Notes to the consolidated financial statements (continued)

(j) As of December 31, 2012 and 2011, the maturities and the annual effective interest rates of the investments available-for-sale are as follows:

Investments available-for-sale	Maturity		S/.	
	2012	2011	Min	Max
	%	%		
BCRP certificates of deposit	Jan-13 / May-14	Jan-12 / Dec-12	3.76	4.00
Corporate and leasing bonds	Jan-13 / May-30	Feb-12 / May-30	3.20	5.83
Peruvian sovereign bonds	Dec-13 / Aug-20	Jan-12 / Feb-42	2.67	3.80
Foreign governments bonds	Jan-13 / Oct-22	Jan-12 / Nov-15	-	-
Assets back securitites	Jun-14 / Nov-29	Jun-14 / Jun-25	-	-
Treasury notes from the Central Bank of Bolivia	Jan-13 / Mar-14	Jan-12 / Nov-13	-	-
Peruvian treasury bonds	Oct-14 / Dic-15	Feb-12 / Dec-15	-	-
Bonds of multilateral financial institutions	May-13 / Jun-19	Mar-12 / Jun-19	-	-
Trading certificates of deposit	Jan-13 / Aug-16	Jan-12 / Aug-16	-	-

(k) As of December 31, 2012 and 2011, Management has estimated the fair value of investments at fair value through profit or loss. The fair value of these investments was not available, by discounting the expected future cash flows at an interest rate that reflects the risk classification of the investment.

Management has determined that the unrealized losses as of December 31, 2012 and 2011 are of temporary nature and that the remaining time to maturity is sufficient to allow for an anticipated recovery in fair value, which can occur at their maturity.

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Notes to the consolidated financial statements (continued)

(l) Investments held-to-maturity

This item is made up as follows:

	2012 S/.(000)
Peruvian sovereign bonds	272,734
Foreign governments bonds	267,442
Peruvian treasury bonds	110,384
	<hr/>
	650,560
Accrued interest	11,582
	<hr/>
Total	662,142

As of December 31, 2012, the fair value of held-to-maturity investments amounts to S/.657.9 million and has maturities between March 2019 and August 2020. These investments bear interest at an annual effective interest rate of 3.80 percent for bonds issued in Nuevos Soles and between 1.55 and 1.96 percent for bonds issued in U.S. Dollars.

(m) As of December 31, 2012, the Bank maintained repurchase agreements for approximately S/.1,667.6 million guaranteed with cash for approximately S/175.1 million, see Note 5, and securities (corporate bonds, bonds of multilateral financial institutions, sovereign bonds and global bonds) classified as investments available for sale and held to maturity investments for an estimated fair value of US\$471.1 million, equivalent to S/.1,201.3 million and US\$259.7 million, equivalent to S/.662.2 million, with maturities fewer than one year for approximately 17 percent, between one and three years for approximately 52 percent and more than five years for approximately 31 percent (repurchase agreements for approximately S/.674.0 million, guaranteed with cash for approximately S/.223.2, and securities (corporate bonds, bonds of multilateral financial institutions and global bonds) classified as investments available for sale, amounting to US\$223.2 million, equivalent to S/.601.8 million, with maturity on June 2012, as of December 31, 2011). These operations accrued an interest at fixed rate between 1.10 percent and 4.30 percent, and a variable rate between Libor 3M+0.35 percent and Libor 6M+1.38 percent as of December 31, 2012 (Libor 6M+0.72 percent as of December 31, 2011).

As of December 31, 2012, the cash flows of certain repurchase agreements amounting to S/.510.0 million were hedged through an interest rate swap ("IRS") for the same notional amount and the same maturities; through IRS, these repurchase agreements were economically converted to fixed rate, see Note 9 (c).

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

Notes to the consolidated financial statements (continued)

(n) The balance of investments at fair value through profit or loss (trading), available for sale and held to maturity as of December 31, 2012 and 2011, classified by contractual maturity, are made up as follow:

	2012 S/.(000)	2011 S/.(000)
Up to 3 months	2,945,431	2,518,803
From 3 months to 1 year	4,162,537	3,813,518
From 1 to 3 years	1,923,211	584,726
From 3 to 5 years	365,861	446,801
More than 5 years	1,749,674	1,299,836
Without maturity	<u>1,014,963</u>	<u>883,904</u>
Total	<u>12,161,677</u>	<u>9,547,588</u>

7. Loans, net

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
Direct loans		
Loans	20,007,239	18,484,430
Leasing receivables	8,856,955	7,519,494
Mortgage loans	8,779,880	6,977,444
Credit cards	5,893,861	4,873,648
Consumer loans	4,221,427	3,435,889
Foreign trade loans	2,457,472	2,068,218
Discounted notes	1,421,181	1,488,820
Factoring receivables	832,564	686,175
Advances and overdrafts	118,190	63,355
Refinanced loans	362,626	258,899
Past due and under legal collection loans	<u>944,532</u>	<u>696,472</u>
	53,895,927	46,552,844
Add (less)		
Accrued interest from performing loans	376,617	305,639
Deferred interest on discounted notes and leasing		
receivables	(1,368,913)	(1,203,786)
Allowance for loan losses (g)	<u>(1,799,128)</u>	<u>(1,420,612)</u>
Total direct loans	<u>51,104,503</u>	<u>44,234,085</u>
Indirect loans, (e) and Note 19(a)	<u>11,727,386</u>	<u>10,174,585</u>

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

Notes to the consolidated financial statements (continued)

(b) As of December 31, 2012 and 2011, 51 percent of the non retail direct and indirect loan portfolio corresponded to 408 and 386 clients, respectively.

(c) As of December 31, 2012 and 2011, the distribution of the loan portfolio by segments, according to Resolutions SBS N°11356-2008, Note 3(d), is as follows:

	2012 S/.(000)	2011 S/.(000)
Corporate	12,115,881	11,796,237
Large business	10,037,434	8,866,315
Mortgage	8,887,991	7,343,447
Medium-business	8,033,014	6,533,738
Revolving and non-revolving consumer loans	7,561,448	6,145,301
Small-business	5,321,431	4,117,560
Micro-business	<u>1,938,728</u>	<u>1,750,246</u>
Total	<u>53,895,927</u>	<u>46,552,844</u>

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

Notes to the consolidated financial statements (continued)

(d) As of December 31, 2012 and 2011, the distribution of the loan portfolio by economic sector is as follows:

	2012		2011	
	S/.(000)	%	S/.(000)	%
Manufacturing	9,323,390	17.3	9,149,604	19.7
Mortgage loans	8,887,991	16.5	7,343,447	15.8
Commerce	8,169,957	15.2	7,010,464	15.1
Consumer loans	7,561,448	14.0	6,145,301	13.2
Business real estate and leasing services	3,840,640	7.1	3,036,482	6.5
Electricity, gas and water	3,736,881	6.9	3,199,021	6.9
Mining	1,953,727	3.6	2,328,521	5.0
Communications, storage and transportation	1,991,993	3.7	2,013,948	4.3
Community services	2,444,244	4.5	1,872,814	4.0
Agriculture	1,125,408	2.1	892,784	1.9
Financial services	1,082,812	2.0	848,752	1.8
Hotels and restaurants	950,802	1.8	760,351	1.6
Construction	1,301,264	2.4	703,208	1.5
Education, health and other services	863,210	1.6	644,396	1.4
Fishing	365,999	0.7	348,697	0.7
Other	296,161	0.6	255,054	0.6
Total	53,895,927	100.0	46,552,844	100.0

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

Notes to the consolidated financial statements (continued)

(e) According to SBS regulations, as of December 31, 2012 and 2011, the Bank and its Subsidiaries' loan portfolio credit risk was as follows:

Risk category	2012			
	Direct loans		Indirect loans	
	S/.(000)	%	S/.(000)	%
Normal	51,134,987	95.0	11,575,149	98.7
Potential problems	1,152,935	2.1	137,337	1.2
Substandard	486,941	0.9	9,983	0.1
Doubtful	592,029	1.1	2,319	0.0
Loss	529,035	0.9	2,598	0.0
	<u>53,895,927</u>	<u>100.0</u>	<u>11,727,386</u>	<u>100.0</u>
				65,623,313

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

Notes to the consolidated financial statements (continued)

(f) As of December 31, 2012 and 2011, financial entities in Peru must constitute their allowance for loan losses based on the risk classification indicated in paragraph (e) and using the percentages indicated on Resolution SBS N°11356-2008, as follows:

(i) For loans classified as "Normal":

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

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

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

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

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

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Notes to the consolidated financial statements (continued)

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

	2012 S/.(000)	2011 S/.(000)
Balance as of January 1	1,524,348	1,273,789
Provision recognized as an expense during the period	1,111,244	708,484
Loan portfolio written-off	(677,883)	(432,614)
Translation result and other	<u>(42,592)</u>	<u>(25,311)</u>
 Balance as of December 31(*)	 <u>1,915,117</u>	 <u>1,524,348</u>

(*) As of December 31, 2012, the movement of the allowance for loan losses includes direct and indirect loans allowance for approximately S/.1,799.1 million and S/.116.0 million, respectively (approximately S/.1,420.6 million and S/.103.7 million, respectively, as of December 31, 2011). The allowance for indirect loan losses is presented in the "Other liabilities, net" caption of the consolidated balance sheets, Note 9(a).

In Management's opinion, the allowance for loan losses recorded as of December 31, 2012 and 2011, has been established in accordance with SBS regulations in force as of those dates, Note 3(e).

(h) As of December 31, 2012, the Bank maintained a cross currency swap ("CCS"), which, as indicated in Note 3(g), has been designated as cash flow hedge of a fixed rate and Nuevos Soles loan portfolio, for a notional amount of S/.9.8 million, see Note 9(c); through CCS, these assets were economically converted to U.S. Dollars at fixed rate.

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

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

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

Notes to the consolidated financial statements (continued)

(k) As of December 31, 2012 and 2011, the direct gross loan portfolio classified by maturity, based on the remaining period to repayment date is as follows:

	2012 S/.(000)	2011 S/.(000)
Outstanding loans -		
Up to 1 month	5,819,557	5,319,121
From 1 to 3 months	5,509,335	5,305,649
From 3 months to 1 year	11,127,028	9,088,017
From 1 to 3 years	11,964,198	10,352,437
From 3 to 5 years	7,084,186	6,008,961
More than 5 years	11,447,091	9,782,187
 Past due loans -		
Up to 4 months	375,742	247,097
More than 4 months	254,161	256,268
Loans under legal collection	<u>314,629</u>	<u>193,107</u>
 Total	 <u>53,895,927</u>	 <u>46,552,844</u>

Notes to the consolidated financial statements (continued)

8. Property, furniture and equipment, net

(a) The movement of property, furniture and equipment and accumulated depreciation for the years ended December 31:

	Land S/.(000)	Buildings and other constructions S/.(000)	Installations S/.(000)	Furniture and fixtures S/.(000)
Cost -				
Balance as of January 1	105,834	831,855	521,422	292,655
Additions	47,604	5,580	3,198	27,575
Sales	(28)	(371)	(75)	(21)
Transfers	172	9,175	81,333	14,536
Write-downs and other	-	(248)	(1,730)	(6,520)
Balance as of December 31	<u>153,582</u>	<u>845,991</u>	<u>604,148</u>	<u>328,225</u>
Accumulated depreciation -				
Balance as of January 1	-	386,571	304,092	194,047
Depreciation of the year	-	25,171	44,028	15,305
Sales	-	(334)	(75)	(21)
Write-downs and transfers	-	(94)	1,094	(5,586)
Balance as of December 31	<u>-</u>	<u>411,314</u>	<u>346,951</u>	<u>203,745</u>
Net book value	<u>153,582</u>	<u>434,677</u>	<u>257,197</u>	<u>124,480</u>

- (b) Banks in Peru are not allowed to pledge their fixed assets.
- (c) During 2012, the Bank capitalized disbursements related mainly to the purchase and implementation of new agency centers. During 2011, the disbursements capitalized were related mainly to the construction and implementation of the project center).
- (d) As of December 31, 2012 and 2011, the Bank and its Subsidiaries maintain fully depreciated assets, for an amount of S/ 1,000,000.
- (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 life and the selected depreciation method and expectations. In Management's opinion, there is no evidence of impairment of property, furniture and equipment assets.

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

Notes to the consolidated financial statements (continued)

9. Other assets and other liabilities

(a) These items are made up as follows:

	2012 S/.(000)	2011 S/.(000)
Other assets, net		
Financial instruments at fair value -		
Indexed certificates (b)	83,678	108,614
Derivatives receivable (c)	393,654	222,364
	<hr/> 477,332	<hr/> 330,978
Other, net-		
Value added tax credit	697,770	622,531
Finite live intangible assets, net (d)	438,280	440,555
Accounts receivable	306,510	251,564
Deferred income tax, Note 14(a)	311,854	243,843
Income tax prepayments, net	202,877	94,861
Goodwill - Edyficar, Note 3(m)	144,841	144,841
Deferred expenses	68,038	39,960
Operations in process (e)	53,200	55,133
Realizable, received in payment and seized assets, net (f)	34,173	31,990
Other	<hr/> 14,214	<hr/> 14,244
	<hr/> 2,271,757	<hr/> 1,939,522
Total	<hr/>2,749,089	<hr/>2,270,500
Other liabilities, net		
Payroll taxes, salaries and other personnel expenses		
payable	331,426	286,440
Accounts payable	366,661	297,375
Derivatives payable (c)	295,370	238,106
Deferred income tax, Note 14(a)	186,198	148,023
Allowance for indirect loan losses, Note 7(g)	115,989	103,736
Provision for sundry risks (g)	95,794	114,246
Operations in process (e)	72,311	39,264
Share based payments, Note 17(a) and (b)	52,968	51,498
Deposit Insurance Fund	20,071	17,528
Tax payable	44,039	67,354
Other	<hr/> 239	<hr/> 4,004
Total	<hr/>1,581,066	<hr/>1,367,574

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

Notes to the consolidated financial statements (continued)

(b) In connection with the liabilities that result from Credicorp's stock appreciation rights (SARs), Note 17(a), the Bank signed several contracts with Citigroup Global Markets Holdings Inc., Citigroup Capital Limited, Citigroup Capital Market Inc (hereinafter "Citigroup") and Credit Agricole Corporate and Investment Bank (hereinafter "Calyon").

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

As of December 31, 2012 and 2011, the Bank and its Subsidiaries have acquired 214,914 and 355,914 certificates, respectively, at a total cost of US\$13.5 million and US\$22.4 million, respectively (US\$63.0 and US\$62.9 per certificate on average, respectively). During 2012 and 2011, the Bank and its Subsidiaries settled 141,000 and 796,500 certificates, respectively.

According to SBS standards, the difference between cost and estimated market value; as well as the result obtained from the liquidation of the indexed certificates, are recorded in the consolidated income statement in the caption "Other non-financial income and operating expenses", see Note 23.

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Notes to the consolidated financial statements (continued)

(c) The risk in derivatives contracts arises from the possibility that the counterparty does not fulfill the terms and conditions of the contracts.

The table below presents the fair value of the derivative financial instruments, recorded as an asset or a liability, to which the company is exposed, and the notional amount of these instruments, as of December 31, 2012, upon which changes in fair value of derivatives are measured, Note 19(a).

				2012	
	Note	Assets S/.(000)	Liabilities S/.(000)	Notional amount S/.(000)	Maturity
Derivatives held for trading (i) -					
Forward exchange contracts		179,228	130,165	13,384,519	Between January 2013 and December 2014
Interest rate swaps		76,264	73,855	2,991,020	Between March 2013 and December 2014
Currency swaps		68,167	43,169	1,429,061	Between March 2013 and September 2014
Options		1,103	1,078	242,985	Between January and July 2013
		<u>324,762</u>	<u>248,267</u>	<u>18,047,585</u>	
Derivatives held as hedges -					
Cash flow hedge (ii) -					
Interest rate swaps (IRS)	12(b)(i)	-	7,073	977,500	Between April 2013 and March 2014
Interest rate swaps (IRS)	6(m)	-	1,688	510,000	Between March 2019 and August 2020
Interest rate swaps (IRS)	12(c)	-	12,408	390,000	Between January 2013 and March 2014
Cross currency swaps (CCS)	12(c)	40,582	-	328,580	October 2014
Cross currency swaps (CCS)	6(f)	-	7,652	318,308	Between October 2014 and April 2015
Cross currency swaps (CCS)	7(h)	-	535	9,752	Between January 2013 and November 2014
Cross currency swaps and interest rate swaps (CCS e IRS)	13(a)	28,310	5,172	153,301	Between March 2013 and March 2014
Fair value hedge -					
Interest rate swaps (IRS)	6(i)	-	12,575	136,463	Between May 2013 and June 2014
		<u>68,892</u>	<u>47,103</u>	<u>2,823,904</u>	
		<u>393,654</u>	<u>295,370</u>	<u>20,871,489</u>	

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Notes to the consolidated financial statements (continued)

(i) Derivatives held for trading are mainly negotiated to satisfy clients' needs. The Bank and its Subsidiaries includes any derivatives which do not comply SBS hedging requirements. The fair value of the derivatives

	As of December 31, 2012				
	Up to 3 months S/.(000)	From 3 months to 1 year S/.(000)	From 1 to 3 years S/.(000)	From 3 to 5 years S/.(000)	Over 5 years S/.(000)
Forward exchange contracts	126,202	46,504	6,522	-	-
Interest rate swaps	-	231	5,021	41,223	29
Currency swaps	4,682	2,841	50,327	2,067	8
Options	854	249	-	-	-
Total assets	131,738	49,825	61,870	43,290	38
	As of December 31, 2012				
	Up to 3 months S/.(000)	From 3 months to 1 year S/.(000)	From 1 to 3 years S/.(000)	From 3 to 5 years S/.(000)	Over 5 years S/.(000)
Forward exchange contracts	50,646	78,347	1,172	-	-
Interest rate swaps	48	238	7,314	40,362	25
Currency swaps	-	46	31,361	2,220	9
Options	762	316	-	-	-
Total liabilities	51,456	78,947	39,847	42,582	35

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Notes to the consolidated financial statements (continued)

(ii) The Bank and its Subsidiaries are exposed to movements in future interest cash flows on non-trading assets and liabilities which bear interest at variable rates. The Bank and its Subsidiaries use derivate financial instruments as cash flow hedges of said risk, according to Note 3(g). As of December 31, 2012, a summary indicating the periods when the hedged cash flows are expected to occur and when they are expected to affect the consolidated income statement, net from income tax 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)
Cash outflows (liabilities)	<u>(931,236)</u>	<u>(1,254,763)</u>	<u>(62,079)</u>	<u>(62,079)</u>
Consolidated income statement	<u>(14,627)</u>	<u>(27,597)</u>	<u>(3,796)</u>	<u>15,079</u>

As of December 31, 2012, the net unrealized loss from the cash flow hedges is included in the caption "Unrealized gains (losses)" of the consolidated statements of changes in shareholders' equity and results from the current hedges (unrealized loss for approximately S/.30.9 million) and from the unwind made in 2009 (unrealized gain for approximately S/.23.2 million), which is being realized in the consolidated income statements during term of the underlying financial instrument (October 2022), see Note 13(a)(iv). Likewise, the transfer of the net unrealized gain and/or loss on cash flow hedges to the consolidated income statement is presented in Note 15(d).

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Notes to the consolidated financial statements (continued)

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

Description	Brand name S/.(000)	Rights of use (ii) S/.(000)	Client Relationship S/.(000)
Cost -			
Balance as of January 1	37,504	55,740	18,735
Additions (i)	-	-	-
Transfers	-	-	-
Split, Note 2(b)	-	-	-
Withdrawals and others	-	-	-
Balance as of December 31	37,504	55,740	18,735
Accumulated amortization -			
Balance as of January 1	16,252	3,716	8,119
Amortization of the year	7,501	11,148	3,747
Split, Note 2(b)	-	-	-
Withdrawals and others	-	-	-
Balance as of December 31	23,753	14,864	11,866
Net book value	13,751	40,876	6,869

- (i) During the year 2012, the Bank capitalized disbursements related to the implementation and development of several projects (information of clients, among others). During the year 2011, the Bank capitalized disbursements related to the implementation of infrastructure, mainframe and licenses to support operations.
- (ii) In July 2010, the Bank signed a contract with Telefónica Móviles S.A. by which both parties agreed that the Bank is the exclusive payment instrument issued by the Bank and bears certain benefits established by both parties and stipulated in the contract.
- (iii) As of December 31, 2012 and 2011, the Bank and its Subsidiaries have fully amortized intangible assets that are still in use.
- (iv) Management periodically reviews the intangibles' residual value, their useful live and the selected amortization method to determine if there is any impairment. Management's opinion, there is no evidence of impairment of intangibles as of December 31, 2012 and 2011.

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Notes to the consolidated financial statements (continued)

- (e) Operations in process include deposits received, loans disbursed and/or collected, funds transferred and other similar types of transactions, which are made at the end of the month and not reclassified to their final consolidated balance sheet account until the first days of the following month. The regularization of these transactions do not affect the Bank and its Subsidiaries' consolidated net income.
- (f) As of December 31, 2012 and 2011, the balance includes S/.28.6 million and S/.24.4 million, respectively, corresponding to assets acquired with the specific purpose of granting leasing loans.

In Management's opinion, the allowance of realizable assets, received in payment and seized assets recorded as of December 31, 2012 and 2011, complies with SBS regulations in force on those dates.

- (g) As of December 31, 2012 and 2011, the provision for sundry risks comprises the estimated losses due to legal procedures against the Bank and its Subsidiaries, estimated losses due to operational risk and other similar obligations that were recorded based on Management and its internal legal advisors' best estimates.

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

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

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

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

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Notes to the consolidated financial statements (continued)

The results of Correval's operations for the period between April 27, 2012 (acquisition date) and December 31, 2012, are as follow:

	2012 S/.(000)
Income and expenses	
Revenue	61,869
Expenses	<u>(48,709)</u>
Income before income tax	<u>13,160</u>
Income tax	<u>(3,459)</u>
Net income	<u>9,701</u>

The net cash flows of Correval for the period between April 27, 2012 (acquisition date) and December 31, 2012, are as follow:

	2012 S/000)
Operating activities	(29,529)
Investing activities	(10,144)
Financing activities	<u>39,440</u>
Net decrease in cash	<u>(233)</u>

(b) On the other hand, as indicated in Note 2(a), the acquisition agreement of Correval includes put options and call options on the non-controlling interests in that entity. These options have not been recorded in the consolidated financial statements of the Bank and its Subsidiaries as of December 31, 2012, considering that they are also part of the rights and obligations to be transferred to Credicorp Investments Ltd. Also, it is important to mention, that BCP and Credicorp Investment Ltd. signed on December 2012 an agreement for the transfer of contractual position; through this agreement BCP transferred its joint liability on the obligations related to the put and call options on the non controlling interests, "written non controlling interests puts and calls" to Credicorp Investments Ltd. The transfer of the joint liability and the accounting treatment of the calls and puts options were informed to the SBS. As of December 31, 2012, the present value of the put options amounts to approximately US\$59.2 million.

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Notes to the consolidated financial statements (continued)

The put options on non-controlling interests may be exercised by the minority shareholders of Correval for a period of three months after the second and fourth year of acquisition. The call option on non-controlling interests may be exercised by BCP for a period of three months after the end of the second period established for the exercise of the put options. The put and call options on non-controlling interest are to be exercised at a price resulting from a formula fixed contractually; the formula considers the average income and average net worth of Correval obtained over a period of time, multiplied by fixed factors.

(c) The acquisition of Correval was recorded using the acquisition method, as required by IFRS 3 "Business Combinations". Assets and liabilities were recorded at their estimated fair values at the acquisition date, including the identified intangible assets unrecorded in Correval balance sheet.

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

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

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Notes to the consolidated financial statements (continued)

The fair values of the identifiable intangible assets as of the acquisition date were determined using the income approach and based on the present value of the profits attributable to the asset or costs avoided as a result of owning the asset. Under this approach, the asset's fair value is determined by discounting cash flows at the rate that considers the relative risk of achieving the cash flows and the time value of money.

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

- For the valuation of brand name, the "Relief from Royalty" method was applied, which estimates the cash flows that the entity saves for royalty payments by owning a brand.
- For the valuation of client relationship and fund manager contract, the "Multi-Period-Excess-Earnings" method was applied, which calculates the residual cash flow after deducting intangible asset returns for all assets that contribute to the cash flow. These assets are called contribution charges.

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

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

11. Deposits and obligations

(a) This item is made up as follow:

	2012 S/.(000)	2011 S/.(000)
Non-interest bearing deposits and obligations -		
In Peru	17,195,713	15,015,375
In other countries	<u>1,994,341</u>	<u>1,825,901</u>
	<u>19,190,054</u>	<u>16,841,276</u>
Interest bearing deposits and obligations -		
In Peru	35,931,036	27,845,181
In other countries	<u>2,895,642</u>	<u>2,474,200</u>
	<u>38,826,678</u>	<u>30,319,381</u>
	58,016,732	47,160,657
Interest payable for deposits and obligations	<u>161,582</u>	<u>138,798</u>
Total	<u>58,178,314</u>	<u>47,299,455</u>

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

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

(b) As of December 31, 2012 and 2011, the balance of deposits and obligations by product is as follows:

	2012 S/.(000)	2011 S/.(000)
Demand deposits	19,289,681	16,924,036
Saving deposits	15,515,531	13,740,419
Time deposits (d)	17,096,859	11,391,297
Severance indemnity deposits	5,687,427	4,737,333
Negotiable certificates	427,234	367,572
Total	58,016,732	47,160,657

(c) As of December 31, 2012 and 2011, approximately S/.19,278.1 million and S/.16,805.3 million, respectively of the deposits and obligations balances, are covered by the "Fondo de Seguro de Depósitos" (Deposit Insurance Fund). At those dates, the "Fondo de Seguro de Depósitos" covered up to S/.91,216.0 and S/.91,621.0, respectively.

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

	2012 S/.(000)	2011 S/.(000)
Up to 3 months	12,791,172	7,878,840
From 3 months to 1 year	3,332,551	2,906,650
From 1 to 3 years	544,770	605,807
From 3 to 5 years	428,345	-
More than 5 years	21	-
Total	17,096,859	11,391,297

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12. Due to banks, correspondents and other entities

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
By type -		
Due to banks and correspondents with foreign financial institutions (b)	5,255,330	4,376,088
Due to related parties (c)	3,062,010	2,537,733
Promotional credit lines (d)	<u>819,504</u>	<u>651,991</u>
	9,136,844	7,565,812
Interest payable	<u>42,489</u>	<u>31,446</u>
Total	<u>9,179,333</u>	<u>7,597,258</u>

(b) As of December 31, 2012 and 2011, it includes loans to finance foreign trade operation and for working capital. This item is made up as follow:

Entities	2012 S/.(000)	2011 S/.(000)
Syndicated loan (i)	971,808	1,337,412
Deutsche Bank AG	393,110	328,047
China Development Bank	380,261	401,367
JP Morgan Chase Bank	331,673	-
Standard Chartered Bank	331,582	-
Cobank	296,662	129,147
Bank of America N.A.	280,500	257,860
Citibank N.A.	268,745	256,034
Bank of New York Mellon	252,450	134,800
Toronto Dominion Bank	249,900	229,160
Sumitomo Mitsui Banking Corporation	229,500	53,920
Corporación Andina de Fomento - CAF	216,750	539,200
Banco Latinoamericano de Comercio Exterior	153,000	-
Wells Fargo Bank N.A.	153,000	390,914
Banco de la Nación del Perú	120,000	-
Others	<u>626,389</u>	<u>318,227</u>
Total	<u>5,255,330</u>	<u>4,376,088</u>

(i) As of December 31, 2012, the balance includes two syndicated loans obtained from foreign financial entities in March 2011 and October 2010, amounting to US\$150.0 million, equivalent to S/.382.5 million and US\$233.3 million, equivalent to S/.595.0 million, respectively (Two syndicated loans

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Notes to the consolidated financial statements (continued)

obtained from foreign financial entities amounting to US\$150 million, equivalent to S/.404.4 million and US\$350.0 million, equivalent to S/.943.6 million, as of December 31, 2011) with maturity in March 2014 and October 2013, respectively, with interest payments every semester at Libor 6M+1.75 percent. In addition, as of December 31, 2012, both syndicated loans amounting to S/.977.5 million, which are subject to variable interest rate risk, were hedged through IRS for the same notional amounts and maturities (S/.1,348.0 million as of December 31, 2011); see Note 9(c); through IRS, the loans were economically converted to fixed rate.

As of December 31, 2012, the loans have maturities between January 2013 and February 2019 (Between January 2012 and December 2016 as of December 31, 2011) and accrued annual interests at rates that ranged between 0.68 and 10.00 percent (between 0.69 and 10.50 percent as of December 31, 2011).

- (c) As of December 31, 2012, due to related parties included: (i) loans at variable interest rates received from CCR Inc. and Atlantic Security Bank (ASB), amounting to US\$1,016.4 million, equivalent to S/.2,591.9 million and US\$55.5 million, equivalent to S/.141.5 million, respectively; and ii) a promissory note in favour of BCP Emisiones Latam 1 S.A. amounting to 2.7 million Unidades de Fomento Chilenas - UF, equivalent to S/.328.6 million (US\$753.5 million, equivalent to S/.2,031.3 million and US\$72.4 million, equivalent to S/.195.2 million and 2.7 million Unidades de Fomento Chilenas-UF, equivalent to S/.311.2 million, respectively, as of December 31, 2011). The debts with CCR Inc. generate interest at a rate of Libor 1M.

As of December 31, 2012, part of the cash flows of the loans at variable interest rates have been hedged through interest rate swaps (IRS), for a notional amount of S/.390.0 million (S/.591.2 million as of December 31, 2011); see Note 9(c); through said IRS, the loans were economically converted to fixed rate.

In addition, as of December 31, 2012 and 2011, the promissory note in favour of BCP Emisiones Latam 1 S.A., subject to exchange rate risk, has been hedged, as mentioned in Note 3(g), through cross currency swaps (CCS) for the same notional amounts and the same maturities, see Note 9(c); through CCS, this liability was economically converted to U.S. Dollars.

- (d) Promotional credit lines represent loans received mainly from Corporación Financiera de Desarrollo (COFIDE) and from Fondo de Cooperación para el Desarrollo Social (FONCODES) to promote the development of Peru. As of December 31, 2012 and 2011, their annual interest rates ranged between 6.00 and 7.75 percent. These liabilities are secured by a loan portfolio for up to the amount of credit line used.

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Notes to the consolidated financial statements (continued)

(e) As of December 31, 2012 and 2011, the balance of this caption, classified by maturity, is as follows:

	2012 S/.(000)	2011 S/.(000)
Up to 3 months	1,796,610	1,299,311
From 3 months to 1 year	2,003,493	1,305,950
From 1 to 3 years	2,419,821	2,366,668
From 3 to 5 years	1,487,876	1,276,590
More than 5 years	<u>1,429,044</u>	<u>1,317,293</u>
 Total	 <u>9,136,844</u>	 <u>7,565,812</u>

(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, 2012 and 2011.

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Notes to the consolidated financial statements (continued)

13. Bonds and notes issued

(a) This item is made up as follow:

	Weighted annual interest rate	Interest
Local issuances	%	
Corporate bonds		
First program		
Tenth issuance Series A	7.06	Quar
Tenth issuance Series B	8.00	Quar
Second program		
First issuance (Series A and B)	6.83	Semi-a
First issuance (Series A) - Edyficar	5.47	Semi-a
Second issuance (Series A) - Edyficar	5.50	Semi-a
Third issuance (Series A and B)	7.73	Quar
Fourth program		
Fourth issuance (Series A, B, C and D)	6.41	Semi-a
Fifth issuance (Series A)	5.31	Semi-a
Eighth issuance (Series A)	3.75	Semi-a
Nineth issuance (Series A)	6.22	Semi-a
Tenth issuance (Series A)	7.25	Semi-a
Tenth issuance (Series B and C)	5.41	Semi-a
Subordinated bonds		
First program		
First issuance (Series A)	6.22	Semi-a
First issuance (Series A) - Edyficar	8.16	Semi-a
Second issuance (Series A) - Edyficar	8.13	Semi-a
Third issuance (Series A) - Edyficar	6.19	Semi-a
Fifth issuance (Series A)	8.25	Semi-a
Fourth issuance (Series A, B, C and D)	7.65	Quar
Second program		
First issuance (Series A and B)	5.75	Semi-a
Leasing bonds - First program		
Sixth issuance (Series A)	8.72	Quar
Negotiable certificates of deposit - First program		
Fourth issuance (Series A, B and C) - Edyficar	5.30	At mat
Bonds and mortgage certificates	7.44	Semi-a
Total local issuances		

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Notes to the consolidated financial statements (continued)

	Weighted annual interest rate	Interest
International issuances, trough BCP Panama branch -		
Senior bonds - (i)	4.75	Semi-a
Senior bonds - (i)	5.38	Semi-a
Subordinated bonds - (ii)	6.13	Semi-a
Subordinated bonds - (iii)	6.88	Semi-a
Negotiable certificate of deposit - (iv)	7.45	Semi-a
Junior subordinated bonds - (v)	9.75	Semi-a
Subordinated negotiable certificates of deposit - (vi)	6.88	Semi-a
Total international issuances		
Total local and international issuances		
Interest payable		
Total		

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

As of December 31, 2012 and 2011, the Bank and its Subsidiaries, considering Note 3(g), hedged corporate bonds exchange rate and variable interest rate risk. Corporate bonds were hedged trough CCS and IRS, and were economi

International issuances are listed in the Luxembourg Stock Exchange. Likewise, local and international issuances m as of the dates of the consolidated balance sheets.

- (i) BCP can redeem in whole or in a part these notes at any time, with the penalty of the payment of an interest rate equivalent to the American Treasury plus 50 basis points. Additionally, from April 25, 2022 or at any later date of c
- (ii) Starting April 24, 2022, the interest rate becomes a variable rate of Libor 3 months plus 704.3 basis points. Between equivalent to the American Treasury plus 50 basis points. Additionally, from April 25, 2022 or at any later date of c
- (iii) Starting September 16, 2021, the interest rate becomes a variable rate of Libor 3 months plus 770.8 basis points. Between interest equivalent to the American Treasury plus 50 basis points. Additionally, from September 16, 2021 or at any later date or redemption.

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- (iv) In October 2017, interest rate will be the average of at least three valuations on the market interest rate for sovereign bonds issued by the Peruvian Government (with maturity on 2037), plus 150 basis points, with semiannual payments. From such date, BCP can redeem 100 percent of the certificates, without penalty. Payment of principal will take place at the date of maturity or redemption. Cash flows of this debt, subject to foreign exchange risk and interest rate risk, were hedged, until October 2009, through CCS and IRS; at that date, the Group discontinued prospectively the combined cash flow hedge of CCS and IRS through their unwinding, see Note 9(c)(ii).
- (v) In November 2019, interest rate will be Libor 3 months plus 816.7 basis points. On that date and on any interest payment date, BCP can redeem 100 percent of the bonds, without penalty. Payment of principal will take place at the date of maturity or redemption.

This debt does not have collateral and qualifies as Tier 1 capital for SBS regulations.

- (vi) In November 2016, the interest rate will change to a floating interest rate, established as Libor plus 279 basis points, with semi-annual payments. From such date, BCP can redeem 100 percent of the certificates, without penalty. Payment of principal will take place at the date of maturity or redemption.

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

	2012 S/(.000)	2011 S/(.000)
Up to 3 months	10,000	6,742
From 3 months to 1 year	71,250	210,873
From 1 to 3 years	678,647	693,914
From 3 to 5 years	2,265,680	2,331,930
More than 5 years	<u>6,168,160</u>	<u>5,050,728</u>
 Total	 <u>9,193,737</u>	 <u>8,294,187</u>

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Notes to the consolidated financial statements (continued)

14. Deferred income tax

(a) These items are made up as follows:

	2012 S/.(000)	2011 S/.(000)
Net deferred income tax asset		
Deferred assets -		
Allowance for loan losses	257,298	202,705
Leasing operations, net	31,417	-
Provision for sundry expenses	28,401	28,752
Share-based payments	10,400	15,449
Unrealized loss on hedge derivatives valuation	11,758	15,028
Provision for sundry risks	14,060	13,596
Allowance for seized assets	6,775	6,520
Past due interests	1,805	2,124
Unrealized loss on investments	1,172	-
Unrealized loss on available-for-sale investments valuation	301	2,120
Others	8,840	9,092
Deferred liabilities -		
Unrealized gain on available-for-sale investments valuation	(12,139)	(5,113)
Indexed certificates valuation	(14,739)	(14,443)
Acquired intangibles	(6,186)	(9,561)
Buildings depreciation	(20,890)	(9,184)
Exchange difference	(4,687)	(4,687)
Unrealized gain on hedge derivatives valuation	(603)	(2,789)
Leasing operations, net	-	(2,490)
Others	(1,129)	(3,276)
Total	<u>311,854</u>	<u>243,843</u>
Net deferred income tax liabilities		
Deferred liabilities -		
Unrealized gain on available-for-sale investments valuation		
in BCI Chile	(186,198)	(148,023)
Total	<u>(186,198)</u>	<u>(148,023)</u>

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Notes to the consolidated financial statements (continued)

(b) Amounts presented in the consolidated balance sheets as of December 31, 2012 and 2011, and in the consolidated income statements for the years then ended, are shown below:

	2012 S/.(000)	2011 S/.(000)
Current	622,949	550,691
Deferred	(71,804)	(42,017)
	<hr/>	<hr/>
	551,145	508,674

(c) Reconciliation of the effective tax rate to the statutory tax rate for the years 2012 and 2011 is as follows:

	2012 %	2011 %
Income before income tax	<u>100.00</u>	<u>100.00</u>
Theoretical expense	30.00	30.00
Effect on taxable income		
Non-taxable financial revenue	<u>(6.78)</u>	<u>(6.67)</u>
Effect of non-deductible expenses		
Non-deductible financial expenses	1.13	1.38
Other non-deductible expenses	<u>1.87</u>	<u>1.40</u>
Income tax, current and deferred	26.22	26.11

15. Equity

(a) Capital stock -

As of December 31, 2012, the Bank's capital stock comprises 3,102.9 million of fully subscribed and paid common shares (2,557.7 million shares, as of December 31, 2011 and 2010) with a nominal value of one Peruvian Nuevo Sol.

As of December 31, 2012, Credicorp and Grupo Crédito S.A. (a subsidiary of Credicorp) maintained 12.73 percent and 84.93 percent, respectively of the Bank's capital stock (12.73 percent and 84.92 percent, respectively as of December 31, 2011).

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

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The General Shareholders Meetings held on March 30, 2012 and March 26, 2010, approved the capitalization of 2011 and 2009 retained income for an amount of S/.630.2 million and S/.329.5 million, respectively.

(b) Legal reserve -

Pursuant to legislation in force, the Bank must reach a legal reserve of at least 35 percent of its paid-in capital. This reserve is to be funded through an annual appropriation of at least 10 percent of its net income. As of December 31, 2012, the Bank has covered such legal request.

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

The General Shareholders Meeting, held on March 30, 2012, approved the increase of the legal reserve by S/.220.6 million, through the appropriation of 2011 net income.

The Bank' Subsidiaries established in Peru and Bolivia must also record legal reserves in their individual financial statements, which percentages varies depending on applicable laws and economic activity. As of December 31, 2012, 2011 and 2010, the Subsidiaries' reported legal reserves amounted to approximately S/.80.4, S/.78.5 million and S/.67.9 million, respectively.

(c) Special reserve -

The special reserve has been funded through the appropriation of accumulated results.

The General Shareholders Meetings held on March 31, 2011 and March 26, 2010, approved an increase of the special reserve for approximately S/.674.9 and S/.0.1 million, respectively, through the appropriation of 2010 and 2009 net income, respectively.

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

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Notes to the consolidated financial statements (continued)

(d) Unrealized gains (losses) -

The caption "Unrealized gains (losses)" includes the net unrealized gain (loss) from available-for-sale investments and from derivatives instruments used as cash flow hedge. The movement of the unrealized gain (loss) during 2012 and 2011, presented net of deferred income tax is as follows:

	Unrealized gain (loss) of:		
	Investment available-for-sale S/.(000)	Derivative instruments used as cash flow hedge S/.(000)	Total S/.(000)
Balances as of December 31, 2011	427,217	15,599	442,816
Net unrealized loss from investments available-for-sale	(144,556)	-	(144,556)
Transfer of realized gain from investments available-for-sale to the income statement, net of realized loss	(39,206)	-	(39,206)
Net unrealized loss on cash flow hedge	-	(25,555)	(25,555)
Transfer of realized loss from cash flow hedge to the income statement, net of realized gain	-	4,924	4,924
Deferred income tax	66,629	4,764	71,393
Adjustment of deferred workers' profit sharing Note 3(a)(ii)(ii.b)	1,070	(1,312)	(242)
Balances as of December 31, 2011	<u>311,154</u>	<u>(1,580)</u>	<u>309,574</u>
Net unrealized gain from investments available-for-sale	216,352	-	216,352
Transfer of realized gain from investments available-for-sale to the income statement, net of realized loss	(60,982)	-	(60,982)
Net unrealized gain on cash flow hedge	-	11,084	11,084
Transfer of realized gain from cash flow hedge to the income statement, net of realized gain	-	(16,087)	(16,087)
Split of an equity block, Note 2(b)	(23,257)	-	(23,257)
Deferred income tax	(45,848)	(1,085)	(46,933)
Balances as of December 31, 2012	<u>397,419</u>	<u>(7,668)</u>	<u>389,751</u>

As of December 31, 2012, the Bank and its Subsidiaries maintain a net deferred income tax liability for S/.185.7 million, related to the unrealized gains and losses of investments available-for-sale and cash flow hedges (S/.138.8 million, as of December 31, 2011).

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Notes to the consolidated financial statements (continued)

(e) Dividend distribution -

The General Shareholders Meetings held on March 30, 2012, March 21, 2011 and March 26, 2010, agreed to distribute dividends for approximately S/.588.3 million, S/.514.1 million and S/.595.0 million, respectively.

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

(f) Equity for legal purposes (Regulatory capital) -

According to Legislative Decree N°1028, regulatory capital must be equal to or more than 10 percent of total risk weighted assets and contingent operations, represented by the sum of: the regulatory capital requirement for market risk multiplied by 10, the regulatory capital requirement for operational risk multiplied by 10 and assets and contingent credits weighted by credit risk. As of December 31, 2012 and 2011, the Bank maintains the following amounts related to weighted assets and contingent credits by total risk and regulatory capital (basic and supplementary), in millions of Nuevos Soles:

	2012	2011
Total risk weighted assets and credits	60,662.81	49,557.35
Regulatory capital	8,929.25	7,201.55
Regulatory capital - basic	6,132.27	5,139.95
Regulatory capital - supplementary	2,796.97	2,061.60
Global regulatory capital ratio	14.72%	14.53%

As of December 31, 2012 and 2011, the Bank and its Subsidiaries have fulfilled the requirements of Resolutions N°2115-2009, N°6328-2009 and N°14354-2009, Regulations for the Requirement of Regulatory Capital by Operational Risk, Market Risk and Credit Risk Regulations, respectively, and amendments. Those resolutions establish, mainly, the methodology to be applied by financial entities in order to calculate assets and credits weighted for each type of risk.

On July 20, 2011, the SBS issued Resolution N°8425-2011 requiring an additional regulatory capital, which is the summatory of each of the following components: economic cycle risk, concentration risk, market concentration risk, interest rates risk and others. As of December 31, 2012 and 2011, in Management's opinion, the Bank has complied with the requirements of Resolution N°8425-2011.

Resolution SBS N°11823-2010, "Regulations on consolidated supervision of financial and mixed conglomerates" establishes that the economic group subject to consolidation must have a regulatory equity destined to cover the risks arising from the operations and activities of the

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bank, which shall not be lower than the minimum equity required the group subject to consolidation. As of December 31, 2012 and 2011, the minimum requirement amounted to US\$3,367.7 million, equivalent to S/.8,587.6 million and US\$2,270.3 million, equivalent to S/.6,120.7 million, respectively. As of December 31, 2012 and 2011, the regulatory equity of the financial group subject to consolidation amounted to US\$3,660.7 million, equivalent to S/.9,334.5 million and US\$2,741.8 million, equivalent to S/.7,391.8 million, respectively.

16. Tax situation

- (a) The Bank and its Subsidiaries are subject to corporate taxation on income of the country where they are established. As of December 31, 2012 and 2011, the statutory income tax rate was 30, 25 and 33 percent on taxable income for the Subsidiaries established in Peru, Bolivia and Colombia, respectively.

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

- (b) Since 2011, the Income Tax Law was amended by Law No29645, stating that interest and other income generated by foreign loans granted to the Peruvian National Public Sector, must also be included as an item exempted from the Income Tax.

Moreover, Law No29663, subsequently amended by Law No29757, established that are to be considered Peruvian source income those obtained through the indirect sale of capital stock of companies domiciled in Peru.

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

Finally, through Law No29966, the exemption of the VAT over the interest resulting from securities issued through public offer by legal entities established in Peru, as long as the issuance is made in accordance to the Securities Market Law, approved by Legislative Decree N°861, or by the Investment Fund Law, approved N°862, was extended until December 31, 2015.

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- (c) For income tax and value added tax purposes, the transfer prices agreed in transactions between related parties and with entities located in tax havens, require the presentation of supporting documentation and information on the valuation methods and criteria applied for the agreed price. Based on the analysis of the Bank and its Subsidiaries operations, Management and its internal legal advisors consider that no significant contingencies will result for the Bank and its Subsidiaries as a consequence of the application of such provisions for fiscal year 2012 and 2011.
- (d) The Peruvian Tax Authority is entitled to review and, if applicable, amend the annual income tax returns of the Bank and its subsidiaries established in Peru up to four years after their submission. The Bolivian and Colombian Tax Authorities are entitled to review and, if applicable, amend the annual income tax returns of the subsidiaries located on these countries up to four and two years, respectively, after their submission.

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

Banco de Crédito del Perú	2009-2012
Banco de Crédito de Bolivia	2008-2012
Correval S.A.	2010-2012
Edyficar	2008-2012

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

Since tax regulations are subject to interpretation by the Tax Authorities it is not possible to determine up to date whether the reviews will generate additional liabilities for the Bank and its Subsidiaries. Therefore, any unpaid tax, penalties or interests that might result from said reviews will be expensed in the year in which they are determined. Nevertheless, Management of the Bank and its Subsidiaries and their legal advisors consider that any additional tax assessments would not have a significant impact on the 2012 and 2011 consolidated financial statements.

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Notes to the consolidated financial statements (continued)

17. Share-based payments

(a) Stock appreciation rights of Credicorp Ltd. -

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

As of December 31, 2012 and 2011, the number of SARs issued and not exercised and their prices are as follows:

Year of issuance	Number of outstanding SARs issued as of December 31, 2012	Number of vested SARs as of December 31		Exercise price	
		2012	2011	2012 US\$	2011 US\$
2004	-	-	40,000	7.09	8.39
2005	5,000	5,000	40,000	12.10	13.40
2006	40,000	40,000	45,000	21.42	22.72
2007	30,450	30,450	37,118	21.42	22.72
2008	32,618	32,618	49,362	21.42	22.72
	<u>108,068</u>	<u>108,068</u>	<u>211,480</u>		

Management has estimated the SARs' fair value as of December 31, 2012 and 2011, using a binomial option pricing model, with assumptions obtained from the relevant available market information. The key assumptions used are as follows:

Key assumptions	2012	2011
Expected volatility	37.23%	39.05%
Risk free interest rate	3.08%	2.46%
Expected lifetime	1.20 years	1.68 years
Quoted price of Credicorp shares	US\$146.56	US\$109.47

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The movements of the SAR's for the years ended December 31, 2012 and 2011, are as follows:

	2012			2011		
	Outstanding SARs		Vested SARs	Outstanding SARs		Vested SARs
	Number	Number	Amount S/.(000)	Number	Number	Amount S/.(000)
Balances as of January 1	211,480	211,480	51,498	730,719	716,662	200,332
Granted and vested	-	-	-	-	12,228	2,860
Exercised	(103,412)	(103,412)	(33,586)	(517,410)	(517,410)	(115,038)
Write-downs	-	-	-	(1,829)	-	-
Increase (decrease) in fair value	-	-	16,756	-	-	(36,656)
Balance as of December 31	<u>108,068</u>	<u>108,068</u>	<u>34,668</u>	<u>211,480</u>	<u>211,480</u>	<u>51,498</u>

As of December 31, 2012, the liability recorded for this plan and the income tax assumed by the Bank and its Subsidiaries (equivalent to 30 percent of the amount paid) amounts to S/.34.7 million and S/.10.4 million, respectively (S/.51.5 million and S/.15.4 million, respectively, as of December 31, 2011) which are included in "Share-base payments" and "Tax payable", respectively, in the caption "Other liabilities, net" of the consolidated balance sheets, see Note 9(a).

Additionally, the valuation of the plan at said date resulted in a loss, net of income tax assumed by the Bank and its Subsidiaries amounting to S/.23.3 million (gain net of income tax for S/.34.5 million as of December 31, 2011), which has been recorded in the caption "Salaries and employee's benefits" of the consolidated statements of income; Note 24.

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

(b) Payments through Credicorp shares

As indicated in Note 3(p), on March or April of each year, the Bank and its Subsidiaries grant Credicorp shares ("stock awards") to certain executives, which are settled through delivery of Credicorp shares ("share-based payment plan settled in equity instruments"). Shares granted vest 33.3 percent in each one of the subsequent three years. In order to execute the plan, at the date the plan is communicated, all shares needed to settle the plan are purchased and legally delivered to the beneficiaries. However, they are maintained as restricted until their vesting.

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

For the year ended December 31, 2011, the Bank and its Subsidiaries purchased and legally delivered 134,338 shares; the expense recorded amounted to S/.42.5 million, which is presented in the caption "Salaries and employee benefits" of the consolidated income statement, Note 24.

In the year 2012, 108,859 shares were legally delivered, of which 55,437 vested as of December 31, 2012. Due to the change in accounting treatment, described in Note 3(p), this resulted in an expense of S/.24.9 million (including taxes for S/.6.0 million), which is presented in "Salaries and employee benefits" of the consolidated income statement, Note 24.

As of December 31, 2012, the liability recorded for this plan amounts to S/.18.3 million, which is included as "Share-based payments" in the caption "Other liabilities, net" of the consolidated balance sheet, Note 9 (a).

Although shares were legally delivered to the beneficiaries, they remain as "restricted investment" in the caption "Off-balance sheet accounts" of the consolidated balance sheet until they vest and are also presented as investments available-for-sale.

18. Commitments and contingencies

(a) Commitments -

- The Bank's Panamanian Branch maintains several agreements with a foreign related party, CCR Inc., by which it guarantees the collection of future inflows from electronic messages sent through the Society for Worldwide Interbank Financial Telecommunications ("SWIFT") to the Bank and utilized within the network to instruct correspondent banks to make a payment of a certain amount to a beneficiary that is not a financial institution. For these transactions the related party obtained several loans, which are secured by the above mentioned future inflows; the amounts of the loans received are the following:

Year of issuance	Loan amount US\$ (million)	Maturity
2006 - Series A	22.4	2016
2008 - Series A and B	153.3	2015
2010 - Series B	41.4	2016
2010 - Series C	279.2	2017
2010 - Series D	66.9	2014
2012 - Series A and B	149.0	2017
2012 - Series C	312.8	2022
	<hr/> <hr/> 1,025.0	

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As of December 31, 2012 and 2011, the funds obtained by CCR Inc. were transferred to the Panamanian branch through loans, see Note 12(c).

- On November 2009 a contract with a foreign related party was entered into, by which it is guaranteed, through a promissory note signed by the Bank, the payment of principal to the holders of bonds issued in Unidades de Fomento Chilenas - UF through the Santiago de Chile Stock Exchange, by the foreign related party. The bonds issued, named "Bonos Desmaterializados al Portador - Serie A", amounted to 2.7 million Unidades de Fomento Chilenas - UF, equivalent to S/.328.6 million and S/.311.2 million as of December 31, 2012 and 2011, respectively, with maturity on October 2014, see Note 12(c).

The loans obtained and the bonds issued by the related parties include covenants which, in Management's opinion, have been fulfilled as of December 31, 2012 and 2011.

(b) Contingencies -

As of December 31, 2012 and 2011, the Bank and its Subsidiaries have several pending legal claims, related to their normal course of business. According to Management and its internal legal advisors no additional liabilities will result from these legal claims; therefore, Management has not considered necessary to record an additional allowance for these contingencies, Note 9(g).

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Notes to the consolidated financial statements (continued)

19. Off-balance sheet accounts

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
Contingent operations (indirect loans) (b) -		
Guarantees and stand-by letters of credit	9,982,046	8,387,916
Import and export letters of credit	1,488,381	1,620,338
Due from bank acceptances	<u>256,959</u>	<u>166,331</u>
	11,727,386	10,174,585
Derivative instruments, Note 9(c) -		
Derivatives held for trading -		
Foreign currency forward contracts on Nuevo Sol, see Note 4:		
Foreign currency purchases	6,036,249	4,840,599
Foreign currency sales	6,864,577	3,945,435
Foreign currency forward contracts on currencies, other than Nuevo Sol	483,693	529,523
Interest rate swap contracts	2,991,020	1,860,494
Currency swap contracts, see Note 4:		
Foreign currency delivery/ Nuevo Sol reception	677,753	606,732
Nuevo Sol delivery/ Foreign currency reception	510,009	187,290
Foreign currency delivery/ Foreign currency reception	241,299	-
Foreign currency options	242,985	173,040
Derivatives held as hedge -		
Interest rate swap contracts	2,013,963	2,084,892
Cross currency swap contracts on Nuevo Sol, see Note 4:		
Foreign currency delivery/ Nuevo Sol reception	226,923	-
Cross currency and interest rate swap contracts in respect with Nuevo Sol, see Note 4	153,301	221,680
Cross currency swap contracts on currencies other than Nuevo Sol	<u>429,717</u>	<u>311,208</u>
	<u>20,871,489</u>	<u>14,760,893</u>
Responsibilities under credit line agreements (c)	10,210,169	9,504,383
Other contingent operations	<u>135,093</u>	<u>7,358</u>
Total contingent operations	<u>42,944,137</u>	<u>34,447,219</u>

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Notes to the consolidated financial statements (continued)

	2012 S/.(000)	2011 S/.(000)
Other Off-balance sheet accounts		
Securities in custody	54,425,570	49,845,259
Guarantees received (d)	88,680,884	72,579,557
Debt instruments under collection	7,837,155	7,950,969
Securities granted as guarantees	4,414,094	3,941,592
Written-off loans	4,513,647	3,890,295
Trusts (e)	4,155,945	3,024,900
Advised letters of credit	2,879,669	2,327,657
Insurance coverage	902,359	954,024
Other	<u>102,301,547</u>	<u>40,988,231</u>
Total other off-balance sheet accounts	<u>270,110,870</u>	<u>185,502,484</u>
Total	<u>313,055,007</u>	<u>219,949,703</u>

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

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

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

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

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

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Notes to the consolidated financial statements (continued)

- (c) Responsibilities under credit lines agreements do not correspond to commitments to grant credits and include lines of credit of consumer credit, micro-business, small business, medium business and corporate, that are cancellable upon notification to the client.
- (d) The balance of the caption "Guarantees received" is stated at the amounts of the guarantee agreed as of the date of the loan contract. This balance does not necessarily represent the market value of guarantees received by the Bank and its Subsidiaries.
- (e) The Bank and its Subsidiaries provide custody, trust, corporate administration, investment management (asset management) and consulting services to third parties and, mutual funds and asset securitization's management, which imply that the Bank and its Subsidiaries are involved in decisions over consignation (distribution), and the purchase and sale of these products. Assets kept as trust are not included in the accompanying consolidated financial statements.

20. Financial income and expenses

These items are made up as follows:

	2012 S/.(000)	2011 S/.(000)
Financial income		
Interest from loan portfolio	4,998,967	4,109,775
Interest from trading, available-for-sale and held-to-maturity investments, net	431,980	345,793
Interest from cash and due from banks and inter-bank funds	103,298	115,700
Net fluctuation from derivative financial instruments position - swaps	56,040	45,355
Commissions on loan portfolio and other transactions	23,998	41,389
Other	5,906	29,272
	<u>5,620,189</u>	<u>4,687,284</u>
Financial expenses		
Interest and commissions on deposits and obligations	(622,448)	(511,006)
Interest on bonds and subordinated notes issued	(572,929)	(468,956)
Interest on due to banks and correspondents and other entities	(350,653)	(321,510)
Deposit Insurance Fund fee	(79,831)	(67,891)
Net result from hedging derivatives instruments	(16,087)	(21,080)
Net fluctuation from derivative financial instruments position - forwards and options	(24,166)	(499)
Other	(33,218)	(38,318)
	<u>(1,699,332)</u>	<u>(1,429,260)</u>
Gross financial margin		
	<u>3,920,857</u>	<u>3,258,024</u>

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Notes to the consolidated financial statements (continued)

21. Banking services commissions, net

This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
Banking services commissions		
Transfer and collection services	511,506	438,322
Maintenance of accounts	243,335	206,108
Credit and debit card services	158,965	119,938
Commissions from parties affiliated to the credit/debit card network	192,191	164,113
Commissions from contingent operations (indirect loans)	150,032	132,297
Trust services (asset management)	66,702	86,049
Commissions from Credipago	105,439	79,857
Fees from consulting and technical studies	54,351	64,178
Withholding and collection services	40,566	43,421
Insurance commissions	57,783	42,745
Brokerage services	13,510	25,418
Checks issuances	10,913	9,639
Fees related to leasing transactions	6,142	6,342
Other	125,261	134,047
	<u>1,736,696</u>	<u>1,552,474</u>
	2012 S/.(000)	2011 S/.(000)
Expenses related to banking services commissions		
Credit and debit card services	(71,145)	(59,979)
Expenses related with assets under leasing contracts	(6,469)	(6,770)
Credit/debit card network	(11,693)	(10,040)
Check issuances	(2,418)	(6,903)
Other	(21,572)	(22,591)
	<u>(113,297)</u>	<u>(106,283)</u>
Balance, net	<u>1,623,399</u>	<u>1,446,191</u>

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Notes to the consolidated financial statements (continued)

22. Net gain on securities

This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
Net gain from purchase and sale of securities	60,982	40,761
Participation in income of investments in associates	11,084	14,142
Net gain from valuation of investments at fair value through profit or loss (trading)	29,887	7,723
Other, net	<u>1,963</u>	<u>(944)</u>
Total	<u>104,636</u>	<u>61,682</u>

23. Other non-financial income and other operating expenses

These items are made up as follows:

	2012 S/.(000)	2011 S/.(000)
Other non-financial income		
Recoveries of loans previously written-off	108,211	96,958
Net gain from sales of seized assets	8,243	12,950
Recovery of previous years interest and allowances	6,940	7,559
Gain from indexed certificates, Note 9(b)	30,236	-
Other	<u>65,251</u>	<u>59,733</u>
Total	<u>218,881</u>	<u>177,200</u>
Other operating expenses		
Loss from indexed certificates, Note 9(b)	-	(50,318)
Provision for legal claims	(24,801)	(21,804)
Provision for uncollectable receivables	(14,489)	(14,703)
Maintenance of seized assets	(1,514)	(1,276)
Provision for sundry risks	(362)	(314)
Other	<u>(23,904)</u>	<u>(10,166)</u>
Total	<u>(65,070)</u>	<u>(98,581)</u>

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Notes to the consolidated financial statements (continued)

24. Salaries and employees' benefits

This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
Salaries	747,455	651,610
Vacations, medical assistance and others	310,245	231,452
Employees' bonds	125,668	118,204
Legal gratifications	135,571	117,667
Workers' profit sharing	93,944	88,105
Social security	93,564	80,734
Severance indemnities	72,125	62,144
Share-based payment plans		
Shares (second plan), Note 17(b)	24,855	42,455
SARs (first plan), Note 17(b)	<u>23,336</u>	<u>(34,517)</u>
Total	<u>1,626,763</u>	<u>1,357,854</u>
Number of employees	<u>22,330</u>	<u>18,616</u>

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Notes to the consolidated financial statements (continued)

25. Earnings per share

As of December 31, 2012, 2011 and 2010, the weighted average of outstanding shares was calculated as follows:

	Outstanding shares (in thousands)	Shares for the calculation (in thousands)	Effective days before year end	Weighted outstanding average of shares (in thousands)
2010				
Balances as of January 1, 2010	2,228,288	2,228,288	365	2,228,288
Capitalization of income in 2010	329,450	329,450	365	329,450
Capitalization of income in 2012	-	630,159	365	630,159
Balances as of December 31, 2010	2,557,738	3,187,897		3,187,897
2011				
Balances as of January 1, 2011	2,557,738	2,557,738	365	2,557,738
Capitalization of income in 2012	-	630,159	365	630,159
Balances as of December 31, 2011	2,557,738	3,187,897		3,187,897
2012				
Balances as of January 1, 2012	2,557,738	2,557,738	365	2,557,738
Capitalization of income in 2012	630,159	630,159	365	630,159
Reduction due to split of an equity block, Note 2(b)	(85,000)	(85,000)	61	(14,205)
Balances as of December 31, 2012	3,102,897	3,102,897		3,173,692

26. Risk Assessment

The Bank and its Subsidiaries' activities are mainly related to the use of financial instruments including derivatives. The Bank and its Subsidiaries accept deposits from their customers at both fixed and floating rates and with different terms, with the intention of obtaining profit from interest margins by investing those funds in high-quality assets.

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

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Notes to the consolidated financial statements (continued)

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

The Bank and its Subsidiaries also trade financial instruments in the stock and over-the-counter markets, including derivative financial instruments, for benefiting from the short term movements in market values of financial instruments, and the fluctuations of exchange and interest rates.

Management establishes limits to the Group's exposure to market positions for daily and overnight operations. The exposure to exchange and interest rates related to these operations is normally offset and controlled through the fluctuations in the net cash amounts required to settle market positions.

Market risks -

The Bank and its Subsidiaries are exposed to market risk, which is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, currency, commodities and equity products; all of which are exposed to general and specific market movements and changes in the level of volatility of prices such as interest rates, exchange rates and equity prices. Due to the nature of the Bank and its Subsidiaries current activities, commodity price risk is not applicable.

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

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

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

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

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Management of the risks associated with long-term and structural positions is called Asset and Liability Management (ALM). Non-trading portfolios are exposed to different sensitivities that can generate a deterioration in the value of the assets compared to its liabilities and hence to a reduction of its net worth. The sensitivities to which the portfolio is exposed are of interest rate and exchange rate type, and management of re-pricing gaps.

In addition, the subsidiary Correval has made short sales with debt instruments which have maturities of up to 1 month. Minimal fluctuations are expected to affect the prices of short sales, independently of those derived from interest rate risk or credit risk. Consequently, the Bank and its Subsidiaries are not subject to significant risk in the price of these transactions.

Liquidity risk -

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

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the Bank and its Subsidiaries Management. It is unusual for banks to be completely matched, as transacted business is often based on uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the Group's liquidity and its exposure to changes in interest and exchange rates.

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

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

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Notes to the consolidated financial statements (continued)

Interest rate risk -

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

Loans, investments, customer deposits and other financing instruments are subject to risk derived from interest rate fluctuations. The relevant contract maturity characteristics and interest rates of such financial instruments are disclosed in Notes 6, 7, 11, 12 and 13. The Bank and its Subsidiaries use derivative financial instruments to hedge the risk of fluctuations in interest rates, see Note 9(c).

Currency risk -

The Bank and its Subsidiaries are exposed to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

Most assets and liabilities are maintained in Nuevos Soles and U.S. Dollars. Foreign currency transactions are made at the free market exchange rates of the countries where the Bank and its Subsidiaries are established. As of December 31, 2012 and 2011, the Bank and its Subsidiaries' assets and liabilities by currencies are shown in Note 4. Likewise, as indicated in Note 9(c), the Bank and its Subsidiaries have used derivative financial instruments to partially hedge this risk, considering Credicorp Ltd. functional currency.

Credit risk -

The Bank and its Subsidiaries are exposed to credit risk, which is the risk that the counterparty is unable to pay amounts in full when due. The Bank and its Subsidiaries provide impairment provisions for losses that have been incurred at the consolidated balance sheet date. Significant changes in the economy or in a particular industry segment, that represents a concentration in the Bank and its Subsidiaries' portfolio, could result in losses that are different from those provided for at the consolidated balance sheet date. Therefore, Management manages its exposure to credit risk carefully.

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Notes to the consolidated financial statements (continued)

The Bank and its Subsidiaries structure the levels of credit risk that they undertake by placing limits on the amount of risk accepted in relation to one borrower or one group of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits in the level of credit risk by product, industry sector and by country are approved by the Board of Directors.

Exposure to credit risk is managed through regular analyses of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate.

Exposure to credit risk is also managed, in part, by corporate and personal guarantees, which is a common practice. The Bank and its Subsidiaries implement policies on the acceptability of specific classes of collateral or credit risk mitigation. For loans and advances, collaterals include, among other, mortgages over residential properties, liens over business assets such as premises, inventory and accounts receivable, as well as charges for financial instruments as securities for debt and equity securities. Also, loans and long-term financing to corporate entities are generally secured.

Moreover, personal credit lines and loans to microbusiness generally are not guaranteed.

In the case of repurchase agreements and securities lending, they are secured by debt instruments and equity instruments.

Furthermore, in order to minimize credit losses, the Bank requires additional guarantees, as soon as counterparty impairment indicators are observed.

For credit risk management in repurchase agreements and securities lending, which are made primarily by Correval, credit limits for each counterparty have been placed; also, most transactions are secured with investment grade financial instruments issued by the Colombian Government and by Colombian entities.

As of December 2012 and 2011, Management of the Bank and its Subsidiaries have estimated that their maximum exposure to credit risk is represented by the book value of the financial assets that presents credit risk, which comprise, mainly, deposits in banks, trading securities, investments available-for-sale, investments at fair value through profit or loss, investments held-to-maturity, payables from repurchase agreements and security lending, financial instruments at fair value, loans and indirect loans, without considering the fair value of the guarantees and collaterals received. The exposure to each borrower, including banks, is further restructured by sub-limits covering on and off balance sheet exposures, and daily delivery risk limits to trading items such as forward foreign exchange contracts. Real exposures compared against established limits are monitored daily.

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

Notes to the consolidated financial statements (continued)

27. Fair value

Fair value is defined as the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction, on an on-going basis.

When a financial instrument is traded in an active and liquid market, its quoted market price in an actual transaction provides the best evidence of its fair value. When a quoted market price is not available, or may not be indicative of the fair value of the instrument, to determine such fair value, the current market value of another instrument that is substantially similar, discounted cash flow analysis or other estimation techniques may be used, all of which are significantly affected by assumptions used.

Although Management uses its best judgment in estimating the fair value of these financial instruments, there are inherent weaknesses in any estimation technique. As a result, the estimated fair value may not be indicative of the net realizable or liquidation value.

The methodologies and assumptions used to determine fair value depend on the terms and risk characteristics of the various financial instruments and include the following:

- Cash and due from banks represent cash and short-term deposits that do not represent significant credit or interest risks; in consequence, their book value is equivalent to their fair value.
- Available for sale and fair value through profit or loss investments are recorded at their estimated fair value; in consequence, their book and fair values are the same.
- The fair value of investments held-to-maturity, which are recorded in the Bank's consolidated financial statements at amortized cost, was determined by comparing the market interest rates at the time of initial recognition with current market rates for similar financial instruments, and is presented in Note 6(l).
- Loans fair value is similar to its book value because loans are mainly short-termed and/or accrue interest rates that can be readjusted when market conditions change; and are presented net of their respective allowance for loan losses. The net amounts are considered by Management as the approximate recoverable amounts at the dates of the consolidated financial statements.
- Management considers that the book values of investments in associates approximates to their fair value, because most of them are not listed securities and are recorded at their equity value.
- The repurchase agreements correspond to financial assets and liabilities which most of them generate interests at variable rates, so it is considered that book values do not differ significantly to their respective fair values.

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

Notes to the consolidated financial statements (continued)

- Financial instruments at fair value and derivative financial instruments, included in the caption "Other assets, net" and "Other liabilities, net" are recorded at their estimated fair value.
- The fair value of deposits and obligations is similar to its book value due, mainly, to their current maturities and interest rates, which are comparable to other similar liabilities in the market at the dates of the consolidated balance sheets.
- Due to banks and correspondents generate interest contracted at variable interest rates and/or preferred rates similar to the ones prevailing in the market. As a result, it is considered that their book value does not differ significantly from their fair value.
- Bonds and subordinated notes accrue interest at fixed or variable rates. Their fair value has been estimated using discounted cash flows at rates prevailing in the market for liabilities with similar characteristics; the estimated fair value approximates the book value as of the consolidated balance sheets dates.
- As disclosed in Note 19, the Bank and its Subsidiaries have several commitments to extend loans, open documentary credits and outstanding guarantees and it has received guarantees as endorsement of the granted loans. Based on the level of fees currently charged for granting such commitments and open documentary credits; taking into account maturity and interest rates, together with the present creditworthiness of the counterparties, the Bank and its Subsidiaries have estimated that the difference between the book value and the fair value is not significant.

Following the considerations detailed above, as of December 31, 2012 and 2011, Management considers that the estimated fair values of the Bank and its Subsidiaries financial instruments do not differ significantly from their book value.

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

Notes to the consolidated financial statements (continued)

28. Financial information by geographical area

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

	2012				
	Total income (*)	Gross financial margin	Depreciation and amortization	Property, furniture and equipment, net	Total assets
Peru	7,018	3,714	264	1,202	73,90
Panama	649	71	-	-	11,73
Bolivia	268	131	10	35	3,58
United States of America	24	13	-	-	1,17
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	7,959	3,929	274	1,237	90,39

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

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

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

Notes to the consolidated financial statements (continued)

29. Transactions with related parties

(a) During the years 2012 and 2011, the Bank and its Subsidiaries have acquired bonds, granted loans, supplied and received several services, correspondent relationships and other operations with Credicorp' Subsidiaries, which balances are shown below:

	2012 S/.(000)	2011 S/.(000)
Assets -		
Cash and due from banks	28,475	25,851
Loans, net	100,932	84,374
Investments available-for-sale (Credicorp' shares) Note 6(a) and 17(b)	36,192	-
Other assets	32,376	55,897
Liabilities -		
Deposits and obligations	477,118	436,030
Due to banks, correspondents and other entities	3,079,127	2,550,869
Bonds and subordinated notes issued	210,853	240,050
Other liabilities	22,843	13,317
Off-balance sheet		
Contingent operations	143,130	82,194
Other off-balance sheet accounts	880,489	1,010,005
Income -		
Financial income	5,584	9,125
Financial expenses	149,332	185,249
Other income	167,477	109,143
Other expenses	50,756	44,657

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

	2012 S/.(000)	2011 S/.(000)
Direct loans	1,143,299	695,806
Indirect loans	134,018	104,947
Derivatives, market value	4,673	4,020
Deposits	605,906	194,824

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

Notes to the consolidated financial statements (continued)

Likewise, as of December 31, 2012 and 2011, the Bank and its Subsidiaries hold debt or equity instruments, presented as investments available-for-sale and investments at fair value through profit or loss, issued by related entities for an amount of S/.4.5 million and S/.7.7 million, respectively.

The Bank has contracted insurance coverage with El Pacífico-Peruano Suiza Compañía de Seguros y Reaseguros (PPS), a Credicorp subsidiary; the related premiums amounted to S/.52.2 million in 2012 (S/.60.3 million in 2011); the accrued part is recorded in the caption "Administrative expenses" of the consolidated statements of income.

The Bank receives fees from Pacífico Vida S.A, a Credicorp subsidiary, for selling life insurance coverage through its offices to customers who have saving accounts; fees received amounted to approximately S/.8.2 million and S/.7.8 million in 2012 and 2011, respectively.

According to Peruvian legislation, loans to related parties cannot be granted on terms more favorable than those that would have been offered to the general public. Management considers that the Group has complied with all legal requirements for transactions with related parties. Loans granted to related parties are secured by guarantees and collaterals. Loans granted to related parties as of December 31, 2012, have maturities between January 2013 and August 2022 and accrued interest at interest rates that ranged between 1.3 and 35.7 percent (maturities between January 2012 and October 2019 and interest rates between 1.3 and 39.7 percent, as of December 31, 2011). As of December 31, 2012 and 2011, the Bank and its Subsidiaries have an allowance for loans granted to related parties for S/.1.8 million and S/.4.0 million, respectively.

(b) As of December 31, 2012 and 2011, the Group has participations quotas in several mutual funds managed by Credifondos, the detail is the following:

	2012 S/.(000)	2011 S/.(000)
Trading and available-for-sale investments -		
- Mutual funds - Credifondo U.S. Dollars	39,942	130,072
- Mutual funds - Credifondo Bolivianos	10,840	15,613
- Mutual funds - Credifondo Nuevos Soles	-	15,125
Total	<u>50,782</u>	<u>160,810</u>

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

Notes to the consolidated financial statements (continued)

(c) Loans to employees and their families -

The Bank and its Subsidiaries grant loans to their employees and families in terms that depend on the different types of loans granted to third parties. Loans granted to employees and their families are mainly mortgage loans and are included under the caption "Loans, net" of the consolidated balance sheets. Generally, interest rates applied are lower than market interest rates; however, others terms are similar to those prevailing in the market. As of December 31, 2012 and 2011, 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/.628.5 million and S/.475.3 million, respectively.

(d) The Bank's key executive's compensation for the years 2012 and 2011, considering all payments made, is as follows:

	2012 S/.(000)	2011 S/.(000)
Salaries	15,068	18,364
Directors compensation	<u>4,171</u>	<u>4,338</u>
Total	<u>19,239</u>	<u>22,702</u>

Also, key executives compensation includes share based payments as explained in more detail in Note 17. SARs valuation for the years 2012 and 2011 resulted in a loss of S/.14.1 million and a gain of S/.16.1 million, respectively. During said years approximately S/.23.3 million and S/.69.6 million SARs were executed, corresponding to SARs vested in previous years and up to April 2011. Additionally, S/.11.7 million and S/. 12.1 million, stock awards vested in the years 2012 and 2011, respectively. The related income tax is assumed by the Bank and its Subsidiaries.

30. Explanation added for translation into English

The accompanying translated consolidated financial statements were originally issued in Spanish and are presented on the basis of accounting principles generally accepted in Peru for financial entities, as described in Note 3. Certain accounting practices applied by the Bank and its Subsidiaries that conform to generally accepted accounting principles in Peru for financial entities may not conform in a significant manner with generally accepted accounting principles applied in other countries. In the event of a discrepancy, the Spanish language version prevails.

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 Nuevos Soles as of the date of the transactions, in accordance with accounting principles prescribed by the 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.

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, 2012. This analysis does not include differences related to IFRS standards that have been issued but are not effective as of December 31, 2012. 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 offering memorandum. 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 special purpose entities

The key principle for consolidation under IFRS is IAS 27 (Amended) Consolidated and Separate Financial Statements, and under U.S. GAAP it is ASC 810 Consolidations. Consolidation principles under Peruvian GAAP

and IFRS (IAS 27) 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, the concept of power to control is the parent's ability to govern the financial and operating policies of an entity to obtain benefits. Control is presumed to exist if the parent owns more than 50% of the votes, and potential voting rights must be considered. 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. The concept of "effective control" exists, but it is rarely employed in practice.

Under Peruvian GAAP and IFRS (SIC 12), an enterprise is required to consolidate special purpose entities, or SPEs, when the substance of the relationship between them indicates that the enterprise controls the SPE.

Investments in associates:

Under Peruvian GAAP, investments in associates are recorded in accordance with criteria established by SBS Resolution N°10639-2008, which became effective on March 1, 2009. 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, including the transaction costs directly attributable to their acquisition; 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 almost always accounted for as acquisitions and they require use of the purchase 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 purchase 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 N°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.

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 equity securities are recorded in accordance with criteria established by SBS Resolution N°10639-2008, which became effective on March 1, 2009. 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 measurement is at fair value. Available-for-sale investments and held-to-maturity investments are initially recognized at cost including acquisition costs and subsequently re-measured at fair value and amortized cost (using the effective interest rate method), respectively. Additionally, Resolution No. 10639-2008 established an additional category: Investments in Subsidiaries and Associates are initially recognized at fair value, including transaction costs that are directly attributable to the acquisition, and thereafter, are recorded following the equity participation method.

Under IFRS (IAS 32 and 39) and U.S. GAAP (ASC 320), all investments in securities are initially recognized at cost including all related acquisition costs as part of the initial cost, being the fair value of the consideration given and including acquisition costs associated with the investment. Subsequent measurement of investments is based upon the valuation principles of the portfolios they are classified in at the time of purchase, as described below:

- Trading securities, in all cases, are re-measured at fair value and all related realized and unrealized gains or losses are recognized in income.
- Held-to-maturity securities are carried at amortized cost using the effective yield method less any impairment in value. Gains or losses are recognized in income when the investments are derecognized or impaired, as well as through the amortization of premiums and accretion of discounts. Sale or reclassification of held-to-maturity securities to other categories triggers reclassification of such securities outside the held-to-maturity portfolio.
- Available-for-sale securities, under IFRS and U.S. GAAP are carried at fair value. Gains or losses on re-measurement to fair value are recognized as a separate component of equity, or other comprehensive income, net of income taxes, until investment is sold, collected or otherwise disposed of or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

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 IFRS, generally, only evidence of credit default results in an impairment being recognized in the income statement for an AFS debt instrument. The impairment loss is measured as the difference between the debt

instrument's amortized cost basis and its fair value. For an AFS equity investment, an impairment is recognized in the income statement when there is objective evidence that the AFS equity instrument is impaired, and that the cost of the investment in the equity instrument may not be recovered. The impairment is measured as the difference between the equity instrument's cost basis and its fair value. A significant and prolonged decline in fair value of an equity investment below its cost is considered objective evidence of an impairment.

Under IFRS, impairment losses recognized through the income statement for available-for-sale equity securities cannot be reversed through the income statement for future recoveries. However, impairment losses for debt instruments classified as available-for-sale may be reversed through the income statement if the fair value of the asset increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognized.

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 held-to-maturity investment is measured as the difference between the carrying amount of the investment and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. 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 a held-to-maturity 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 a held-to-maturity 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 the held-to-maturity 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 IFRS (IAS 39) and 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 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 and workers' profit sharing

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, deferred tax assets are recognized when recovery is probable. Under U.S. GAAP, deferred tax assets 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.

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

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

Under Peruvian GAAP, IFRS (IAS 32 and 39) 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 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.

As detailed elsewhere in the offering memorandum 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 consistent with IAS 39, Financial Instruments: Recognition, and Measurement effective in Peru.

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 IAS 18) 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, certain loan origination fees on consumer loans, such as credit cards, mortgage, pledged and personal loans standby letters of credit and guarantees issued, are recognized when collected and charges direct origination costs when incurred. In accordance with IFRS and U.S. GAAP (ASC 310-20), loan origination fees and certain direct loan origination costs should be recognized over the life of the related loan as an adjustment of yield or by straight-line method, as appropriate.

Guarantor's obligations under guarantees

Under IFRS, a guarantor's obligations under guarantees are disclosed as contingencies and related commissions and premiums received are recognized in income over the term of the guarantee. Under Peruvian GAAP, the commissions and premiums are recognized when collected.

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 US 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, share-based payments are accounted in accordance with the established by IFRS 2.

US 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 US 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 US GAAP and IFRS. As such, items may be classified as discontinued operations under US 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.

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