CREDICORP LTD. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2021, AND DECEMBER 31, 2020
AND FOR THE THREE AND NINE-MONTH PERIODS
ENDED SEPTEMBER 30, 2021 AND 2020

Gaveglio Aparicio y Asociados Sociedad Civil de Responsabilidad Limitada.
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CREDICORP LTD. AND SUBSIDIARIES

Interim condensed consolidated financial statements as of September 30, 2021 and December 31, 2020 and for the three and nine-month periods ended September 30, 2021 and 2020

CONTENT

US$ = United States dollar
S/ = Sol

Report on review of interim financial statements

To the Shareholders
Credicorp Ltd. and subsidiaries

November 25, 2021

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Credicorp Ltd. and subsidiaries** (the Company) as at September 30, 2021 and the related interim condensed consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, changes in equity and cash flows for the nine-month period ended September 30, 2021, and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting'.

Gaveglio Aparicio y Asociados

Countersigned by

---(partner)
Carlos González González
Certified Public Accountant
Registration No. 50403

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CREDICORP LTD. AND SUBSIDIARIES

Interim condensed consolidated statement of financial position
As of September 30, 2021 (unaudited) and December 31, 2020 (audited)

	Note	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Assets			
Cash and due from banks:			
Non-interest-bearing		8,360,631	8,176,612
Interest-bearing		36,147,225	28,576,382
	4	44,507,856	36,752,994
Cash collateral, reverse repurchase agreements and securities borrowing	5(a)	2,555,337	2,394,302
Investments:			
At fair value through profit or loss	6(a)	6,661,600	6,467,471
At fair value through other comprehensive income		32,953,602	42,746,061
At fair value through other comprehensive income pledged as collateral		307,903	997,828
	6(b)	33,261,505	43,743,889
Amortized cost		5,642,069	2,196,220
Amortized cost pledged as collateral		2,545,282	2,766,162
	6(c)	8,187,351	4,962,382
Loans, net:	7		
Loans, net of unearned income		146,551,226	137,659,885
Allowance for loan losses		(9,077,449)	(9,898,760)
		137,473,777	127,761,125
Financial assets designated at fair value through profit or loss	8	981,508	823,270
Premiums and other policies receivable	9(a)	801,531	937,223
Accounts receivable from reinsurers and coinsurers	9(b)	1,097,493	919,419
Property, furniture and equipment, net	10	1,297,843	1,374,875
Due from customers on acceptances		776,863	455,343
Intangible assets and goodwill, net	11	2,682,216	2,639,297
Right-of-use assets, net	12(a)	613,635	702,928
Deferred tax assets, net		1,574,116	1,693,655
Other assets	13	9,069,760	5,777,990
Total assets		251,542,391	237,406,163

	Note	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Liabilities			
Deposits and obligations:	14		
Non-interest-bearing		54,546,530	47,623,119
Interest-bearing		98,001,838	94,742,383
		152,548,368	142,365,502
Payables from repurchase agreements and securities lending	5(b)	23,363,030	27,923,617
Due to banks and correspondents	15	7,466,434	5,978,257
Banker's acceptances outstanding		776,863	455,343
Accounts payable to reinsurers	9(b)	278,220	338,446
Lease liabilities	12(b)	707,319	750,578
Financial liabilities at fair value through profit or loss		879,177	561,602
Technical reserves for insurance claims and premiums	16	12,512,689	11,675,076
Bonds and notes issued	17	17,577,630	16,319,407
Deferred tax liabilities, net		117,300	105,529
Other liabilities	13	9,609,917	5,487,159
Total liabilities		225,836,947	211,960,516
Equity, net	18		
Equity attributable to Credicorp's equity holders:			
Capital stock		1,318,993	1,318,993
Treasury stock		(207,745)	(208,433)
Capital surplus		215,071	192,625
Reserves		21,350,150	21,429,635
Other reserves		19,435	1,865,898
Retained earnings (losses)		2,496,665	347,152
		25,192,569	24,945,870
Non-controlling interest		512,875	499,777
Total equity, net		25,705,444	25,445,647
Total liabilities and net equity		251,542,391	237,406,163

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

CREDICORP LTD. AND SUBSIDIARIES

Interim condensed consolidated statement of income
For the three and nine-month periods ended September 30, 2021 and 2020 (unaudited)

		For the three-month period ended September 30, 2021 and 2020 (unaudited)		For the nine-month period ended September 30, 2021 and 2020 (unaudited)	
		2021	2020	2021	2020
		S/(000)	S/(000)	S/(000)	S/(000)
Interest and similar income	22	3,051,000	2,953,570	8,758,652	8,844,548
Interest and similar expenses	22	(599,292)	(791,665)	(1,874,519)	(2,341,766)
Net interest, similar income and expenses		2,451,708	2,161,905	6,884,133	6,502,782
Provision for credit losses on loan portfolio	7(c)	(265,158)	(1,348,726)	(1,329,147)	(5,295,095)
Recoveries of written-off loans		100,744	42,821	243,706	107,252
Provision for credit losses on loan portfolio, net of recoveries		(164,414)	(1,305,905)	(1,085,441)	(5,187,843)
Net interest, similar income and expenses, after provision for credit losses on loan portfolio		2,287,294	856,000	5,798,692	1,314,939
Other income					
Commissions and fees	23	876,391	775,805	2,569,573	2,039,622
Net gain on foreign exchange transactions		238,886	155,028	651,443	471,319
Net gain on securities	24	24,829	147,202	12,876	341,263
Net gain (loss) on derivatives held for trading		43,086	(21,297)	158,222	22,491
Net gain from exchange differences		3,233	6,530	43,621	9,526
Others	29	52,258	39,498	189,172	192,463
Total other income		1,238,683	1,102,766	3,624,907	3,076,684
Insurance underwriting result					
Net premiums earned	25	675,571	595,394	1,959,443	1,775,390
Net claims incurred for life, general and health insurance contracts	26	(517,951)	(513,091)	(1,832,639)	(1,215,376)
Acquisition cost		(87,416)	(86,643)	(258,182)	(286,748)
Total insurance underwriting result		70,204	(4,340)	(131,378)	273,266
Other expenses					
Salaries and employee benefits	27	(915,564)	(803,438)	(2,655,300)	(2,520,618)
Administrative expenses	28	(803,156)	(591,212)	(2,056,803)	(1,644,010)
Depreciation and amortization		(131,459)	(124,510)	(380,761)	(373,035)
Goodwill impairment loss	11(b)	–	(63,978)	–	(63,978)
Depreciation for right-of-use assets		(39,501)	(41,595)	(120,833)	(132,339)
Others	29	(88,114)	(177,276)	(304,815)	(475,733)
Total other expenses		(1,977,794)	(1,802,009)	(5,518,512)	(5,209,713)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (CONTINUED)

		For the three-month period ended September 30, 2021 and 2020 (unaudited)		For the nine-month period ended September 30, 2021 and 2020 (unaudited)	
		2021	**2020**	**2021**	**2020**
		S/(000)	**S/(000)**	**S/(000)**	**S/(000)**
Net result before income tax		1,618,387	152,417	3,773,709	(544,824)
Income tax		(428,037)	(55,829)	(1,189,127)	213,151
Net result after income tax		1,190,350	96,588	2,584,582	(331,673)
Attributable to:					
Credicorp’s equity holders		1,163,699	104,606	2,523,966	(306,510)
Non-controlling interest		26,651	(8,018)	60,616	(25,163)
		1,190,350	96,588	2,584,582	(331,673)
Net basic and dilutive earnings (losses) per share attributable to Credicorp's equity holders (in Soles):					
Basic	30	14.64	1.32	31.75	(3.86)
Diluted	30	14.61	1.32	31.69	(3.85)

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

CREDICORP LTD. AND SUBSIDIARIES

Interim condensed consolidated statement of comprehensive income
For the three and nine-month periods ended September 30, 2021 and 2020 (unaudited)

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	2020	2021	2020
	S/(000)	S/(000)	S/(000)	S/(000)
Net profit (loss) for the period	1,190,350	96,588	2,584,582	(331,673)
Other comprehensive income:				
To be reclassified to profit or loss in subsequent periods:				
Net (loss) gain on investments at fair value through other comprehensive income	(1,058,581)	240,354	(2,821,225)	188,051
Income tax	18,180	(858)	40,312	7,605
	(1,040,401)	239,496	(2,780,913)	195,656
Net movement on cash flow hedges	41,375	1,519	86,449	(18,522)
Income tax	(11,940)	(578)	(24,925)	4,902
	29,435	941	61,524	(13,620)
Insurance reserves	207,288	(61,019)	662,067	(123,911)
Income tax	–	–	(26,846)	–
	207,288	(61,019)	635,221	(123,911)
Exchange differences on translation of foreign operations	239,586	58,569	406,715	148,184
Net movement in hedges of net investments in foreign businesses	(58,860)	–	(90,956)	–
	180,726	58,569	315,759	148,184
Total	(622,952)	237,987	(1,768,409)	206,309
Not to be reclassified to profit or loss in subsequent periods:				
Net (loss) in equity instruments designated at fair value through other comprehensive income	(52,058)	(166,178)	(121,031)	(75,207)
Income tax	2,597	565	6,223	4,895
Total	(49,461)	(165,613)	(114,808)	(70,312)
Total other comprehensive income	(672,413)	72,374	(1,883,217)	135,997
Total comprehensive income for the period, net of income tax	517,937	168,962	701,365	(195,676)
Attributable to:				
Credicorp's equity holders	505,975	176,802	677,503	(170,564)
Non-controlling interest	11,962	(7,840)	23,862	(25,112)
	517,937	168,962	701,365	(195,676)

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

CREDICORP LTD. AND SUBSIDIARIES

Interim condensed consolidated statement of changes in net equity
For the nine-month period ended September 30, 2021 and 2020 (unaudited)

	Attributable to Credicorp's equity holders													
						Other reserves								
		Treasury stock				Instruments that will not be reclassified to income	Instruments that will be reclassified to the interim condensed consolidated statement of income							
	Capital stock	Shares of the Group	Share-based payment	Capital surplus	Reserves	Investments in equity instruments	Investments in debt instruments	Cash flow hedge reserve	Insurance reserves	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total net equity
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Balances as of January 1, 2020	1,318,993	(204,388)	(3,451)	226,037	19,437,645	394,209	1,411,844	(30,104)	(658,491)	(29,269)	4,374,935	26,237,960	508,350	26,746,310
Changes in equity in 2020 -														
Net loss for the period	–	–	–	–	–	–	–	–	–	–	(306,510)	(306,510)	(25,163)	(331,673)
Other comprehensive income	–	–	–	–	–	(70,107)	193,085	(13,315)	(122,526)	148,809	–	135,946	51	135,997
Total comprehensive income	–	–	–	–	–	(70,107)	193,085	(13,315)	(122,526)	148,809	(306,510)	(170,564)	(25,112)	(195,676)
Transfer of retained earnings to reserves, Note 18(c)	–	–	–	–	1,977,091	–	–	–	–	–	(1,977,091)	–	–	–
Dividend distribution, Note 18(d)	–	–	–	–	–	–	–	–	–	–	(2,392,844)	(2,392,844)	–	(2,392,844)
Dividends paid to interest non-controlling of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(32,273)	(32,273)
Purchase of treasury stock, Note 18(b)	–	–	(3,356)	(148,543)	–	–	–	–	–	–	–	(151,899)	–	(151,899)
Share-based payment transactions	–	–	1,890	80,273	(8,996)	–	–	–	–	–	–	73,167	–	73,167
Others	–	–	–	–	–	–	–	–	–	–	(1,137)	(1,137)	21,122	19,985
Balances as of September 30, 2020	1,318,993	(204,388)	(4,917)	157,767	21,405,740	324,102	1,604,929	(43,419)	(781,017)	119,540	(302,647)	23,594,683	472,087	24,066,770
Balances as of January 1, 2021	1,318,993	(204,326)	(4,107)	192,625	21,429,635	315,202	2,256,531	(41,102)	(892,598)	227,865	347,152	24,945,870	499,777	25,445,647
Changes in equity in 2021 -														
Net profit for the period	–	–	–	–	–	–	–	–	–	–	2,523,966	2,523,966	60,616	2,584,582
Other comprehensive income	–	–	–	–	–	(114,860)	(2,735,886)	60,164	629,456	314,663	–	(1,846,463)	(36,754)	(1,883,217)
Total comprehensive income	–	–	–	–	–	(114,860)	(2,735,886)	60,164	629,456	314,663	2,523,966	677,503	23,862	701,365
Transfer of retained earnings to reserves, Note 18(c)	–	–	–	–	346,994	–	–	–	–	–	(346,994)	–	–	–
Dividend distribution, Note 18(d)	–	–	–	–	(398,808)	–	–	–	–	–	–	(398,808)	–	(398,808)
Dividends paid to interest non-controlling of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(4,160)	(4,160)
Minority purchase	–	–	–	–	–	–	–	–	–	–	–	–	(7,808)	(7,808)
Purchase of treasury stock, Note 18(b)	–	–	(1,369)	(57,538)	–	–	–	–	–	–	–	(58,907)	–	(58,907)
Sale of treasury stocks, Note 18(b)	–	–	84	3,668	–	–	–	–	–	–	–	3,752	–	3,752
Share-based payment transactions	–	–	1,973	76,317	(27,671)	–	–	–	–	–	–	50,619	–	50,619
Others	–	–	–	–	–	–	–	–	–	–	(27,459)	(27,459)	1,204	(26,255)
Balances as of September 30, 2021	1,318,993	(204,326)	(3,419)	215,071	21,350,150	200,342	(479,355)	19,062	(263,142)	542,528	2,496,665	25,192,569	512,875	25,705,444

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

CREDICORP LTD. AND SUBSIDIARIES

Interim condensed consolidated statement of cash flows
For the nine-month period ended September 30, 2021 and 2020 (unaudited)

	Note	For the nine-month period ended September 30,	
		2021	2020
		S/000	S/000
CASH AND CASH EQUIVALENTS FROM (USED IN) OPERATING ACTIVITIES			
Net profit (loss) for the period		2,584,582	(331,673)
Adjustment to reconcile net profit to net cash arising from operating activities:			
Provision for credit losses on loan portfolio	7(c)	1,329,147	5,295,095
Impact of fair value of portfolio with change in effective rate		–	233,451
Depreciation and amortization		380,761	373,035
Depreciation of right-of-use assets		120,833	138,386
Depreciation of investment properties	13(h)	5,258	5,069
Provision for sundry risks	29	61,999	89,053
Deferred expense (income) tax	19(b)	180,358	(1,187,577)
Adjustment of technical reserves	25(a)	597,083	447,684
Net (gain) on sale of securities	24	(12,876)	(341,262)
Impairment loss on goodwill		–	63,978
(Gain) on financial assets designated at fair value through profit and loss	25(a)	(22,454)	(41,601)
(Gain) of trading derivatives		(158,222)	(22,491)
Net loss (income) from sale of property, furniture and equipment	29	5,172	(9,905)
Net (gain) from sale of seized and recovered assets	29	(647)	(3,575)
Expense for share-based payment transactions	27	59,601	72,331
Net (gain) from sale of written off portfolio		(14,137)	(33,564)
Others		(21,065)	21,484
Net changes in assets and liabilities			
Net (increase) decrease in assets:			
Loans		(6,270,597)	(18,672,863)
Investments at fair value through profit or loss		1,028,293	(2,525,121)
Investments at fair value through other comprehensive income		8,778,507	(13,561,663)
Cash collateral, reverse repurchase agreements and securities borrowings		88,165	1,709,610
Sale of written off portfolio		22,118	34,847
Other assets		(692,179)	(1,410,411)
Net increase in liabilities			
Deposits and obligations		2,176,884	21,095,599
Due to banks and correspondents		1,216,489	(2,522,439)
Payables from repurchase agreements and securities lending		(4,596,697)	20,059,569
Bonds and notes issued		(262,990)	147,452
Short-term and low-value lease payments		(64,564)	(43,257)
Other liabilities		1,753,728	1,321,323
Income tax paid		(882,676)	(949,719)
Net cash flow from operating activities		7,389,874	9,450,845

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

Interim condensed consolidated statement of cash flows (continued)

	Note	For the nine-month period ended September 30,	
		2021	2020
		S/000	S/000
NET CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES			
Proceeds from sale of property, furniture and equipment		1,744	22,836
Proceeds from sale and reimbursement of investment to amortized cost		695,543	2,173,304
Purchase of property, furniture and equipment		(40,137)	(47,591)
Purchase of investment property	13(h)	(9,084)	(10,024)
Purchase of intangible assets		(305,618)	(369,510)
Purchase of investment at amortized cost		(3,715,535)	(1,561,953)
Net cash flows (used in) from investing activities		(3,373,087)	207,062
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES			
Dividends paid	18(d)	–	(2,392,844)
Dividends paid to non-controlling interest of subsidiaries		(4,160)	(32,273)
Principal payments of leasing contracts		(116,593)	(133,837)
Interest payments of leasing contracts		(20,946)	(25,585)
Purchase of treasury stock	18(b)	(58,907)	(151,899)
Sale of treasury stock		3,752	–
Purchase of non-controlling interest of subsidiaries		(7,808)	–
Subordinated bonds		118,886	466,181
Net cash flows (used in) financing activities		(85,776)	(2,270,257)
Net increase of cash and cash equivalents before effect of changes in exchange rate		3,931,011	7,387,650
Effect of changes in exchange rate of cash and cash equivalents		3,799,616	1,764,799
Cash and cash equivalents at the beginning of the period		36,733,767	25,974,042
Cash and cash equivalents at the end of the period		44,464,394	35,126,491
Additional information from cash flows			
Interest received		8,749,932	8,819,451
Interest paid		(1,713,840)	(2,385,139)

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

Interim condensed consolidated statement of cash flows (continued)

Reconciliation of liabilities arising from financing activities:

For the nine-month period ended September 30, 2021	As of January 1, 2021	Changes that generate cash flows		Changes that do not generate cash flows		As of September 30, 2021
		Received	Paid	Exchange difference	Others	
Subordinated bonds	5,381,323	2,017,491	(1,898,605)	767,354	14,654	6,282,217
Lease liabilities	750,578	–	(137,539)	53,865	40,415	707,319
	6,131,901	2,017,491	(2,036,144)	821,219	55,069	6,989,536

For the nine-month period ended September 30, 2020	As of January 1, 2020	Changes that generate cash flows		Changes that do not generate cash flows		As of September 30, 2020
		Received	Paid	Exchange difference	Others	
Subordinated bonds	4,387,743	3,004,601	(2,538,420)	285,185	3,667	5,142,776
Lease liabilities	847,504	–	(81,637)	25,198	6,882	797,947
	5,235,247	3,004,601	(2,620,057)	310,383	10,549	5,940,723

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

CREDICORP LTD. AND SUBSIDIARIES

Notes to the interim condensed consolidated financial statements as of September 30, 2021 and December 31, 2020 and for the three and nine-month periods ended September 30, 2021 and 2020.

1 OPERATIONS

Credicorp Ltd. (hereinafter “Credicorp”) is a limited liability company incorporated in Bermuda in 1995 to act as a holding company and according to Bermuda's economic substance regulation, Credicorp Ltd. as an independent legal entity, is considered a “Pure Equity Holding Entity” (PEHE). Credicorp's activity is to maintain equity interests and receive passive income such as dividends, capital gains and other income from investments in securities.

In order to keep Credicorp's structure and organization fully aligned with the new legislation on economic substance approved by the Government of Bermuda on January 11, 2019, as of October 29, 2020, the decisions of the Credicorp Board of Directors will be limited to issues related to Credicorp's strategy, objectives and goals, main action plans and policies, risk control and management, annual budgets, business plans and control of their implementation, supervision of the main expenses, investments, acquisitions and disposals, among other “passive” decisions related to Credicorp. The authority to make decisions applicable to Credicorp's subsidiaries, such as the adoption of relevant strategic or management decisions, the assumption of expenses for the benefit of its affiliates, the coordination of group activities, and the granting of credit facilities in favor of its affiliates, it has been transferred to Grupo Crédito S.A., a subsidiary of Credicorp.

Credicorp, through its banking and non-banking subsidiaries and its associate Entidad Prestadora de Salud, offers a wide range of financial, insurance and health services and products, mainly throughout Peru and in other countries (see Note 3 (b)). Its main subsidiary is Banco de Crédito del Perú (hereinafter “BCP” or the “Bank”), a multiple bank incorporated in Peru.

Credicorp's legal address is Clarendon House 2 Church Street Hamilton, Bermuda; likewise, the main offices from where Credicorp's businesses are managed are located at Calle Centenario N°156, La Molina, Lima, Peru.

At a Credicorp Board of Directors meeting, held on December 19, 2019, the Corporate Policy for the Prevention of Corruption and Bribery was approved. This document specifies that neither Credicorp nor any of its subsidiaries can make contributions or deliver any benefit to political organizations or their members, under any modality, directly or indirectly. Management confirms that during the 2021 and during the 2020, none of these contributions have been made.

The consolidated financial statements as of December 31, 2020 and for the year then ended were approved by the Board of Directors on February 25, 2021. The interim condensed consolidated financial statements as of September 30, 2021 and for the three and nine-month periods ended September 30, 2021 were approved by the Management on November 25, 2021 and will be submitted for their final approval by the Board of Directors; in Management’s opinion, these will be approved without modifications.

Credicorp is listed on the Lima and New York Stock Exchanges.

2 SIGNIFICANT TRANSACTIONS

a) Main acquisitions, incorporations and mergers -

i) Merger by absorption between ASB Bank Corp. and Atlantic Security Bank -

At the General Shareholders' Meeting - Extraordinary Meeting held on November 27, 2020, the shareholders of ASB Bank Corp. approved the legal merger of Atlantic Security Bank. This operation was authorized by the Superintendency of Banks of Panama through Resolution SBP-033-2021 of April 9, 2021. Also, on August 2, 2021, ASB Bank Corp. (absorbing entity) acquired all the assets, liabilities, rights and obligations of Atlantic Security Bank (absorbed entity).

This transaction has not generated a significant impact on the Group's interim condensed consolidated financial statements.

ii) Merger by absorption between Ultralat Capital Markets, LLC and Credicorp Capital Securities, Inc. -

On February 1, 2021, we finalized the merger between Credicorp Capital Securities, Inc. and Ultralat Capital Markets, LLC, which resulted in a new company named Credicorp Capital LLC. Credicorp Capital LLC is a broker-dealer registered with the Financial Industry Regulatory Authority - FINRA and the Securities and Exchange Commission - SEC. Credicorp Capital LLC is owned by Credicorp Capital Limited, which is wholly owned by Credicorp Ltd. Credicorp Capital LLC has an affiliate investment adviser, Credicorp Capital Advisors LLC. They share the same board of directors and ownership.

This operation will not have an impact on the interim condensed consolidated financial statements of Credicorp Ltd. and Subsidiaries.

iii) Merger by absorption between Credicorp Capital Colombia S.A. and Ultraserfinco S.A. -

At the General Shareholders' Meeting - Extraordinary Meeting held on January 13, 2020, the shareholders of Credicorp Capital Colombia S.A. approved the legal merger of Ultraserfinco S.A. This operation was authorized by the Superintendency of Colombian Bank through Resolution N°0421 of April 24, 2020. Also, on June 27, 2020, Credicorp Capital Colombia S.A. (absorbing entity) acquired all the assets, liabilities, rights and obligations of Ultraserfinco S.A. (absorbed entity).

This transaction has not generated a significant impact on the Group's interim condensed consolidated financial statements.

iv) Merger by absorption between Banco Compartir S.A. and Edyficar S.A.S. -

At the General Shareholders' Meeting - Extraordinary Meeting held on August 3, 2020, the shareholders of Banco Compartir S.A. approved the legal merger of Edyficar S.A.S. This operation was authorized by the Superintendency of Colombian Bank through Resolution N°756 of August 26, 2020. Also, October 30,2020, Banco Compartir S.A. (absorbing entity) acquired all the assets, liabilities, rights and obligations of Edyficar S.A.S. (absorbed entity). Likewise, both entities agreed that, from the date of the merger, the legal name of the new merged entity will be “MiBanco - Banco de la Microempresa de Colombia S.A.”.

This transaction has not generated a significant impact on the Group's interim condensed consolidated financial statements.

b) The outbreak of the new coronavirus (hereinafter “COVID-19”) -

The COVID-19 outbreak, which was first reported in Wuhan, China, in late year 2019 forced governments globally to take important measures to mitigate the spread of the disease, such as the closure of international borders, severe mobilization restrictions and quarantines. As a result, the Global Gross Domestic Product (GDP; and PBI, by its initials in Spanish) contracted sharply in 2020 and the economies in which Credicorp operates (mainly Peru, Chile, Colombia, Bolivia and Panama) were severely affected.

The main measures taken by the governments of the countries in which Credicorp operates consisted of emergency declarations, mobilization restrictions, lockdowns and border closures, which have later been modified to selective quarantines in most cases. During the second semester of 2020, the economies of these countries began their reopening processes in phases or stages. However, due to the increase in cases towards the end of 2020 and beginning of 2021, mobility restrictions by risk areas were imposed. In the second and third quarter of 2021, as cases fell, restrictive measures were relaxed, although most countries still function under less stringent night curfews and capacity limits given the permanent risk of new outbreaks as highly infectious virus variants emerge. On the positive side, our countries did not face a significant COVID-19 outbreak due to the delta variant expansion as was experienced by countries like United States, United Kingdom and some from Emerging Asia.

The economies of the countries in which the Group mainly operates are recovering as the vaccination process accelerates. The immunization process began in December in Chile, in January in Panama and in February in Bolivia, Peru and Colombia.

Vaccination campaign
(as a % of population, as of November 22nd)

Country	Given 1 dose	Fully vaccinated
Chile	87.9	83.4
Panama	72.7	68.2
Colombia	69.4	47.0
Peru	65.3	52.2
Bolivia	42.0	34.2

Panama

i) Government measures to counteract negative effects of the pandemic -

In 2020, the government adopted fiscal and macroprudential measures such as spending on social and health programs aimed at supporting SMEs and implemented tax relief measures. The Superintendency of Banks of Panama (SBP) allowed banks to use accumulated dynamic provisioning to absorb the impact of credit losses, allowed banks to undertake voluntary loan restructurings with distressed borrowers, and requested banks not to charge interest on unpaid interest. On June 30, 2020 the National Assembly approved the temporary moratorium on servicing bank loans, which included voluntary loan restructuring, grace periods, and in some cases interest rate reduction. The moratorium lasted 6 months.

In 2021, it was replaced with a banking flexibility scheme, agreed between the government, the SBP and the banking association. This consists of allowing clients and banks to make the necessary modifications to maintain a viable and sustainable credit relationship. The banking flexibility scheme was initially supposed to end on June 30, 2021 but was extended till September 30, 2021. Additionally, at the beginning of the year, the government increased the amount of the direct transfer received by the beneficiaries of the Panama Solidarity Plan and on July 1st conditions like completing several hours of community service or training were added to the plan that disburses US$120 per month. They also extended the tariff reduction on medical supplies. According to the Ministry of Economy of Finance, they have allocated resources of US$3.4 billion (9.6 percent of 2020 GDP) for this year to cope with the COVID-19 pandemic, and, on April 28, 2021, the government announced a plan for public investment and infrastructure (including maintenance), amounting US$12.1 billion (18.1 percent of GDP).

ii) Effects of the pandemic on the economy -

In May 2020, at the worst moment of the pandemic, GDP fell 30.6 percent “compared to the previous year” (hereinafter, “y/y”) due to the importance of the services sector, which represents more than 75.0 percent GDP and, its dependence on external demand. Its recovery has been slower than its peers, with a historic GDP contraction of 17.9 percent in 2020. In August 2021 (latest data available), the monthly economic activity indicator showed GDP grew 26.4 percent y/y, favored by a low base effect. However, it is still 7.0 percent below August 2019 levels. The same picture is observed with fiscal revenues which grew 18.3 percent y/y in September 2021 (3-month average) but compared with the same month of 2019 are still 8.9 percent below. Accordingly, the International Monetary Fund (IMF), estimates the economy will grow 12.0 percent in 2021, but will not return to pre pandemic levels till 2023.

In February 2021, Fitch downgraded Panama’s credit rating by one notch from BBB to BBB-, with negative outlook, to reflect a significant deterioration of public finances with the fiscal deficit and public debt reaching 10.1 percent and 69.8 percent of GDP in 2020. On March 17, 2021, Moody’s also cut its credit rating to Baa2, with stable outlook, citing as a key driver the very material weakening in Panama’s fiscal strength driven by the severe economic shock from the pandemic. Despite this, the government has been successful in selling debt in the international capital markets. Lastly, in August 2021, Standard & Poor´s kept the rating stable in BBB but changed the outlook to negative. Before the downgrades, in January 2021, the government raised US$2.5 billion worth of sovereign bonds and, in June 2021, they raised US$2.0 billion through the issuance of a new Treasury Bond maturing in 2031 and the reopening of the Global Bond maturing in 2050.

Bolivia

i) Government measures to counteract negative effects of the pandemic -

In 2020 the Bolivian government announced fiscal measures such as payments for the unemployed and families with children, coverage of basic services, loans to companies to cover the payment of wages, a microcredit support program, a bonus against hunger, the enactment of a tax on Large Fortunes Law and the Refund of the Value Added Tax (VAT). Meanwhile, the Central Bank injected liquidity to the local market by 1.2 percent of GDP. In relation to measures that affect the financial system:

- A renewal of the deferral of the payment of bank loans and interest was approved, initially till December 2020, but was extended until June 2021 (clients have not been paying capital or interest since March 2020 when the pandemic started);

- A new law established that banks and financial companies must pay an additional 25.0 percent tax on profits if the ROE (Return on Equity) exceeds 6.0 percent; and

- In December 2020 the capitalization of 100.0 percent of the net profits obtained by banks and financial entities was approved, with the aim of strengthening the financial system and expanding credit.

During the 2021 (i) in May the government decreed an increase in the national minimum wage by 2.0 percent, and (ii) in September approved a bill that allows a partial or total withdrawal of individual pension fund accounts, from October 6 until December 13; according to the Ministry of Finance. This measure will amount 4.2 billion Bolivian pesos or 1.5 percent of GDP.

ii) Effects of the pandemic on the economy -

According to the National Institute of Statistics, the economy sank 8.8 percent in 2020 and continued so until the first two months of 2021. From March to July 2021 the economic activity grew 15.2 percent y/y with respect to the same period of 2020 with strong rebounds in mining (+107 percent y/y), transportation (+54 percent y/y), construction (+51 percent y/y), and oil and gas (+20 percent y/y). Despite growing 9.0 percent y/y in the first seven months of 2021, the economic activity is still far from recovering pre-pandemic levels as it stands 5.0 percent below the figure reported for the same period in 2019.

Bolivia's credit rating has deteriorated:

- September 2020: Fitch and Moody's lowered the long-term foreign currency rating from B+ to B due to deteriorating growth prospects and weakening public finances amid acute political tensions.

- March 2021: S&P affirmed the country's B+ credit rating but changed its outlook to negative from stable on a rising governmental debt burden (public debt reached 78.0 percent of GDP last year).

- September 2021: Moody's affirmed the B2 credit rating but changed outlook to negative from stable. Moody's decision reflected the risk that Bolivia's credit profile could weaken further, driven by large and recurring fiscal deficits, a declining foreign exchange reserve buffer and large government financing needs in the next years (above 10.0 percent of GDP).

- October 2021: Fitch affirmed the B credit rating with outlook stable; however, it continued to alert a pressure on foreign exchange reserves, which have fallen by US$1.5 billion since December 2019 and reached US$4.9 billion as of October 26 (peak of US$15.5 billion in 2014). In June 2021 the government presented a bill to allow the Central Bank to buy gold produced in the country and thus strengthen foreign exchange reserves (still without a definitive answer in Parliament).

Colombia

i) Government measures to counteract negative effects of the pandemic -

In 2020 the Colombian government implemented strong fiscal measures:

- Households: additional transfers of social programs, VAT refunds, support to informal workers, energy subsidies;

- Firms: payroll support, extraordinary bonus payments;

- VAT and import tax deductions; and

- Credit lines for firms and capitalization of guarantee funds.

- Central Bank injected about 1.4 percent of GDP to provide liquidity in the local market and cut the benchmark rate by 250 basis points to 1.75 percent, a new historical low. In relation to the financial system, grace periods and credit restructuring were given for natural and legal people.

In 2021, unspent resources from the emergency mitigation fund (FOME) created last year will be used to finance the extension of some transfer programs during the first half of 2021 as well as to fund the vaccination program.

ii) Effects of the pandemic on the economy -

Colombia has been hit hard by the pandemic. In 2020 over 5 million jobs were temporarily affected and GDP contracted 6.8 percent, the largest recession on record. In the first quarter of 2021, the economy grew 2.9 percent quarter over quarter (hereinafter, "q/q") (1.1 percent y/y) and in the second quarter it contracted 2.4 percent q/q seasonally adjusted (17.6 percent y/y) as the political and social turmoil paused the economic recovery. However, the outlook improved on recent months as protests eased, the vaccination process accelerated and restrictions on activity subside. The economy reached pre-pandemic levels in June 2021 and grew 13.2 percent y/y in August 2021 (0.8 percent higher compared to August 2019).

The Central Bank of Colombia estimates the economy will grow 9.8 percent in 2021, on the back of firming domestic activity, higher oil prices and the external sector recovery. And, because of an economic recovery faster than expected and inflationary pressures, the Central Bank of Colombia started its monetary policy normalization process in September 2021 with a rate increase of 25 basis points to 2.0 percent. In October it raised rates again by 50 basis points. to 2.5 percent. Inflation reached 4.5 percent in September 2021, its highest since April 2017.

On April 15, 2021, the government presented a fiscal reform to the Parliament, thus maintaining a trend of tax changes every 2-3 years. The goal was to raise funds (2 percent of GDP) via mainly a VAT hike, and individual and businesses taxes. A higher tax collection sought to strengthen the main social programs and to achieve the required fiscal adjustment after the strong hit on public finances from the pandemic. However, the government withdrew the tax reform due to growing social protests. After that, the government structured another tax reform project, less ambitious than the previous one, which was approved by Congress in September 2021. The tax reform is expected to limit the risk of further fiscal slippage, at least in the short term, and intends to collect US$4.0 billion.

Lastly, in April, the government issued global bonds in the international markets for US$3.0 billion (US$2.0 billion by 2032 and US$1.0 billion by 2042). It was the second issuance of 2021 after placing global bonds for US$2.8 billion in February.

Afterwards, on May 19, 2021, S&P removed the Investment Grade status of Colombia by cutting the sovereign rating from BBB- to BB+ (outlook stable), while Fitch followed suit with the same move on July 1, 2021. On October 14, 2021, the government raised US$1.0 billion in the international markets through the reopening of the 2049 global bond.

Chile

i) Government measures to counteract negative effects of the pandemic -

In 2020, the Chilean government announced three fiscal stimulus packages that represent 12.0 percent of GDP, with measures mainly focused on protecting jobs and income for low- and middle-income families, as well as SMEs. The Ministry of Finance also announced an expansion of the Fund of Guarantee for Small businesses (FOGAPE, by its acronym in Spanish) to temporarily include medium and large companies. The Central Bank of Chile

(BCCh, by its initials in Spanish) reduced its interest rate in 125 basis points accumulated to 0.5 percent and adopted unconventional measures such as the purchase of bank and government bonds, as well as the introduction of a new financing program for banks conditional to increased credit. Additionally, two withdrawals of 10.0 percent of the individual pension fund accounts were approved by parliament.

In 2021, on March, the government expanded existing measures for the middle class and the most vulnerable by 2.0 percent of GDP. These included direct payments and loans with zero interest. Additionally, in April, parliament approved a third withdrawal of 10.0 percent from the individual pension fund accounts and on November 9 a fourth withdrawal was rejected by the Senate. However, the proposal can still be approved as the project goes to a mixed commission, made up of deputies and senators, who must settle their differences and then resume the debate in each of the chambers. In June, an extension till September of the Emergency Family Income (IFE, by its acronym in Spanish) was made official. This benefit, which will reach close to 7 million households, was again extended in August till December.

ii) Effects of the pandemic on the economy -

The economic impact of the pandemic in Chile has no precedents. The economy hit its lowest point in May 2020 with a contraction of 15.5 percent y/y, after which it started its gradual recovery. GDP fell 5.8 percent in 2020 and the 2021 economic recovery has surprised to the upside thanks to an unprecedented fiscal support, favorable external conditions with copper prices, its main export product, reaching all-time highs in May 2021 and one of the most successful vaccination processes within the Latam region. The monthly economic activity index showed the economy grew 1.7 percent m/m (seasonally adjusted) in September 2021, accelerating for a fifth consecutive month. In y/y, the economy grew 15.6 percent, with the dynamism of activity explained by the services sector. The economy now stands 8.0 percent above pre-pandemic levels of February 2020 and it is showing worrying signs of overheating.

As a result, coupled with surging inflation to 5.3 percent in September 2021, its highest since 2014 and above the 2.0 percent (4.0) percent target range, the Chile Central Bank (BCCh) started the process of normalizing its monetary policy in July. Since then, it has increased its rate by 225 basis points to 2.75 percent in October, its latest meeting, when the central bank surprised markets by raising its rate by 125 basis points. The month before they had improved their 2021 GDP forecast to 10.5 percent - 11.5 percent.

On October 15, 2020, Fitch downgraded Chile's long-term foreign currency rating from A to A- in response primarily to a marked deterioration in fiscal accounts. And on March 24, 2021, Standard and Poor’s followed suit cutting its rating to A from A+, due to the expectation that the country’s public finances will stabilize at a structurally weaker level. On the political side, on May 15-16, a Constitutional Convention Election to select the members of the body in charge of writing the new Constitution took place with results showing the left-wing parties will predominate. The process was approved by the Chilean population in a historic event; the constitutional plebiscite of October 25, 2020.

The presidential election results showed that Jose Antonio Kast from the Republican Party (right-wing) and Gabriel Boric from the Frente Amplio (left-wing) advanced to a runoff with 27.9 percent and 25.8 percent of the votes, respectively. Besides, regarding Congress results, in the upper house, the right-wing coalition Chile Vamos increased its participation from 44.0 percent to 50.0 percent, while in the lower chamber, the right leaning coalition reduce its participation from 46.0 percent to 44.0 percent. However, the left-wing coalition now is even more fragmented. The second round will take place in December 19, 2021.

Peru

i) Government measures to counteract negative effects of the pandemic -

2020

In response to the major sanitary and economic shock from COVID-19, the Ministry of Finance, the Central Bank and Congress implemented an ample package of measures to mitigate and stimulate the economy for the equivalent of around 20.0 percent of GDP, with resources coming from prudent macroeconomic policies implemented for decades.

The measures enacted include grace periods and rescheduling of credits to individuals and legal entities, tax relief, public spending, access to private savings (pension fund accounts and severance indemnity deposits), and government-backed liquidity programs.

In particular, the government supported the business sector through two government-backed programs:

(i) “Reactiva Perú”, a liquidity program aimed to give a quick and effective response to liquidity needs that companies faced due to the impact of COVID-19, ensuring the credit chain, and granting access to working capital loans guarantees to micro, small, medium and large companies. This program reached S/60 billion equivalents to 8.0 percent of GDP.

The amount of the credit in soles disbursed and the guarantee depended on the sales volume of each company, with a maximum of three months average of monthly sales in 2019. For microenterprises, an alternative to the sales level was the amount equivalent to two months average debt of the year 2019. The guaranteed coverage of the Government for these loans was 98.0 percent for loans up to S/90 thousand, and between 95.0 to 80.0 percent for loans greater than S/90 thousand and up to S/10.0 million.

The loans disbursed had maximum terms of up to thirty-six months, with a grace period of up to twelve months.

Likewise, financial entities undertook to offer these credits at record low rates, since the Central Reserve Bank granted funds through repurchase credit agreement with the Guarantee of the Government represented in securities, which were assigned through auctions or direct operations, with an effective annual rate of 0.5 percent and a grace period of twelve months without payment of interest or principal.

(ii) The Enterprise Support Fund (FAE, by its acronym in Spanish) program enables banks and microfinance entities to provide Small and Micro businesses loans for up to S/4.0 billion with government guarantee coverage levels between 90.0 percent and 98.0 percent. This amount represents about 9.0 percent of the loan portfolio for SMEs (Pymes, by its Spanish initials) systemwide. Other Funds which have also been created are FAE funds for Agriculture and Tourism for S/2.0 billion and S/1.5 billion, respectively. These funds follow similar structures to the original FAE but are focused on specific sectors.

By the end of September 2021, the liquidated repurchase agreement operations with state guarantee from the Central Bank stood at S/43,770 million (S/50,729 million by ended period 2020).

2021

During 2021 the Government announced additional economic measures amid a second wave of COVID-19 and a new focalized lockdown scheme was implemented. Regarding monetary transfers, the Government implemented a new monetary transfer program: S/600 for vulnerable households for a total of S/2,434 million, and S/350 for people living in poverty, extreme poverty, or users of social programs.

In addition, by Emergency Decree N°026-2021, the government enabled the rescheduling of Reactiva Perú program loans for up to S/19,500 million until September 30th, 2021, which included a new grace period of up to 12 months, with an eligibility criterion depending on the size loans and the sales contraction registered during the fourth quarter of 2020, respectively. Subsequently the government extended the deadline to reschedule until December 31st, 2021.

Likewise, by Emergency Decree N°029 -2021 the government enabled the rescheduling of FAE MYPE loans to qualify until July 15, 2021, which included a new grace period of up to 12 months. In this new grace period, said beneficiaries only pay the corresponding interest and commissions.

In parallel, Congress approved a number of measures so far, among which we highlight: (i) a new private pension fund withdrawal for both contributors and non-contributors of up to S/17,600 from their individual accounts, and (ii) the withdrawal of 100.0 percent of CTS accounts until December 2021, among others.

ii) Effects of the pandemic on the economy -

2020

Economic activity in 2020 the GDP contracted 11.1 percent as a result of the pandemic shock and the lockdown of the economy. During this time the Government issued global treasury bonds at historically low rates for a total of US$7,000.0 million in the year, to finance the significant fiscal deficit incurred during 2020.

Despite the good intentions of the government, the higher fiscal expenditure and the issuing of new US dollar denominated debt marked a move away from the fiscal discipline of the last 20 years of fiscal.

Consequently, in June 2020 Fitch Ratings downgraded Peru’s long-term local currency debt from A- to BBB+, but kept the BBB+ rating for long term foreign currency debt, both with stable outlook. Later, in December 2020, Fitch revised the outlook of both ratings to negative.

2021.

At the same time of the implementation of a focalized lockdown scheme since February 2021, the economy started to register a notable recovery at a fast rate since March 2021 (20.0 percent y/y), resulting in a first quarter of 2021 growth of 4.5 percent y/y and a strong rebound of 41.5 percent y/y in the second quarter. For the growth period of July-August 2021 the economy advanced 12.4 percent y/y with respect to the same period of 2020.

In August 2021, the economy grew 11.8 percent y/y and was 1.6 percent above its level in August 2019. For the period January-August 2021 an increase of 0.2 percent was registered compared to same period 2019. All these amid higher copper prices, expansionary monetary and fiscal policies, and improved sanitary conditions with a vaccination rate of around 75.0 percent of the population over 18 years old with at least one dose.

The Central Bank of Perú (BCRP) started normalizing its monetary policy in August 2021, with a 25 basis points increase on its reference rate, from 0.25 percent to 0.50 percent, due to higher inflation. The consumer price index of Lima Metropolitan (CPI) has jumped from almost 2.0 percent y/y at the end of 2021 to 5.2 percent y/y in September, its highest Inflation rate since February 2009, as a result of higher commodity prices (oil and agriculture) and currency depreciation. Inflation expectations have also surpassed the BCRPs target range of 1.0 to 3.0 percent. So, since August, the BCRP has increased its rate by a cumulative 175 basis points to 2.0 percent in November. The BCRP stressed that the monetary policy continues to be expansive with a historically low reference rate and that the decision does not necessarily entail a cycle of successive hikes.

The Executive ratified the economist Julio Velarde as president of the Central Bank (BCRP), while announcing the choice of other three directors out of the six that would join Velarde: economists Roxana Barrantes, José Távara and Germán Alarco. Recall that the Board of the Central Bank is composed of 7 members: 1 president of the board and 6 directors. The executive power appoints the president of the board and three directors, while Congress still must designate the other three directors.

According to the Central Bank (BCRP), the annualized fiscal deficit as of September 2021 continued to decrease for nine consecutive months to 4.8 percent of GDP (8.9 percent as of December 2020). General government revenues increased to 20.2 percent of GDP (17.8 percent as of December 2020), while non-financial expenditures fell to 23.5 percent of GDP (24.7 percent as of December 2020). Among the items with bigger growth in September 2021 were business income tax (+75.0 percent y/y, + 32.0 percent compared to same month 2019) and imports sales tax (+76.0 percent y/y, +47.0 percent compared to same month 2019).

Also, in September 2021, the rating agency Moody’s lowered Peru´s credit rating for long term debt in foreign currency from A3 (negative) to Baa1 (stable), given Moody’s view that an increasingly polarized political environment would undermine the effectiveness of the country's policymaking. And in October 2021, Fitch Rating lowered Peru's credit rating for long term debt in foreign currency from BBB+ (negative) to BBB (stable) and indicated that Peruvian government debt is substantially higher today (37.0 percent of GDP) than when it rose the rating to BBB+ in 2013 (19.0 percent of GDP). For its part, the rating agency Standard & Poor’s (S&P) changed Peru's outlook from stable to negative due to political instability but kept its rating at BBB+ for long term debt in foreign currency and A- for domestic currency.

In 2021 the Ministry of Economy and Finance issued bonds in the international capital markets as follows: (i) March: US$4.0 billion in bonds with maturity 2031, 2041 and 2051 and €825.0 million in Euro-Denominated Bond with maturity 2033; October: US$4.0 billion in bonds maturing in 2034, 2051, and 2072. The 2034 and 2072 bonds were the first sustainable bonds issued by the Peruvian government.

The notes to the interim condensed consolidated financial statements that show some impact due to COVID-19 are as follows: Note 5, Note 6, Note 7, Note 9, Note 12, Note 14, Note 16, Note 22, Note 23, Note 24, Note 26, Note 29 and Note 34.

c) Political situation of Peru –

Political instability intensified after Pedro Castillo, from extreme left-wing party Peru Libre, won the presidential runoff election with 50.126 percent of the valid votes.

In particular, the exchange rate reached a historical high of S/4.14 in October (a 14.3 percent depreciation YTD) despite active central bank intervention in the foreign exchange market via multiple instruments (January - September 2021 spot sales added to US$9,246.0 million). As of November 15th, it stood at S/3.98 per dollar. Similarly, local currency sovereign bonds yields exceeded even the pandemic peak levels registered in 2020.

In October 2021, President Castillo reshuffled its cabinet and appointed Mirtha Vásquez as new Prime Minister, replacing Guido Bellido, who had been promoting very radical initiatives. Prime Minister Vásquez was president of Congress during the Francisco Sagasti's period (2020-2021). In November 2021, the new cabinet received – narrowly - the "vote of confidence" from Congress, with 73 votes in favor, 56 against and 1 abstention.

Despite the political uncertainty, macro fundamentals remain solid, and Peru continues to outperform its Latin American peers in several dimensions. Net international reserves currently represent 35.0 percent of GDP, inflation stands at 5.25 percent, among the lowest in the region and public debt balance amounts to 37.0 percent of GDP (among the lowest in the region). Additionally, our banking system maintains high liquidity compared to historic levels and holds adequate capital levels.

Regarding the financial sector, concerns revolve around the possibility of increased direct competition by government-owned public companies, new packages of national loan rescheduling facilities, more restrictive interest rate caps, increased regulation of private health and insurance systems and a structural reform of the private pension system. However, control of Congress by the opposition as well as the lack of popular and institutional support for Pedro Castillo constitute obstacles to the implementation of radical reforms.

The interim condensed consolidated financial statements reasonable reflect the best available information at the time of preparation, including the uncertainty and the impact on significant assumptions and estimations, that are disclosed in the main notes to the interim condensed consolidated financial statements. Those accounting estimates, in the opinion of Management, are reasonable in the circumstances.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of Credicorp's interim condensed consolidated financial statements are set out below:

a) Basis of presentation, use of estimates and changes in accounting policies -

The accompanying interim condensed consolidated financial statements as of September 30, 2021, and for the three and nine-month periods ended September 30, 2021, have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated audited financial statements for the year ended December 31, 2020 (henceforth "2020 Annual consolidated financial statements"), date February 25, 2021.

The interim condensed consolidated financial statements have been prepared following the historical cost criteria, except for investments at fair value through profit or loss, investments at fair value through other comprehensive income, financial assets designated at fair value through profit or loss, derivative financial instruments, and financial liabilities at fair value through profit or loss; which have been measured at fair value.

The interim condensed consolidated financial statements are presented in Soles (S/), which is the functional currency of the Group, and all values are rounded to thousands of soles, except when otherwise indicated.

The preparation of the interim condensed consolidated financial statements in accordance with International Financial Reporting Standards (henceforth "IFRS") as issued by the International Accounting Standards Board (IASB), requires Management to make estimations and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of significant events in notes to the interim condensed consolidated financial statements.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The final results could differ from said estimates; however, the Management expects that the variations, if any, will not have a material impact on the interim condensed consolidated financial statements.

The most significant estimates included in the accompanying interim condensed consolidated financial statements are related to the calculation of the allowance of the expected credit loss on loan portfolio, the valuation of investments, the technical reserves for insurance claims and premiums, the impairment of goodwill , the expected credit loss for investments at fair value through other comprehensive income and investments at amortized cost, the valuation of share-based payment plans and the valuation of derivative financial instruments.

Furthermore, other estimates exist, such as the estimated useful life of intangible assets, property, furniture and equipment and the deferred income tax assets and liabilities.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as of January 1, 2021, as described below:

(i) Definition of Material – Amendments to IAS 1 and IAS 8 -

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- That the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- The meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

(ii) Definition of a Business – Amendments to IFRS 3 –

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

The amendments will likely result in more acquisitions being accounted as asset acquisitions.

(iii) Revised Conceptual Framework for Financial Reporting –

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- Increasing the prominence of stewardship in the objective of financial reporting.
- Reinstating prudence as a component of neutrality.
- Refining a reporting entity, which may be a legal entity, or a portion of an entity.
- Revising the definitions of an asset and a liability.
- Removing the probability threshold for recognition and adding guidance on derecognition.
- Adding guidance on different measurement basis, and
- Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards need to apply the revised Framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

The modifications indicated above had no impact on the amounts recognized in previous or current periods and are not expected to significantly affect future periods.

(iv) Amendment to IFRS 16 Leases -

On May 28, 2020, the International Accounting Standards Board (IASB) published the amendment "Lease concessions related to COVID-19 (Amendment to IFRS 16)" which modifies the standard to provide lessees with an exemption from assessing whether a lease related to COVID-19 is a lease modification. At the same time, the IASB published a Proposed Taxonomy Update to reflect this amendment.

When there is a change in lease payments, the accounting treatment will depend on whether that change meets the definition of a lease modification defined as "a change in the scope of a lease, or consideration of a lease, that was not part of the original terms and conditions of the lease (for example, adding or ending the right to use one or more underlying assets, or extend or shorten the term of the contractual lease)".

The amendment modifies IFRS 16 in the following areas:

- Provide lessees an exemption from assessing whether a lease concession related to COVID-19 is a lease modification;
- require lessees applying the exemption to take into account the concessions of leases related to COVID-19 as if they were not lease modifications;
- determine that the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- establish that there is no substantive change to other terms and conditions of the lease;
- require lessees who apply the exemption to disclose that fact;
- require lessees to apply the exemption retrospectively in accordance with IAS 8, but do not require them to adjust the balances of the financial statements from previous periods;

This amendment applies to COVID-19-related lease concessions that reduce payments for leases due on or before June 30, 2021 to capture lease concessions granted beginning in June and with a duration of 12 months. In February 2021 the International Accounting Standards Board (IASB) extended the amendment "Lease concessions related to COVID-19 (Amendment to IFRS 16) for one more year, that is, until June 30, 2022.

The amendment went into effect on June 1, 2020, but to ensure that help is available when it is most needed, lessees can apply the amendment immediately on any financial statement, whether provisional or annual, that is not yet authorized to report.

The adoption of the amendment did not have significant effects on the Interim condensed consolidated financial statements since to date there have been no significant changes in their contracts that warrant the use of this amendment.

b) Basis of consolidation –

The interim condensed consolidated financial statements of the Group comprise the condensed financial statements of Credicorp and subsidiaries for all the years presented. The method adopted by the Group to consolidate its subsidiaries is described in Note 3(b) of the 2020 Annual Consolidated Financial Statements.

As of September 30, 2021 and December 31, 2020, the following entities comprise the Group (the individual or consolidated figures of their financial statements are presented in accordance with IFRS and before eliminations for consolidation purposes, except for the elimination of Credicorp's treasury shares and its related dividends):

Entity	Activity and country of incorporation	Percentage of interest (direct and indirect)		Assets		Liabilities		Equity		Net income (loss) for the nine-month period ended September 30,	
		As of September 30, 2021	As of December 31, 2020	As of September 30, 2021	As of December 31, 2020	As of September 30, 2021	As of December 31, 2020	As of September 30, 2021	As of December 31, 2020	2021	2020
		%	%	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Grupo Crédito S.A. and Subsidiaries (i)	Holding, Peru	100.00	100.00	222,550,047	210,298,709	197,012,014	189,194,894	25,538,033	21,103,815	2,613,037	(357,307)
Pacífico Compañía de Seguros y Reaseguros S.A and Subsidiaries (ii)	Insurance, Peru	98.86	98.81	15,948,659	16,020,865	14,173,038	13,036,221	1,775,621	2,984,644	(192,812)	186,018
Atlantic Security Holding Corporation and Subsidiaries (iii)	Capital Markets, Cayman Islands	100.00	100.00	14,461,604	8,593,553	12,083,098	6,876,666	2,378,506	1,716,887	179,777	453,692
Credicorp Capital Ltd. and Subsidiaries (iv)	Capital Markets and asset management, Bermuda	100.00	100.00	5,279,443	4,535,200	4,225,300	3,600,354	1,054,143	934,846	57,854	(66,058)
CCR Inc.(v)	Special purpose Entity, Bahamas	100.00	100.00	156,371	259,373	155,051	257,996	1,320	1,377	(57)	504

(i) The main activity of Grupo Crédito is to invest in shares listed in the Peruvian-Stock Exchange and in unlisted shares of Peruvian companies. Below, we present the individual or consolidated figures of their financial statements are presented in accordance with IFRS and before eliminations for consolidation purposes:

Entity	Activity and country of incorporation	Percentage of interest (direct and indirect)		Assets		Liabilities		Equity		Net income (loss) for the nine-month period ended September 30,	
		As of September 30, 2021	As of December 31, 2020	As of September 30, 2021	As of December 31, 2020	As of September 30, 2021	As of December 31, 2020	As of September 30, 2021	As of December 31, 2020	2021	2020
		%	%	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Banco de Crédito del Perú and Subsidiaries (a)	Banking, Peru	97.74	97.71	202,966,536	195,702,525	183,337,310	177,367,887	19,629,226	18,334,638	2,616,407	(366,931)
Inversiones Credicorp Bolivia S.A. and Subsidiaries (b)	Banking, Bolivia	99.96	99.96	14,407,801	12,533,378	13,512,881	11,802,383	894,920	730,995	56,806	(47,483)
Prima AFP (c)	Private pension fund administrator, Peru	100.00	100.00	796,553	1,107,706	257,554	407,536	538,999	700,170	110,594	85,190
Tenpo SpA and Subsidiaries (d)	Holding, Chile	100.00	100.00	124,470	95,693	38,559	22,453	85,911	73,240	(22,602)	(11,439)

a) BCP was established in 1889 and its activities are regulated by the Superintendency of Banks, Insurance and Pension Funds - Peru (the authority that regulates banking, insurance and pension funds activities in Peru, hereinafter "the SBS").

Its main subsidiary is MiBanco, Banco de la Microempresa S.A. (hereinafter "MiBanco"), a banking entity in Peru oriented towards the micro and small business sector. As of September 30, 2021, the assets, liabilities and equity of MiBanco amount to approximately S/16,085.3 million, S/13,842.3 million and S/2,243.0 million, respectively (S/15,649.5 million, S/13,539.5 million and S/2,110.0 million, respectively as of December 31, 2020). Likewise the net result of MiBanco as nine-month period ended September 30, 2021 amount to S/146.4 million (S/(244.0) million as nine-month period ended September 30, 2020).

b) Inversiones Credicorp Bolivia S.A. (hereinafter "ICBSA") was established in February 2013 and its objective is to make capital investments for its own account or for the account of third parties in companies and other entities providing financial services, exercising or determining the management, administration, control and representation thereof, both nationally and abroad, for which it can invest in capital markets, insurance, asset management, pension funds and other related financial and/or stock exchange products.

Its principal subsidiary is Banco de Crédito de Bolivia (hereinafter "BCB"), a commercial bank which operates in Bolivia. As of September 30, 2021, the assets, liabilities and equity of BCB amount to approximately S/14,348.0 million, S/13,506.0 million and S/842.0 million, respectively (S/12,472.4 million, S/ 11,781.4 million and S/691.0 million, respectively as of December 31, 2020). Likewise the net result of BCB as nine-month period ended September 30, 2021 amount to S/49.7 million (S/(53.5) million as nine-month period ended September 30, 2020).

c) Prima AFP is a private pension fund and its activities are regulated by the SBS.

d) Tenpo SpA (hereinafter "Tenpo", before "Krealo SpA") was established in January 2019; and is oriented to make capital investments outside the country. On July 1, 2019, Tenpo (Krealo SpA) acquired Tenpo Technologies SpA (before "Tenpo SpA") and Tenpo Prepago S.A. (before "Multicaja Prepago S.A.").

(ii) Pacífico Seguros is an entity regulated by the SBS and its activities comprise the contracting and management of all types of general risk and life insurance, reinsurance and property investment and financial operations. Its Subsidiaries are Crediseguro Seguros Personales, Crediseguro Seguros Generales and Pacifico Asiste and it has Pacífico EPS as an associate, which are dynamic participants in the business of multiple and health insurance, respectively.

(iii) Its most important subsidiary is ASB Bank Corp. (merged with Atlantic Security Bank on August 2021, see Note 2(a)), was established in September 9, 2020 in the Republic of Panama; its main activities are private and institutional banking services and trustee administration, mainly for BCP's Peruvian customers.

The decrease in results for the third quarter of 2021 with respect to the third quarter of 2020, is due to the fact that in March 2020 Credicorp paid dividends for S/441.3 million (this transaction is eliminated at the level of Credicorp's consolidated financial statements) and during the 2021 Credicorp paid dividends for S/72.9 million.

(iv) Credicorp Capital Ltd. was formed in 2012, and its main subsidiaries are Credicorp Capital Holding Peru (owner of Credicorp Capital Perú S.A.A.), Credicorp Holding Colombia (owner of Credicorp Capital Colombia and MiBanco – Banco de la Microempresa de Colombia S.A.), and Credicorp Capital Holding Chile (owner of Credicorp Capital Chile), which carry out their activities in Peru, Colombia and Chile, respectively. We present below the interim consolidated financial statements for each main subsidiary, in accordance with IFRS and before eliminations for consolidation purposes:

Entity	Percentage of interest (direct and indirect)		Assets		Liabilities		Equity		Net income (loss) for the nine-month period ended September 30,	
	As of September 30, 2021	As of December 31, 2020	As of September 30, 2021	As of December 31, 2020	As of September 30, 2021	As of December 31, 2020	As of September 30, 2021	As of December 31, 2020	2021	2020
	%	%	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Credicorp Holding Colombia S.A.S. and Subsidiaries (a)	100.00	100.00	3,725,284	3,229,783	2,988,268	2,606,724	737,016	623,059	38,485	(58,007)
Credicorp Capital Holding Chile and Subsidiaries (b)	100.00	100.00	1,277,803	915,013	1,107,857	744,027	169,946	170,986	(11,443)	(2,199)
Credicorp Capital Holding Perú S.A. and Subsidiaries (c)	100.00	100.00	255,101	358,241	136,857	228,555	118,244	129,686	28,064	16,993

a) Credicorp Holding Colombia was incorporated in Colombia on March 5, 2012, and its main purpose is the administration, management and increase of its equity through the promotion of industrial and commercial activity, through investment in other companies or legal persons.

Its main subsidiaries are Credicorp Capital Colombia S.A and MiBanco Colombia. Credicorp Capital Colombia S.A. which was acquired in Colombia in the year 2012 and merged with Ultraserfinco S.A. in June 2020, this subsidiary is oriented to the activities of commission agents and securities brokers. Likewise, MiBanco Colombia (before Banco Compartir S.A.) was acquired in the year 2019 and merged with Edyficar S.A.S. in October 2020, this subsidiary is oriented to grant credits to the micro and small business sector. As of September 30, 2021 and December 31, 2020, the direct and indirect interest held by Credicorp and the assets, liabilities, equity and net income were:

Entity	Percentage of interest (direct and indirect)		Assets		Liabilities		Equity		Net income (loss) for the nine-month period ended September 30,	
	As of September 30, 2021	As of December 31, 2020	As of September 30, 2021	As of December 31, 2020	As of September 30, 2021	As of December 31, 2020	As of September 30, 2021	As of December 31, 2020	2021	2020
	%	%	%	%	%	%	%	%	%	%
Credicorp Capital Colombia S.A.	100.00	100.00	1,870,363	1,630,701	1,695,716	1,438,236	174,647	192,465	28,083	35,808
MiBanco – Banco de la Microempresa de Colombia S.A.	85.58	83.07	1,452,985	1,207,875	1,213,987	992,611	238,998	215,264	23,045	(37,697)

b) Credicorp Holding Chile was incorporated in Chile on July 18, 2012, and aims to invest for long-term profitable purposes, in corporeal goods (movable and immovable property) and incorporeal, located in Chile or abroad. Its main subsidiary is Credicorp Capital Chile S.A.

c) Credicorp Capital Holding Perú S.A. was incorporated in Peru on October 30, 2014, and aims to be the Peruvian holding of investment banking. Its main subsidiary Credicorp Capital Perú S.A.A.; which has as its main activity the function of holding shares, participations and transferable securities in general, providing advisory services in corporate and financial matters, and investment in real estate.

(v) CCR Inc. was incorporated in 2000, its main activity is to manage loans granted to BCP by foreign financial entities, see Note 17(a)(viii). These loans are collateralized by transactions performed by BCP.

c) International Financial Reporting Standards issued but not yet effective -

The Group decided not to early adopt the following standards and interpretations that were issued but are not effective as of September 30, 2021:

(i) IFRS 17 “Insurance Contracts” -

IFRS 17 was issued in May 2017 in replacement of IFRS 4 “Insurance Contracts”. This standard requires a current measurement model, where estimate is remeasured in each reporting period. The contracts are measured using the building blocks of:

- Discounted- weighted of probability cash flows
- An explicit risk adjustment, and
- A contractual service margin which represents the unearned profit of the contract recognized as income over the coverage.

IFRS 17 applies to all types of insurance contracts (life, non-life and reinsurance insurance), regardless of the type of entities that issue them, as well as certain guarantees and financial instruments with certain discretionary participation characteristics. The general objective of IFRS 17 is to provide an accounting model that is more useful and uniform for insurance entities. Unlike IFRS 4, which relies heavily on the application of existing / local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, which covers all relevant accounting aspects.

The standard permits a choice between recognizing the changes in discount rates, either in the statement of income or directly in other comprehensive income. The choice probably reflects how insurers record their financial assets according to IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model denominated “Variable commissions method” for certain contracts of insurers with life insurance in which the insured share the yields from the underlying elements. Upon applying the variable commissions’ method, the entity’s participation in changes in fair value of the underlying elements is included in the contractual service margin. Therefore, it is probable that the results of the insurers that use this model will be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

Also, its implementation will modify the recognition, measurement, presentation and disclosure of insurance contracts having a significant impact on the underlying valuation models, systems, processes, internal controls and other fundamental aspects of the insurance business.

The Group has established governance structures related to the IFRS 17 project with the Audit Committee as the highest instance. As required by the standard, currently, the entities that make up the Group are in the process of determining the impact of their application.

Initially, IFRS 17 would apply to annual periods beginning on or after January 1, 2021; however, on June 25, 2020, the IASB agreed to defer the effective date of application to annual periods beginning on or after January 1, 2023.

(ii) Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in associates and joint ventures”: Sale or contribution of assets between an investor and its associate or joint venture –

The IASB made limited scope amendments to IFRS 10 and IAS 28.

The amendments clarify the accounting treatment of the sales or contribution of assets between an investor and his associates or joint venture. These amendments confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitutes “a business” (as defined in IFRS 3 “Business combinations”).

If the non-monetary assets constitute a business, the investor will recognize the total gain or loss on the sale or contribution of assets. If the assets do not comply with the definition of “business”, the investor will recognize the gain or loss only in proportion to the investor’s investment in the associate or joint venture. The amendments will apply prospectively.

The IASB decided to defer the application date of this amendment until it has completed its research project on the equity method.

The Group is in the process of evaluating the impact of the application of these standards, and to date, it considers that there will be no significant impact on the interim condensed consolidated financial statements, except for IFRS 17.

Likewise, there are no other standards or amendments to standards which have not yet become effective and are expected to have a significant impact on the Group, either in the current or future periods, as well as on expected future transactions.

4 CASH AND DUE FROM BANKS

a) The composition of the item is presented below:

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Cash and clearing (b)	6,428,710	5,233,643
Deposits with Central Reserve Bank of Peru (BCRP) (b)	28,591,029	26,003,415
Deposits with Central Bank of Bolivia and Colombia (b)	1,022,483	1,085,785
Deposits with foreign banks (c)	7,215,756	3,350,106
Deposits with local banks (c)	1,194,740	1,027,081
Interbank funds	9,782	32,222
Accrued interest	1,894	1,515
Total cash and cash equivalents	44,464,394	36,733,767
Restricted funds	43,462	19,227
Total cash	44,507,856	36,752,994

Cash and cash equivalents presented in the interim condensed consolidated statement of cash flows exclude restricted funds.

b) Cash and clearing and deposits with Central Reserve Banks -

These accounts mainly include the legal cash requirements that subsidiaries of Credicorp must keep to honor their obligations with the public. The composition of these funds is as follows:

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Legal cash requirements (i)		
Deposits with Central Reserve Bank of Peru	15,042,959	16,903,941
Deposits with Central Bank of Bolivia	1,018,614	1,079,878
Deposits with Republic Bank of Colombia	3,869	5,907
Cash in vaults of Bank	5,568,421	4,529,683
Total legal cash requirements	21,633,863	22,519,409
Additional funds		
Overnight deposits with Central Reserve Bank of Peru (ii)	8,182,353	2,972,744
Term deposits with Central Reserve Bank of Peru (iii)	5,312,300	5,988,900
Cash in vaults of Bank and others	860,289	703,960
Other Deposits BCRP	53,417	137,830
Total additional funds	14,408,359	9,803,434
Total	36,042,222	32,322,843

(i) As of September 30, 2021, cash and deposits that generate interest subject to legal cash requirements in local and foreign currency are subject to an implicit rate of 4.01 percent and

32.97 percent, respectively, on the total balance of obligations subject to legal cash requirements, as required by the BCRP (4.00 percent and 34.51 percent, respectively, as of December 31, 2020).

In Management's opinion, the Group has complied with the calculation legal cash requirements established by current regulations.

(ii) As of September 30, 2021, the Group maintains three "overnight" deposits with the BCRP, of which are one denominated in soles in amount of S/982.00 million and two in U.S Dollars in amount of US$1,741.70 million, equivalent to S/7,200.40 million. At said date, the deposit in soles and deposits in U.S Dollars accrue interest at annual rates of 0.85 percent and 0.05 percent, respectively, and have maturities at 1 day.

As of December 31, 2020, the Group maintains four “overnight” deposits with the BCRP, which are two denominated in soles in amount of S/559.7 million and two in U.S Dollars in amount of US$666.4 million, equivalent to S/2,413.0 million. At said date, deposit in soles and deposits in U.S Dollars accrue interest at annual rates of 0.15 percent and 0.13 percent, respectively, and have maturities at 4 days.

(iii) In order to temporarily control the liquidity generated by the disbursement of the credit repurchase agreement with a National Government Guarantee represented in securities, and in view of the BCRP's offer of profitable rates for short-term deposits. The Group maintains seven term deposits, which are denominated in soles. The deposits accrue interest at an annual rate of 1.00 percent and have maturities between October 1, 2021 and October 6, 2021.

c) Deposits with local and foreign banks -

Deposits with local and foreign banks mainly consist of balances in soles and U.S. dollars; these are cash in hand and earn interest at market rates. As of September 30, 2021, and December 31, 2020 Credicorp and its subsidiaries do not maintain significant deposits with any bank in particular.

5 CASH COLLATERAL, REVERSE REPURCHASE AGREEMENTS AND SECURITIES BORROWING AND PAYABLES FROM REPURCHASE AGREEMENTS AND SECURITIES LENDING

a) We present below the composition of cash collateral, reverse repurchase agreements and securities borrowing:

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Cash collateral on repurchase agreements and security lendings (i)	1,131,398	1,601,200
Reverse repurchase agreement and security borrowings	1,058,286	626,925
Receivables for short sales	365,653	166,177
Total	2,555,337	2,394,302

(i) As of September 30, 2021, the balance mainly comprises cash collateral for approximately US$185.8 million, equivalent to S/768.2 million, delivered to Banco de Crédito de Bolivia y US$82.4 million, equivalent to S/340.5 million, delivered to BCRP to secure a borrowing in soles of approximately S/285.0 million from the same entity (cash collateral for approximately US$305.1 million, equivalent to S/1,104.7 million, and borrowing of approximately S/1,055 million, as of December 31, 2020).

Cash collateral granted bears interest at an average annual effective interest rate according to market rates. The related liability is presented in “Payables from repurchase agreements and securities lending” of the interim condensed consolidated statement of financial position, see paragraph (c) below.

b) Credicorp, through its subsidiaries, obtains financing through “Payables from repurchase agreements and securities lending” by selling financial instruments and committing to repurchase them at future dates, including interest at a fixed rate. The details of said transactions are as follows:

		As of September 30, 2021						As of December 31, 2020					
	Currency	Average interest rate	Up to 3 days	From 3 to 30 days	More than 30 days	Carrying amount	Fair value of underlying assets	Average interest rate	Up to 3 days	From 3 to 30 days	More than 30 days	Carrying amount	Fair value of underlying assets
		%	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	%	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Debt instruments (c)			817,764	−	22,090,779	22,908,543	22,469,461		−	383,020	26,781,748	27,164,768	28,960,995
Instruments issued by the Colombian Government	Colombian pesos	3.46	382,066	5,246	−	387,312	384,482	4.62	−	700,719	−	700,719	700,637
Instruments issued by the Chilean Government	Chilean pesos	0.10	14,303	−	−	14,303	14,303	0.09	17,865	−	−	17,865	17,865
Other instruments		4.93	50,320	2,552	−	52,872	56,229	1.19	31,245	9,020	−	40,265	40,276
			1,264,453	7,798	22,090,779	23,363,030	22,924,475		49,110	1,092,759	26,781,748	27,923,617	29,719,773

c) As of September 30, 2021 and December 31, 2020, the Group has repurchase agreements secured with: (i) cash, see Note 5(a), (ii) investments, see Note 6(b) and Credits from the Reactiva Peru Program, see Note 7(a). This item consists of the following:

		As of September 30, 2021			As of December 31, 2020		
Counterparties	Currency	Maturity	Carrying amount	Collateral	Maturity	Carrying amount	Collateral
			S/(000)			S/(000)	
BCRP - Reactiva Perú (*)	Soles	May 2023 / October 2025	17,838,553	Loans guaranteed by National Government	May 2023 / December 2023	20,916,438	Loans guaranteed by National Government
BCRP	Soles	January 2022 / August 2025	1,806,013	Investments	March 2021 / July 2024	2,903,266	Investments
Banco de la República de Colombia	Colombian pesos	October 2021	817,295	Investments	January 2021	319,481	Investments
Banco Central de Bolivia	Bolivianos	February 2022 / December 2022	768,230	Cash	February 2021 / December 2022	486,331	Cash
BCRP - Reactiva Perú Especial (*)	Soles	June 2023 / December 2023	754,931	Loans guaranteed by National Government	June 2023 / December 2023	756,387	Loans guaranteed by National Government
BCRP, note 5(a)(i)	Soles	March 2022 / March 2023	285,000	Cash with BCRP	February 2021 / March 2023	1,055,000	Cash with BCRP
Natixis S.A.	Soles	August 2028	270,000	Investments	August 2028	270,000	Investments
Citigroup Global Markets Limited	U.S. Dollar	August 2026	186,030	Investments	August 2026	162,945	Investments
Natixis S.A.	U.S. Dollar	August 2026	103,350	Investments	August 2026	90,525	Investments
Other minors to S/92.0 million		October 2021 / October 2022	14,283	Investments	January 2021 / April 2033	91,160	Investments
Accrued interest			64,858			113,235	
			22,908,543			27,164,768	

(*) It corresponds to Agreement Transactions where BCP and MiBanco sell representing credit securities guaranteed by the BCRP, they receive soles and are obliged to buy them back at a later date. The credit representing securities with guarantee of the National Government may have the form of a portfolio of credit representing titles or of Certificates of Participation in trustee of the loan portfolio guaranteed by the National Government. The BCRP will charge a fixed interest annual rate in soles of 0.5 percent for the operation and will include a grace period of twelve months without payment of interest or principal. See more details of the Reactiva Peru program in Note 2(b).

As of September 30, 2021, the repurchase agreements secured with investments accrue interest at fixed and variable rates between 0.5 percent and 6.73 percent and between Libor 6M + 1.68 percent and Libor 6M + 1.90 percent, respectively, (between 0.5 percent and 6.73 percent and between Libor 6M + 1.68 percent and Libor 6M + 1.90 percent, respectively, as of December 31, 2020). Also, certain repurchase agreements were hedged using interest rate swaps (IRS) and cross-currency swaps (CCS), see Note 13(c).

6 INVESTMENTS

a) Investment at fair value through profit or loss consist of the following:

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Government treasury bonds (i)	1,954,282	1,584,913
Mutual funds (ii)	1,614,361	979,296
Certificates of deposit BCRP (iii)	879,443	1,872,875
Investment funds	485,956	362,493
Corporate bonds	443,271	328,315
Restricted mutual funds (iv)	350,474	436,881
Participation in RAL Funds (v)	325,894	278,819
Hedge funds	160,771	126,938
Subordinated bonds	129,322	103,162
Shares (vi)	114,837	289,349
ETF (Exchange - Traded Fund)	107,726	32,085
Multilateral organization bonds	36,911	14,765
Central Bank of Chile bonds	25,516	15,306
RPI International Holding, LP (vii)	–	5,641
Others	20,531	23,259
Balance before accrued interest	6,649,295	6,454,097
Accrued interest	12,305	13,374
Total	6,661,600	6,467,471

(i) As of September 30, 2021 and December 31, 2020, the balance of these instruments includes the following government treasury bonds:

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Colombian Treasury bonds	1,439,015	1,120,991
Peruvian Treasury bonds	415,182	349,219
U.S. treasury and federal agency bonds	58,865	–
Chile Treasury bonds	36,965	21,072
Brasil Treasury bonds	2,642	53,857
Guatemala Treasury bonds	1,613	–
Panama Treasury bonds	–	20,644
Mexico Treasury bonds	–	19,130
Total	1,954,282	1,584,913

(ii) As of September 30, 2021, the balance corresponds to mutual funds from Luxembourg, Bolivia, Ireland and other countries, which represent 71.4 percent, 20.4 percent, 3.9 percent and 4.3 percent of the total, respectively, (from Peru, Luxembourg, Bolivia and other countries, which represent 30.9 percent, 29.5 percent, 28.8 percent and 10.8 percent of the total, respectively, as of December 31, 2020). The increase in the balance corresponds mainly to (i) the purchase of participations in the fund “BNP Paribas Insticash USD 1D Short Term VNAV Classic Cap”, whose balance as of September, 30 2021 was S/289.5 million, and (ii) the purchase of new participations mainly in funds managed by Credicorp Capital Asset

Management S.A. Administradora General de Fondos, whose balance as of September 30, 2021 was S/539.4 million.

(iii) As of September 30, 2021, the balance corresponds to 2,128 certificates of deposit for US$212.7 million, equivalent to S/879.3 million, whose interest rates are from 0.21 percent to 0.81 percent, and with maturity from October to November 2021 (5,174 certificates of deposit for US$517.23 million, equivalent to S/1,872.9 million, accruing interest at an effective annual rate from 0.25 percent to 0.28 percent, and with maturity from January to March 2021, as of December 31, 2020). The variation corresponds to the maturity of the instruments.

(iv) The restricted mutual funds comprise the participation quotas in the private pension funds managed by PRIMA AFP and are maintained in compliance with the legal regulations in Peru. Their availability is restricted and the yield received is the same as that received by the private pension funds managed.

(v) As of September 30, 2021, these funds are approximately Bs 325.4 million, equivalent to S/197.0 million, and US$31.2 million, equivalent to S/128.9 million, (Bs 325.1 million, equivalent to S/173.2 million, and US$29.2 million, equivalent to S/105.6 million, as of December 31, 2020) and comprise the investments made by the Group in the Central Bank of Bolivia as collateral for deposits received from the public. These funds have restrictions for their use and are required from all banks in Bolivia.

(vi) The decrease of the balance corresponds mainly to the sale of Royalty Pharma plc’s ordinary shares. As of September 30, 2021, all of these shares were sold (757,692 shares for US$37.9 million, equivalent to S/137.2 million, as of December 31, 2020).

(vii) During the first trimester of 2021, all participations were liquidated.

As of December 31, 2020, the balance corresponds to participations in RPI International Holding, LP, who invests in a series of subordinate funds whose objective is to invest in Royalty Pharma Investments, an investment fund established under the laws of Ireland. This investment fund is dedicated to buying medical and biotechnology patents. Participations in RPI International Holdings, LP, are not liquid and require authorization for negotiation.

b) Investments at fair value through other comprehensive income consist of the following:

	As of September 30, 2021				As of December 31, 2020			
		Unrealized gross amount				Unrealized gross amount		
	Amortized cost	Profits	Losses	Estimated fair value	Amortized cost	Profits	Losses	Estimated fair value
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Debts instruments:								
Corporate bonds (i)	14,481,621	649,852	(382,731)	14,748,742	12,177,023	1,132,719	(52,953)	13,256,789
Government treasury bonds (ii)	9,428,475	183,154	(799,730)	8,811,899	11,051,662	1,158,845	(5,458)	12,205,049
Certificates of deposit BCRP (iii)	7,373,878	1,502	(12,598)	7,362,782	15,343,851	20,431	–	15,364,282
Negotiable certificates of deposit (iv)	648,998	13,614	(831)	661,781	873,218	14,093	(1,420)	885,891
Securitization instruments (v)	719,062	14,882	(80,948)	652,996	703,920	63,131	(21,471)	745,580
Subordinated bonds	232,003	6,602	(4,604)	234,001	191,966	19,933	(317)	211,582
Others	135,258	6,114	(6,012)	135,360	147,327	14,802	(44)	162,085
	33,019,295	875,720	(1,287,454)	32,607,561	40,488,967	2,423,954	(81,663)	42,831,258
Equity instruments designated at the initial recognition								
Shares issued by:								
Inversiones Centenario	112,647	107,636	(23,737)	196,546	112,647	168,132	–	280,779
Alicorp S.A.A.	12,198	108,626	–	120,824	12,198	153,935	–	166,133
Bolsa de Valores de Lima	19,423	3,942	–	23,365	19,423	3,942	–	23,365
Bolsa de Comercio de Santiago	4,149	5,035	–	9,184	15,306	–	(3,995)	11,311
Compañía Universal Textil S.A.	227	–	(54)	173	9,597	–	(3,163)	6,434
Pagos Digitales Peruanos S.A.	5,197	–	(5,197)	–	5,197	–	(5,197)	–
Bolsa de Valores de Colombia	4,879	507	(800)	4,586	5,380	118	–	5,498
Corporación Andina de Fomento	4,441	2,312	–	6,753	–	–	–	–
Others	13,151	1,961	(3,863)	11,249	7,640	1,786	(396)	9,030
	176,312	230,019	(33,651)	372,680	187,388	327,913	(12,751)	502,550
Balance before accrued interest	33,195,607	1,105,739	(1,321,105)	32,980,241	40,676,355	2,751,867	(94,414)	43,333,808
Accrued interest				281,264				410,081
Total				33,261,505				43,743,889

The Management of Credicorp has determined that the unrealized losses on investment at fair value through other comprehensive income as of September 30, 2021 and December 31, 2020 are of a temporary nature, considering factors such as intended strategy in relation with the identified security or portfolio, its underlying collateral and credit rating of the issuers. As of September 30, 2021, as a result of assessment of the impairment of its investments at fair value through other comprehensive income, the Group recorded a recovery of credit of S/4.9 million (provision of credit loss of S/36.2 million during the nine-month period ended September 30, 2020), which is shown in "Net gain on securities", see Note 24, in the interim condensed consolidated statement of income. Also, Management has decided and has the ability to hold each investment for a period of time sufficient to allow for an anticipated recovery in fair value, until the earlier of its anticipated recovery or maturity.

It is worth mentioning the largest unrealized loss compared to the balance in 2020 is due to the political uncertainty of the country and to the downgrade of credit ratings of some bonds. See Note 2(c).

The maturities and annual market rates of investments at fair value through other comprehensive income as of September 30, 2021 and December 31, 2020, are as follows:

	Maturities		**Annual effective interest rate**											
	As of September 30, 2021	**As of December 31, 2020**	**As of September 30, 2021**						**As of December 31, 2020**					
			S/		**US$**		**Other**		**S/**		**US$**		**Other**	
			Min %	**Max %**	**Min %**	**Max %**	**Min %**	**Max %**	**Min %**	**Max %**	**Min %**	**Max %**	**Min %**	**Max %**
Corporate bonds (*)	Oct-2021 / Nov-2095	Jan-2021 / Jul-2070	1.30	18.53	(4.41)	16.73	1.84	7.61	(0.31)	16.21	0.01	10.51	0.78	6.25
Government treasury bonds	Oct-2021 / Feb-2055	Jan-2021 / Feb-2055	1.09	7.42	0.03	4.61	4.00	4.00	(1.20)	5.08	0.03	4.61	0.07	0.41
Certificates of deposit BCRP	Oct-2021 / Mar-2023	Jan-2021 / Mar-2023	1.02	1.83	–	–	–	–	0.25	0.73	–	–	–	–
Negotiable certificates of deposits	Oct-2021 / Jul-2033	Jan-2021 / Jul-2033	–	–	2.48	2.68	0.05	5.90	–	–	2.48	4.57	0.05	5.90
Securitization instruments	Nov-2021 / Sep-2045	Jan-2021 / Sep-2045	4.80	29.25	2.96	11.73	3.61	6.00	1.32	13.36	1.51	9.19	–	6.00
Subordinated bonds (**)	Apr-2022 / Aug-2045	Apr-2022 / Aug-2045	(0.21)	8.12	0.43	6.89	–	–	(0.04)	5.74	0.16	4.76	–	–
Others	Oct-2021 / Feb-2035	Jan-2021 / Feb-2035	0.92	9.07	3.53	4.95	0.05	0.05	(0.18)	5.84	3.38	4.52	–	–

(*) As of September 30, 2021, the annual effective interest rate of (4.41) correspond to a bond issued by the Danske Bank; excluding such interest rate, the rates tend to be positive.
(**) As of September 30, 2021, the annual effective interest rate of (0.21) percent corresponds to a bond issued by the Banco Interamericano de Finanzas S.A.; excluding such interest rate, the rates tend to be positive.

The negative rates correspond to bonds, whose nominal value is subject to a daily readjustment index for inflation determined by the BCRP. Said negative rates correspond to the market behavior.

Likewise, as of September 30, 2021, the Group entered into repurchase agreement transactions for corporate bonds, multilateral organization bonds and foreign government bonds classified as investments at fair value through other comprehensive income, for an estimated fair value of S/307.9 million (S/997.8 million as of December 31, 2020), of which the related liability is presented in “Payables from repurchase agreements and securities lending” of the interim condensed consolidated statement of financial position, see Note 5(c).

(i) As of September 30, 2021, the balance corresponds to corporate bonds issued by companies from Peru, United States, Chile and other countries, which represent 38.1 percent, 37.2 percent, 4.8 percent and 19.9 percent of the total, respectively, (issued by companies from Peru, United States, Colombia and other countries, which represent 43.6 percent, 32.3 percent, 4.6 percent and 19.5 percent of the total, respectively, as of December 31, 2020).

As of September 30, 2021, the most significant individual unrealized loss amounted to approximately S/23.6 million (S/13.0 million at December 31, 2020).

The largest unrealized loss compared to the balance of 2020 is due to behavior of market. As of September 30, 2021, the balance mainly includes S/39.7 million from Peruvian companies such as Rutas de Lima S.A.C. and S/23.6 million from Inversiones Nacionales De Turismo S.A. (S/40.5 million from the Peruvian company Rutas de Lima S.A.C. as of December 31, 2020).

(ii) As of September 30, 2021 and December 31, 2020, the balance includes the following Government Treasury Bonds:

	As of September 30, 2021	**As of December 31, 2020**
	S/(000)	**S/(000)**
Peruvian treasury bonds (*)	7,138,468	11,343,664
U.S. treasury and federal agency bonds	1,383,165	564,380
Colombian treasury bonds	92,117	101,741
Chilean treasury bonds	88,183	81,502
Bolivian treasury bonds	83,709	74,248
Others	26,257	39,514
Total	8,811,899	12,205,049

(*) The variation in the balance corresponds to sales of instruments and to the decrease in the fair value. The largest unrealized loss compared to the balance in 2020 is due to the political uncertainty of the country. See Note 2(c).

(iii) As of September 30, 2021, the Group maintains 73,878 certificates of deposits BCRP (153,760 as of December 31, 2020); which are instruments issued at discount through public auction, traded on the Peruvian secondary market and payable in soles. The decrease in the balance is mainly due to the maturity of these instruments.

(iv) As of September 30, 2021, the balance corresponds to certificates for US$0.66 million, equivalent to S/2.7 million; and in other currencies, equivalent to S/659.1 million issued mainly by the financial system of Colombia and Bolivia (US$6.65 million, equivalent to S/24.1 million; and in other currencies, equivalent to S/861.8 million, issued by the financial system of Colombia and Bolivia, as of December 31, 2020). The decrease in the balance is mainly due to the maturity of these instruments.

(v) As of September 30, 2021 and December 31, 2020, the balance of securitization instruments includes the following:

	As of September 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
Inmuebles Panamericana S.A.	136,046	164,091
ATN S.A.	102,582	99,112
Colegios Peruanos S.A.	66,869	63,268
Costa de Sol S.A.	45,608	51,483
Fábrica Nacional de Cemento S.A.	39,053	34,537
Nessus Hoteles Perú S.A.	38,473	40,050
Homecenters Peruanos S.A.	28,015	32,308
Concesionaria La Chira S.A.	26,659	32,138
Industrias de Aceite S.A.	–	37,175
Others	169,691	191,418
Total	652,996	745,580

The instruments have semiannual payments until 2045.The pool of underlying assets consists mainly of accounts receivable from income, revenues for services and from maintenance and marketing contributions (Inmuebles Panamericana S.A.), and accounts receivable for electrical transmission services from the Carhuamayo - Cajamarca line (ATN S.A.).

c) Amortized cost investments consist of the following:

	As of September 30, 2021	
	Carrying amount	Fair value
	S/(000)	S/(000)
Peruvian sovereign bonds (i)	7,458,122	6,842,164
Corporate bonds (i)	421,246	421,166
Subordinated bonds (i)	86,785	86,496
Certificates of payment on work progress (CRPAO) (ii)	83,470	86,510
Foreign government bonds (i)	77,140	76,815
Sub total	8,126,763	7,513,151
Accrued interest	62,314	62,314
Total investments at amortized cost	8,189,077	7,575,465
Provision for credit losses	(1,726)	(1,726)
Total investments at amortized cost, net	8,187,351	7,573,739

	As of December 31, 2020	
	Carrying amount	Fair value
	S/(000)	S/(000)
Peruvian sovereign bonds (i)	4,740,275	5,439,612
Certificates of payment on work progress (CRPAO) (ii)	89,095	93,602
Foreign government bonds (i)	28,909	28,695
Sub total	4,858,279	5,561,909
Accrued interest	104,801	104,801
Total investments at amortized cost	4,963,080	5,666,710
Provision for credit losses	(698)	(698)
Total investments at amortized cost, net	4,962,382	5,666,012

(i) As of September 30, 2021, said bonds have maturities between October 2021 and February 2042, accruing interest at an annual effective interest rate between 3.41 percent and 7.49 percent on bonds denominated in soles, between 0.27 percent and 6.18 percent on bonds denominated in U.S. dollars, and between 0.00 percent and 2.96 percent annual on bonds issued in other currencies (as of December 31, 2020, have maturities between January 2021 and February 2042, accruing interest at an annual effective interest rate between 0.74 percent and 5.06 percent on bonds denominated in soles and between 0.0 percent and 3.05 percent on bonds issued in other currencies).

It is worth mentioning that the instruments with an interest rate of 0.00 percent corresponds to bonds issued by the Colombian Government, whose issue indicators on the date of acquisition were at very low levels; however, MiBanco Colombia invested in these instruments because it is a Colombian company and must invest in them according to local regulations, with the objective that the funds acquired by the Colombian Government are destined for the development and incentive of certain economic sectors.

Likewise, Credicorp Management has determined that as of September 30, 2021, the difference between amortized cost and the fair value of these investments is temporary in nature and Credicorp has the intention and ability to hold each of these investments until its maturity.

As of September 30, 2021, the Group has repurchased agreement transactions for investments at amortized cost for an estimated fair value of S/2,545.3 million (S/2,766.2 million as of December 31, 2020), the related liability for which is presented in the caption “Payables from repurchase agreements and securities lending” in the interim condensed consolidated statement of financial position, see Note 5(c).

(ii) As of September 30, 2021, there are 97 certificates of Annual Recognition of Payment on Work Progress - CRPAO from Spanish acronym (121 CRPAOs as of December 31, 2020), issued by the Peruvian Government to finance projects and concessions. Said issuance is a mechanism established in the concession agreement signed between the State and the concessionaire, which allows the latter to obtain financing to continue with the work undertaken. Said investment mature between October 2021 and April 2026, accruing interest at an annual effective rate between 2.62 percent and 4.17 percent (between January 2021 and April 2026, accruing interest at an annual effective rate between 2.42 percent and 3.47 percent as of December 31, 2020).

d) The table below shows the balance of investments classified by maturity, without consider accrued interest or provision for credit loss:

	As of September 30, 2021		
	At fair value through profit or loss	**At fair value through other comprehensive income**	**Amortized cost**
	S/(000)	**S/(000)**	**S/(000)**
Up to 3 months	1,005,102	4,391,433	49,370
From 3 months to 1 year	179,535	5,542,999	288,889
From 1 to 3 years	580,597	5,478,635	1,697,816
From 3 to 5 years	500,834	4,310,504	466,431
More than 5 years	1,709,854	12,883,990	5,624,257
Without maturity	2,673,373	372,680	–
Total	6,649,295	32,980,241	8,126,763

	As of December 31, 2020		
	At fair value through profit or loss	**At fair value through other comprehensive income**	**Amortized cost**
	S/(000)	**S/(000)**	**S/(000)**
Up to 3 months	1,973,038	14,564,360	11,518
From 3 months to 1 year	94,554	2,606,845	42,398
From 1 to 3 years	462,168	4,272,547	163,144
From 3 to 5 years	486,310	3,770,438	631,832
More than 5 years	1,290,057	17,617,068	4,009,387
Without maturity	2,147,970	502,550	–
Total	6,454,097	43,333,808	4,858,279

7 LOANS, NET

a) This item consists of the following:

	As of September 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
Direct loans -		
Loans	121,446,454	115,213,536
Credit cards	4,874,326	5,629,189
Leasing receivables	6,242,669	5,775,917
Factoring receivables	3,013,941	2,153,689
Discounted notes	2,383,775	1,483,723
Advances and overdrafts in current account	119,709	52,807
Refinanced loans	1,806,577	1,669,395
Total direct loans	139,887,451	131,978,256
Internal overdue loans and under legal collection loans	5,486,622	4,685,569
	145,374,073	136,663,825
Add (less) -		
Accrued interest	1,296,373	1,197,489
Unearned interest	(119,220)	(201,429)
Total direct loans	146,551,226	137,659,885
Allowance for loan losses (c)	(9,077,449)	(9,898,760)
Total direct loans, net	137,473,777	127,761,125

The credits granted as part of the Reactiva Perú program are guaranteed by the Peruvian Government. The total granted through this program as of September 2021 is S/20,733.2 million (S/24,286 million as of December 31, 2020). Likewise, in September 2021, loans from the Reactiva Perú program were rescheduled for an amount of S/7,167.4 million. See more details of this program in the Note 2(b).

The government, to serve small companies that the Reactiva Perú program does not reach, has established the Business Support Fund for the MYPE (FAE-MYPE) which represents for MiBanco a total of S/23.1 million and S/240.6 million for FAE-MYPE 1 and FAE-MYPE 2, respectively as of September 30, 2021 (S/79.9 million and S/273.6 million for FAE-MYPE 1 and FAE-MYPE 2, respectively as of December 31, 2020). See more details of this program in the Note 2(b).

Likewise, due COVID-19 Pandemic effects, BCP and MiBanco, the main Subsidiaries of Credicorp have offered its clients the opportunity to reschedule their loans for 30 or 90 days without incurring in overdue fees and interest on capital. As of September 30, 2021, the rescheduled portfolio amounted to S/22,990.5 million (S/24,813.2 million as of December 31, 2020).

In the loan portfolio, the most vulnerable segments are: MiBanco and within BCP stand-alone SME-Pyme and individuals, where debt reprogramming rates reached 20.7 percent, 38.4 percent and 15.2 percent respectively at the end of September 30, 2021 (15.3 percent, 20.8 percent and 33.5 percent respectively as of December 31, 2020).

b) As of September 30, 2021 and December 31, 2020, the composition of the gross credit balance is as follows:

	As of September 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
Direct loans	145,374,073	136,663,825
Indirect loans, Note 21(a)	22,665,879	20,973,810
Banker's acceptances outstanding	776,863	455,343
Total	168,816,815	158,092,978

The composition of gross balance of direct and indirect loans and the allowance for loan losses by stages is as follows:

	Direct and indirect loans		Allowance for loan losses of direct and indirect loans	
Loans by class	**As of September 30, 2021**	**As of December 31, 2020**	**As of September 30, 2021**	**As of December 31, 2020**
	S/000	**S/000**	**S/000**	**S/000**
Stage 1				
Commercial loans	93,105,105	84,366,795	675,717	721,503
Residential mortgage loans	19,222,748	18,063,315	126,027	157,935
Micro-business loans	12,999,769	11,580,793	580,560	610,188
Consumer loans	11,509,239	9,980,504	313,986	355,436
Total	136,836,861	123,991,407	1,696,290	1,845,062
Stage 2				
Commercial loans	10,084,647	10,090,159	792,396	666,002
Residential mortgage loans	935,828	1,360,460	88,354	111,739
Micro-business loans	6,199,933	8,451,947	750,315	1,087,978
Consumer loans	2,340,151	2,584,176	663,366	946,312
Total	19,560,559	22,486,742	2,294,431	2,812,031
Stage 3				
Commercial loans	7,609,123	6,850,481	2,444,627	2,229,427
Residential mortgage loans	1,414,938	1,144,605	785,344	639,750
Micro-business loans	2,117,276	1,978,448	1,368,666	1,445,988
Consumer loans	1,278,058	1,641,295	1,072,886	1,463,365
Total	12,419,395	11,614,829	5,671,523	5,778,530
Consolidated 3 Stages				
Commercial loans	110,798,875	101,307,435	3,912,740	3,616,932
Residential mortgage loans	21,573,514	20,568,380	999,725	909,424
Micro-business loans	21,316,978	22,011,188	2,699,541	3,144,154
Consumer loans	15,127,448	14,205,975	2,050,238	2,765,113
Total	168,816,815	158,092,978	9,662,244	10,435,623

As of September 30, 2021, the gross balance of direct and indirect loans increased compared to December 31, 2020. In Stage 1, this was mainly driven by Commercial loans because of higher disbursements due to the reactivation of internal demand and the economic recovery, which led to an increase in financing demand in the Wholesale Banking portfolio. In addition, there has been a significant migration of loans from Stage 2 to Stage 3, which mainly explains the decrease in the gross balance in Stage 2 and the increase in Stage 3. Finally, it is important to note that the increase in Stage 3 is significantly offset by write offs in the Consumer and Micro-business segments. See Note 7(c) for further information regarding the flow of write offs during 2021.

As of September 30, 2021, the allowance for loan losses of direct and indirect loans decreased compared to December 31, 2020. In Stage 1, this was mainly driven by the improvement in the probability of default (PD) of most portfolios, explained by an improvement in the credit behavior of clients and calibrations in the credit risk models. In Stage 2, the decrease is mainly explained by the migration of loans to Stage 3 and by the improvement of the PD. Finally, the decrease in Stage 3 is mainly due to the write offs in the Consumer and Micro-business segments. See Note 7(c) for further information regarding the flow of write offs during 2021.

During the years 2020 and 2021, we have maintained our policy of credit write-offs in a uniform manner, ensuring in all cases that we have the necessary evidence to conclude the confirmation of irrecoverable loans. It's based on this, important write-offs of credits were made during the second and third quarters of 2021.

c) The allowance for loan loss for direct and indirect loans was determined under the expected credit loss model as established in IFRS 9. The movement of the allowance for loan loss for direct and indirect loans is shown below:

	For the nine-month period ended September 30,	
	2021	**2020**
	S/(000)	**S/(000)**
Balance at beginning of period	10,435,623	5,507,759
Provision for credit losses on loan	1,329,147	5,295,095
Written-offs loans, Note 7(b)	(2,222,442)	(674,330)
Exchange differences and others (*)	119,916	31,066
Balance ended of period (**)	9,662,244	10,159,590

(*) The variation is mainly due to the greater provision recorded because of the increase in the exchange rate of the Sol against U.S. Dollar of 4.134 as of September 30, 2021 and 3.621 as of December 31, 2020 (3.597 as of September 30, 2020 and 3.314 as of December 31, 2019). Likewise, includes S/38.7 million of portfolio sale as nine-month ended September 30, 2021 (S/23.3 million as nine-month ended September 30, 2020).

(**) The movement in the allowance for loan losses for the nine-month period ended September 30, 2021 includes the allowance for direct and indirect loans for approximately S/9,077.4 million and S/584.8 million, respectively (approximately S/9,898.8 million and S/536.9 million, respectively, as of December 31, 2020). The expected loan loss for indirect loan is included in “Other liabilities” of the interim condensed consolidated statement of financial position, Note 13(a). In Management’s opinion, the allowance for loan losses recorded as of September 30, 2021 and December 31, 2020 has been established in accordance with IFRS 9 and is sufficient to cover incurred losses on the loan portfolio.

d) Interest rates on loans are set considering the rates prevailing in the markets where the Group’s subsidiaries operate.

e) A portion of the loan portfolio is collateralized with guarantees received from customers, which mainly consist of mortgages, trust assignments, securities and industrial and mercantile pledges.

f) The following table presents the gross direct loan portfolio as of September 30, 2021 and December 31, 2020 by maturity based on the remaining period to the payment due date:

	As of September 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
Outstanding loans -		
Up to 1 year	60,802,512	51,346,112
From 1 to 3 years	38,182,923	40,897,556
From 3 to 5 years	10,385,550	12,812,446
More than 5 years	30,516,466	26,922,142
	139,887,451	131,978,256
Internal overdue loans -		
Overdue up to 90 days	1,053,172	984,630
Over 90 days	4,433,450	3,700,939
	5,486,622	4,685,569
Total	145,374,073	136,663,825

See credit risk analysis in Note 34.1.

8 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group issues Investment Link life insurance contracts whereby the policyholder takes the investment risk on the assets held in the Investment Link funds as the policy benefits are directly linked to the value of the assets in the fund. The Group's exposure to market risk is limited to the extent that income arising from asset management charges is based on the value of assets in the fund.

The profit resulting from these assets is shown in "Net premiums earned" in the interim condensed consolidated statement of income. The composition of the generated returns is presented below:

	As of September 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
Net profit on sale of financial investments	43,630	38,055
Changes in the fair value of financial assets	(28,599)	68,311
Dividends, interests and others	7,423	9,261
Total	22,454	115,627

During the third quarter, volatility in fixed-income markets increased due to the reactivation of the global economy following the implementation of vaccines and the gradual normalization of economic activities. However, there were problems in the supply chain that caused inflation expectations and treasury bond rates to rise. This negatively affected corporate bonds and emerging market assets, such as Latin American assets, which generated losses during this period and a credit rating downgrade by Moodys. In contrast to the second quarter, valuation rose due to the sharp fall in interest rates in the US bond market.

Equities performed positively as a result of continued market optimism, lower interest rates on the US Treasury curve. On the other hand, there was a negative performance following the fear generated by the possible default of the Chinese company Evergrande, the largest real estate company. At the regional level, there was a preference for developed markets, mainly in the US and Europe.

However, in both fixed income and equity markets, the Peruvian market was affected by a negative performance due to the slowdown of growth in China, and local electoral uncertainty.

At the date of this report, there has been a recovery of the global indices, and what Credicorp seeks is to control the volatility of the portfolio in order to minimize the losses of our clients in these difficult times.

The offsetting of this effect is included in the technical reserve adjustment, which is part of the item "Net premiums earned" of the interim condensed consolidated statement of income, see Note 25(a).

9 ACCOUNTS RECEIVABLE AND PAYABLE FROM INSURANCE CONTRACTS

a) As of September 30, 2021 and December 31, 2020, “Premiums and other policies receivable” in the interim condensed consolidated statement of financial position includes balances for approximately S/801.5 million and S/937.2 million, respectively, which are primarily of current maturity, have no specific collateral and present no material past due balances.

b) The movements of the captions “Accounts receivable and payable to reinsurers and coinsurers” are as follows:

Accounts receivable:

	As of September 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
Balances as of January 1	919,419	791,704
Reported claims of premiums ceded, Note 26	406,988	283,041
Reserve risk in progress of premiums ceded, Note 25 a (***)	(63,174)	23,186
Settled claims of premiums ceded by reinsurance contracts	(291,308)	(229,729)
Collections and others, net	125,568	51,217
Balances at the end of the period	1,097,493	919,419

Accounts receivable as of September 30, 2021 and December 31, 2020, include S/193.0 million and S/282.0 million, respectively, which correspond to the assigned portion of technical reserves for premiums ceded to the reinsurers.

Accounts Payable:

	As of September 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
Balances as of January 1	338,446	216,734
Premiums ceded for automatic contracts (mainly excess of loss), Note 25 a (***)	252,095	244,112
Premiums ceded to reinsurers in facultative contracts, Note 25 a (***)	230,119	327,098
Coinsurance granted	1,885	753
Payments and other, net	(544,325)	(450,251)
Balances at the end of the period	278,220	338,446

Accounts payable to reinsurers are primarily related to proportional facultative contracts (on an individual basis) for ceded premiums, automatic non-proportional contracts (excess loss) and reinstallation premiums. For facultative contracts the Group transfers to the reinsurers a percentage or an amount of an insurance contract or individual risk, based on the premium and the coverage period.

10 PROPERTY, FURNITURE AND EQUIPMENT, NET

a) The composition of property, furniture and equipment and accumulated depreciation as of September 30, 2021 and December 31, 2020 and 2019 was as follows:

	Land	Buildings and other constructions	Installations	Furniture and fixtures	Computer hardware	Vehicles and equipment	Work in progress	As of September 30, 2021	As of December 31, 2020	As of December 31, 2019
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Cost -										
Balance as of January 1	403,205	1,171,785	675,940	474,432	612,891	115,407	61,542	3,515,202	3,512,477	3,573,580
Additions	1,290	188	4,914	4,345	12,430	1,844	15,126	40,137	98,120	134,776
Acquisition of business, Note 2(a)	–	–	–	–	–	–	–	–	–	29,893
Transfers	–	1,709	16,258	1,341	5,386	2,275	(26,969)	–	–	–
Disposals and others	(3,025)	2,951	3,113	(11,072)	2,708	(6,019)	(8,869)	(20,213)	(95,395)	(225,772)
Balance as of September 30	401,470	1,176,633	700,225	469,046	633,415	113,507	40,830	3,535,126	3,515,202	3,512,477
Accumulated depreciation -										
Balance as of January 1	–	689,061	503,973	318,705	537,990	90,598	–	2,140,327	2,084,304	2,092,878
Depreciation of the period	–	22,200	22,607	24,035	31,780	4,405	–	105,027	142,092	146,066
Acquisition of business, Note 2(a)	–	–	–	–	–	–	–	–	–	19,299
Transfers	–	(1,238)	1,238	2	(2)	–	–	–	–	–
Disposals and others	–	2,490	702	(7,688)	863	(4,438)	–	(8,071)	(86,069)	(173,939)
Balance as of September 30	–	712,513	528,520	335,054	570,631	90,565	–	2,237,283	2,140,327	2,084,304
Net carrying amount	401,470	464,120	171,705	133,992	62,784	22,942	40,830	1,297,843	1,374,875	1,428,173

Banks, financial institutions and insurance entities operating in Peru are not allowed to pledge their fixed assets.

During the nine-month period ended September 30, 2021 as part of the investment in fixed assets made annually, it has made disbursements related mainly to the remodeling of its headquarters located in La Molina, San Pedro office, Lima office and during 2020, the Group it has made disbursements related mainly to the remodeling of its headquarters located in La Molina and the comprehensive remodeling of the Café Dasso office. During the year 2019, the Bank has made disbursements mainly related to the remodeling of its headquarters in La Molina and integral remodeling to the Sucursal Cusco.

Credicorp's subsidiaries hold insurance contracts over its main assets in accordance with the policies established by Management.

Management periodically reviews the residual value, useful life and method of depreciation of the Group's property, furniture and equipment to ensure that they are consistent with their actual economic benefits and life expectations. In Management's opinion, as of September 30, 2021 and December 31, 2020 and 2019 there is no evidence of impairment of the Group's property, furniture and equipment.

11 INTANGIBLE ASSETS AND GOODWILL, NET

a) Intangible assets -

The composition of intangible assets with limited useful life and accumulated amortization as of September 30, 2021 and December 31, 2020 and 2019 was as follows:

Description	Client relationships (i)	Brand name (ii)	Fund manager contract (iii)	Relationships with holders	Software and developments	Intangible in progress	Other	As of September 30, 2021	As of December 31, 2020	As of December 31, 2019
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Cost -										
Balances at January 1	384,521	171,864	103,700	21,100	3,014,099	550,639	47,941	4,293,864	3,804,989	3,406,333
Additions	–	–	–	–	64,850	240,768	–	305,618	535,241	371,957
Acquisition of business, Note 2(a)	–	–	–	–	–	–	–	–	–	126,128
Transfers	–	–	–	–	198,998	(198,998)	–	–	–	–
Disposals and others	320	–	1,179	–	5,600	(2,174)	3,801	8,726	(46,366)	(99,429)
Balance as of September 30	384,841	171,864	104,879	21,100	3,283,547	590,235	51,742	4,608,208	4,293,864	3,804,989
Accumulated amortization -										
Balance at January 1	273,968	46,479	19,369	21,100	2,082,795	–	31,755	2,475,466	2,138,724	1,941,961
Amortization of the period	14,733	5,296	3,364	–	248,026	–	4,315	275,734	355,818	308,966
Acquisition of business, Note 2(a)	–	–	–	–	–	–	–	–	–	3,104
Disposals and others	255	–	260	–	424	–	49	988	(19,076)	(115,307)
Balance as of September 30	288,956	51,775	22,993	21,100	2,331,245	–	36,119	2,752,188	2,475,466	2,138,724
Net carrying amount	95,885	120,089	81,886	–	952,302	590,235	15,623	1,856,020	1,818,398	1,666,265

The main intangibles activated during the nine-month period ended September 30, 2021 correspond to projects Data Lake – Data Vault, Mobile Bancking I14, Telephone banking by voice call I15 and improvements Yape. Likewise, the main intangibles activated during the year 2020 correspond to projects the Identify Access Management, Bidirectional Communication for Fraud alerts, HomeBanking 2.0 projects, among others. During the year 2019, the Group has made disbursements mainly related with the implementation and development of various IT projects such as DataLake, Holístico, SpotLigth, DWH, Operating Model, Client 360, Connex, Mainframe, Kalignite NDC, Small and medium businesses (PYME, from Spanish acronym) Loans Online, Information Cube and others.

(i) Client relationships -

This item consists of the following:

	As of September 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
Prima AFP - AFP Unión Vida	60,700	69,974
Credicorp Capital Holding Chile - Inversiones IMT	19,647	20,782
Ultraserfinco	11,481	12,592
Tenpo	2,100	2,031
Culqi	1,957	2,167
MiBanco	–	3,007
Net carrying amount	95,885	110,553

(ii) Brand name -

	As of September 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
MiBanco	119,489	124,610
Culqi	600	775
Net carrying amount	120,089	125,385

(iii) Fund management contract -

	As of September 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
Credicorp Capital Colombia	41,409	42,328
Credicorp Capital Holding Chile - Inversiones IMT	37,198	38,553
Ultrasefinco S.A.	3,279	3,450
Net carrying amount	81,886	84,331

Management has assessed at each reporting date that there was no indication that customer relationships, brand name, fund management contract and software and developments may be impaired.

b) Goodwill -

Goodwill acquired through business combinations has been allocated to each subsidiary or groups of them, which are also identified as a CGU for the purposes of impairment testing.

	As of September 30, 2021	**As of December 31, 2020**
	S/(000)	**S/(000)**
MiBanco - Edyficar Perú	273,694	273,694
MiBanco Colombia (antes Bancompartir)	138,232	135,658
Prima AFP - AFP Unión Vida	124,641	124,641
Credicorp Capital Colombia	127,147	124,447
Banco de Crédito del Perú	52,359	52,359
Pacífico Seguros	36,354	36,354
Atlantic Security Holding Corporation	29,795	29,795
Tenpo SpA	26,618	26,602
Tenpo Prepago S.A. (before "Multicaja Prepago S.A.")	14,965	14,956
Compañía Incubadora de Soluciones Móviles S.A-	2,295	2,297
Crediseguro Seguros Personales	96	96
Net carrying amount	826,196	820,899

The recoverable amount of all of the CGUs has been determined based in the present value of the discounted cash flows or dividends determined principally with assumptions of revenue and expenses projection (based on efficiency ratios).

Goodwill balance from Credicorp Holding Colombia (due to the acquisition of Credicorp Capital Colombia S.A, Banco Compartir S.A. and Ultraserfinco S.A.) and Krealo SpA (due to the acquisition of Tenpo SpA and Multicaja Prepago S.A.) are affected by the volatility effect of the local exchange rate currency of the country in which they operate against the exchange rate of functional currency of Credicorp Ltd. and subsidiaries.

As of September 30, 2021, the Group has evaluated the impairment of goodwill by making an interim estimate based on the information available to date about the unusual and uncertain situation generated by COVID-19, concluding that there is no evidence of impairment at said date; therefore, during the nine-month period ended September 30, 2021 the Group did not recorded any impairment loss.

During the year 2020, the Group recorded a gross impairment loss amounting to S/64.0 million for MiBanco Colombia (before Banco Compartir S.A.) as a result of its assessment of the recoverable amount (S/54.0 million of impairment correspond to the participation of Credicorp and 10.0 million correspond to the minority participation). For determination this impairment, a fair value of 366,691 Colombian Pesos was estimated, equivalent to US$95.7 million, and a book value of 434,825 Colombian Pesos, equivalent to US$113.4 million. For the estimation, a discount rate of 13.2 percent and a growth rate in perpetuity of 4.0 percent were used as assumptions. Likewise, payments from 2021 to 2025 of 0.0 percent, 98.0 percent, 94.0 percent, 94.0 percent and 80.0 percent, respectively, and a perpetual payment of 80.0 percent, have been considered. Finally, the dividend tax rate considered has been 10.0 percent and the exchange rate of the Colombian Peso to the dollar was 3.833.

12 RIGHT-OF-USE ASSETS AND LEASE LIABILITES

a) Right-of-use

The Group has leased agreements according to the following composition:

	Property: Agencies and offices	Servers and technology platforms	Transport units	Other leases	2021	2020
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Cost -						
Balance as of January 1,	797,854	161,634	2,855	27,805	990,148	997,817
Additions	45,511	–	697	14,151	60,359	194,501
Disposal and others	(45,884)	(10,348)	(800)	(1,175)	(58,207)	(202,170)
Balance as of September 30	797,481	151,286	2,752	40,781	992,300	990,148
Accumulated depreciation -						
Balance as of January 1,	257,432	20,754	1,953	7,081	287,220	175,977
Depreciation of the period	93,649	21,895	382	4,907	120,833	172,005
Disposal and others	(21,658)	(5,601)	(800)	(1,329)	(29,388)	(60,762)
Balance as of September 30	329,423	37,048	1,535	10,659	378,665	287,220
Net carrying amount	468,058	114,238	1,217	30,122	613,635	702,928

b) Lease Liabilities

The Group maintains contracts, with certain renewal options and for which the Group has reasonable certainty that this option will be exercised. In these cases, the period of lease used to measure the liability and assets corresponds to an estimation of future renovations.

13 OTHER ASSETS AND OTHER LIABILITIES

a) This item consists of the following:

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Other assets -		
Financial instruments:		
Receivables (b)	2,127,831	1,307,187
Derivatives receivable (c)	2,239,234	1,214,497
Receivables from sale of investments (d)	1,842,576	271,066
Operations in process (e)	96,134	245,303
	6,305,775	3,038,053
Non-financial instruments:		
Deferred fees (f)	1,020,188	1,039,557
Investment in associates (g)	648,041	645,886
Investment properties, net (h)	471,307	466,859
Income tax prepayments, net	392,690	303,838
Adjudicated assets, net	130,087	135,089
Improvements in leased premises	70,726	90,146
VAT (IGV) tax credit	21,694	49,364
Others	9,252	9,198
	2,763,985	2,739,937
Total	9,069,760	5,777,990

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Other liabilities -		
Financial instruments:		
Accounts payable (i)	2,379,217	1,788,956
Derivatives payable (c)	1,999,583	1,205,213
Accounts payable for acquisitions of investments (d)	2,246,903	260,786
Salaries and other personnel expenses	745,921	591,541
Allowance for indirect loan losses, Note 7(c)	584,795	536,863
Dividends payable (j)	419,405	22,808
Operations in process (e)	69,790	72,800
	8,445,614	4,478,967
Non-financial instruments:		
Taxes	354,221	293,873
Provision for sundry risks	608,146	514,382
Others	201,936	199,937
	1,164,303	1,008,192
Total	9,609,917	5,487,159

b) As of September 30, 2021, the balance is mainly made up of margin call for derivatives for S/803.1 million, accounts receivable from deferred currency sale for S/249.4 million, works for taxes for S/170.7 million, visa account for payments to establishments for S/81.6 million, taxes paid on account from third parties and other accounts receivable related to taxes for S/75.9 million, accounts receivable from financial intermediation for S/45.7 million, accounts receivable from associate for S/7.5 million, among others (as of December 31, 2020, the balance is mainly made up of the margin call for derivatives for S/242.3 million, works for taxes for S/169.8 million, visa account for payments to establishments for S/81.1 million, taxes paid on account from third parties and other accounts receivable related to taxes for S/75.3 million, accounts receivable from financial intermediation for S/64.4 million, accounts receivable from deferred currency sale for S/60.2 million, accounts receivable from associate for S/6.5 million, among others).

c) The risk in derivative contracts arises from the possibility of the counterparty failing to comply with the terms and conditions agreed and that the reference rates at which the transactions took place change.

The table below shows as of September 30, 2021 and December 31, 2020 the fair value of derivative financial instruments, recorded as an asset or a liability, together with their notional amounts and maturities. The nominal amount, recorded gross, is the amount of a derivative's underlying asset and is the basis upon which fair value of derivatives is measured.

	As of September 30, 2021				As of December 31, 2020				2021 and 2020
	Assets	Liabilities	Notional amount	Maturity	Assets	Liabilities	Notional amount	Maturity	Related instruments
	S/(000)	S/(000)	S/(000)		S/(000)	S/(000)	S/(000)		
Derivatives held for trading (i) -									
Foreign currency forwards	324,136	729,246	27,712,653	October 2021 / June 2023	256,891	257,999	22,030,623	January 2021 / October 2022	-
Interest rate swaps	422,352	400,776	28,137,091	October 2021 / December 2031	600,718	613,624	20,447,415	January 2021 / December 2031	-
Currency swaps	1,377,974	830,928	16,214,792	October 2021 / January 2033	323,425	181,454	9,095,243	January 2021 / January 2033	-
Foreign exchange options	5,084	6,359	962,822	October 2021 / August 2022	2,673	3,547	426,848	January 2021 / June 2021	-
Futures	2,809	544	189,337	December 2021	2,694	2,616	32,589	March 2021	-
	2,132,355	1,967,853	73,216,695		1,186,401	1,059,240	52,032,718		
Derivatives held as hedges									
Cash flow hedges -									
Interest rate swaps (IRS)	–	909	124,020	March 2022	–	2,525	108,630	March 2022	Bonds issued
Interest rate swaps (IRS)	–	–	–	-	–	315	362,100	March 2021	Debt to banks
Interest rate swaps (IRS)	–	–	–	-	–	1,473	253,470	March 2021	Bonds issued
Interest rate swaps (IRS)	–	–	–	-	–	72	181,050	March 2021	Debt to banks
Interest rate swaps (IRS)	–	–	–	-	–	60	181,050	March 2021	Debt to banks
Cross currency swaps (CCS)	48,552	–	206,700	January 2025	5,090	–	181,050	January 2025	Bonds issued
Cross currency swaps (CCS)	27,367	–	186,030	August 2026	–	29,001	162,945	August 2026	Repurchase agreements
Cross currency swaps (CCS)	18,593	–	103,350	August 2026	–	11,797	90,525	August 2026	Repurchase agreements
Cross currency swaps (CCS)	12,367	12,657	192,000	October 2021 / September 2024	18,224	74,677	487,046	January 2021 / September 2024	Investments (*)
Cross currency swaps (CCS)	–	–	–	-	4,782	–	175,345	August 2021	Bonds issued
Fair value hedges -									
Interest rate swaps (IRS)	–	18,164	676,405	March 2022 / May 2023	–	26,053	628,677	March 2022 / May 2023	Investments (*)
	106,879	31,730	1,488,505		28,096	145,973	2,811,888		
	2,239,234	1,999,583	74,705,200		1,214,497	1,205,213	54,844,606		

(*) Corresponds to investments classified at the fair value through other comprehensive income under IFRS 9 as of September 30, 2021 and December 31, 2020.

The increase in the nominal value of currency swaps as of September 30, 2021 respect to December 31, 2020 is mainly due to new operations with the BCRP.

(i) Held-for-trading derivatives are principally negotiated to satisfy customers' needs. On the other hand, the Group may also take positions with the expectation of profiting from favorable movements in prices or rates. Also, this caption includes any derivatives which do not comply with IFRS 9 hedge accounting requirements. Fair value of derivatives held for trading classified by contractual maturity is as follows:

	As of September 30, 2021						As of December 31, 2020					
	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Foreign currency forwards	198,118	123,914	2,104	–	–	324,136	148,076	108,541	274	–	–	256,891
Interest rate swaps	13,465	26,381	24,480	47,857	310,169	422,352	4,025	25,005	81,209	46,101	444,378	600,718
Currency swaps	250,369	337,709	268,982	179,915	340,999	1,377,974	12,324	11,499	122,673	36,219	140,710	323,425
Foreign exchange options	4,490	594	–	–	–	5,084	379	2,294	–	–	–	2,673
Futures	2,809	–	–	–	–	2,809	2,694	–	–	–	–	2,694
Total assets	469,251	488,598	295,566	227,772	651,168	2,132,355	167,498	147,339	204,156	82,320	585,088	1,186,401

	As of September 30, 2021						As of December 31, 2020					
	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Foreign currency forwards	374,748	352,472	2,026	–	–	729,246	145,781	111,956	262	–	–	257,999
Interest rate swaps	11,197	25,936	33,642	47,308	282,693	400,776	12,794	23,211	80,629	64,995	431,995	613,624
Currency swaps	5,597	146,020	251,058	187,243	241,010	830,928	15,122	33,147	86,265	20,344	26,576	181,454
Foreign exchange options	5,786	573	–	–	–	6,359	676	2,871	–	–	–	3,547
Futures	544	–	–	–	–	544	2,616	–	–	–	–	2,616
Total liabilities	397,872	525,001	286,726	234,551	523,703	1,967,853	176,989	171,185	167,156	85,339	458,571	1,059,240

d) As of September 30, 2021 and December 31, 2020, corresponds to accounts receivable and payable for the sale and purchase of financial investments negotiated during the last days of the month, which were settled during the first days of the following month.

e) Transactions in process include deposits received, granted and collected loans, funds transferred and other similar types of transactions, which are made in the final days of the month and not reclassified to their final accounts in the interim condensed consolidated statement of financial position until the first days of the following month. The regularization of these transactions does not affect the Group's net income.

f) As of September 30, 2021 the balances corresponds mainly to the payment in favor of Latam Airlines Group S.A. Sucursal Peru for US$129.8 million, equivalent to S/536.6 million (US$165.1 million, equivalent to S/597.9 million, as of December 31, 2020). This advance granted is applied to the mileage awards granted to our customers when they pay with Latam Pass credit cards and then they can use those miles directly with Latam to redeem tickets, goods or services offered by Latam. Management considers that this asset will be fully recovered.

g) Credicorp's principal associate is Entidad Prestadora de Salud (EPS), whose balance amounts to S/588.9 million and S/603.4 million as of September 30, 2021 and December 31, 2020, respectively.

h) Investment properties -

The movement of investment properties is as follows:

	As of September 30, 2021			**As of December 31, 2020**
	Own assets			
	Land	**Buildings**	**Total**	**Total**
	S/(000)	**S/(000)**	**S/(000)**	**S/(000)**
Cost				
Balance at January 1	263,439	250,479	513,918	491,366
Additions (i)	9,084	–	9,084	26,533
Sales (ii)	–	–	–	(233)
Disposals and others	(12,806)	13,467	661	(3,748)
Ending Period	259,717	263,946	523,663	513,918
Accumulated depreciation				
Balance at January 1	–	45,649	45,649	39,027
Depreciation for the period	–	5,258	5,258	7,018
Sales (ii)	–	–	–	(148)
Disposals and others	–	39	39	(248)
Ending Period	–	50,946	50,946	45,649
Impairment losses (iii)	689	721	1,410	1,410
Net carrying amount	259,028	212,279	471,307	466,859

Land and buildings are mainly used for office rental, which are free of all encumbrances.

(i) As of September 30, 2021, in order to consolidate the real estate projects, the Group has made disbursements of improvements for S/9.1 million. As of December 31, 2020, the main additions correspond to the acquisition of land located in the Comas district in the city of Lima for the amount of S/12.5 million. Likewise, in order to consolidate the real estate projects, the Group has made disbursements mainly for the improvements of buildings one of them located in Arequipa for the amount of S/5.1 million, the other located in Trujillo for approximately S/3.8 million and also improvements on the 13th floor of Panorama building located in the district of Santiago de Surco, Lima amounted of S/2.4 million.

(ii) No sales have been made during the 2021. The amount for sales for the 2020 period is mainly due to the sale of a store N° 112 located in the Jr. Huallaga (Lima) building, whose sale value was S/0.08 million (disposal cost amounted to S/0.09 million).

(iii) The Group's Management has determined that the recoverable value of its investment properties is greater than their net carrying amount.

i) As of September 30, 2021, the balance corresponds mainly to accounts payable to suppliers for S/233.1 million, accounts payable for the purchase of deferred foreign currency for S/230.1 million, accounts payable to policyholders for S/114.9 million, accounts payable to intermediaries for S/94.6 million, interbank operations to be settled with the BCRP for S/92.3 million, accounts payable for premiums to the Deposit Insurance Fund for S/51.9 million, Liquidation Funds of Financiera TFC for S/12.0 million, accounts payable to an associate for S/7.0 million, among others (as of December 31, 2020, the balance corresponds mainly to accounts payable to suppliers for S/215.0 million, accounts payable to policyholders for S/91.5 million, accounts payable to intermediaries for S/87.3 million, accounts payable for the purchase of deferred foreign currency for S/65.9 million, accounts payable for premiums to the Deposit Insurance Fund for S/46.4 million, interbank operations to be settled with the BCRP for S/39.6 million, Liquidation Funds of Financiera TFC for S/12.5 million, repurchase agreements to be settled for S/9.5 million, accounts payable to an associate for S/3.9 million, among others).

j) As of September 30, 2021, the balance corresponds mainly to S/398.8 million registered by Credicorp Ltd. See Note 18 c) (as of December 31, 2020, corresponds mainly to S/18.9 million registered by Banco de Crédito del Perú).

14 DEPOSITS AND OBLIGATIONS

a) This item consists of the following:

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Demand deposits	61,112,084	54,530,355
Saving deposits	54,365,781	50,069,129
Time deposits (c)	30,303,279	28,121,094
Severance indemnity deposits	4,681,223	7,736,747
Bank's negotiable certificates	1,298,073	1,202,996
Total	151,760,440	141,660,321
Interest payable	787,928	705,181
Total	152,548,368	142,365,502

The Group has established a policy to remunerate demand deposits and savings accounts according to a growing interest rate scale, based on the average balance maintained in those accounts; on the other hand, according to its policy, balances that are lower than a specified amount for each type of account do not bear interest. Also, time deposits earn interest at market rates.

Interest rates are determined by the Group considering the interest rates prevailing in the market in which each of the Group's subsidiaries operates.

b) The amounts of non-interest-bearing and interest-bearing deposits and obligations without consider accrued interest are presented below:

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Non-interest-bearing -		
In Peru	49,182,602	44,037,934
In other countries	5,363,928	3,585,185
	54,546,530	47,623,119
Interest-bearing -		
In Peru	85,823,638	82,907,313
In other countries	11,390,272	11,129,889
	97,213,910	94,037,202
Total	151,760,440	141,660,321

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

	As of September 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
Up to 3 months	16,344,663	13,750,133
From 3 months to 1 year	7,946,234	6,849,436
From 1 to 3 years	2,462,733	4,143,040
From 3 to 5 years	506,167	473,479
More than 5 years	3,043,482	2,905,006
Total	30,303,279	28,121,094

In Management's opinion the Group's deposits and obligations are diversified with no significant concentrations as of September 30, 2021 and December 31, 2020.

As of September 30, 2021 and December 31, 2020, of the total balance of deposits and obligations, approximately S/50,636.2 million and S/45,448.1 million, respectively, are secured by the Peruvian "Fondo de Seguro de Depósitos" (Deposit Insurance Fund). At said dates, maximum amount of coverage per depositor recognized by "Fondo de Seguro de Depósitos" totaled S/112,853 and S/101,522, respectively.

As of September 30, 2021 and December 31, 2020, of the total balance of deposits and obligations, MiBanco Colombia, account with approximately 226,399.1 million Colombian pesos (equivalent to S/246.1 million) and 214,426.3 million Colombian pesos (equivalent to S/228.4 million), respectively, are secured by the Colombian "Financial Institutions Guarantee Fund" (Fogafín, for its Spanish acronym). At said dates, maximum amount of coverage per depositor recognized by "Fogafín" totaled 50,000,000.0 Colombian pesos (equivalent to S/54,350) and 50,000,000.0 Colombian pesos (equivalent to S/53,250), respectively.

15 DUE TO BANKS AND CORRESPONDENTS

a) This item consists of the following:

	As of September 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
International funds and others (b)	3,994,976	2,710,224
Promotional credit lines (c)	3,389,815	3,203,263
	7,384,791	5,913,487
Interest payable	81,643	64,770
Total	7,466,434	5,978,257

b) This item consists of the following:

	As of September 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
Bank of America, N.A.	961,147	–
Wells Fargo Bank, N.A.	702,780	181,050
Corporación Financiera de Desarrollo (COFIDE)	457,077	624,480
Citibank N.A.	413,400	362,100
Sumitomo Mitsui Banking Corporation	413,400	181,050
Banco BBVA Perú	192,900	107,900
Banco de la Nación	185,000	260,000
Bancoldex	125,053	118,516
Bancolombia S.A.	124,010	28,008
Scotiabank Perú S.A.A.	100,039	100,000
Banco Internacional del Perú S.A.A. (Interbank)	60,000	–
Bank of New York Mellon	3,103	181,051
The Toronto Dominion Bank	–	271,575
Bankinter	–	72,420
Other minors than S/49.2 million	257,067	222,074
Total	3,994,976	2,710,224

As of September 30, 2021 the loans have maturities between October 2021 and March 2032 (between January 2021 and March 2032, as of December 31, 2020) and accrue interest in foreign currency at rates that fluctuate between 0.4 percent and 8.3 percent and accrue interest in soles at rates that fluctuate between 1.15 percent and 7.53 percent (between 0.4 percent and 8.3 percent and between 0.92 percent and 4.3 percent, respectively as of December 31, 2020).

c) Promotional credit lines represent loans granted by Corporación Financiera de Desarrollo and Fondo de Cooperación para el Desarrollo Social (COFIDE and FONCODES for their Spanish acronyms, respectively) to promote the development of Peru, they mature between October 2021 and January 2032 and bear annual interest in soles at rates that fluctuate between 6 percent and

7.57 percent and interest in foreign currency at 7.75 percent as of September 30, 2021 (between January 2021 and July 2029 and with annual interest in soles at rates that fluctuate between 3.98 percent and 7.25 percent and interest in foreign currency at 6.4 percent as of December 31, 2020). These credit lines are secured by a loan portfolio totaling S/3,389.8 million and S/3,203.3 million, as of September 30, 2021 and December 31, 2020, respectively.

d) The following table presents the maturities of due to banks and correspondents as of September 30, 2021 and December 31, 2020 based on the period remaining to maturity:

	As of September 30, 2021	**As of December 31, 2020**
	S/(000)	**S/(000)**
Up to 3 months	951,533	2,343
From 3 months to 1 year	2,697,516	1,854,351
From 1 to 3 years	944,567	819,991
From 3 to 5 years	698,258	601,258
More than 5 years	2,092,917	2,635,544
Total	7,384,791	5,913,487

e) As of September 30, 2021 and December 31, 2020, lines of credit granted by various local and foreign financial institutions, to be used for future operating activities total S/7,384.8 million and S/5,913.5 million, respectively.

f) Certain debts to banks and correspondents include standard covenants addressing observance of financial ratios, the use of the funds and other administrative matters; which, in Management's opinion, do not limit the Group's operations and have been complied with at the date of the interim condensed consolidated financial statements.

16 TECHNICAL RESERVES FOR INSURANCE CLAIMS AND PREMIUMS

a) This item consists of the following:

	As of September 30, 2021		
	Technical reserves for claims (*)	**Technical reserves for premiums (**)**	**Total**
	S/(000)	**S/(000)**	**S/(000)**
Life insurance	1,709,770	9,119,975	10,829,745
General insurance	724,821	610,381	1,335,202
Health insurance	149,185	198,557	347,742
Total	2,583,776	9,928,913	12,512,689

	As of December 31, 2020		
	Technical reserves for claims (*)	**Technical reserves for premiums (**)**	**Total**
	S/(000)	**S/(000)**	**S/(000)**
Life insurance	1,288,056	8,784,732	10,072,788
General insurance	629,330	656,963	1,286,293
Health insurance	133,088	182,907	315,995
Total	2,050,474	9,624,602	11,675,076

(*) As of September 30, the increase in life insurance in technical reserves per claim was mainly due to the impact of COVID-19, generating an increase in the reserve for direct claims and claims that occurred and not reported on life lines.

(**) As of September 30, 2021, the life insurance technical reserves include the mathematical reserves of income amounting to S/6,872.1 million (S/6,806.1 million as of December 31, 2020).

Insurance claims reserves represent reported claims and an estimate for incurred but unreported claims (IBNR). Reported claims are adjusted on the basis of technical reports received from independent adjusters.

Insurance claims to be paid by reinsurers and co-insurers represents ceded claims, which are presented in “Accounts receivable from reinsurers and coinsurers” of the interim condensed consolidated statement of financial position, See Note 9(b).

As of September 30, 2021, the reserves for direct claims include reserves for IBNR for life, general and health insurance for an amount of S/788.0 million, S/43.0 million and S/109.0 million, respectively (S/602.7 million, S/42.5 million and S/125.3 million, respectively, as of December 31, 2020).

As of September 30, 2021, and in previous years, the differences between the estimates for the incurred and non-reported claims and the settled and pending liquidation claims have not been significant. In the case of general risks and health, retrospective analysis indicates that the amounts accrued are adequate and Management believes that the estimated IBNR reserve is sufficient to cover any liability as of September 30, 2021 and December 31, 2020.

Technical reserves for premiums include reserves for obligations for future benefits under insurance of life and personal accidents in force; and the unearned premium reserves in respect of the portion of premiums written that is allocable to the unexpired portion of the related policy periods of related coverage.

The adjustment of market rates in the pension funds is recorded in other comprehensive incomes, which responds to the fluctuation of the market values of the investments.

17 BONDS AND NOTES ISSUED

a) This item consists of the following:

	Annual interest rate	Interest payment	As of September 30, 2021 Maturity	Issued amount	Carrying amount	As of December 31, 2020 Maturity	Issued amount	Carrying amount
	%			(000)	S/(000)		(000)	S/(000)
Senior notes - BCP (i)	4.25	Semi-annual	April 2023	US$716,301	2,929,707	April 2023	US$716,301	2,552,985
Senior notes - BCP (ii)	From 2.70 to 5.38	Semi-annual	January 2025	US$700,000	2,816,665	January 2025	US$700,000	2,453,353
Senior notes - BCP (iii)	From 4.65 to 4.85	Semi-annual	September 2024	S/2,900,000	2,482,854	September 2024	S/2,900,000	2,469,832
Senior notes - Credicorp Ltd. (iv)	2.75	Semi-annual	June 2025	US$500,000	1,974,334	June 2025	US$500,000	1,737,139
Senior notes - BCP (v)	Libor 3M + 55 pb	Quarterly	March 2022	US$30,000	123,956	March 2022	US$30,000	108,479
Senior notes - BCP (vi)	0.42	Semi-annual	–	–	–	August 2021	¥5,000,000	175,087
Senior notes - BCP (vii)	Libor 3M + 100 pb	Quarterly	–	–	–	March 2021	US$70,000	253,412
MMT 100 - Secured notes- CCR Inc. (viii)								
2012 Series C Floating rate certificates	4.75	Monthly	July 2022	US$315,000	155,025	July 2022	US$315,000	257,996
Corporate bonds -								
Fourth program								
Tenth issuance (Series A, B and C) - BCP	From 5.31 to 7.25	Semi-annual	December 2021 / November 2022	S/550,000	528,400	December 2021/ November 2022	S/550,000	527,794
Fifth program								
Third issuance (Series C) - BCP	4.25	Semi-annual	July 2022	S/109,310	109,116	July 2022	S/109,310	108,980
Third issuance (Series D) - BCP	3.88	Semi-annual	August 2022	S/42,660	42,548	August 2022	S/42,660	42,456
Third issuance (Series B) - BCP	4.88	Semi-annual	October 2021	S/42,200	42,199	October 2021	S/42,200	42,169
Third issuance (Series A) - BCP	4.59	Semi-annual	–	–	–	July 2021	S/70,770	69,178
					722,263			790,577

	Annual interest rate	Interest payment	As of September 30, 2021 Maturity	Issued amount	Carrying amount	As of December 31, 2020 Maturity	Issued amount	Carrying amount
	%			(000)	S/(000)		S/(000)	S/(000)
Subordinated bonds - BCP (ix)	From 3.13 to 6.13	Semi-annual	April 2027 / September 2031	US$1,350,000	5,456,278	April 2027 / July 2030	US$1,144,700	4,028,266
Subordinated bonds - BCP (ix)	6.88	Semi-annual	–	–	–	September 2026	US$181,505	651,176
Subordinated bonds -								
First program								
First issuance (Series A) - Pacífico Seguros	6.97	Quarterly	November 2026	US$60,000	248,040	November 2026	US$60,000	217,260
First issuance (Series A) - BCP	6.22	Semi-annual	May 2027	S/15,000	15,000	May 2027	S/15,000	15,000
Second program								
Second issuance (Series A) - Pacífico	4.41	Semi-annual	December 2030	US$50,000	188,003	December 2030	US$50,000	164,784
First issuance (Series B) - MiBanco	7.22	Semi-annual	June 2027	S/30,000	30,000	June 2027	S/30,000	30,000
First issuance (Series A) - MiBanco (x)	8.50	Semi-annual	May 2026	S/100,000	–	May 2026	S/100,000	100,000
Third program								
Issuance II - Banco de Crédito de Bolivia	5.25	Semi-annual	August 2022	Bs137,200	83,361	August 2022	Bs137,200	73,546
Issuance III - Banco de Crédito de Bolivia	6.00	Semi-annual	August 2030	Bs100,000	60,527	August 2030	Bs100,000	53,278
Issuance I - Banco de Crédito de Bolivia	6.25	Semi-annual	August 2028	Bs70,000	42,369	August 2028	Bs70,000	37,295
Fourth program								
First issuance (Series A) - MiBanco (x)	5.84	Semi-annual	March 2031	S/155,000	146,402	–	–	–
					813,702			691,163
Negotiable certificate of deposit - MiBanco	From 1.71 to 5.80	Annual	October 2021 / August 2025	S/939	939	January 2021 / November	S/1,385	1,385
Subordinated negotiable certificates - BCP	Libor 3M + 279 bp	Quarterly	November 2021	US$2,960	12,237	November 2021	US$2,960	10,718
					17,487,960			16,181,568
Interest payable					89,670			137,839
Total					17,577,630			16,319,407

During the first quarter of 2018, in accordance with the risk exposure strategy of the interest rate, the Group discontinued the fair value hedge of certain bonds, issued in U.S. Dollars at a fixed rate, through the liquidation of the IRS. The accumulated profit of the fair value of these bonds at the time of the liquidation of the derivatives amounted to US$22.0 million (equivalent to S/71.7 million), recorded in the liability, which has been transferred to the consolidated statement of income up to the date of maturity of said bonds. As of September 30, 2021, the liability amounts to US$1.1 million, equivalent to S/4.5 million, (US$2.6 million, equivalent to S/9.4 million, as of December 31, 2020). The amount recorded in the interim condensed consolidated statement of income ended September 30, 2021, amounts to US$1.5 million, equivalent to S/5.8 million (US$5.6 million, equivalent to S/19.6 million, during the period ended September 30, 2020).

(i) The Bank can redeem the total or part of the notes in any time, having as a penalty an interest rate equal to the Treasury of the United States of America's rate plus 50 basis point. The payment of principal will take place on the due date of the notes or when the Bank redeems these notes.

(ii) In September 2019, the Bank announced a repurchase offer and propose an exchange to the holders of senior notes of the US$ 800.0 million issued in September of 2010, managing to repurchase US$ 220.3 million and exchanging US$ 205.0 million with new senior notes, at market rates, whose terms and conditions are very similar to the previous issue. At the end of said offer, the Bank kept a notional value payable amounting to US$374.6 million, which matured in September 2020.

    In the same way, in September 2019, the Bank issued senior notes of approximately US$700 million (that amount includes the US$205.0 million of the exchange mentioned in the paragraph before). The Bank can redeem all or part of the notes at any date, between October 11, 2021 and December 10, 2024, at a redemption price equal to or greater than: (i) 100 percent of the aggregate principal amount of the notes to be redeemed; and (ii) the sum of the present value of each remaining scheduled payment discounted at interest rate equal to the Treasury of the United States of America's rate plus 20 basis points. From December 11, 2024 onwards, the Bank can redeem the total or part of the notes to a redemption price equal to 100 percent of the aggregate principal amount of the notes to be redeemed.

    The payment of principal will take place on the due date or when the Bank redeems the notes.

    On September 30, 2021, the Bank maintains a CCS which was designated as cash flows hedges of a part of senior notes in U.S dollars subject to exchange rate risk for a notional amount of US$50.0 million, equivalent to S/206.7 million (US$50.0 million equivalent to S/181.1 million, as of December 31, 2020), see note 13(c). By means of the CCS, the cover part of senior notes was economically converted to soles.

(iii) In September 2019, the Bank announced a repurchase offer and propose an exchange to the holders of senior notes of the S/2,000 million issued in October of 2017, managing to repurchase S/291.2 million and exchanging S/1,308.8 million with new senior notes, at market rates, whose terms and conditions are very similar to the previous issue. At the end of said offer, the Bank keeps a notional value payable amounting to S/400.0 million, which was fully redeemed in October 2020.

    At the same date, the Bank issued senior notes for approximately S/2,500.0 million (this amount includes the S/1,308.8 million of the exchange mentioned in the paragraph before). The Bank can redeem the whole or part of the senior notes between October 17, 2021 and August 16, 2024, at a redemption price equal to or greater than: (i) 100 percent of the aggregate principal amount of the notes, and (ii) the sum of the present value of cash flows discounted at interest rate equivalent to sovereign bonds issued by the government of Peru or other comparable titles plus 25 basis points. As of August 17, 2024, the Bank may redeem all or part of the senior notes at a redemption price equal to 100 percent of the aggregate amount of the principal to be redeemed.

    The payment of principal will take place on the due date or when the Bank redeems the notes.

(iv) In June 2020, Credicorp Ltd. issued Senior Notes for approximately US$500.0 million, equivalent to S/2,067.0 million as of September 30, 2021 (US$500.0 million, equivalent to S/1,810.5 million as of December 31, 2020) at fixed interest rate, whose maturity date is on June 17, 2025.

These Senior Notes can redeem the whole or part mainly by the following ways (i) at any time prior to May 17, 2025, make whole or partial call, at Treasury plus 40 basis points, and (ii) at any time on or after May 17, 2025, at par value.

The payment of principal will take place on the due date or when Credicorp Ltd. redeems the notes.

At September 30, 2021, the Group has designated as a hedge of a net investment of a foreign operation a portion of these bonds issued for approximately US$228.8 million, equivalent to S/945.9 million (US$135.4 million, equivalent to S/490.3 million, as of December 31, 2020), which hedges by the same amount the exposure of the net investment in the subsidiary Atlantic Security Holding Corporation (ASHC), established in Cayman Islands and whose functional currency is the US dollar, see note 34.2(b)(ii). This hedge covers the fluctuation in the exchange rate risk associated with the conversion of the net investment held in ASHC to the Group's functional currency (soles).

(v) On September 30, 2021, the Group maintains an IRS for a notional amount of US$30.0 million, equivalent to S/124.0 million (US$30.0 million equivalent to S/108.6 million, as of December 31, 2020), see note 13(c), which was designated as cash flows hedge of a corporate bond issued in US dollar at a variable rate. By means of the IRS, this bond was economically converted to a fixed interest rate.

(vi) In July of 2019, the Bank issued Senior Notes for approximately JPY5,000.0 million, equivalent to S/185.7 million as of August 31, 2021 (JPY5,000.0 million, equivalent to S/175.3 million as of December 31, 2020) at fixed interest rate. These Notes matured in August 2021.

As of August 31, 2021, the CCS that was designated as a cash flow hedge of the notes issued in yen has matured for a notional amount of JPY5,000.0 million. By means of the CCS, the note was economically converted to soles.

(vii) In February of 2019, the Bank issued Senior Notes for approximately US$70.0 million, equivalent to S/263.0 million as of March 30, 2021 at variable rate. These Notes matured in March 2021.

At March 31, 2021, an interest rate swap (IRS), which was designated as cash flows hedge of these Senior Notes, matured for a notional amount of US$70.0 million (US$70.0 million equivalent to S/253.5 million as of December 31, 2020), see note 13(c). By means of the IRS, the note was economically converted to a fixed interest rate.

(viii) This issue is guaranteed by the future collection of electronic payment orders sent to BCP (including foreign branches) through the Society Worldwide Interbank Financial Telecommunications, through which the correspondent bank uses the network to places orders of payment to beneficiary that is not a financial institution.

(ix) In July 2020, The Bank repurchased US$294.6 million from the total US$476.1 million outstanding amount of “6.875% Fixed- to-Floating Rate Subordinated Notes due 2026”. Also, the Bank repurchased US$224.9 and exchanged US$200.4 million from the total US$720 million outstanding amount of “6.125% Fixed-to-Floating Rate Subordinated Notes due 2027”.

Also, on July 1, 2020, the Bank issued Subordinated Notes under the Medium-Term Bond Program for a total amount of US$850.0 million at a semi-annual coupon rate of 3.125 percent maturing in July 2030 under the name of “3.125% Subordinated Fixed-to-Fixed Rate Notes due 2030 (Callable 2025)”. On July 1, 2025, the Bank may redeem all or part of the notes at a redemption price equal to 100% of the aggregate amount of the principal of the notes to be redeemed. From now on, the Bank may redeem all or part of the notes at a redemption price equal to the higher of (1) 100% of the principal amount of the notes and (2) the sum of the remaining cashflows discounted at a rate equivalent to the US Treasury interest rate plus 45 basis points. The payment of principal will take place on the due date or when the Bank redeems the notes.

Through a repurchase offer announced in March 2021, the Bank repurchased US$88.5 million and exchanged US$11.0 million from the total US$294.7 million outstanding amount of "6.125% Fixed-to-Floating Rate Subordinated Notes due 2027", which were registered and settled on March 31, 2021. Also, in June 2021, US$60.6 million were repurchased from the total US$181.5 million outstanding amount of "6.875% Fixed-to-Floating Rate Subordinated Notes due 2026".

On March 29, 2021, the Bank announced its decision to exercise the Make-Whole Redemption option of the entire two subordinated Notes, "6.875% Fixed-to-Floating Rate Subordinated Notes due 2026" and " 6.125% Fixed-to-Floating Rate Subordinated Notes due 2027 ", whose holders have not accepted. The redemption date for both bonds was effective on April 28, 2021.

On the other hand, effective on March 30, 2021, the Bank issued Subordinated Notes under the Medium-Term Bond Program amounting to US$500.0 million at a semi-annual rate of 3.25 percent maturing in September 2031 called "3,250% Subordinated Fixed-to-Fixed Rate Notes due 2031 (Callable 2026)". As of September 30, 2026, it will be paid a fixed interest rate equal to U.S. Treasury interest rate, comparable to 5 years, plus 245.0 basis points. On September 30, 2026, the Bank may redeem all or part of the notes at a redemption price equal to 100% of the aggregate amount of the principal of the notes to be redeemed. From now on, the Bank may redeem all or part of the notes at a redemption price equal to the higher of (1) 100% of the principal amount of the notes and (2) the sum of the remaining cashflows discounted at a rate equivalent to the U.S. Treasury interest rate plus 40 basis points. The payment of the principal will take place on the expiration date of the notes or when the Bank redeems them.

(x) On March 30, 2021, Mibanco S.A. issued the Fourth Program Series A Subordinated Bonds amounting to S/ 155.0 million with a fixed rate of 5.84 percent, which matures on March 31, 2031. The payment of the principal will take place on the maturity date, or when Mibanco S.A. redeems them, only after a minimum term of 5 years since issuance date.

Also, on May 13, 2021, Mibanco S.A. exercised the option for early redemption from Second Program Series A Subordinated Bonds issue amounting to S/100.0 million.

b) The table below shows the bonds and notes issued, classified by maturity, without accrued interests:

	As of September 30, 2021	**As of December 31, 2020**
	S/(000)	**S/(000)**
Up to 3 months	251,040	291,866
From 3 months to 1 year	447,824	547,325
From 1 to 3 years	5,815,382	3,294,335
From 3 to 5 years	4,788,451	6,714,223
More than 5 years	6,185,263	5,333,819
Total	17,487,960	16,181,568

18 EQUITY

a) Capital stock -

As of September 30, 2021 and December 31, 2020, a total of 94,382,317 shares have been issued at US$5 per share.

b) Treasury stock -

We present below the stocks of Credicorp Ltd., that the entities of the Group maintain as of September 30, 2021 and 2020:

	Number of shares		
As of September 30, 2021	**Shares of the Group**	**Shared-based payment (*)**	**Total**
Atlantic Security Holding Corporation	14,620,846	–	14,620,846
BCP	–	134,133	134,133
Grupo Crédito	–	23,006	23,006
Pacífico Seguros	–	22,966	22,966
Credicorp Capital Servicios Financieros	–	15,561	15,561
Other Subsidiaries	–	48,992	48,992
	14,620,846	244,658	14,865,504

	Number of shares		
As of September 30, 2020	**Shares of the Group**	**Shared-based payment (*)**	**Total**
Atlantic Security Holding Corporation	14,620,846	–	14,620,846
BCP	–	159,339	159,339
Grupo Crédito	62,396	32,512	94,908
Pacífico Seguros	–	29,845	29,845
Credicorp Capital Servicios Financieros	–	17,598	17,598
Other Subsidiaries	–	54,594	54,594
	14,683,242	293,888	14,977,130

(*) Corresponds to treasury stock that were granted to employees and senior management, for which they have the right to vote; also, these stocks are not vested at said dates. See more detail in Note 20.

During the nine-month period ended September 30, 2021 and 2020, the Group purchased 97,951 and 240,151 shares of Credicorp Ltd., respectively, for a total of US$16.1 million (equivalent to S/58.9 million) and US$44.4 million (equivalent to S/151.9 million), respectively.

c) Reserves -

Certain Group's subsidiaries are required to keep a reserve that equals a percentage of paid-in capital (20, 30 or 50 percent, depending on its activities and the country in which production takes place); this reserve must be constituted with annual transfers of not less than 10 percent of net profits. As of September 30, 2021, and December 31, 2020, the balance of this reserves amounts approximately to S/7,102.7 million, S/6,990.1 million, respectively.

At the Board meetings held on February 25, 2021 and February 27, 2020, the decision was made to transfer from "Retained earnings" to "Reserves" the amounts of S/347.0 million and S/1,977.1 million, respectively.

At the Board meeting held on August 26, 2021, the decision was made to transfer from "Reserves" to "Dividends payable" in the amount of S / 398.8 million.

d) Dividend distribution -

The chart below shows the distribution of dividends agreed by the Board of Directors:

	As of September 30, 2021	**As of December 31, 2020**
Date of Meeting - Board of Directors	26.08.2021	27.02.2020
Dividends distribution, net of treasury shares effect (in thousands of soles)	398,808	2,392,844
Payment of dividends per share (in soles)	20.7000	30.0000
Date of dividends payout	07.10.2021	08.05.2020
Exchange rate published by the SBS	4.1310	3.4081
Dividends payout (equivalent in thousands of US$)	96,540	702,105

In accordance with current Peruvian legislation, there is no restriction for overseas remittance of dividends or the repatriation of foreign investment. As of September 30, 2021, and December 31, 2020, dividends paid by the Peruvian subsidiaries to Credicorp are subject to a 5.0 percent withholding tax.

e) Regulatory capital -

As of September 30, 2021 and December 31, 2020, the regulatory capital requirement ("patrimonio efectivo" in Peru) applicable to Credicorp subsidiaries engaged in financial services and insurance activities in Peru, determined under the provisions of the Peruvian banking and insurance regulator, SBS, totals approximately S/29,933.6 million and S/28,969.3 million, respectively. At those dates, the Group's regulatory requirement exceeds by approximately S/10,287.9 million and S/7,973.9 million, respectively, the minimum regulatory capital required by the SBS.

19 TAX SITUATION

a) Credicorp is not subject to income tax or any taxes on capital gains, equity or property in Bermuda. Credicorp’s Peruvian Subsidiaries are subject to the Peruvian tax regime.

The income tax rate in Peru as of September 30, 2021 and December 31, 2020 was 29.5 percent of the taxable income after calculating the worker's participation, which is determined using a rate of 5.0 percent.

The income tax rate in Bolivia is 25.0 percent as of September 30, 2021 and December 31, 2020. Financial entities have an additional rate if the ROE exceeds 6.0 percent; in that case, they must consider an additional 25.0 percent, with which the rate would be 50.0 percent. Situation that from the 2021 management, was also established for the brokerage agencies, the investment fund management companies and the insurance entities.

In the case of Chile, there were two tax regimes: partially integrated regime and attributed regime. Credicorp Capital Holding Chile and all their Subsidiaries was taxed under the partially integrated regime, whose first category income tax rate for domiciled legal entities was 27.0 percent as of September 30, 2021.

With the change in tax legislation of Chile in 2020, two new regimes currently in force are established: the general regime and the Pro-SME regime, for smaller companies. Credicorp Capital Holding Chile, like all its subsidiaries, is taxed under the general tax regime, whose first category income tax rate for domiciled legal entities remains at 27.0 percent as of September 30, 2021.

On the other hand, individuals or legal entities not domiciled in Chile will be subject to a tax called "Additional income tax" whose rates are between 4.0 percent and 35.0 percent, depending on the nature of the income. Additionally, Chile has signed treaties to avoid double taxation with different countries so certain income could be released from withholding tax or for the use of reduced rates.

In the case of Colombia, according to Law N° 2010 issued on December 27, 2019, the income tax rate for the year 2020 was 32.0 percent of taxable income and for the year 2021 is 35.0 percent, plus an additional anticipated rate of 3.0 percent for companies considered as financial institution (3.0 percent for the year 2020).

Likewise, according to Law N° 2155 issued on September 14, 2021, the income tax rate from 2022 to 2025 will be 35.0 percent of taxable income, plus an additional anticipated rate of 3.0 percent for companies considered as financial institution. The additional rate will be applicable only to financial institutions that in the corresponding taxable year have a taxable income equal to or greater than 120,000 Tax Value Unit (“UVT” from its Spanish acronym), which as of September 30, 2021 is equivalent to a total of S/4.7 million (S/4.5 million as of December 31, 2020); in that sense, Credicorp Capital Colombia, Credicorp Capital Fiduciaria and MiBanco Colombia must pay income tax taking into consideration the aforementioned. In the event that the company receives occasional earnings, listed and established by the National Government in the Tax Statute and that are not subject to income tax, the company must apply a differential rate of 10.0 percent on the net income and associated expenses respectively.

b) Income tax expense comprises:

	For the three-month period ended September		For the nine-month period ended September 30,	
	2021	**2020**	**2021**	**2020**
	S/(000)	**S/(000)**	**S/(000)**	**S/(000)**
Current -				
In Peru	300,031	270,818	879,578	866,808
In other countries	43,471	31,671	129,191	107,332
	343,502	302,489	1,008,769	974,140
Deferred -				
In Peru	87,043	(216,637)	185,189	(1,111,894)
In other countries	(2,508)	(30,027)	(4,831)	(75,397)
	84,535	(246,664)	180,358	(1,187,291)
Total	428,037	55,825	1,189,127	(213,151)

The variation in deferred income tax between the nine months of 2021 and 2020 is mainly due to the fact that during 2020 higher provisions were made for loans that are not admitted by the tax administration.

c) The Peruvian Tax Authority has the power to review and, if applicable, make a new determination of the Income Tax calculated by the Peruvian subsidiaries up to four years after the filing date of the statement that contains it. The Income Tax returns of the main subsidiaries open to review by the Tax Authority are as follows:

Banco de Crédito del Perú S.A.	2014 to 2020
MiBanco, Banco de la Microempresa S.A.	2016 to 2020
Prima AFP S.A.	2016 to 2020
Pacífico Compañía de Seguros y Reaseguros	2017 to 2020
Credicorp Capital Holding Peru S.A.A.	2016 to 2020
Credicorp Capital Perú S.A.A.	2016 to 2020
Solución Empresa Administradora Hipotecaria S.A.	2016 to 2020
Credicorp Capital SAB	2016 to 2020
Credicorp Capital Servicios Financieros	2016 to 2020

The Tax Authority began the inspection of the determination of the third category Income Tax for the periods 2014 and 2015, respectively, of the Banco de Crédito del Perú, processes that are still are in process. It is important to mention that the Tax Authority of Peru is auditing the Income Tax determined for the years 2015 of MiBanco.

The Tax Authorities of Bolivia, Chile and Colombia have the power to review and, if applicable, make a new determination of the Income Tax of the Credicorp subsidiaries located in those countries, in which deadlines for subsequent review are also regulated. to the presentation of the Income Tax declarations. Additionally, in the case of Colombia, a period of 6 years was established for taxpayers obliged to apply the rules on Transfer Pricing or taxpayers who declare tax losses. The annual determinations of Income Tax pending review by foreign Tax Authorities are the following:

Banco de Crédito de Bolivia	2016 to 2020
Credicorp Capital Holding Colombia	2016 to 2020

The Tax Authority began the inspection of the Income Tax for the year 2019, of the Credicorp Capital Holding Chile, processes that are still are in process.

Given that tax regulations are subject to interpretation by the different Tax Authorities in whose jurisdictions Credicorp's subsidiaries are located, it is not possible to determine as of the current date whether significant additional liabilities may arise from eventual tax inspections in said subsidiaries. Any resulting unpaid taxes, tax penalties or interest that may arise will be recognized as expenses in the year in which they are determined. However, Credicorp's Management, its subsidiaries and legal advisors consider that any increase in the determination of taxes would not have a significant impact on the interim condensed consolidated financial statements as of September 30, 2021 and December 31, 2020.

20 SHARE-BASED COMPENSATION PLANS

On March of each year, the Group grants its own shares to certain key employees. The awarded shares are liberated in the three following years for up to 33.3 percent of the shares granted in each of the three previous years. The Group assumes the payment of the related income tax on behalf of its employees, which depend on the country of residence and the annual compensation of the employee.

As of September 30, 2021 and December 31, 2020, the Group has granted 88,507 and 176,216 Credicorp shares, of which 244,658 and 293,888 shares not vested as of September 30, 2021 and December 31, 2020, respectively. During the nine-month period ended September 30, 2021 and 2020, the recorded expense amounted to approximately S/59.6 million and S/72.8 million, respectively, see Note 27.

21 OFF-BALANCE SHEET ACCOUNTS

a) This item consists of the following:

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Contingent credits – indirect loans (b)		
Guarantees and standby letters	20,241,785	18,562,120
Import and export letters of credit	2,424,094	2,411,690
Sub-total, Note 7(b)	22,665,879	20,973,810
Responsibilities under credit line agreements (c)	94,165,966	86,074,859
Total	116,831,845	107,048,669

Reference values of operations with derivatives are recorded in off-balance sheet accounts in the committed currency, as shown in Note 13(c).

b) In the normal course of their business, the Group's banking Subsidiaries are party to transactions with off-balance sheet risk. These transactions expose them to credit risk in addition to the amounts recognized in the interim condensed consolidated statement of financial position.

Credit risk for contingent credits is defined as the possibility of sustaining a loss because one of the parties to a financial instrument fails to comply with the terms of the contract. The risk of credit losses is represented by the contractual amounts specified in the related contracts. The Group applies the same credit policies in making contingent commitments and other obligations as it does for on-balance sheet instruments (Note 7(a)), including the requirement to obtain collateral when it is deemed necessary.

Collateral held varies, but may include deposits in financial institutions, securities or other assets. Many of the contingent transactions reach maturity without any performance being required; therefore, the total committed amounts do not necessarily represent future cash requirements.

c) Lines of credit include consumer loans and other consumer loan facilities (credit card receivables) granted to customers and are cancelable upon related notice to the customer.

22 INTEREST, SIMILAR INCOME AND SIMILAR EXPENSES

This item consists of the following:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	**2020**	**2021**	**2020**
	S/(000)	**S/(000)**	**S/(000)**	**S/(000)**
Interest and similar income				
Interest on loans	2,607,349	2,578,361	7,516,297	7,701,997
Interest on investments at fair value through other comprehensive income	283,100	279,498	857,873	816,181
Interest on investments at amortized cost (i)	89,706	56,291	232,834	166,263
Interest on investments at fair value through profit or loss	13,068	11,520	40,271	38,217
Dividends received	19,668	8,871	34,425	21,617
Interest on due from banks (ii)	12,185	7,981	26,157	66,357
Other interest and similar income	25,924	11,048	50,795	33,916
Total	3,051,000	2,953,570	8,758,652	8,844,548
Interest and similar expense				
Interest on deposits and obligations (iii)	(209,564)	(258,838)	(642,482)	(943,114)
Interest on bonds and notes issued	(179,476)	(301,347)	(625,111)	(698,809)
Interest on due to banks and correspondents	(110,308)	(143,739)	(323,801)	(438,684)
Deposit Insurance Fund	(55,111)	(49,109)	(157,605)	(133,209)
Interest on lease liabilities	(6,626)	(8,031)	(20,946)	(24,926)
Other interest and similar expense	(38,207)	(30,601)	(104,574)	(103,024)
Total	(599,292)	(791,665)	(1,874,519)	(2,341,766)

(i) The variation corresponds mainly to the increase in interest income from sovereign bonds maturing between august 2028 and 2037.

(ii) As of September 30, 2021, the item suffered a decrease that is mainly due to a significant drop in the interest rate paid by the BCRP to the ordinary reserve accounts. See note 4.

(iii) The variation corresponds mainly to a decrease in interest on time and demand deposits as a result of lower rates offered in the market, as well as a reduce in severance indemnity deposits after the government released access to these funds.

23 COMMISSIONS AND FEES

This item consists of the following:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	**2020**	**2021**	**2020**
	S/(000)	**S/(000)**	**S/(000)**	**S/(000)**
Maintenance of accounts, transfers and credit and debit card services	362,821	290,686	1,039,528	762,934
Funds and equity management	157,471	147,993	535,678	464,265
Contingent loans and foreign trade fees	122,796	94,015	345,458	265,866
Commissions for banking services	77,325	71,003	222,629	188,974
Brokerage, securities and custody services	26,873	27,068	90,117	47,169
Collection services	28,206	21,769	78,196	65,430
Commissions for consulting and technical studies	15,034	16,327	41,193	41,161
Commissions for salary advance and payment of services	13,508	5,754	35,902	24,648
Penalty commissions	(8,728)	13,398	16,047	38,344
Others	81,085	87,792	164,825	140,831
Total	876,391	775,805	2,569,573	2,039,622

During the third quarter of 2021 higher operation than the second quarter of 2020 have been recorded due to the increase of business activity as a result to the economic recovery, see Note 2(b).

24 NET GAIN ON SECURITIES

This item consists of the following:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	2020	2021	2020
	S/(000)	S/(000)	S/(000)	S/(000)
Net gain in associates (i)	19,005	11,244	60,712	45,375
Net gain on investments at fair value through other comprehensive income (ii)	39,063	96,947	37,195	251,285
Net (loss) gain on financial assets at fair value through profit or loss (iii)	(33,503)	37,620	(89,310)	81,217
Recovery (loss) due to impairment of investments at fair value through other comprehensive income (iv), Note 6(b)	(813)	1,527	4,916	(36,154)
Others	1,077	(136)	(637)	(460)
Total	24,829	147,202	12,876	341,263

(i) It mainly includes the gain of its associated "Entidad Prestadora de Salud" for approximately S/45.2 million during the nine-month period ended September 30, 2021 (S/43.4 million during the nine-month period ended September 30, 2020).

(ii) The result on investments at fair value through other comprehensive income is due to the result mainly from the following subsidiaries occurred during the nine-month period ended September 30, 2021:

- Credicorp Capital Colombia S.A. had net gain for approximately S/39.9 million (during the nine-month period ended September 30, 2020, net profit for S/22.4 million).

- ASB Bank Corp. had net gain for approximately S/39.4 million (during the nine-month period ended September 30, 2020, net gain for S/6.1 million).

- Banco de Crédito del Bolivia had net gain for approximately S/12.7 (during the nine-month period ended September 30, 2020, net gain for S/15.1 million).

- Credicorp Capital SAB had net gain for approximately S/12.0 (during the nine-month period ended September 30, 2020, net gain for S/7.0 million).

- Pacífico Seguros had net gain for approximately S/11.4 (during the nine-month period ended September 30, 2020, net gain for S/23.6 million).

- Credibolsa S.A. Agente de Bolsa had net gain for approximately S/11.0 (during the nine-month period ended September 30, 2020, net gain for S/1.4 million).

- Banco de Crédito del Perú had net loss for approximately S/92.7 million mainly from realized loss on the sale of government treasury bonds (during the nine-month period ended September 30, 2020, net gain for S/160.0 million).

(iii) The result on financial assets at fair value through profit or loss is due to the result mainly from the following subsidiaries occurred during the nine-month period ended September 30, 2021:

- Credicorp Capital Colombia S.A. had net loss for approximately S/42.3 million mainly to the fluctuation of the treasury titles issued by the Colombian Government due to the increase of COVID-19 cases and to the quarantine presented in different cities of the country (during the nine-month period ended September 30, 2020, net profit for S/69.8 million).

- Banco de Crédito del Perú had net loss for approximately S/28.7 (during the nine-month period ended September 30, 2020, net loss for S/29.8 million).

- ASB Bank Corp. had net loss for approximately S/21.0 million (during the nine-month period ended September 30, 2020, net profit for S/101.1 million correspond mainly to unrealized profit from the Royalty Pharma plc's shares).

- Atlantic Security Private Equity General Partner had net loss for approximately S/1.6 million (during the nine-month periods ended September 30, 2020, net loss for S/52.2 million correspond to unrealized losses from the Carlyle Perú Fund L.P. investment funds).

- Credicorp Ltd. had net profit for approximately S/4.3 million (during the nine-month period ended September 30, 2020, without result from these investments).

- Prima AFP had net profit for approximately S/7.5 million (during the nine-month period ended September 30, 2020, net loss for S/4.1 million).

(iv) As a result of the assessment of the impairment, during the nine-month period ended September 30, 2021 corresponds mainly to the recovery of market values recorded mainly by the following subsidiaries: (i) S/2.8 million by Pacífico Seguros and (ii) S/1.5 million by ASB Bank Corp and. The result during the nine-month period ended September 30, 2020, corresponds to loss recorded mainly by the following subsidiaries: (i) S/20.6 million by Pacífico Seguros and (ii) S/9.3 million by Banco de Crédito de Perú, due mainly to COVID-19. See more details of the impact of COVID-19 in Note 2(b).

25 NET PREMIUMS EARNED

a) This item consists of the following:

For the three-month period ended September 30,	Gross written premiums	Technical reserve adjustment (*)	Total gross written premiums (**)	Premiums ceded to reinsurers and co-insurers, net (***)	Results of financial assets designated at fair value through profit and loss, note 8	Total Net premiums earned
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
2021						
Life insurance	663,435	(226,481)	436,954	(56,210)	(17,958)	362,786
Health insurance	155,253	(2,645)	152,608	(3,876)	–	148,732
General insurance	258,613	18,357	276,970	(112,917)	–	164,053
Total	1,077,301	(210,769)	866,532	(173,003)	(17,958)	675,571
2020						
Life insurance	486,351	(197,706)	288,645	(29,212)	48,576	308,009
Health insurance	146,614	(4,893)	141,721	(1,820)	–	139,901
General insurance	199,906	25,649	225,555	(78,071)	–	147,484
Total	832,871	(176,950)	655,921	(109,103)	48,576	595,394

For the nine-month period ended September 30,	Gross written premiums	Technical reserve adjustment (*)	Total gross written premiums (**)	Premiums ceded to reinsurers and co-insurers, net (***)	Results of financial assets designated at fair value through profit and loss, note 8	Total Net premiums earned
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
2021						
Life insurance	1,808,690	(602,801)	1,205,889	(161,061)	22,454	1,067,282
Health insurance	473,820	(29,779)	444,041	(11,206)	–	432,835
General insurance	733,777	98,671	832,448	(373,122)	–	459,326
Total	3,016,287	(533,909)	2,482,378	(545,389)	22,454	1,959,443
2020						
Life insurance	1,441,837	(472,943)	968,894	(84,968)	41,600	925,526
Health insurance	439,156	(21,929)	417,227	(8,201)	–	409,026
General insurance	652,591	94,003	746,594	(305,756)	–	440,838
Total	2,533,584	(400,869)	2,132,715	(398,925)	41,600	1,775,390

(*) The variation in life insurance is mainly higher sales in annuities and the private pension system, generating an initial higher reserve.

(**) This item includes earned premiums, reinsurance premiums accepted, and coinsurance premiums accepted and received.

(***) “Premiums ceded to reinsurers and coinsurers, net” include:

	For the three-month period ended September 30,	
	2021	**2020**
	S/(000)	**S/(000)**
Premiums ceded for automatic contracts (mainly excess of loss)	(66,405)	(48,129)
Premiums ceded for facultative contracts	(89,036)	(42,389)
Variation of reserve risk in progress of premiums ceded	(17,561)	(18,585)
	(173,002)	(109,103)

	For the nine-month period ended September 30,	
	2021	**2020**
	S/(000)	**S/(000)**
Premiums ceded for automatic contracts (mainly excess of loss), Note 9(b)	(252,095)	(183,034)
Premiums ceded for facultative contracts, Note 9(b)	(230,119)	(169,076)
Variation of reserve risk in progress of premiums ceded, Note 9(b)	(63,174)	(46,815)
	(545,388)	(398,925)

b) Gross written premiums by insurance type are described below:

	For the three-month period ended September 30,			
	2021		2020	
	S/(000)	%	S/(000)	%
Life insurance (i)	436,954	50.43	288,645	44.01
Health insurance (ii)	152,608	17.61	141,721	21.61
General insurance (iii)	276,970	31.96	225,555	34.38
Total	866,532	100.00	655,921	100.00

	For the nine-month period ended September 30,			
	2021		2020	
	S/(000)	%	S/(000)	%
Life insurance (i)	1,205,889	48.58	968,894	45.43
Health insurance (ii)	444,041	17.89	417,227	19.56
General insurance (iii)	832,448	33.53	746,594	35.01
Total	2,482,378	100.00	2,132,715	100.00

(i) The breakdown of life insurance gross written premiums is as follows:

	For the three-month period ended September 30,			
	2021		2020	
	S/(000)	%	S/(000)	%
Credit life	148,877	34.07	122,701	42.51
Disability and survival (*)	158,498	36.27	112,554	38.99
Individual life (**)	59,975	13.73	(5,229)	(1.81)
Group life	39,344	9.00	35,807	12.41
Annuities	30,260	6.93	22,812	7.90
Total	436,954	100.00	288,645	100.00

	For the nine-month period ended September 30,			
	2021		2020	
	S/(000)	%	S/(000)	%
Credit life	432,978	35.91	402,105	41.50
Disability and survival (*)	472,427	39.18	336,947	34.78
Individual life (**)	105,258	8.73	80,037	8.26
Group life	110,301	9.15	97,293	10.04
Annuities	84,925	7.03	52,512	5.42
Total	1,205,889	100.00	968,894	100.00

(*) This item includes Complementary Work Risk Insurance (“SCTR” from its Spanish acronym).

(**) Individual life insurance premiums include Investment Link insurance contracts.

(ii) Health insurance gross written premiums after adjustments include medical assistance which amounts to S/384.4 million and personal accident insurance for S/59.6 million during the nine-month period ended September 30, 2021; and represents 86.58 percent and 13.42 percent respectively. Health insurance gross written premiums after adjustments include medical assistance which amounts to S/358.7 million and personal accident insurance for S/58.5 million during the nine-month period ended September 30, 2020; and represents 85.98 percent and 14.02 percent respectively.

(iii) General insurance gross written premiums consist of the following:

	For the three-month period ended September 30,			
	2021		2020	
	S/(000)	%	S/(000)	%
Automobile	83,770	30.25	84,309	37.38
Fire and allied lines	82,335	29.73	66,294	29.39
Theft and robbery	29,019	10.48	20,950	9.29
Technical lines (*)	17,853	6.45	14,606	6.48
Third party liability	18,694	6.75	13,475	5.97
Transport	15,543	5.61	11,077	4.91
SOAT (Mandatory automobile line)	6,230	2.25	7,861	3.49
Marine Hull	7,795	2.81	5,520	2.45
Aviation	13,752	4.96	1,663	0.74
Others	1,979	0.71	(200)	(0.10)
Total	276,970	100.00	225,555	100.00

	For the nine-month period ended September 30,			
	2021		2020	
	S/(000)	%	S/(000)	%
Automobile	246,104	29.56	255,776	34.26
Fire and allied lines	228,335	27.43	197,903	26.51
Theft and robbery	86,980	10.45	64,316	8.61
Technical lines (*)	48,444	5.82	44,821	6.00
Third party liability	78,355	9.41	41,007	5.49
Transport	42,730	5.13	30,618	4.10
SOAT (Mandatory automobile line)	19,395	2.33	25,536	3.42
Marine Hull	21,193	2.55	16,894	2.26
Aviation	32,840	3.94	30,850	4.13
Others	28,072	3.38	38,873	5.22
Total	832,448	100.00	746,594	100.00

(*) Technical lines include Contractor's All Risk (CAR), Machinery breakdown, All Risk (EAR), Electronic equipment (EE), All Risk Contractor's Equipment (ARCE).

26 NET CLAIMS INCURRED FOR LIFE, GENERAL AND HEALTH INSURANCE CONTRACTS

This item consists of the following:

	For the three-month period ended September 30,			
	Life insurance	General insurance	Health insurance	Total
	S/(000)	S/(000)	S/(000)	S/(000)
2021				
Gross claims	507,593	102,385	92,798	702,776
Ceded claims	(154,007)	(21,609)	(9,209)	(184,825)
Net insurance claims	353,586	80,776	83,589	517,951

	For the three-month period ended September 30,			
	Life insurance	General insurance	Health insurance	Total
	S/(000)	S/(000)	S/(000)	S/(000)
2020				
Gross claims	425,546	75,982	78,463	579,991
Ceded claims	(38,247)	(25,957)	(2,696)	(66,900)
Net insurance claims	387,299	50,025	75,767	513,091

	For the nine-month period ended September 30,			
	Life insurance	General insurance	Health insurance	Total
	S/(000)	S/(000)	S/(000)	S/(000)
2021				
Gross claims	1,748,646	246,910	244,071	2,239,627
Ceded claims	(330,826)	(64,463)	(11,699)	(406,988)
Net insurance claims	1,417,820	182,447	232,372	1,832,639

	For the nine-month period ended September 30,			
	Life insurance	General insurance	Health insurance	Total
	S/(000)	S/(000)	S/(000)	S/(000)
2020				
Gross claims	940,387	242,655	211,274	1,394,316
Ceded claims	(72,075)	(98,544)	(8,321)	(178,940)
Net insurance claims	868,312	144,111	202,953	1,215,376

As of September 30, the increase in net insurances claims for Life Insurances was mainly due to the impact of COVID-19, generating an increase for the reserve for incurred and unreported claims (IBNR). The variation in gross claims was mainly due to the impact of COVID 19.

27 SALARIES AND EMPLOYEE BENEFITS

This item consists of the following:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	**2020**	**2021**	**2020**
	S/(000)	**S/(000)**	**S/(000)**	**S/(000)**
Salaries	533,314	476,580	1,526,695	1,481,547
Vacations, medical assistance and others	81,077	61,954	231,113	215,118
Bonuses	70,353	67,892	209,446	208,251
Additional participation (i)	69,038	25,540	195,619	101,353
Social security	52,138	48,522	159,766	160,458
Workers' profit sharing	53,163	57,547	154,869	166,245
Severance indemnities	42,239	38,414	118,190	114,821
Share-based payment plans (Note 20)	14,242	26,989	59,601	72,825
Total	915,564	803,438	2,655,300	2,520,618

(i) The variation is explained by higher provisions for additional participations, given the Covid-19 situation during 2020, lower provisions were allocated for this concept.

28 ADMINISTRATIVE EXPENSES

This item consists of the following:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	2020	2021	2020
	S/(000)	S/(000)	S/(000)	S/(000)
Repair and maintenance (i)	154,788	107,166	386,840	288,969
Publicity (ii)	123,370	90,912	300,502	219,673
Taxes and contributions	80,626	59,866	226,840	191,227
Consulting and professional fees (iii)	112,917	45,962	211,495	131,859
Transport and communications	59,008	44,794	155,100	113,003
IBM services expenses	49,786	40,148	133,057	103,463
Comissions by agents	26,486	22,270	76,740	62,775
Leases of low value, short-term and variable payments	23,517	14,157	64,564	50,551
Insurance	36,968	20,392	50,562	28,497
Security and protection	15,469	16,101	47,119	47,903
Sundry supplies	13,067	12,679	42,058	46,226
Subscriptions and quotes	13,312	12,263	39,957	35,234
Electricity and water	11,102	12,171	34,502	37,117
Electronic processing	10,864	8,824	31,954	24,301
Cleaning	4,630	6,705	15,118	17,745
Audit Services	2,479	3,693	5,944	6,163
Services by third-party and others (iv)	64,767	73,109	234,451	239,304
Total	803,156	591,212	2,056,803	1,644,010

(i) The increase is due to higher expenses on cybersecurity and digitization. As well as maintenance and support for the technology area.

(ii) The increase is mainly due to higher expenses incurred during 2021 period in digital marketing and advertising plans for financial products such as “Yape”, savings account, personal loan and credit card.

(iii) The increase is mainly due to higher expenses incurred during the 2021 period for management consulting services such as Transformation Accelerates BCP, Ecosystem Blueprint, among others.

(iv) The balances consist mainly of outsourcing services, digitization and archiving service, appraisal, representation among other concepts.

29 OTHER INCOME AND EXPENSES

This item consists of the following:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	2020	2021	2020
	S/(000)	S/(000)	S/(000)	S/(000)
Other income				
Rental income	9,395	18,192	25,671	30,054
Gain from sale of loan portfolio (i)	3,378	362	14,137	26,440
Income from de-recognition of contracts IFRS 16	822	8,859	6,390	8,859
Recoveries of other accounts receivable and other assets	244	37	3,092	307
Net income from the sale of property, furniture and equipment	–	(97)	–	9,905
Net gain (loss) from sale of seized and recovered assets	647	1,802	647	3,575
Others (ii)	37,772	10,343	139,235	113,323
Total other income	52,258	39,498	189,172	192,463

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	2020	2021	2020
	S/(000)	S/(000)	S/(000)	S/(000)
Other expenses				
Provision for sundry risks (iii)	5,076	80,995	61,999	89,053
Various operating expenses (iv)	29,378	32,145	38,895	85,116
Losses due to operational risk	15,655	14,584	38,275	32,849
Association in participation (v)	10,426	10,566	33,211	34,940
Provision for other accounts receivable	2,221	18,581	23,575	27,035
Expenses on improvements in building for rent	6,275	6,342	18,482	19,716
Donations (vi)	3,807	7,527	8,352	127,544
Net loss from the sale of property, furniture and equipment	815	–	5,172	–
Administrative and tax penalties	173	224	879	702
Others (vii)	14,288	6,312	75,975	58,778
Total other expenses	88,114	177,276	304,815	475,733

(i) The gain from portfolio sale is mainly due to the transfer of written-off and judicial portfolio in the form of assignment of rights to Deutsche Bank AG / SPV I S.A.C. with a capital of S/61,418.0 M (capital of judicial portfolio was S/46,689.7 M and of written-off portfolio was S/ 14,728.5 M), generating a profit of S/12,239.3 M.

(ii) The variation in the third quarter of 2021 with respect to the third quarter of 2020 is mainly due to the income from the sale of real estate and personal property for S/12,896.6 M, recovery of judicial collection expenses of the personal loan product for S/8,595.8M, among others.

(iii) The variation corresponds mainly to the fact that there were no records for legal provisions by the subsidiary ASB Bank Corp during the third quarter of 2021 while during the third quarter of 2020 S/71,940.0 M was recorded for this concept.

(iv) The variation corresponds to the expenses caused by the sanitary emergency during 2020, such as security equipment, mobility vouchers, medical expenses, rapid tests, temperature measurement, among others.

(v) The balance corresponds entirely to the results attributed by the joint venture agreement between Asistencia Médica (AMED), through its subsidiary domiciled in Peru, Empremédica S.A., and Pacífico Seguros.

(vi) In 2020 the Group has made donations in the mainly through its subsidiaries BCP and MiBanco, a donation of S/100.0 million was the fundraising campaign called "#YoMeSumo" from BCP and S/10.0 million a donation from MiBanco, in both cases, in order to raise funds for the poorest families affected by COVID-19.

(vii) The balance is mainly composed of expenses incurred for the write-off of intangible assets, system failures and agency closures, among others.

30 EARNING PER SHARE

The net earnings per ordinary share were determined based on the net (loss) income attributable to equity holders of the Group as follows:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	**2020**	**2021**	**2020**
Net income (loss) attributable to equity holders of Credicorp (in thousands of Soles)	1,163,699	104,606	2,523,966	(306,510)
Number of stock				
Ordinary stock, Note 18(a)	94,382,317	94,382,317	94,382,317	94,382,317
Less – opening balance of treasury stock	(14,914,734)	(14,872,164)	(14,914,734)	(14,872,164)
Acquisition of treasury stock, net	19,105	(101,065)	19,105	(101,065)
Weighted average number of ordinary shares for basic earnings	79,486,688	79,409,088	79,486,688	79,409,088
Plus - dilution effect - stock awards	165,224	173,197	165,224	173,197
Weighted average number of ordinary shares adjusted for the effect of dilution	79,651,912	79,582,285	79,651,912	79,582,285
Basic earnings (losses) per share (in Soles)	14.64	1.32	31.75	(3.86)
Diluted earnings (losses) per share (in Soles)	14.61	1.32	31.69	(3.85)

31 OPERATING SEGMENTS

In the Credicorp Board of Directors organized the Group's subsidiaries according to the types of financial services provided and the sectors on which they are focused; with the objective of optimizing the management thereof. Next, we present the Group´s business lines:

a) Universal Banking –

Includes the operations related to the granting of various credits and financial instruments to individuals and legal entities, from the segments of wholesale and retail banking, such as the obtaining of funds from the public through deposits and current accounts, obtaining of funding by means of initial public offerings and direct indebtedness with other financial institutions. This business line incorporates the results and balances of the Banco de Crédito del Perú (BCP) and Banco de Crédito de Bolivia (BCB).

b) Insurance and Pensions –

- Insurance: includes, mainly, the issue of insurance policies to cover losses in commercial property, transport, marine vessels, automobiles, life, health and pensions, operations carried out through Pacífico Compañía de Seguros y Reaseguros.

- Pensions: provides Management Service of private pension funds to the affiliates, operation carried out from Prima AFP.

c) Microfinance –

Includes the management of loans, credits, deposits and current accounts of the small and microenterprises: carried out through MiBanco, Banco de la Microempresa S.A. and MiBanco – Banco de la Microempresa de Colombia S.A.

d) Investment Banking and Wealth Management –

Brokerage service and investment management services offered to a broad and diverse clientele, which includes corporations, institutional investors, governments and foundations; also, the structuring and placement of issues in the primary market, as well as the execution and negotiation of transactions in the secondary market. Additionally, it structures securitization processes for corporate customers and manages mutual funds.

All these services are provided through Credicorp Capital Ltd. and subsidiaries; ASB Bank Corp. and the Wealth Management team of BCP.

Management of these business lines is designed to:

- Promote the joint action of our businesses in order to take advantage of the synergies which resulting from the diversification of our portfolio.

- Strengthening our leadership in the financial sector through our growth in new businesses, and the establishment of an investment banking platform available not only to the corporate world, but also to the retail segment, especially to the Small and Medium Enterprise (SME) and Consumer sectors.

- Improve the ongoing search to bring to adapt our business models, processes and procedures into line with best practices worldwide.

The operating results of the Group's new business lines are monitored separately by the Board of Directors and Senior Management on a monthly basis, in order to make decisions regarding the allocation of resources and the evaluation of the performance of each one of the segments. The Chief Operating Decision Maker (CODM) of Credicorp is the Chief Executive Officer (CEO). The performance of the segments is evaluated based on the operating profits or losses and is measured consistently with the operating profits and losses presented in the interim condensed consolidated statement of income.

Financial information by segment is prepared subject to the minimum controls necessary and on a uniform basis, with coherent grouping according to the type of activity and customer. The transfer prices used for determining income and expenses generated among the operating segments are similar to the prices that would be applicable to transactions carried out at arm’s length.

None of the income derives from transactions carried out with a single customer or counterparty which is equal to or greater than 10.0 percent or more of the total income of the Group for the first nine-month period ended September 30, 2021 and the first nine-month period ended September 30, 2020.

(i) The following table presents information recorded in the results and for certain items of the assets corresponding to the Group's reportable segments (in millions of soles):

	For the nine-month period ended September 30, 2021									As of September 30, 2021	
	Income (*)										
Operating segments	**External**	**From other segments (**)**	**Net interest, similar income and expenses**	**Other income, net (***)**	**Provision for credit losses on loan portfolio**	**Depreciation and amortization**	**Income tax**	**Net profit (loss)**	**Additions of fixed asset, intangibles and goodwill**	**Total assets**	**Total liabilities**
Universal Banking											
Banco de Crédito del Perú	8,229	268	4,599	2,394	(876)	(324)	(921)	2,470	231	188,348	171,029
Banco de Crédito de Bolivia	659	8	253	111	(6)	(17)	(52)	50	14	14,348	13,506
Insurance and Pension funds											
Pacífico Seguros y subsidiarias	2,604	57	451	42	–	(43)	(4)	(193)	50	15,954	14,178
Prima AFP	304	–	(3)	303	–	(15)	(52)	111	7	797	258
Microfinance											
MiBanco	1,536	–	1,355	(14)	(437)	(59)	(81)	146	31	16,085	13,843
MiBanco Colombia (****)	221	–	166	26	(8)	(11)	(5)	23	5	1,453	1,214
Investment Banking and Wealth Management	657	44	3	599	–	(30)	(20)	148	6	18,015	16,149
Other segments	133	16	60	33	(2)	(3)	(54)	(170)	2	4,126	3,248
Eliminations	–	–	–	–	–	–	–	–	–	(7,584)	(7,588)
Total consolidated	14,343	393	6,884	3,494	(1,329)	(502)	(1,189)	2,585	346	251,542	225,837

	For the nine-month period ended September 30, 2020									As of December 31, 2020	
	Income (*)										
Operating segments	**External**	**From other segments (**)**	**Net interest, similar income and expenses**	**Other income, net (***)**	**Provision for credit losses on loan portfolio**	**Depreciation and amortization**	**Income tax**	**Net profit (loss)**	**Additions of fixed asset, intangibles and goodwill**	**Total assets**	**Total liabilities**
Universal Banking											
Banco de Crédito del Perú	8,185	313	4,522	2,040	(4,022)	(385)	128	36	252	180,766	164,632
Banco de Crédito de Bolivia	581	6	261	71	(212)	(17)	(4)	(54)	9	12,472	11,781
Insurance and Pension funds											
Pacífico Seguros y subsidiarias	2,331	50	389	430	–	(43)	(3)	186	63	16,025	13,039
Prima AFP	261	2	(8)	260	–	(16)	(40)	85	4	1,108	408
Microfinance											
MiBanco	1,504	25	1,164	26	(991)	(67)	170	(402)	60	15,649	13,540
MiBanco Colombia (****)	174	25	123	17	(65)	(10)	21	(40)	4	1,208	993
Investment Banking and Wealth Management	750	16	49	610	–	(26)	(22)	37	20	11,715	9,995
Other segments	(89)	17	3	(104)	(5)	(5)	(37)	(180)	5	3,484	2,531
Eliminations	–	–	–	–	–	–	–	–	–	(5,021)	(4,958)
Total consolidated	13,697	454	6,503	3,350	(5,295)	(569)	213	(332)	417	237,406	211,961

(*) Corresponds to total interest and similar income, other income (includes income and expenses on commissions) and net earned premiums from insurance activities.
(**) Corresponds to income derived from transactions with other segments, which were eliminated in the interim condensed consolidated statement of income.
(***) Corresponds to other income (include income and expenses for commissions) and insurance underwriting result.
(****) Banco Compartir S.A. and Edyficar S.A.S merged in October 2020 to form MiBanco Colombia. See more detail in note 2(a).

(ii) The following table presents (in millions of soles) the distribution of the total revenue, operating revenue and non-current assets of the Group; all assigned based on the location of the clients and assets, respectively:

	For the nine-month period ended September 30, 2021		As of September 30, 2021		For the nine-month period ended September 30, 2020		As of December 31, 2020	
	Total income (*)	**Operating income (**)**	**Total non current assets (***)**	**Total liabilities**	**Total income (*)**	**Operating income (**)**	**Total non current assets (***)**	**Total liabilities**
Peru	12,757	6,238	3,694	192,165	12,365	6,329	3,825	187,291
Bermuda	21	(2)	134	2,687	13	(9)	134	1,930
Panama	266	82	32	13,014	2	–	–	491
Cayman Islands	(2)	–	–	156	131	70	32	6,913
Bolivia	722	279	116	13,567	641	282	101	11,870
Colombia	442	155	458	2,991	424	106	451	2,607
United States of America	25	1	2	5	25	–	3	6
Chile	112	–	158	1,252	96	(3)	171	853
Total consolidated	14,343	6,753	4,594	225,837	13,697	6,775	4,717	211,961

(*) Including total interest and similar income, other income and net premiums earned from insurance activities.
(**) Operating income includes the income from interest and similar expenses from banking activities and insurance underwriting result.
(***) Non-current assets consist of property, furniture and equipment (fixed assets), intangible assets and goodwill and right-for-use assets, net.

32 TRANSACTIONS WITH RELATED PARTIES

a) The Group's interim condensed consolidated financial statements as of September 30, 2021 and December 31, 2020 include transactions with related companies, the Board of Directors, the Group's key executives (defined as the Management of Credicorp) and the companies which are controlled by these individuals through their majority shareholding or their role as Chairman or CEO.

b) The following table presents the main transactions with related parties:

	As of September 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
Statement of financial position -		
Direct loans	1,852,465	1,909,516
Investments (*)	1,482,905	1,165,661
Deposits (**)	(943,342)	(1,582,412)
Derivatives at fair value	3,274	4,408

(*) The balance includes mainly S/552.2 million of participations in funds managed by Credicorp Capital Asset Management, S/208.2 million of corporate bonds and S/120.9 million of shares of Alicorp S.A.A., S/174.4 million of corporate bonds issued by Cementos Pacasmayo S.A., and S/196.5 million of shares of Inversiones Centenario. The increase in the balance corresponds mainly to the partipations in the funds managed by Credicorp Capital Asset Management.

(**) The decrease is due to cancellations in deposits.

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2021	2020	2021	2020
	S/(000)	S/(000)	S/(000)	S/(000)
Statement of income				
Interest income related to loans	7,913	11,529	28,441	33,559
Interest expenses related to deposits	(4,305)	(3,352)	(11,842)	(10,244)
Other income	2,329	2,305	7,812	6,477

c) All transactions with related parties are made in accordance with normal market conditions available to other customers. As of September 30, 2021, direct loans to related companies are secured by collateral, had maturities between October 2021 and December 2029, at an annual soles average interest rate of 6.49 percent and at an annual foreign currency average interest rate of 4.30 percent (as of December 31, 2020, maturities where between January 2021 an March 2036, and the annual soles average interest rate was 5.33 percent and the annual foreign currency average interest rate was 4.45). Also, as of September 30, 2021 and December 31, 2020, the Group maintains an allowance for loan losses for related parties amounting to S/21.5 million and S/9.1 million, respectively.

d) As of September 30, 2021 and December 31, 2020, directors, officers and employees of the Group have been involved, directly and indirectly, in credit transactions with certain subsidiaries of the Group, as permitted by Peruvian Banking and Insurance Law Nº26702, which regulates and limits certain transactions with employees, directors and officers of a bank or an insurance company. As of September 30, 2021 and December 31, 2020, direct loans to employees, directors, key management and family members amounted to S/1,030.8 million and S/1,062.1 million, respectively; they are repaid monthly and earn interest at market rates.

e) The Group's key executives' compensation (including the related income taxes assumed by the Group) as of as of September 30, 2021 and September 30, 2020 was as follows:

	For the three-month period ended September 30,		**For the nine-month period ended September 30,**	
	2021	**2020**	**2021**	**2020**
	S/(000)	**S/(000)**	**S/(000)**	**S/(000)**
Director's compensation	1,869	1,878	5,318	5,263
Senior Management Compensation:				
Remuneration	4,739	4,432	19,550	28,031
Stock awards vested	(2,588)	10,065	7,763	21,443
Total	4,020	16,375	32,631	54,737

f) As of September 30, 2021, and December 31, 2020 the Group holds interests in various funds managed by certain of the Group's subsidiaries. The details of the funds are presented below:

	As of September 30, 2021	**As of December 31, 2020**
	S/(000)	**S/(000)**
At fair value through profit or loss:		
Mutual funds, investment funds and hedge funds		
U.S. Dollars (*)	609,557	427,012
Bolivianos	159,499	138,887
Colombian pesos	85,672	67,284
Soles	49,734	117,177
Chilean pesos	2,074	1,522
Total	906,536	751,882
Restricted mutual funds, Note 6(a)(iv)	350,474	436,881

(*) The variation corresponds mainly to the acquisition of quotes of participation in mutual funds managed by Credicorp Capital Asset Management.

33 FINANCIAL INSTRUMENTS CLASSIFICATION

The table below shows the carrying amounts of the financial assets and liabilities captions in the interim condensed consolidated statement of financial position, by categories as defined under IFRS 9 as of September 30, 2021 and December 31, 2020:

	As of September 30, 2021						As of December 31, 2020					
	Financial assets and liabilities at fair value through profit or loss		Financial assets at fair value through other comprehensive income				Financial assets and liabilities at fair value through profit or loss		Financial assets at fair value through other comprehensive income			
	Investments and hedges	Investments designated at inception	Investments	Investments designated at inception	Financial assets and liabilities measured at amortized cost	Total	Investments and hedges	Investments designated at inception	Investments	Investments designated at inception	Financial assets and liabilities measured at amortized cost	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Assets												
Cash and due from banks	–	–	–	–	44,507,856	44,507,856	–	–	–	–	36,752,994	36,752,994
Guarantee funds, reverse repurchase agreements and securities borrowings	–	–	–	–	2,555,337	2,555,337	–	–	–	–	2,394,302	2,394,302
At fair value through profit or loss	6,661,600	–	–	–	–	6,661,600	6,467,471	–	–	–	–	6,467,471
Investments at fair value through other comprehensive income, Note 6(b)	–	–	32,888,825	372,680	–	33,261,505	–	–	43,241,339	502,550	–	43,743,889
Amortized cost investments	–	–	–	–	8,187,351	8,187,351	–	–	–	–	4,962,382	4,962,382
Loans, net	–	–	–	–	137,473,777	137,473,777	–	–	–	–	127,761,125	127,761,125
Financial assets designated at fair value through profit or loss	–	981,508	–	–	–	981,508	–	823,270	–	–	–	823,270
Premiums and other policies receivable	–	–	–	–	801,531	801,531	–	–	–	–	937,223	937,223
Accounts receivable from reinsurers and coinsurers	–	–	–	–	1,097,493	1,097,493	–	–	–	–	919,419	919,419
Due from customers on acceptances	–	–	–	–	776,863	776,863	–	–	–	–	455,343	455,343
Other assets, Note 13(a)	2,239,234	–	–	–	4,066,541	6,305,775	1,214,497	–	–	–	1,823,556	3,038,053
	8,900,834	981,508	32,888,825	372,680	199,466,749	242,610,596	7,681,968	823,270	43,241,339	502,550	176,006,344	228,255,471
Liabilities												
Deposits and obligations	–	–	–	–	152,548,368	152,548,368	–	–	–	–	142,365,502	142,365,502
Payables from repurchase agreements and securities lending	–	–	–	–	23,363,030	23,363,030	–	–	–	–	27,923,617	27,923,617
Due to banks and correspondents	–	–	–	–	7,466,434	7,466,434	–	–	–	–	5,978,257	5,978,257
Bankers' acceptances outstanding	–	–	–	–	776,863	776,863	–	–	–	–	455,343	455,343
Accounts payable to reinsurers and coinsurers	–	–	–	–	278,220	278,220	–	–	–	–	338,446	338,446
Lease liabilities	–	–	–	–	707,319	707,319	–	–	–	–	750,578	750,578
Financial liabilities at fair value through profit or loss	879,177	–	–	–	–	879,177	561,602	–	–	–	–	561,602
Bonds and notes issued	–	–	–	–	17,577,630	17,577,630	–	–	–	–	16,319,407	16,319,407
Other liabilities, Note 13(a)	1,999,583	–	–	–	6,446,031	8,445,614	1,205,213	–	–	–	3,273,754	4,478,967
	2,878,760	–	–	–	209,163,895	212,042,655	1,766,815	–	–	–	197,404,904	199,171,719

34 FINANCIAL RISK MANAGEMENT

The Group's activities involve principally the use of financial instruments, including derivatives. It also accepts deposits from customers at both fixed and floating rates, for various periods, and invests these funds in high-quality assets. Additionally, it places these deposits at fixed and variable rates with legal entities and individuals, considering the finance costs and expected profitability.

The Group also trades in financial instruments where it takes positions in traded and over-the-counter instruments, derivatives included, to take advantage of short term market movements on securities, bonds, currencies and interest rates.

Given the Group's activities, it has a framework for risk appetite, a corner stone of the management. The risk management processes involve continuous identification, measurement, treatment and monitoring. The Group is exposed, principally, to operating risk, credit risk, liquidity risk, market risk, strategic risk and insurance technical risk. Finally, it reports on a consolidated basis the risks to which the Group is exposed.

a) Risk management structure -

The Board of Directors of the Group and of each subsidiary are ultimately responsible for identifying and controlling risks; however, there are separate independent instances in the major subsidiaries responsible for managing and monitoring risks, as further explained below:

(i) Group's Board of Directors -

Credicorp Board of Directors –

The Credicorp Board of Directors is responsible for the overall approach to risk management of Credicorp Ltd., including the approval of its appetite for risk.

Likewise; take knowledge of the level of compliance of the appetite and the level of risk exposure, as well as the relevant improvements in the integral risk management of Grupo Crédito and Subsidiaries of Credicorp (Group).

Grupo Crédito's Board of Directors -

Grupo Crédito's Board of Directors is responsible for the general approach to risk management of the Group's subsidiaries and the approval of the risk appetite levels that it is willing to assume. Furthermore, it approves the guidelines and policies for Integral Risk Management, promotes an organizational culture that emphasizes the importance of risk management, oversees the internal control system and ensures the adequate performance of the Group's regulatory compliance function.

Group Company Boards -

The Board of each company of the Group is responsible for aligning the risk management established by the Board of Grupo Crédito with the context of each one of them. For that, it establishes a framework for risk appetite, policies and guidelines.

(ii) Credicorp Risk Committee -

Represents the Credicorp Board of Directors, proposes the levels of risk appetite for Credicorp Ltd. Also, it is aware of the level of compliance of the risk appetite and the level of exposure assumed by Grupo Crédito and Credicorp subsidiaries and the relevant improvements in integral management of risks of said entities.

The Committee will be made up of no less than three directors of Credicorp, at least one of which must be independent. Additionally, the Board of Directors may incorporate as a member one or more directors of Credicorp subsidiaries. Likewise, the coordinator of the Committee will be the Credicorp Risk Manager, with the Internal Audit Manager as an observer member (without voice or vote). Finally, the following officials will attend the sessions as guests, according to the agenda of topics to be discussed and at the invitation of the Coordinator: General Manager, Finance Manager, Manager of the Risk Management Division of BCP, and all those people who criteria assist with the development of the session.

(iii) Grupo Crédito Risk Committee -

Represents the Board of Grupo Crédito in risk management decision-making. Furthermore, proposes to Grupo Crédito’s Board of Directors the levels of risk appetite. This Committee defines the strategies used for the adequate management of the different types of risks and the supervision of risk appetite. In addition to it, they establishe principles, policies and general limits.

The Risk Committee is presided by no less than three Board member of Grupo Crédito, at least one of which must be independent. Additionally, the Board of Directors may incorporate as a member one or more directors of the Group. Likewise, the coordinator of the Committee will be the Grupo Crédito Risk Manager, with the Internal Audit Manager as an observer member (without voice or vote). Finally, the following officials will attend the sessions as guests, according to the agenda of topics to be discussed and at the invitation of the Coordinator: General Manager, Finance Manager, Manager of the Risk Management Division of BCP, and all those people who criteria assist with the development of the session.

In addition to effectively managing all the risks, the Grupo Crédito Risk Committee is supported by the following committees which report periodically on all relevant changes or issues relating to the risks being managed:

Corporate credit Risk Committees (retail and non-retail)-

The Corporate credit Risk Committees (retail and non-retail) are responsible for reviewing the tolerance level of the credit risk appetite, the limits of exposure and the actions for the implementation of corrective measures, in case there are deviations. In addition, they propose credit risk management norms and policies within the framework of governance and the organization for the integral management of credit risk. Furthermore, they propose the approval of any changes to the functions described above and important findings to the Grupo Crédito Risk Committee.

Corporate Treasury and ALM (Asset Liability Management) Risk Committee -

The corporate Treasury and ALM Risk Committee are responsible for analyzing and proposing the corporate objectives, guidelines and policies for Treasury Risk Management and ALM of all the companies of the Group. As well as, monitoring the indicators and limits of the Group market risk appetite and each of the companies of the Group. Further, they are responsible of be aware of the actions for the implementation of the corrective measures if there are deviations from appetite levels and risk tolerance assumed by the companies of Group. Furthermore, they are responsible for proposing the approval of any changes in the functions described above and for reporting any finding to the Grupo Crédito Risk Committee.

Corporate Model Risk Committee -

The Corporate Model Risk Committee is responsible for analyzing and proposing the actions corrections in case there are deviations with respect to the degrees of exposure assumed in the Appetite for Model Risk. Likewise, it proposes the creation and/or modification of the government for model risk management, monitoring compliance with the same. The Model Risk Committee monitors the Group's data and analytical strategy and the health status of the model portfolio. They are also responsible to inform the Committee of Grupo Crédito Risks on exposures, related to model risk, which involve variations in the risk profile.

Corporate Operational Risk Methodology Committee -

The Corporate Methodological Committee of Operational Risk has as main responsibilities to review the main indicators of Operational Risk of the companies of the Group, as well as the progress of the methodologies deployed for Operational Risk and Business Continuity. Likewise, share best practices regarding the main challenges faced by Group companies.

(iv) Central Risk Management of Credicorp -

The Central Risk Management of Credicorp informs the Credicorp Risk Committee of the level of compliance of the risk appetite and the level of exposure assumed by Grupo Crédito and Credicorp subsidiaries. Likewise, it reports the relevant improvements in the integral risk management of Grupo Crédito and Credicorp subsidiaries. In addition, it proposes to the Credicorp Risk Committee the risk appetite levels for Credicorp Ltd.

(v) Central Risk Management of Grupo Crédito -

The Central Risk Management is responsible for the implementation of policies, procedures, methodologies and the actions to be taken to identify, measure, monitor, mitigate, report and control the different types of risks to which the Group is exposed. In addition, it is responsible for participating in the design and definition of the strategic plans of the business units to ensure that they are aligned within the risk parameters approved by the Grupo Crédito Board of Directors. Likewise, it disseminates the importance of adequate risk management, specifying in each of the units, the role that corresponds to them in the timely identification and definition of the corresponding actions.

The units of the Central Risk Management that manage risk at the corporate level are the following:

Credit Division -

The Credit Division proposes credit policies and evaluation criteria and credit risk management that the Group assumes with segment customers wholesaler. Evaluate and authorize loan proposals until their autonomy and propose their approval to the higher instances for those that exceed it. These guidelines are established on the basis of the policies set by the Grupo Crédito Board, respecting the laws and regulations in force. In addition, it assesses the evolution of the risk of wholesale clients and identifies problematic situations, taking actions to mitigate or resolve them.

Risk Management Division -

The Risk Management Division is responsible for ensuring that risk management directives and policies comply with the established by the Board of Directors. In addition, it is responsible for supervising the process of risk management and for coordinating with the companies of Credicorp involved in the whole process, promoting homogeneous risk management and aligned with the best practices. It also has the task of informing Board of Directors regarding: global exposure and by type of risk, as well as the specific exposure of each Group company.

Retail Banking Risk Division -

The Retail Banking Risk Division is responsible for managing the risk profile of the retail portfolio and developing credit policies that are in accordance with the guidelines and risk levels established by Grupo Crédito's Board of Directors. Likewise, it participates in the definition of products and campaigns aligned to these policies, as well as in the design, optimization and integration of credit evaluation tools and income estimation for credit management.

Non-financial Risks Division -

The Non-financial Risks Division is responsible for defining a non-financial risks strategy aligned with the objectives and risk appetite set by the Board of Grupo Crédito. This strategy seeks to strengthen the management process, generate synergies, optimize resources and achieve better results among the units responsible for managing non-financial risks in the Group. Additionally, in order to achieve the objectives defined in the non-financial risk strategy, the Division is responsible for promoting risk culture, developing talent, defining indicators and generating and following-up strategic projects and initiatives.

The Non-Financial Risks Division is made up of the following areas: Cybersecurity Area Management, Corporate Security Area Management, Operational Risk Management Area Management, and the Digital Risk Project Management Office.

(vi) Internal Audit Division and Compliance Division -

The Audit Division is in charge of monitoring on an ongoing basis the effectiveness and efficiency of the risk management function in the Group, verifying compliance with regulations, policies, objectives and guidelines set by the Board of Directors. On the other hand, it evaluates sufficiency and integration level of Group's information and database systems. Finally, it ensures that independence is maintained between the functions of the risk management and business units, for each of the Group's companies.

The Corporate Compliance and Ethics Division reports to the Board of Directors and is responsible of providing corporate policies for ensure that Group companies specifically comply with regulations that specified them, and the guidelines established in the Code of Ethics.

b) Risk measurement and reporting systems -

The risk is measured according to models and methodologies developed for the management of each type of risk. Risk reports that allow to monitor at the level added and detailed the different types of risks of each company which is exposed. The system provides the facility to meet the appetite review needs by risk requested by the committees and areas described above; as well as comply with regulatory requirements.

c) Risk mitigation -

Depending on the type of risk, mitigating instruments are used to reduce its exposure, such as guarantees, derivatives, controls and insurance, among others. Furthermore, it has policies linked to risk appetite and established procedures for each type of risk.

The Group actively uses guarantees to reduce its credit risks.

d) Risk appetite -

Based on corporate risk management, Grupo Crédito's Board of Directors approves the risk appetite framework to define the maximum level of risk that the organization is willing to take as seeks its strategic and financial objectives, maintaining a corporate vision in individual decisions of each entity. This Risk Appetite framework is based on "core" and specific metrics:

Core metrics are intended to preserve the organization's strategic pillars, defined as solvency, liquidity, profit and growth, income stability and balance sheet structure and cybersecurity risks.

Specific metrics objectives are intended to monitor on a qualitative and quantitative basis the various risks, to which the Group is exposed, as well as defining a tolerance threshold of each of those risks, so the risk profile set by the Board is preserved and any risk focus is anticipated on a more granular basis.

Risk appetite is instrumented through the following elements:

- Risk appetite statement: Establishes explicit general principles and the qualitative declarations which complement the risk strategy.

- Metrics scorecards: These are used to define the levels of risk exposure in the different strategic pillars.

- Limits: Allows control over the risk-taking process within the tolerance threshold established by the Board. They also provide accountability for the risk-taking process and define guidelines regarding the target risk profile.

- Government scheme: Seeks to guarantee compliance of the framework through different roles and responsibilities assigned to the units involved.

The appetite is integrated into the processes of strategic and capital guidelines, as well as in the definition of the annual budget, facilitating the strategic decision making of the organization.

e) Risk concentration -

Concentrations arise when a reduced and representative number of all of the counterparties of the Group are engaged in similar business activities, or activities in the same geographic region, or have similar economic and political conditions among others.

In order to avoid excessive concentrations of risk, the policies and procedures include specific guidelines and limits to guarantee a diversified portfolio.

34.1 Credit risk –

a) The Group takes on exposure to credit risk, which is the probability of suffering losses caused by debtors or counterparties failing to comply with payment obligations in on or off the balance sheet exposures.

Credit risk is the most important risk for the Group’s business; therefore, Management carefully manages its exposure to credit risk. Credit exposures arise principally from lending activities that lead to direct loans; they also result from investment activities. There is also credit risk in off-balance sheet financial instruments, such as contingent credits (indirect loans), which expose Credicorp to risks similar to direct loans. Likewise, credit risk arises from derivative financial instruments that present showing positive fair values. Finally, all exposure to credit risk (direct or indirect) is mitigated by the control processes and policies.

As part of managing this type of risk, provisions for impairment of its portfolio are assigned as of the date of the statement of financial position.

Credit risk levels are defined based on risk exposure limits, which are frequently monitored. Said limits are established in relation to one borrower or group of borrowers, geographical and industry segments. Furthermore, the risk limits by product, industry sector and by geographical segment are approved by the Risk Committee of Credicorp.

Exposure to credit risk is managed through regular analysis of the ability of debtors and potential debtors to meet interest and principal repayment obligations and by changing the credit limits when it is appropriate. Other specific control measures are outlined below:

(i) Collateral -

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is collateralization which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The main types of collateral obtained are as follows:

- For loans and advances, collateral includes, among others, mortgages on residential properties; liens on business assets such as plants, inventory and accounts receivable; and liens on financial instruments such as debt securities and equity securities.

- For repurchase agreements and securities lending, collateral consists of fixed income instruments, cash and loans.

Long-term loans and financing to corporate entities are generally guaranteed. Loans to micro business generally have no collateral. In order to minimize credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators arise.

Collateral held as security for financial assets other than loans is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of assets backed securities and similar instruments, which are secured by portfolios of financial instruments.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses. As part of the Group's policies, the recovered assets are sold and the proceeds of the sale are used to reduce or amortize the outstanding debt. In general, the Group doesn't use recovered assets for its operational purposes.

(ii) Derivatives -

The amount subject to credit risk is limited to the current and potential fair value of instruments that are favorable to the Group (fair value is positive). In the case of derivatives this is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as a portion of the total credit limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for this type of risk exposure.

(iii) Credit-related commitments -

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and letters of credit have the same credit risk as direct loans. Documentary and commercial letters of credit - which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods to which they relate and therefore have less risk than a direct loan. The Group has no mandatory commitments to extend credit.

b) The maximum exposure to credit risk as of September 30, 2021 and as of December 31, 2020, before the effect of mitigation through any collateral, is the carrying amount of each class of financial assets indicated in Notes 34.10(a), 34.10(b) and the contingent credits detailed in Note 21(a).

Management is confident of its ability to continue controlling and maintaining minimal credit risk exposure within the Group, considering both its loan and securities portfolio.

c) Credit risk management for loans -

Credit risk management is mainly based on the rating and scoring internal models of each company of the Group. In Credicorp, quantitative and qualitative analysis are made for each client, regarding their financial position, credit behavior in the financial system and the market in which they operate or are located. This analysis is carried out continuously to characterize the risk profile of each operation and client with a credit position in the Group.

In the Group, a loan is internally classified as past due according to three criteria: the number of days past due based on the contractually agreed due date, the subsidiary and the type of credit. The detail is shown below:

– Banco de Crédito del Perú, MiBanco and Solución Empresa Administradora Hipotecaria internally classify a loan as past due:

  - For corporate, large and medium companies, when it has more than 15 days in arrears.
  - For small and microbusiness when it has more than 30 days in arrears.
  - For overdrafts when it has more than 30 days in arrears.
  - For consumer, mortgage and leasing operations, installments are internally classified as past due when they are between 30 and 90 days in arrears; after 90 days, the pending loan balance is considered past due.

– MiBanco Colombia internally classifies a loan as past due:

  - For commercial loans when it has more than 90 days in arrears.
  - For microbusiness loans when it has more than 60 days in arrears.
  - For consumer loans when it has more than 60 days in arrears.
  - For mortgage loans when it has more than 30 days in arrears.

– Atlantic Security Bank internally classifies a loan as past due when it has 1 or more days in arrears.

– Banco de Crédito de Bolivia internally classifies a loan as past due when it has 30 or more days in arrears.

Estimate of the expected credit loss -

The measurement of the expected credit loss is based on the product of the following risk parameters: (i) probability of default (PD), (ii) loss given default (LGD), and (iii) exposure at default (EAD); discounted at the reporting date, using the effective interest rate. The definition of the parameters is presented below:

– Probability of default (PD): this is a measurement of credit rating given internally to a client, designed to estimate their probability of default within a specific time horizon. The process of obtaining the PD is carried out through scoring and rating tools.

  The Group considers that a financial instrument is in default if it meets the following conditions, according to the type of asset:

  - Consumer products, credit card and SME: if the client, at some certain point, presents arrears equal to or greater than 60 days and/or has operations that are refinanced, restructured, in pre-judicial, judicial proceedings or written off.

  - Mortgage products: if the client, at some certain point, presents arrears equal to or greater than 120 days and/or has operations that are refinanced, restructured, in pre-judicial, judicial proceedings or written off.

  - Commercial products: if the client is in the collections portfolio or has a risk classification of Deficient, Doubtful or Loss, or has refinanced, pre-judicial, judicial or written off operations. Also, a client can be considered as Default if it shows signs of significant qualitative impairment.
  - Investments: if the instrument has a Default rating according to external rating agencies such as Fitch, Standard & Poors or Moody's, or if it has an indicator of arrears equal to or greater than 90 days. In addition, an issuer can be considered as Default if it shows signs of significant qualitative impairment or if it is in stage 3 according to the expected credit loss for the loan portfolio. When an issuer is classified as Default, all its instruments are also classified as Default, that is, in stage 3.

– Loss given default (LGD): this is a measurement which estimates the severity of the loss that would be incurred at the time of the default. It has two approaches in the estimate of the severity of the loss, according to the stage of the client:

  - LGD workout: this is the real loss of the clients that arrived at the stage of default. The recoveries and costs of each one of the operations are used to calculate this parameter (includes open and closed recovery processes).

  - LGD ELBE (expected loss best estimate): this is the loss of the contracts in a default situation based on the time in arrears of the operation (the longer the operation is in default, the greater will be the loss).

Exposure at Default (EAD): this is a measurement which estimates the exposure at the time of the client's default, considering changes in future exposure, for example, in the case of prepayments and/or greater utilization of unused credit lines.

The estimate of the risk parameters considers information regarding the actual conditions, as well as the projections of future macroeconomic events and conditions in three scenarios (base, optimistic and pessimistic), which are weighted to obtain the expected credit loss.

The fundamental difference between the expected credit loss of a loan allocated in stage 1 or stage 2 is the PD's time horizon. The estimates in stage 1 use a PD with a maximum time horizon of 12 months, while those in stage 2 use a PD measured for the remaining lifetime of the instrument. The estimates in stage 3 are carried out based on an LGD "best estimate".

For those portfolios that are not material and/or do not have specific credit scoring models, the option was to extrapolate the expected credit loss ratio of portfolios with comparable characteristics.

During 2020, because of the COVID-19 pandemic, methodological adjustments were made to the internal credit risk models. The main ones are described below:

- Internal credit risk models were reviewed, and upgrades were carried out using representative and updated COVID-19 impact surveys made to our clients and using updated information on their transactions after confinement. This made it possible to characterize the different types of clients in order to assign them the corresponding level of risk in a granular manner and in line with the first observed indicators of early payment of the transactions and portfolio maturities.

- LGD estimates were adjusted with updated information on assumptions, recovery costs and payments from clients in arrears, in order to collect the impact of COVID-19 on recoveries, which have been affected by delays in lawsuits, deterioration in the value of guarantees and increased penalties.

Both methodological adjustments were still maintained as of September 30, 2021. Updates were made on them to include more recent information and better measure the actual risk level of the loan portfolio.

Prospective information -

The measurement of the expected credit loss for each stage and the evaluation of significant increase in credit risk consider information on previous events and current conditions, as well as reasonable projections based on future events and economic conditions.

For the estimate of the risk parameters (PD, LGD, EAD), used in the calculation of the expected credit loss in stages 1 and 2, the significance of the macroeconomic variables (or their variations) that have the greatest influence on each portfolio was tested. Each macroeconomic scenario used in the estimate of the expected credit loss considers projections of relevant macroeconomic variables, such as the gross domestic product (GDP), employment, terms of trade, inflation rate, among others, for a period of 3 years and a long-term projection.

The expected credit loss for stages 1, 2 and 3 is a weighted estimate that considers three future macroeconomic scenarios (base, optimistic and pessimistic). These scenarios, as well as the probability of occurrence of each one, are projections provided by the internal team of Economic Studies and approved by the Senior Management. The scenario design is revised quarterly. All the scenarios considered apply to the portfolios subject to expected credit loss with the same probabilities.

Changes from one stage to another -

The classification of an instrument as stage 1 or stage 2 depends on the concept of "significant increase in credit risk" at the reporting date compared to the origin date. This classification is updated monthly. As the IFRS 9 states, this classification depends on the following criteria:

- An account is classified in stage 2 if it has more than 30 days in arrears.
- Additionally, significant risk thresholds were established based on absolute and relative thresholds that depend on the risk level in which the instrument was originated. The thresholds differ for each of the portfolios considered.
- Additional qualitative reviews are carried out based on the risk segmentation used in the management of Retail Banking and an individual review is carried out in Wholesale Banking.

Additionally, all those accounts classified as Default at the reporting date, according to the definition used by the Group, are considered as stage 3.

Evaluations of significant increase in credit risk from initial recognition and credit impairment are carried out independently on each reporting date. Assets can be moved in both directions from one stage to another; in this sense, a financial asset that migrated to stage 2 will return to stage 1, if its credit risk did not increase significantly from its initial recognition until a subsequent reporting period. Likewise, an asset that is in stage 3 will return to stage 2 if the asset is no longer considered to be impaired.

Expected life -

For the instruments in stage 2 or 3, the allowance for loan losses will cover the expected credit loss during the expected time of the remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life, adjusted by expected anticipated payments. In the case of revolving products, a statistical analysis was carried out to determine what would be the expected life period.

The following is a summary of the direct loans classified into three important groups and their respective allowance for loan losses, for each type of credit. Impaired loans are loans in default that are allocated in stage 3:

(i) Loans neither past due nor impaired, which comprise those direct loans which currently do not have characteristics of delinquency and which are not in default.
(ii) Past due but not impaired loans, which comprise all of the direct loans of clients that are not in default, but have failed to make a payment at the contractual maturity, according to the IFRS 7.
(iii) Impaired loans, those considered to be in stage 3 or default, as detailed in note 34.1(c).

	As of September 30, 2021				As of December 31, 2020			
Commercial loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	S/(000)	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**
Neither past due nor impaired	72,302,173	7,868,110	–	80,170,283	66,039,657	8,159,561	–	74,199,218
Past due but not impaired	813,466	731,574	–	1,545,040	371,432	266,533	–	637,965
Impaired	–	–	5,722,205	5,722,205	–	–	5,062,586	5,062,586
Gross	73,115,639	8,599,684	5,722,205	87,437,528	66,411,089	8,426,094	5,062,586	79,899,769
Less: Allowance for loan losses	616,403	786,731	1,926,169	3,329,303	717,445	659,272	1,755,096	3,131,813
Total, net	72,499,236	7,812,953	3,796,036	84,108,225	65,693,644	7,766,822	3,307,490	76,767,956
Residential mortgage loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	S/(000)	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**
Neither past due nor impaired	18,744,316	748,273	–	19,492,589	17,760,423	1,069,247	–	18,829,670
Past due but not impaired	478,431	187,556	–	665,987	303,647	291,165	–	594,812
Impaired	–	–	1,414,938	1,414,938	–	–	1,143,896	1,143,896
Gross	19,222,747	935,829	1,414,938	21,573,514	18,064,070	1,360,412	1,143,896	20,568,378
Less: Allowance for loan losses	125,871	88,352	785,344	999,567	160,945	109,666	638,845	909,456
Total, net	19,096,876	847,477	629,594	20,573,947	17,903,125	1,250,746	505,051	19,658,922
Microbusiness loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	S/(000)	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**
Neither past due nor impaired	12,764,612	5,614,219	–	18,378,831	11,494,102	7,936,951	–	19,431,053
Past due but not impaired	177,620	584,523	–	762,143	64,318	522,530	–	586,848
Impaired	–	–	2,116,819	2,116,819	–	–	1,972,003	1,972,003
Gross	12,942,232	6,198,742	2,116,819	21,257,793	11,558,420	8,459,481	1,972,003	21,989,904
Less: Allowance for loan losses	579,449	750,270	1,368,625	2,698,344	568,588	1,118,054	1,406,014	3,092,656
Total, net	12,362,783	5,448,472	748,194	18,559,449	10,989,832	7,341,427	565,989	18,897,248
Consumer loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	S/(000)	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**
Neither past due nor impaired	11,331,789	2,159,545	–	13,491,334	9,891,072	2,324,121	–	12,215,193
Past due but not impaired	155,240	180,606	–	335,846	102,003	260,839	–	362,842
Impaired	–	–	1,278,058	1,278,058	–	–	1,627,739	1,627,739
Gross	11,487,029	2,340,151	1,278,058	15,105,238	9,993,075	2,584,960	1,627,739	14,205,774
Less: Allowance for loan losses	313,982	663,367	1,072,886	2,050,235	415,223	974,113	1,375,499	2,764,835
Total, net	11,173,047	1,676,784	205,172	13,055,003	9,577,852	1,610,847	252,240	11,440,939
Consolidated of credits	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	S/(000)	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**
Total gross direct credits, Note 7(a)	116,767,647	18,074,406	10,532,020	145,374,073	106,026,654	20,830,947	9,806,224	136,663,825
Total allowance for loan losses, Note 7(a)	1,635,705	2,288,720	5,153,024	9,077,449	1,862,201	2,861,105	5,175,454	9,898,760
Total net direct credits	115,131,942	15,785,686	5,378,996	136,296,624	104,164,453	17,969,842	4,630,770	126,765,065

In accordance with IFRS 7, the entire loan balance is considered past due when clients have failed to make a payment when contractually due.

The explanation on variations in the allowance for loan losses is presented in note 7(b).

The detail of the gross amount of impaired direct loans by type of credit, together with the fair value of the related collateral and the amounts of its allowance for loan losses, are as follows:

	As of September 30, 2021					As of December 31, 2020				
	Commercial loans	Residential mortgage loans	Microbusiness loans	Consumer loans	Total	Commercial loans	Residential mortgage loans	Microbusiness loans	Consumer loans	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Impaired loans	5,722,205	1,414,938	2,116,819	1,278,058	10,532,020	5,062,586	1,143,896	1,972,003	1,627,739	9,806,224
Fair value of collateral	5,139,929	1,205,631	467,393	287,444	7,100,397	4,414,346	975,834	433,151	233,665	6,056,996
Allowance for loan losses	1,926,169	785,344	1,368,625	1,072,886	5,153,024	1,755,096	638,845	1,406,014	1,375,499	5,175,454

The breakdown of direct loans classified by maturity is shown below, according to the following criteria:

i) Current loans, which comprise those direct loans which do not currently have characteristics of delinquency, nor are they in default or stage 3, according to the rules of IFRS 9.
ii) Current but impaired loans, which comprise those direct loans which do not currently have characteristics of delinquency, but are in default or stage 3, according to IFRS 9.
iii) Loans with delays in payments of one day or more but not considered internal overdue loans, which comprise those direct loans of clients that have failed to make a payment at its contractual maturity, that is, with at least one day past due. However, the days of delinquency are insufficient to be considered as past due under the Group's internal criteria.
iv) Internal overdue loans, which comprise past due loans under internal criteria.

The sum of the following concepts reflects the totality of past due loans consistent with IFRS 7: (i) loans with delays in payments of one day or more but not considered internal overdue loans, and (ii) internal overdue loans.

	As of September 30, 2021						As of December 31, 2020					
	Current loans	Current but impaired loans	Loans with delays in payments of one day or more but not considered internal overdue loans	Internal overdue loans	Total	Total past due under IFRS 7	Current loans	Current but impaired loans	Loans with delays in payments of one day or more but not considered internal overdue loans	Internal overdue loans	Total	Total past due under IFRS 7
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Neither past due nor impaired	131,527,994	–	–	5,043	131,533,037	5,043	124,673,294	–	–	1,839	124,675,133	1,839
Past due but not impaired	–	–	2,675,328	633,688	3,309,016	3,309,015	–	–	1,824,361	358,107	2,182,468	2,182,468
Impaired debt	–	4,877,194	806,941	4,847,885	10,532,020	5,654,827	–	4,860,127	620,472	4,325,625	9,806,224	4,946,097
Total	131,527,994	4,877,194	3,482,269	5,486,616	145,374,073	8,968,885	124,673,294	4,860,127	2,444,833	4,685,571	136,663,825	7,130,404

The classification of direct loans by type of credit and maturity is as follows:

	As of September 30, 2021					As of December 31, 2020				
	Current loans	**Current but impaired loans**	**Loans with delays in payments of one day or more but not considered internal overdue loans**	**Internal overdue loans**	**Total**	**Current loans**	**Current but impaired loans**	**Loans with delays in payments of one day or more but not considered internal overdue loans**	**Internal overdue loans**	**Total**
	S/(000)	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**
Commercial loans	80,167,061	2,953,089	1,318,254	2,999,124	87,437,528	74,198,115	3,117,851	683,060	1,900,743	79,899,769
Residential mortgage loans	19,492,583	580,571	852,707	647,653	21,573,514	18,828,934	376,053	744,339	619,052	20,568,378
Microbusiness loans	18,377,016	586,017	804,472	1,490,288	21,257,793	19,431,050	683,370	520,062	1,355,422	21,989,904
Consumer loans	13,491,334	757,517	506,837	349,550	15,105,238	12,215,195	682,853	497,372	810,354	14,205,774
Total	131,527,994	4,877,194	3,482,270	5,486,615	145,374,073	124,673,294	4,860,127	2,444,833	4,685,571	136,663,825

The expected credit loss for direct and indirect loans is a weighted estimate of three macroeconomic scenarios: base, optimistic and pessimistic, that are based on macroeconomic projections provided by the internal team of Economic Studies and approved by Senior Management. In each scenario, the Group bases itself on a wide variety of prospective information such as economic inputs, including: the growth of the gross domestic product (GDP), employment, terms of trade, inflation rate, among others.

Macroeconomic scenario –

The expected credit loss is a weighted estimate of three macroeconomic scenarios: base, optimistic and pessimistic, that are calculated with macroeconomic projections provided by the internal team of Economic Studies and approved by the Senior Management. The local and international information flows available during the analysis period are used to feed projections, which reflect the fact that Peru is a small and open economy, and in this context approximately 60.0 percent of the volatility in economic growth is driven by external factors, including terms of trade, the growth of Peru's trading partners and the external interest rates. Information on each of these factors is gathered to construct each scenario for the next three years.

The variables mentioned above, together with local variables (fiscal and monetary variables), are incorporated in the economic models. Two types of models are used in this regard:

i) Structural projection model.
ii) Financial programming model.

The first is a dynamic stochastic general equilibrium model, which is constructed with expectations. The second is built with the main identities of national accounts in accordance with the financial programming methodology designed by the IMF (International Monetary Fund) and the methodologies used by a battery of econometric models.

Through this process, we obtain figures for GDP growth, inflation, reference rate, exchange rate and other variables for the years 2021, 2022 and 2023. Thus, we estimate the economy to rebound 9.0 percent in 2021 (real figure of 2020: (11.0) percent). This estimate is the same as that projected in September 2020, due to the following reasons:

i) Recovery of our main trading partners.
ii) Greater capital flows to emerging markets.
iii) Higher copper price (10-year highs).
iv) Additional stimuli from the MEF-BCRP to mitigate social isolation measures.

Despite a faster than expected pace of recovery of the economy, we maintain our GDP forecast for 2021 due to:

i) Severe drop in expectations of economic agents. In September, most of the BCRP Survey on Expectations indicators remained pessimistic. For example, the 12-month economy expectations remained at their lowest level for the third consecutive month (45), only excluding the international financial crisis (35), and the second quarter of 2020 (30) due to the COVID-19 severe quarantines.

ii) Health uncertainty as developed countries are facing a new rise in COVID-19 infections but with lower death rates (such as Israel, the United Kingdom, and the United States).

Regarding the probabilities of each scenario, probabilities of 50.0 percent, 20.0 percent and 30.0 percent were considered for the base, optimistic and pessimistic scenarios, respectively, as of September 30, 2021 (80.0 percent,15.0 percent and 5.0 percent, respectively, as of December 31, 2020). The expected value of the three GDP projections gives us a rebound of around 9.0 percent. The probabilities assigned to each scenario and projection year are validated through a fan chart analysis, which uses a probability function to identify and analyze:

i) The central tendency of the projections.
ii) The dispersion that is expected around this value.
iii) The values that are higher or lower than the central value that are more or less probable.

In addition, as of September 30, 2021, we estimated a new base scenario in order to start collecting the new Peruvian macroeconomic perspectives, according to the following criteria:

We estimate the economy to rebound 2.0 percent in 2022 and 1.7 percent in 2023 (4.0 percent in 2022 and 4.0 percent in 2023 in the previous estimation). The main growth drivers will be:

- Still favorable international environment: (i) growth of trading partners by 4.3 percent, (ii) average copper price of US$/lb. 4.2 and terms of trade around historical highs, (iii) low probability of the Fed to significantly arise the international interest rates in the short term.

- Start of operations of new mines: Mina Justa, Toromocho expansion and Quellaveco projects will raise copper production by 20.0 percent by 2023 respect 2019.

- Long-awaited private consumption: there is still a whole range of economic activities well below fourth quarter of 2019, especially in the entertainment and leisure sectors. The gradual return to pre-pandemic levels will continue to contribute to GDP in 2022.

- Expansionary fiscal and monetary policies: The new government will seek to apply an expansionary fiscal policy; furthermore, despite the expected rise in the BCRP policy rate, the Peruvian currency is expected to remain depreciated against the US dollar.

This new base scenario was only used to adjust the expected credit loss of BCP's loan portfolio as of September 30, 2021. It is important to note that due to the high uncertainty on the political scenario, we did not update the optimistic nor pessimistic scenarios for this estimation.

The following table provides a comparison between the carrying amount of the allowance for loan losses for direct and indirect loans and its estimation under three scenarios: base, optimistic and pessimistic.

	As of September 30, 2021	**As of December 31, 2020**
	S/(000)	**S/(000)**
Carrying amount	9,662,244	10,435,623
Scenarios:		
Optimistic	9,430,806	10,100,156
Base Case	9,686,293	10,460,012
Pessimistic	9,776,454	11,018,666

d) Credit risk management on reverse repurchase agreements and securities borrowing -

Most of these operations are performed by Credicorp Capital. The Group has implemented credit limits for each counterparty and most of transactions are collateralized with investment grade financial instruments and financial instruments issued by Governments.

e) Credit risk management on investments -

The Group evaluates the credit risk identified of each of the investments, disclosing the risk rating granted to them by a risk rating agency. For investments traded in Peru, risk ratings used are those provided by the three most prestigious Peruvian rating agencies (authorized by Peruvian regulator) and for investments traded abroad, the risk-ratings used are those provided by the three most prestigious international rating agencies. On September 1, 2021, one of these rating agencies placed Peru's rating on stable outlook.

In the event that any subsidiary uses a risk-rating prepared by any other risk rating agency, said risk-ratings are standardized with those provided by the above-mentioned institutions.

The following table shows the analysis of the risk-rating of the investments, provided by the institutions referred to above:

	As of September 30, 2021		**As of December 31, 2020**	
	S/(000)	**%**	**S/(000)**	**%**
Instruments rated in Peru:				
AAA	69,924	0.1	−	−
AA- a AA+	23,710	−	−	−
A- to A+ (i)	3,773	−	1,369,969	2.5
BBB- to BBB+	20,832,567	43.4	21,395,476	38.8
BB- to BB+	912,764	1.9	901,934	1.6
Lower and equal to +B	74,129	0.2	5,590	−
Unrated:				
BCRP certificates of deposit (ii)	8,242,225	17.1	17,237,158	31.3
Listed and unlisted	379,155	0.8	514,297	0.9
Restricted mutual funds	350,474	0.7	436,881	0.8
Investment funds	278,794	0.6	212,951	0.4
Mutual funds	20,021	−	302,212	0.5
Hedge funds	21,853	−	4,505	−
Other instruments	9,366	−	78,159	0.1
Subtotal	31,218,755	64.8	42,459,132	76.9

	As of September 30, 2021		As of December 31, 2020	
	S/(000)	**%**	**S/(000)**	**%**
Instruments rated abroad:				
AAA	1,710,543	3.6	700,312	1.3
AA- a AA+	1,196,730	2.5	1,043,409	1.9
A- to A+	2,396,210	5.0	2,395,327	4.4
BBB- to BBB+	5,256,748	10.9	4,594,711	8.4
BB- to BB+ (iii)	3,587,511	7.5	1,733,080	3.1
Lower and equal to +B	165,543	0.3	129,094	0.2
Unrated:				
Listed and unlisted	108,339	0.2	267,943	0.5
Mutual funds	1,594,340	3.3	677,084	1.2
Participations of RAL funds	325,894	0.7	278,819	0.5
Investment funds	207,162	0.4	155,183	0.3
Hedge funds	138,918	0.3	122,433	0.2
Other instruments	203,763	0.5	617,215	1.1
Subtotal	16,891,701	35.2	12,714,610	23.1
Total	48,110,456	100.0	55,173,742	100.0

(i) The decrease in the balance is mainly due to the downgrade of credit rating (from A- to BBB+) of some government treasury bonds.

(ii) The decrease in the balance is mainly due to the maturity of these instruments, see Notes 6(a)(iii) and 6(b)(iii).

(iii) The increase in the balance is mainly due to the downgrade of the Colombian government's credit rating from BBB- to BB+, which impacted in our portfolio.

It is worth mentioning that the risk-rating of the investments has had an impact on the measurement of the expected loss.

f) Concentration of financial instruments exposed to credit risk -

As of September 30, 2021 and December 31, 2020, financial instruments with exposure to credit risk were distributed considering the following economic sectors:

	As of September 30, 2021					As of December 31, 2020				
	At fair value through profit for loss					At fair value through profit for loss				
	Held for trading, hedging and others (*)	Designated at inception	Financial assets at amortized cost	At fair value through other comprehensive income investments	Total	Held for trading, hedging and others (*)	Designated at inception	Financial assets at amortized cost	At fair value through other comprehensive income investments	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Central Reserve Bank of Peru (**)	1,287,568	−	28,591,049	7,362,783	37,241,400	1,872,875	−	26,003,491	15,364,283	43,240,649
Financial services	3,996,568	269,367	24,146,492	5,404,623	33,817,050	2,902,651	168,452	16,946,211	5,941,069	25,958,383
Commerce	108,777	4,491	26,924,356	1,408,660	28,446,284	18,817	−	24,029,835	490,612	24,539,264
Manufacturing	225,406	141,091	22,500,395	1,833,198	24,700,090	409,490	91,110	19,155,347	2,694,326	22,350,273
Government and public administration	2,321,997	9,834	8,074,862	10,093,287	20,499,980	1,888,710	−	5,374,603	12,831,954	20,095,267
Mortgage loans	−	−	20,756,633	−	20,756,633	−	−	19,738,710	−	19,738,710
Consumer loans	−	−	13,988,596	−	13,988,596	−	−	13,144,271	−	13,144,271
Real estate and leasing	96,717	−	11,890,819	10,618	11,998,154	93,422	3,073	11,798,614	179,368	12,074,477
Communications, storage and transportation	51,658	357,744	7,399,535	1,160,335	8,969,272	76,711	367,908	7,416,065	924,885	8,785,569
Electricity, gas and water	511,529	119,366	4,429,290	3,838,309	8,898,494	194,542	116,209	3,533,722	2,893,815	6,738,288
Community services	−	−	7,495,031	−	7,495,031	37	−	7,382,713	−	7,382,750
Construction	25,036	899	3,949,246	517,037	4,492,218	35,557	−	3,807,260	331,946	4,174,763
Mining	132,971	856	4,031,438	331,471	4,496,736	76,012	8,083	3,470,665	241,063	3,795,823
Agriculture	18,783	−	4,465,381	17,786	4,501,950	10,815	−	4,044,735	15,473	4,071,023
Hotels and restaurants	−	−	2,855,928	−	2,855,928			2,762,674		2,762,674
Education, health and others	16,451	72,834	1,814,187	465,341	2,368,813	20,285	68,435	1,712,817	1,680,135	3,481,672
Insurance	19,987	−	1,932,957	850	1,953,794	10,080	−	1,898,194	919	1,909,193
Fishing	2,069	−	583,406	−	585,475	923	−	639,227	9,169	649,319
Others	85,317	5,026	3,637,148	817,207	4,544,698	71,041	−	3,147,190	144,872	3,363,103
Total	8,900,834	981,508	199,466,749	33,261,505	242,610,596	7,681,968	823,270	176,006,344	43,743,889	228,255,471

(*) It includes non-trading investments that did not pass SPPI test.

(**) The decrease of the balance as of September 30, 2021 compared to December 31, 2020 corresponds mainly to the decrease of investments, see more details in Notes 6(a)(iii) and 6(b)(iii).

As of September 30, 2021 and December 31,2020 financial instruments with exposure to credit risk were distributed by the following geographical areas:

	As of September 30, 2021					As of December 31, 2020				
	At fair value through profit for loss					At fair value through profit for loss				
	Held for trading, hedging and others (*)	Designated at inception	Financial assets at amortized cost	At fair value through other comprehensive income investments	Total	Held for trading, hedging and others (*)	Designated at inception	Financial assets at amortized cost	At fair value through other comprehensive income investments	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Peru	3,217,872	18,713	172,288,967	21,454,223	196,979,775	3,511,686	67,821	155,598,019	34,208,824	193,386,350
United States of America	884,145	507,604	6,592,580	6,970,391	14,954,720	444,924	459,266	3,288,720	4,922,144	9,115,054
Bolivia	679,232	–	12,381,101	764,806	13,825,139	584,879	–	10,718,164	708,784	12,011,827
Colombia	1,773,046	–	2,550,988	781,991	5,106,025	1,387,406	4,788	2,264,768	1,147,770	4,804,732
Chile	477,447	6,056	2,278,119	814,815	3,576,437	420,527	5,315	1,446,246	618,572	2,490,660
Brazil	73,719	4,778	1,058,685	119,311	1,256,493	104,774	–	752,257	86,673	943,704
Mexico	53,964	97,797	139,732	444,208	735,701	113,988	42,336	1,942	408,567	566,833
Panama	18,049	–	322,009	137,489	477,547	25,624	–	405,941	131,722	563,287
Europe:										
Luxembourg (**)	1,166,658	–	7,020	2,352	1,176,030	297,652	–	306	7,963	305,921
France	294,530	1,461	11,307	242,096	549,394	423,711	1,890	32,864	253,152	711,617
United Kingdom	51,203	14,663	510,821	163,257	739,944	27,869	18,870	369,455	140,302	556,496
Others in Europe	105,896	46,746	175,679	191,274	519,595	95,156	42,991	85,235	129,506	352,888
Spain	6,095	–	48,808	70,359	125,262	26,152	–	42,157	76,770	145,079
Switzerland	1,022	397	15,472	114,026	130,917	494	799	74,246	60,378	135,917
Netherlands	945	1,082	4,862	63,688	70,577	952	1,526	122,696	50,676	175,850
Multilateral Organizations	–	–	–	90,680	90,680	–	–	–	150,656	150,656
Canada	26,654	276	78,148	120,750	225,828	26,894	373	70,562	119,897	217,726
Others	70,357	281,935	1,002,451	715,789	2,070,532	189,280	177,295	732,766	521,533	1,620,874
Total	8,900,834	981,508	199,466,749	33,261,505	242,610,596	7,681,968	823,270	176,006,344	43,743,889	228,255,471

(*) It includes non-trading investments that did not pass SPPI test.

(**) The increase of the balance as of September 30, 2021 compared to December 31, 2020 corresponds mainly to (i) the purchase of participations in the fund “BNP Paribas Insticash USD 1D Short Term VNAV Classic Cap” and (ii) the purchase of new participations mainly in funds managed by Credicorp Capital Asset Management S.A. Administradora General de Fondos, which are included in the item “Mutual funds” of the Note 6(a).

g) Offsetting financial assets and liabilities -

The disclosures set out in the tables below include financial assets and liabilities that:

- Are offset in the Group's interim condensed consolidated statement of financial position; or
- Are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the interim condensed consolidated statement of financial position.

Similar agreements include derivative clearing agreements, master repurchase agreements, and master securities lending agreements. Similar financial instruments include derivatives, accounts receivable from reverse repurchase agreements and securities borrowing, payables from repurchase agreements and securities lending and other financial assets and liabilities. Financial instruments such as loans and deposits are not disclosed in the tables below because they are not offset in the statement of financial position.

The offsetting framework contract issued by the International Swaps and Derivatives Association Inc. ("ISDA") and similar master offsetting arrangements do not meet the criteria for offsetting in the statement of financial position, because said agreements were created in order for both parties to have an enforceable offsetting right in cases of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, the Group and its counterparties do not intend to settle said instruments on a net basis or to realize the assets and settle the liabilities simultaneously.

The Group receives and gives collateral in the form of cash and trading securities in respect of the following transactions:

- Derivatives;
- Accounts receivable from reverse repurchase agreements and securities borrowing;
- Payables from repurchase agreements and securities lending; and
- Other financial assets and liabilities

Such collateral adheres to standard industry terms including, when appropriate, an ISDA Credit Support Annex. This means that securities received/given as collateral can be pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also give each party the right to terminate the related transactions upon the counterparty's failure to return the respective collateral.

34.2 Market risk -

The Group has exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, currency, commodities and equity products; all of which are exposed to general and specific market movements and changes in the level of volatility of prices such as interest rates, credit spreads, foreign exchange rates and equity prices. Due to the order of the Group's current activities, commodity price risk has not been approved, so this type of instrument is not agreed.

The Group separates exposures to market risk in two groups: (i) those that arise from value fluctuation of trading portfolios recognized at fair value through profit or loss due to movements of market rates or prices (Trading Book) and (ii) those that arise from changes in the structural positions of non-trading portfolios due to movements of the interest rates, prices and foreign exchange ratios (Banking Book) and that are recorded at amortized cost and at fair value with changes in other comprehensive income, this is due to movements in interest rates, prices and currency exchange rates.

The risks that trading portfolios face are managed through Value at Risk (VaR) historical simulation techniques; while non-trading portfolios (Banking Book) are monitored using rate sensitivity metrics, which are a part of Asset and Liability Management (ALM).

a) Trading Book -

The trading book is characterized for having liquid positions in stocks, bonds, foreign currencies and derivatives, arising from market-making transactions where the Group acts as principal with the customers or with the market. This portfolio includes investments and derivatives classified by Management as held for trading.

(i) Value at Risk (VaR) -

The Group applies the VaR approach to its trading portfolio to estimate the market risk of the main positions held and the maximum losses that are expected, based upon a number of assumptions for various changes in market conditions and considering the risk appetite of the subsidiary.

Daily calculation of VaR is a statistically-based estimate of the maximum potential loss on the current portfolio from adverse market movements.

VaR expresses the "maximum" amount the Group might lose, but only to a certain level of confidence (99 percent). There is therefore a specified statistical probability (1 percent) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain "holding period" until positions can be closed (1 - 10 days).

The time horizon used to calculate VaR is one day; however, the one-day VAR is amplified to a 10-day time frame and calculated multiplying the one-day VaR by the square root of 10. This adjustment will be accurate only if the changes in the portfolio in the following days have a normal distribution independent and identically distributed; because of that, the result is multiplied by a non-normality adjustment factor. The limits and consumptions of the VaR are established on the basis of the risk appetite and the trading strategies of each subsidiary.

The assessment of portfolio movements has been based on annual historical information and 126 market risk factors, which are detailed below: 39 market curves, 68 stock prices, 15 mutual fund values and 4 series of volatility. The Group directly applies these historical changes in rates to each position in its current portfolio (method known as historical simulation).

The Group Management considers that the market risk factors, incorporated in their VaR model, are adequate to measure the market risk to which its trading portfolio is exposed.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. Losses exceeding the VaR figure may occur, on average under normal market conditions, not more than once every hundred days.

VaR limits have been established to control and keep track of all the risks taken. These risks arise from the size of the positions and/or the volatility of the risk factors embedded in each financial instrument. Regular reports are prepared for the Treasury Risk Committee and ALM, the Risk Management Committee and Senior Management.

VaR results are used to generate economic capital estimates by market risk, which are periodically monitored and are part of the overall risk appetite of each subsidiary. Furthermore, at Group level, there is also a limit to the risk appetite of the trading portfolio, which is monitored and informed to the Treasury Risks and ALM Corporate Committee.

In VaR calculation, the effects of the exchange rate are not included because said effects are measured in the net monetary position, see note 34.2(b)(ii).

The Group's VaR showed a decrease at September 30, 2021, explained by a lower Interest Rate risk due to a lower volatility in interest rates with regard to the beginning of COVID-19 pandemic and a decrease in the Fixed Income position. The VaR remains contained within the limits of the risk appetite established by the Risk Management of each subsidiary.

As of September 30, 2021 and December 31, 2020, the Group’s VaR by risk type is as follows:

	As of September 30, 2021	**As of December 31, 2020**
	S/(000)	**S/(000)**
Interest rate risk	35,948	163,981
Price risk	4,794	6,529
Volatility risk	3,639	708
Diversification effect	(8,331)	(857)
Consolidated VaR by type of risk	36,050	170,361

In VaR calculation, financial instruments from the trading book were taken.
On the other hand, the instruments recorded as fair values through profit or loss are not part of the selling business model and are considered as part of the sensitivity analysis of rates in the next section. See the chart of sensitivity of earnings at risk, net economic value and price sensitivity.

b) Banking Book -

Non-trading portfolios which comprise the Banking Book are exposed to different risks, given that they are sensitive to market rate movements, which could bring about a deterioration in the value of assets compared to liabilities and hence to a reduction of their net worth.

(i) Interest rate risk -

The Banking Book-related interest rate risk arises from eventual changes in interest rates that may adversely affect the expected gains (risk gains) or market value of financial assets and liabilities reported on the balance sheet (net economic value). The Group assumes the exposure to the interest rate risk that may affect their fair value as well as the cash flow risk of future assets and liabilities.

The Risk Committee sets the guidelines regarding the level of unmatched repricing of interest rates that can be tolerated, which is periodically monitored through ALCO.

Corporate policies include guidelines for the management of the Group's exposure to the interest rate risk. These guidelines are implemented considering the features of each segment of business in which the Group entities operate.

In this regard, Group companies that are exposed to the interest rate risk are those that have yields based on interest, such as credits, investments and technical reserves. Interest rate risk management in BCP Peru, BCP Bolivia, MiBanco, MiBanco Colombia, Atlantic Security Bank and Pacífico Grupo Asegurador is carried out by performing a repricing gap analysis, sensitivity analysis of the financial margin (GER) and sensitivity analysis of the net economic value (VEN). These calculations consider different rate shocks in stress scenarios.

Analysis of repricing gap -

The repricing gap analysis is intended to measure the risk exposure of interest rate for repricing periods, in which both balance and out of balance assets and liabilities are grouped. This allows identifying those sections in which the rate variations would have a potential impact.

The table below summarizes the Group's exposure to interest rate risks. It includes the Group's financial instruments at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates, what occurs first:

	As of September 30, 2021						
	Up to 1 month	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Non-interest bearing**	**Total**
	S/(000)	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**
Assets							
Cash and cash collateral, reverse repurchase agreements and securities borrowing	28,260,676	575,212	1,699,914	6,513,650	121,710	9,892,031	47,063,193
Investments	3,968,024	695,041	5,888,273	12,190,094	18,333,635	373,789	41,448,856
Loans, net	14,743,334	19,429,820	37,129,083	51,138,836	18,506,242	(3,473,538)	137,473,777
Financial assets designated at fair value through profit or loss	–	–	–	–	–	981,508	981,508
Premiums and other policies receivable	767,742	21,402	7,913	4,474	–	–	801,531
Accounts receivable from reinsurers and coinsurers	1,047	281,636	810,024	3,546	1,240	–	1,097,493
Other assets (*)	323,634	114,528	176,526	9	61,737	4,273,849	4,950,283
Total assets	48,064,457	21,117,639	45,711,733	69,850,609	37,024,564	12,047,639	233,816,641
Liabilities							
Deposits and obligations	38,916,749	17,542,378	20,264,717	64,273,016	8,908,598	2,642,910	152,548,368
Payables from repurchase agreements and securities lending	1,390,798	2,083,065	11,947,401	12,460,278	2,630,072	317,850	30,829,464
Accounts payable to reinsurers and coinsurers	59,237	171,837	33,169	13,977	–	–	278,220
Technical reserves for claims and insurance premiums	312,221	871,771	1,465,274	3,381,443	6,141,040	340,940	12,512,689
Financial liabilities at fair value through profit or loss	–	–	–	–	–	879,177	879,177
Bonds and Notes issued	41,848	284,190	153,302	16,431,207	659,365	7,718	17,577,630
Other liabilities (*)	865,928	12,805	12,394	–	–	6,363,497	7,254,624
Equity	–	–	–	–	–	25,705,444	25,705,444
Total liabilities and equity	41,586,781	20,966,046	33,876,257	96,559,921	18,339,075	36,257,536	247,585,616
Off-balance-sheet accounts							
Derivative financial assets	241,580	291,394	624,961	329,409	–	–	1,487,344
Derivative financial liabilities	42,936	2,174	478,868	874,767	–	–	1,398,745
	198,644	289,220	146,093	(545,358)	–	–	88,599
Marginal gap	6,676,320	440,813	11,981,569	(27,254,670)	18,685,489	(24,209,897)	(13,680,376)
Accumulated gap	6,676,320	7,117,133	19,098,702	(8,155,968)	10,529,521	(13,680,376)	–

(*) Other assets and other liabilities only include financial accounts.

Investments for trading purposes are not considered (investments at fair value through profit or loss and trading derivatives), because these instruments are part of the trading book and the Value at Risk methodology is used to measure market risks.

	As of December 31, 2020						
	Up to 1 month	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Non-interest bearing**	**Total**
	S/(000)	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/(000)**	**S/000**
Assets							
Cash and cash collateral, reverse repurchase agreements and securities borrowing	20,110,489	1,607,867	2,052,436	7,682,481	149,669	7,544,354	39,147,296
Investment	4,639,795	11,068,740	2,777,817	8,783,106	20,934,358	502,455	48,706,271
Loans, net	12,721,639	15,427,902	31,709,621	54,248,434	16,352,436	(2,698,907)	127,761,125
Financial assets designated at fair value through profit or loss	–	–	–	–	–	823,270	823,270
Premiums and other policies receivable	897,086	25,288	9,472	5,377	–	–	937,223
Accounts receivable from reinsurers and coinsurers	726	164,184	730,963	1,930	675	20,941	919,419
Other assets (*)	83,113	2,961	34,482	9,539	–	2,176,901	2,306,996
Total assets	38,452,848	28,296,942	37,314,791	70,730,867	37,437,138	8,369,014	220,601,600
Liabilities							
Deposits and obligations	38,284,217	10,646,664	18,968,119	62,281,065	9,594,605	2,590,832	142,365,502
Payables from repurchase agreements and securities lending	620,946	2,900,084	7,709,973	19,573,712	3,042,388	54,771	33,901,874
Accounts payable to reinsurers and coinsurers	72,060	209,035	40,349	17,002	–	–	338,446
Technical reserves for claims and insurance premiums	296,493	810,514	1,355,486	3,133,235	5,752,899	326,449	11,675,076
Financial liabilities at fair value through profit or loss	–	–	–	–	–	561,602	561,602
Bonds and Notes issued	3	425,231	1,238,141	13,867,807	616,225	172,000	16,319,407
Other liabilities (*)	601,545	49,851	8,185	–	–	3,247,834	3,907,415
Equity	–	–	–	–	–	25,445,647	25,445,647
Total liabilities and equity	39,875,264	15,041,379	29,320,253	98,872,821	19,006,117	32,399,135	234,514,969
Off-balance-sheet accounts							
Derivative financial assets	547,271	1,307,322	557,277	341,564	–	–	2,753,434
Derivative financial liabilities	112,357	1,017,607	360,010	1,046,481	238,600	–	2,775,055
	434,914	289,715	197,267	(704,917)	(238,600)	–	(21,621)
Marginal gap	(987,502)	13,545,278	8,191,805	(28,846,871)	18,192,421	(24,030,121)	(13,934,990)
Accumulated gap	(987,502)	12,557,776	20,749,581	(8,097,290)	10,095,131	(13,934,990)	–

(*) Other assets and other liabilities only include financial accounts.

Investments for trading purposes are not considered (investments at fair value through profit or loss and trading derivatives), because these instruments are part of the trading book and the Value at Risk methodology is used to measure market risks.

Sensitivity to changes in interest rates -

The sensitivity analysis of a reasonable possible change in interest rates on the banking book comprises an assessment of the sensitivity of the financial margins that seeks to measure the potential changes in the interest accruals over a period of time and the expected movement of the interest rate curves, as well as the sensibility of the net economic value, which is a long-term metric measured as the difference arising between the Net Economic Value of assets and liabilities before and after a variation in interest rates.

The sensitivity of the financial margin is the effect of the assumed changes in interest rates on the net financial interest income before income tax and non-controlling interest for one year, based on non-trading financial assets and financial liabilities held as of September 30, 2021 and December 31, 2020, including the effect of derivative instruments.

The sensitivity of the Net Economic Value is calculated by reassessing the financial assets and liabilities sensitive to rates, except for the trading instruments, including the effect of any associated hedge, and derivative instruments designated as a cash flow hedge. Regarding rate risk management, no distinction is made by accounting category for the investments that are considered in these calculations.

The results of the sensitivity analysis regarding changes in interest rates at September 30, 2021 and December 31, 2020 are presented below:

As of September 30, 2021

Currency	**Changes in basis points**		**Sensitivity of net profit**		**Sensitivity of Net Economic Value**	
			S/(000)		**S/(000)**	
Soles	+/-	50	+/-	44,894	-/+	285,815
Soles	+/-	75	+/-	67,340	-/+	428,723
Soles	+/-	100	+/-	89,787	-/+	571,630
Soles	+/-	150	+/-	134,681	-/+	857,445
U.S. Dollar	+/-	50	+/-	125,973	+/-	448,860
U.S. Dollar	+/-	75	+/-	188,959	+/-	673,291
U.S. Dollar	+/-	100	+/-	251,945	+/-	897,721
U.S. Dollar	+/-	150	+/-	377,918	+/-	1,346,581

As of December 31, 2020

Currency	**Changes in basis points**		**Sensitivity of net profit**		**Sensitivity of Net Economic Value**	
			S/(000)		**S/(000)**	
Soles	+/-	50	+/-	66,151	-/+	391,821
Soles	+/-	75	+/-	99,226	-/+	587,731
Soles	+/-	100	+/-	132,302	-/+	783,642
Soles	+/-	150	+/-	198,453	-/+	1,175,462
U.S. Dollar	+/-	50	+/-	87,560	+/-	345,185
U.S. Dollar	+/-	75	+/-	131,341	+/-	517,777
U.S. Dollar	+/-	100	+/-	175,121	+/-	690,369
U.S. Dollar	+/-	150	+/-	262,681	+/-	1,035,554

The interest rate sensitivities set out in the table above are only illustrative and are based on simplified scenarios. The figures represent the effect of the pro-forma movements in the net interest income based on the projected yield curve scenarios and the Group's current interest rate risk profile. This effect, however, does not incorporate actions that would be taken by Management to mitigate the impact of this interest rate risk.

The Group seeks proactively to change the interest rate risk profile to minimize losses and optimize net revenues. The projections above also assume that the interest rate of all maturities moves by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged.

As of September 30, 2021 and December 31, 2020, investments in equity securities and funds that are non-trading, recorded at fair value through other comprehensive income and at fair value through profit or loss, respectively, are not considered as comprising investment securities for interest rate sensitivity calculation purposes; however, a 10, 25 and 30 percent of changes in market prices is conducted to these price-sensitivity securities.

The market price sensitivity tests as of September 30, 2021 and December 31, 2020 are presented below:

Equity securities

Measured at fair value through other comprehensive income	**Change in market prices**	**As of September 30, 2021**	**As of December 31, 2020**
	%	**S/(000)**	**S/(000)**
Equity securities	+/-10	37,268	50,255
Equity securities	+/-25	93,170	125,638
Equity securities	+/-30	111,804	150,765

Funds

Measured at fair value through profit or loss	**Change in market prices**	**As of September 30, 2021**	**As of December 31, 2020**
	%	**S/(000)**	**S/(000)**
Participation in mutual funds	+/-10	160,963	96,665
Participation in mutual funds	+/-25	402,408	241,661
Participation in mutual funds	+/-30	482,890	289,994
Restricted mutual funds	+/-10	35,047	43,688
Restricted mutual funds	+/-25	87,619	109,220
Restricted mutual funds	+/-30	105,142	131,064
Participation in RAL funds	+/-10	32,589	27,882
Participation in RAL funds	+/-25	81,474	69,705
Participation in RAL funds	+/-30	97,768	83,646
Investment funds	+/-10	44,847	36,160
Investment funds	+/-25	112,117	90,399
Investment funds	+/-30	134,541	108,479
Hedge funds	+/-10	16,077	12,694
Hedge funds	+/-25	40,193	31,735
Hedge funds	+/-30	48,231	38,081
Exchange Trade Funds	+/-10	10,773	3,209
Exchange Trade Funds	+/-25	26,932	8,021
Exchange Trade Funds	+/-30	32,318	9,626

(ii) Foreign currency exchange risk -

The Group is exposed to fluctuations in foreign currency exchange rates on its financial position and cash flows. Management sets limits on the level of exposure by currency and overnight and intra-day total positions, which are monitored daily.
As of September 30, 2021, the free market exchange rate for buying and selling transactions for each U.S. Dollars, the main foreign currency held by the Group, was S/4.134 (S/3.621 as of December 31, 2020).

Foreign currency transactions are made at the free market exchange rates of the countries where Credicorp's Subsidiaries are established. As of September 30, 2021 and December 31, 2020, the Group's assets and liabilities by currencies were as follows:

	As of September 30, 2021				As of December 31, 2020			
	Soles	U.S. Dollars	Other currencies	Total	Soles	U.S. Dollars	Other currencies	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Monetary assets								
Cash and due from banks	9,871,469	32,540,419	2,095,968	44,507,856	10,689,167	24,030,096	2,033,731	36,752,994
Cash collateral, reverse repurchase agreements and securities borrowing	212,395	1,698,558	644,385	2,555,338	–	2,030,165	364,137	2,394,302
Investments:								
At fair value through profit or loss	900,051	3,555,249	2,206,300	6,661,600	1,106,875	3,531,911	1,828,685	6,467,471
At fair value through other comprehensive income	19,817,395	11,981,917	858,771	32,658,083	32,423,989	9,600,018	1,217,428	43,241,435
At amortized cost	7,514,285	636,901	36,165	8,187,351	4,844,238	89,095	29,049	4,962,382
Loans, net	88,797,427	38,210,321	10,466,029	137,473,777	84,761,689	33,998,843	9,000,593	127,761,125
Financial assets designated at fair value through profit or loss	2,927	978,582	–	981,509	23,477	799,793	–	823,270
Other assets	3,212,334	5,761,226	989,667	9,963,227	1,837,702	3,366,358	893,135	6,097,195
Total monetary assets	130,328,283	95,363,173	17,297,285	242,988,741	135,687,137	77,446,279	15,366,758	228,500,174
Monetary liabilities								
Deposits and obligations	(75,222,125)	(65,513,259)	(11,812,984)	(152,548,368)	(76,179,373)	(55,636,591)	(10,549,538)	(142,365,502)
Payables from repurchase agreements and securities lending	(21,018,531)	(290,158)	(2,054,341)	(23,363,030)	(26,011,980)	(255,607)	(1,656,030)	(27,923,617)
Due to bank and correspondents	(4,206,716)	(2,718,142)	(541,576)	(7,466,434)	(4,158,523)	(1,454,565)	(365,169)	(5,978,257)
Lease liabilities	(223,888)	(400,214)	(83,217)	(707,319)	(257,702)	(409,866)	(83,010)	(750,578)
Financial liabilities at fair value through profit or loss	(322,892)	(373,679)	(182,606)	(879,177)	(87,715)	(340,774)	(133,113)	(561,602)
Technical reserves for claims and insurance	(6,341,014)	(5,762,527)	(10,090)	(12,113,631)	(6,245,669)	(5,400,003)	(29,404)	(11,675,076)
Bonds and notes issued	(3,420,779)	(13,965,633)	(191,218)	(17,577,630)	(3,454,685)	(12,520,242)	(344,480)	(16,319,407)
Other liabilities	(4,822,763)	(4,577,916)	(1,381,621)	(10,782,300)	(2,492,261)	(2,864,519)	(1,029,697)	(6,386,477)
Total monetary liabilities	(115,578,708	(93,601,528)	(16,257,653)	(225,437,889)	(118,887,908)	(78,882,167)	(14,190,441)	(211,960,516)
	14,749,575	1,761,645	1,039,632	17,550,852	16,799,229	(1,435,888)	1,176,317	16,539,658
Forwards position, net	6,221,078	(5,945,727)	(273,008)	2,343	(36,268)	198,835	(164,334)	(1,767)
Currency swaps position, net (*)	(6,694,469)	6,694,469	–	–	(1,054,037)	1,054,037	–	–
Cross currency swaps position, net	(404,102)	571,091	(175,033)	(8,044)	(339,640)	578,389	(313,022)	(74,273)
Options, net	156,469	(156,469)	–	–	(32,123)	32,123	–	–
Net monetary position	14,028,551	2,925,009	591,591	17,545,151	15,337,161	427,496	698,961	16,463,618

(*) See explication of increase in Note 13(c).

The increase in the position corresponds mainly to short-term positions which were within the established limits and which to date have been reduced.

The Group manages foreign exchange risk by monitoring and controlling the currency position values exposed to changes in exchange rates. The Group measures its performance in soles. (since 2014 considering its change in functional currency, it was measured in U.S. Dollars before). A currency mismatch would leave the Group’s interim condensed consolidated statement of financial position vulnerable to a fluctuation of foreign currency (exchange rate shock).

The group's monetary position is made up of the net open position of monetary assets, monetary liabilities and off-balance sheet items expressed in the foreign currency for which the institution itself bears the risk; as well as the equity position generated by the investment in the group's subsidiaries whose functional currency is different from soles. In the first case, any appreciation / depreciation of the foreign exchange would affect the consolidated income statement, on the contrary, in the case of the equity position, any appreciation / depreciation of the foreign currency will be recognized in other comprehensive income. As of September 30, 2021, the open monetary position and the equity position in dollars amounted to S/1,957.7 million and S/967.3 million, respectively (as of December 31, 2020, S/124.1 million and S/303.4 million, respectively).

An accounting hedge of a net investment abroad was carried out where part of our liability position in dollars related to the balance of the caption "bonds and notes issued", see Note 17(iv), was designated as cover our permanent investment in Atlantic Security Holding Corporation. The hedged amount is approximately US$228.8 million, equivalent to S/945.9 million, as of September 30, 2021 (US$135.4 million, equivalent to S/490.3 million, as of December 31, 2020).

The table below shows the sensitivity analysis of the U.S. Dollar, the currency to which the Group had significant exposure as of September 30, 2021 and December 31, 2020 in its monetary assets and liabilities and its forecast cash flows. The analysis determines the effect of a reasonably possible variation of the exchange rate against Soles with all other variables held constant:

Currency rate sensitivity	**Change in currency rates**	**As of September 30, 2021**	**As of December 31, 2020**
	%	**S/000**	**S/000**
Depreciation -			
Soles in relation to U.S. Dollar	5	139,286	20,357
Soles in relation to U.S. Dollar	10	265,910	38,863
Appreciation -			
Soles in relation to U.S. Dollar	5	(153,948)	(22,500)
Soles in relation to U.S. Dollar	10	(325,001)	(47,500)

34.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its short-term payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. In this sense, the company that is facing a liquidity crisis would be failing to comply with the obligations to pay depositors and with commitments to lend or satisfy other operational cash needs.

The Group is exposed to daily cash requirements, interbank deposits, current accounts, time deposits, use of loans, guarantees and other requirements. The Management of the Group's subsidiaries establishes limits for the minimum funds amount available to cover such cash withdrawals and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand. Sources of liquidity are regularly reviewed by the corresponding risk teams to maintain a wide diversification by currency, geography, type of funding, provider, producer and term.

The procedure to control the mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. 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 liquidity risk, which generates exposure to potential losses.

Maturities of assets and liabilities and the ability to replace them, at an acceptable cost are important factors in assessing the liquidity of the Group.

A mismatch, in maturity of long-term illiquid assets against short-term liabilities, exposes the interim condensed consolidated statement of financial position to risks related both to rollover and to interest rates. If liquid assets do not cover maturing debts, an interim condensed consolidated statement of financial position is vulnerable to a rollover risk. Furthermore, a sharp increase in interest rates can dramatically increase the cost of rolling over short-term liabilities, leading to a rapid increase in debt cost. The contractual-maturity gap report is useful in showing liquidity characteristics.

Corporate policies have been implemented for liquidity risk management by the Group. These policies are consistent with the particular characteristics of each operating segment in which each of the Group companies operate. Risk Management heads set up limits and autonomy models to determine the adequate liquidity indicators to be managed.

Commercial banking and Microfinance:

Liquidity risk exposure in BCP Peru, BCP Bolivia, MiBanco and MiBanco Colombia is based on indicators such as the Internal Liquidity Coverage Ratio (RCLI, the Spanish acronym) which measures the amount of liquid assets available to meet cash outflows needs within a given stress scenario for a period of 30 days and the Internal Ratio of Stable Net Funding (RFNEI, the Spanish acronym), which is intended to guarantee that long-term assets are financed at least with a minimum number of stable liabilities within a prolonged liquidity crisis scenario and works as a minimum compliance mechanism that supplements the RCLI. The core limits of these indicators are 100% and any excess is presented in the Credicorp Treasury Risk Committee, Credicorp Risk Committee and the Assets Liabilities Committee (ALCO) of the respective subsidiary.

Insurances and Pensions:

Insurances**:** Liquidity risk management in Pacífico Grupo Asegurador follows a particular approach given the nature of the business. For annually renewable businesses, mainly general insurance, the emphasis of liquidity is focused on the quick availability of resources in the event of a systemic event (e.g. earthquake); for this purpose, there are minimum investment indicators in place relating to local cash/time deposits and foreign fixed-income instruments of high quality and liquidity.

For long-term businesses such as Pacífico Seguros, given the nature of the products offered and the contractual relationship with customers (the liquidity risk is not material); the emphasis is on maintaining sufficient flow of assets and matching their maturities with maturities of obligations (mathematical technical reserves); for this purpose there are indicators that measure the asset/liability sufficiency and adequacy as well as calculations or economic capital subject to interest rate risk, this last under the methodology of Credicorp.

Pensions**:** Liquidity risk management in AFP Prima is carried out in a differentiated manner between the fund administrator and the funds being managed. Liquidity management regarding the fund administrator is focused on hedge meeting periodic operating expense needs, which are supported with the collection of commissions. The fund administering entity does not record unexpected outflows of liquidity.

Investment banking:

Liquidity risk in the Grupo Credicorp Capital principally affects the security brokerage. In managing this risk, limits of use of liquidity have been established as well as mismatching by dealing desk; follow-up on liquidity is performed on a daily basis for a short-term horizon covering the coming settlements. If short-term unmatched maturities are identified, repos are used. On the other hand, structural liquidity risk of Credicorp Capital is not significant given the low levels of debt, which is monitored regularly using financial planning tools.

In the case of Atlantic Security Bank, the risk liquidity management performs through indicators such as Internal Liquidity Coverage Ratio (RCLI, the Spanish acronym) and the Internal Ratio of Stable Net Funding (RFNEI, the Spanish acronym) with the core limits of 100% and any excess is presented in the Credicorp Treasury Risk Committee, Credicorp Risk Committee and the Assets Liabilities Committee (ALCO) of the respective subsidiary.

Companies perform a liquidity risk management using the liquidity Gap or contractual maturity Gap.

The table below presents the cash flows payable by the Group by remaining contractual maturities (including future interest payments) at the date of the interim condensed consolidated statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows:

	As of September 30, 2021						As of December 31, 2020					
	Up to a month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 Year	Total	Up to a month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 Year	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/000	S/000
Financial assets	62,177,059	24,888,010	54,970,705	84,949,078	49,080,270	276,065,122	47,587,613	33,012,127	47,692,934	89,394,618	47,041,495	264,728,787
Financial liabilities by type -												
Deposits and obligations	40,054,648	18,055,305	20,857,243	66,152,314	9,169,079	154,288,589	40,780,477	11,340,863	20,204,905	66,342,002	10,220,206	148,888,453
Payables from reverse purchase agreements and security lendings and due to banks and correspondents	1,655,434	2,479,423	14,220,710	14,831,175	3,130,514	36,317,256	764,998	3,572,866	9,498,586	24,114,558	3,748,182	41,699,190
Accounts payable to reinsurers	59,237	171,837	33,169	13,977	–	278,220	72,060	209,035	40,349	17,002	–	338,446
Financial liabilities designated at fair value through profit or loss	879,177	–	–	–	–	879,177	561,602	–	–	–	–	561,602
Bonds and notes issued	111,957	315,525	496,793	18,090,663	686,346	19,701,284	3	432,446	1,259,147	14,103,090	626,680	16,421,366
Lease liabilities	39,771	31,322	110,262	392,972	177,676	752,003	37,557	31,718	109,969	425,566	173,744	778,554
Other liabilities	6,042,820	215,825	539,657	447,588	1,199,724	8,445,614	2,507,012	262,080	198,629	302,056	1,271,750	4,541,527
Total liabilities	48,843,044	21,269,237	36,257,834	99,928,689	14,363,339	220,662,143	44,723,709	15,849,008	31,311,585	105,304,274	16,040,562	213,229,138
Derivative financial liabilities -												
Contractual amounts receivable (Inflows)	337,890	564,031	1,972,703	883,969	844,956	4,603,549	345,387	303,604	1,022,750	976,014	1,009,770	3,657,525
Contractual amounts payable (outflows)	350,696	564,367	1,899,278	809,611	694,838	4,318,790	345,360	315,352	1,030,151	985,340	951,855	3,628,058
Total liabilities	(12,806)	(336)	73,425	74,358	150,118	284,759	27	(11,748)	(7,401)	(9,326)	57,915	29,467

34.4 Operational risk -

Operational risk is the possibility of the occurrence of losses arising from inadequate processes, human error, failure of information technology, relations with third parties or external events. Operational risks can, lead to financial losses and have legal or regulatory compliance consequences, but exclude strategic or reputational risk (with the exception of companies under Colombian regulations, where reputational risk is included in operational risk).

Operational risks are grouped into internal fraud, external fraud, labor relations and job security, relations with customers, business products and practices, damages to material assets, business and systems interruption, and failures in process execution, delivery and management of processes.

One of the Group’s pillars is to develop an efficient risk culture, and to achieve this, it records operational risks and their respective process controls. The risk map permits their monitoring, prioritization and proposed treatment according to established governance. Likewise carries out an active cybersecurity and fraud prevention management, aligned with the best international practices.

The business continuity management system enables the establishing, implementing, operating, monitoring, reviewing, maintaining and improving of business continuity based on best practices and regulatory requirements. The Group implements recovery strategies for the resources that support important products and services of the organization, which will be periodically tested to measure the effectiveness of the strategy.

In the management of operational risk, cybersecurity, fraud prevention and business continuity, corporate guidelines are used, and methodologies and best practices are shared among the Group's companies.

The management of information security is carried out through a systemic process, documented and known by the entire organization under the best practices and regulatory requirements. The Group designs and develops the guidelines described in the policy and procedures to have strategies for availability, privacy and integrity of the information assets of the organization.

Finally, it is incorporated as a mechanism of recovery in front of the materialization of operational risks, the management of the Transfer of Non-Financial Risks, mainly through Insurance Policies contracted individually or corporately in the local and international market, which cover losses due to fraud, civil and professional liability, cyber risks, damage to physical assets, among others. The insurance design is in accordance with the Group's main operating risks, the coverage needs of key areas and the organization's risk appetite, constantly seeking efficiencies in the cost of policies, working together with the insurers that make up the Group and the most important insurance/reinsurance brokers in the international market.

34.5 Cybersecurity –

Credicorp focuses its efforts on the most cost-efficient strategies to reduce exposure to cybersecurity risk; thereby comply the Group's risk appetite. To achieve it, different levels of controls are applied adapted to the different areas and potentially exposed companies. For this reason, it maintains an important investment program, which allows it to have the technologies and processes necessary to keep the Group's operations and assets safe.

As part of cybersecurity management, the Group has lines of action that allow mitigating this risk and, at the corporate level, it is established implementation priorities and improvements in accordance with the different realities of the companies. These lines of work are:

- Cybersecurity maturity according to the FFIEC reference framework, allows defining the guide for the implementation of cybersecurity controls adjusted to each of the Group's companies.

- The policies and guidelines make it possible to standardize the levels of compliance with cybersecurity controls in each of the Group's companies.

- The aim of the awareness programs is to generate a culture of cybersecurity in all the Group's companies. For this, constant training is carried out.

- The cybersecurity indicators that indicate the effectiveness of the processes in terms of the periodic evaluations carried out in each of the Group's companies.

- The governance of suppliers that ensures the deployment of the Group's policies to third parties. In other words, when a supplier wishes to interconnect digitally with any of the Group's companies.

- The implementation of security technologies, which seeks to cover said risks according to the threat trend and the risk profile of each company in the Group.

- The “Tabletop” tests that help to identify the level of response of the Group's collaborators, through incident simulation tests.

- Cybersecurity risk management that allows for a response work plan to address cyber risks through periodic evaluations of each of the applications of each Group company.

Finally, it should be noted that the new normality has required us to re-establish priorities in the controls to be implemented and to deepen the improvements in the processes; for example, we carry out awareness campaigns for collaborators focused on precautions in remote work, identification of phishing, among others.

34.6 Corporate Security and Cybercrime –

The Group, as part of non-financial risk management, implements policies, procedures and actions that safeguard the safety of employees, customers and assets of the organization. In addition, it protects the institution against incidents of fraud, security and reputational risk. Likewise, it fosters a culture of prevention, which allows minimizing the risks of fraud and security. Finally, it has established a solid relationship with stakeholders and Financial Institutions in the region in search of implementing best practices for the benefit of its clients.

The Group have an integral security scheme called BSIM (Banking Security Integral Model), which includes the variables of prevention, detection, response and recovery. The BSIM has 6 strategic axes: Training and training for internal/external clients, fraud and security risk assessments (COSO), business support through early alerts, continuous monitoring and reporting, specialized forensic investigation and cyber-intelligence.

We develop a second line of defense management focused on generating a comprehensive vision of fraud and security risks. We currently have state-of-the-art technological tools, advanced risk profiling analysis models for the detection of internal fraud and the implementation of tools for the detection of anomalous behavior.

34.7 Model Risk –

The Group uses models for different purposes such as credit admission, capital calculation, behavior, provisions, market risk, liquidity, among others.

Model risk is defined as the probability of loss resulting from decisions (credit, market, among others) based on the use of poorly designed and/or poorly implemented models. The sources that generate this risk are mainly: deficiencies in data, errors in the model (from design to implementation), use of the model.

The management of model risk is proportional to the importance of each model. In this sense, a concept of “tiering” (measurement system that orders the models depending to the importance according to the impact on the business) is defined as the main attribute to synthesize the level of importance or relevance of a model, from which is determined the intensity of the model risk management processes to be followed.

Model risk management is structured around a set of processes known as the life cycle of the model. The definition of phases of the life cycle of the model in the Group is detailed below: Identification, Planning, Development, Internal Validation, Approval, Implementation and use, and Monitoring and control.

34.8 Risk of the insurance activity -

The main risk the Group faces under insurance contracts is that the real cost of claims and payments or the timing of them, differ from expectations. This is influenced by the frequency of claims, the severity of the claims, the real benefits paid and the subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that enough reserves are available to cover these liabilities

The aforementioned risk exposure is mitigated by diversification across a large portfolio of insurance contracts and by having different lines of business. Risks are also mitigated by a careful selection and implementation of strategic underwriting guidelines, as well as the use of reinsurance agreements. The Group’s placement of reinsurance is diversified so that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

Life insurance contracts -

The main risks to which the Group is exposed, with respect to these contracts, are: mortality, morbidity, longevity, return and flow of investments, losses derived from the policies due to the fact that the expense incurred is greater than expected and the decision of the insured; which, in normal situations, do not vary significantly in relation to the location of the risk insured by the Group, type of risk or the industry.

The Group's strategy is to ensure that risks are well diversified in terms of the type of risk and level of benefits of the policyholders. This is achieved through the diversification of insurable risks, an adequate underwriting process, the periodic analysis of the experiences and real demands of the products, as well as a detailed follow-up of the claims and pricing procedures. Commitment limits have been established to enforce appropriate risk selection criteria. For example, the Group has the right not to renew temporary policies and has the right to refuse payment of fraudulent claims.

For insurance contracts when death or disability is the insurable risk, the significant factors that could increase the frequency of claims are epidemics, widespread lifestyle changes and natural disasters, causing more claims than expected.

For retirement, disability and survivor pension contracts, the most important factor is continuous improvement in medical science and in social conditions that increase longevity.

Management has carried out a sensitivity analysis of the estimates of technical reserves.

Since the start of the COVID-19 pandemic in March 2020 the mortality of the portfolio of policyholders of life businesses increased significantly. The main businesses affected have been the Pension Insurance (SISCO contracts) and the Credit Life or Credit Life Insurance, due to the number of insured in each business (more than 2.5 million people in each case). Other lines of businesses impacted are Individual Life, voluntary Group Life and mandatory Group Life, but with reduced impact.

In these businesses, the reserve for pending claims was increased as well as the reserve for incurred and unreported claims (IBNR) due to the increase in deaths and the delay in reporting claims. Since March 2020, the month of the start of the national emergency, the size of the portfolios, the claims reported and the reserves necessary to cover the expected excess mortality (expected deaths above the average pre-pandemic deaths) have been continuously monitored. Likewise, in 2020 two matching processes were carried out with the National Registry of Identification and Civil Status ("RENIEC" by its acronym in Spanish) to determine the number of deaths not yet reported from specific portfolios and similar processes are being evaluated during 2021. Additionally, conservative criteria have been applied in estimating claims reserves taking into account the uncertainty involved.

On the other hand, pension businesses also registered more deceased rentiers since the beginning of the pandemic, which has led to a greater release of mathematical reserves for this concept compared to previous years.

Non-life insurance contracts (general insurance and healthcare) –

The Group mainly issues the following types of non-life general insurance contracts: automobile, technical branches, business and healthcare insurances. Healthcare contracts provide medical expense cover to policyholders. Risks under non-life insurance policies usually cover 12 months.

For general insurance contracts the most significant risks arise from climate changes, natural disasters and other type of damages. For healthcare contracts the most significant risks arise from lifestyle changes, epidemics and medical science and technology improvements.

Most of these risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured or industry.

The above risk exposures are mitigated by diversification across a large portfolio of insurance contracts and by having different lines of business. The sensitivity of risk is improved by careful selection and implementation of underwriting strategies of insurance contracts, which are designed to ensure that risks are diversified in terms of type of risks and level of insured benefits. This is achieved, in various cases, through diversification across industry sectors and geographic location.

Furthermore, strict claim review policies to assess all new and ongoing claims and in process of settlement, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the Group's risk exposure. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. Also, the Group actively manages and promptly pursues claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit its exposure to catastrophic events.

During the emergency period due to the periods of social confinement decreed in the country as well as the immobilization and paralysis of activities during the first months of the pandemic, the claims of the general insurance businesses were reduced, mainly in the branches of vehicle insurance, Mandatory Traffic Accident Insurance ("SOAT" by its acronym in Spanish) and Fire. Since the last months of 2020, with the gradual reactivation of activities, claims have gradually recovered their usual level.

In the Medical Assistance branch, the pandemic had two simultaneous effects on the accident rate: an increase in outpatient care and hospitalizations (normal and in intensive care unit) due to COVID-19 cases and a decrease in care and hospitalizations for other ailments. For this business, the reserves for pending claims, as well as the reserves for incurred and unreported claims (IBNR) are being continuously monitored and have been estimated with prudent criteria due to the variability and uncertainty of the frequency and cost of cases and the greater delay in the claim report by health centers, whose care during the pandemic is focused on patient care.

34.9 Capital management -

The Group maintains an actively managed capital base to cover risks inherent in its business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the SBS, the supervising authority of its major subsidiaries and for consolidation purposes. Furthermore, capital management responds to market expectations in relation to the solvency of the Group and to support the growth of the businesses considered in the strategic planning. In this way, the capital maintained by the Group enables it to assume unexpected losses in normal conditions and conditions of severe stress.

The Group's objectives when managing capital are: (i) to comply with the capital requirements set by the regulators of the markets where the entities within the Group operate; (ii) to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and (iii) to maintain a strong capital base to support the development of its business, in line with the limits and tolerances established in the declaration of Risk Appetite.

As of September 30, 2021 and December 31, 2020, the regulatory capital for the Subsidiaries engaged in financial and insurance activities amounted to approximately S/29,933.6 million and S/28,969.3 million, respectively. The regulatory capital has been determined in accordance with SBS regulations in force as of said dates. Under the SBS regulations, the Group's regulatory capital exceeds by approximately S/10,287.9 million the minimum regulatory capital required as of September 30, 2021 (approximately S/7,973.9 million as of December 31, 2020).

34.10 Fair values –

a) Financial instruments recorded at fair value and fair value hierarchy –

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the interim condensed consolidated statement of financial position:

		As of September 30, 2021				As of December 31, 2020			
	Note	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Financial assets									
Derivative financial instruments:									
Currency swaps		–	1,377,974	–	1,377,974	–	323,425	–	323,425
Interest rate swaps		–	422,352	–	422,352	–	600,718	–	600,718
Foreign currency forwards		–	324,136	–	324,136	–	256,891	–	256,891
Cross currency swaps		–	106,879	–	106,879	–	28,096	–	28,096
Foreign exchange options		–	5,084	–	5,084	–	2,673	–	2,673
Futures		–	2,809	–	2,809	–	2,694	–	2,694
	13(c)	–	2,239,234	–	2,239,234	–	1,214,497	–	1,214,497
Investments at fair value through profit of loss	6(a)	4,170,600	1,599,990	891,010	6,661,600	3,186,413	2,543,159	737,899	6,467,471
Financial assets at fair value through profit of loss	8	946,236	35,272	–	981,508	808,182	15,088	–	823,270
Investments at fair value through other comprehensive income:									
Debt Instruments									
Corporate bonds		6,865,935	8,065,261	–	14,931,196	5,199,696	8,220,732	–	13,420,428
Government treasury bonds		8,230,039	650,524	–	8,880,563	11,615,890	811,526	–	12,427,416
Certificates of deposit BCRP		–	7,362,782	–	7,362,782	–	15,364,282	–	15,364,282
Negotiable certificates of deposit		–	676,742	–	676,742	–	898,277	–	898,277
Securitization instruments		–	658,201	–	658,201	53	751,383	–	751,436
Subordinated bonds		83,726	154,052	–	237,778	39,047	174,250	–	213,297
Other instruments		–	141,563	–	141,563	–	166,203	–	166,203
Equity instruments		134,593	219,911	18,176	372,680	182,943	304,291	15,316	502,550
	6(b)	15,314,293	17,929,036	18,176	33,261,505	17,037,629	26,690,944	15,316	43,743,889
Total financial assets		20,431,129	21,803,532	909,186	43,143,847	21,032,224	30,463,688	753,215	52,249,127
Financial liabilities									
Derivatives financial instruments:									
Currency swaps		–	830,928	–	830,928	–	181,454	–	181,454
Foreign currency forwards		–	729,246	–	729,246	–	257,999	–	257,999
Interest rate swaps		–	419,849	–	419,849	–	644,122	–	644,122
Cross currency swaps		–	12,657	–	12,657	–	115,475	–	115,475
Foreign exchange options		–	6,359	–	6,359	–	3,547	–	3,547
Futures		–	544	–	544	–	2,616	–	2,616
	13(c)	–	1,999,583	–	1,999,583	–	1,205,213	–	1,205,213
Financial liabilities at fair value through profit or loss		–	879,177	–	879,177	–	561,602	–	561,602
Total financial liabilities		–	2,878,760	–	2,878,760	–	1,766,815	–	1,766,815

Financial instruments included in the Level 1 category are those that are measured on the basis of quotations obtained in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial instruments included in the Level 2 category are those that are measured on the basis of observable market factors. This category includes instruments valued using: quoted prices for similar instruments, either in active or less active markets and other valuation techniques (models) where all significant inputs are directly or indirectly observable based on market data.

Following is a description of how fair value is determined for the main Group's financial instruments where valuation techniques were used with inputs based on market data which incorporate Credicorp's estimates on the assumptions that market participants would use for measuring these financial instruments:

- Valuation of derivative financial instruments -

  Interest rate swaps, currency swaps and forward exchange contracts are measured by using valuation techniques where inputs are based on market data. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, spot exchange rates, forward rates and interest rate curves. Options are valued using well-known, widely accepted valuation models.

  A credit valuation adjustment (CVA) is applied to the "Over-The-Counter" derivative exposures to take into account the counterparty's risk of default when measuring the fair value of the derivative. CVA is the mark-to market cost of protection required to hedge credit risk from counterparties in this type of derivatives portfolio. CVA is calculated by multiplying the probability of default (PD), the loss given default (LGD) and the expected exposure (EE) at the time of default.

  A debit valuation adjustment (DVA) is applied to include the Group's own credit risk in the fair value of derivatives (that is the risk that the Group might default on its contractual obligations), using the same methodology as for CVA.

As of September 30, 2021, the balance of receivables and payables corresponding to derivatives amounted to S/2,239.2 million and S/1,999.6 million respectively, See Note 13(c), generating DVA and CVA immaterial adjustments that have not changed significantly compared to the period 2020. As of December 31, 2020, the balance of receivables and payables corresponding to derivatives amounted to S/1,214.5 million and S/1,205.2 million, respectively, See Note 13(c), generating DVA and CVA adjustments for approximately S/8.3 million and S/18.6 million, respectively. Also, the net impact of both items in the consolidated statement of income amounted to S/3.5 million.

- Valuation of debt securities classified in the category "at fair value through other comprehensive income" and included in level 2 -

Valuation of certificates of deposit BCRP, corporate, leasing, subordinated bonds and Government treasury bonds are measured calculating their Net Present Values (NPV) through discounted cash flows, using appropriate and relevant zero coupon rate curves to discount cash flows in the respective currency and considering observable current market transactions.

Certificates of deposit BCRP (CD BCRP) are securities issued at a discount in order to regulate the liquidity of the financial system. They are placed mainly through public auction or direct placement, are freely negotiable by their holders in the Peruvian secondary market and may be used as collateral in Repurchase Agreement Transactions of Securities with the BCRP.

Other debt instruments are measured using valuation techniques based on assumptions supported by prices from observable current market transactions, obtained via pricing services. Nevertheless, when prices have not been determined in an active market, fair values are based on broker quotes and assets that are valued using models whereby the majority of assumptions are market observable.

- Valuation of financial instruments included in level 3 -

These are measured using valuation techniques (internal models), based on assumptions that are not supported by transaction prices observable in the market for the same instrument, nor based on available market data.

In this regard, no significant differences were noted between the estimated fair values and the respective carrying amounts.

As of September 30, 2021 and December 31, 2020, the net unrealized loss of Level 3 financial instruments amounted to S/5.1 million and S/7.2 million, respectively. At said dates, changes in the carrying amount of Level 3 financial instruments have not been significant since there were no purchases, issuances, settlements or any other significant movements or transfers from level 3 to Level 1 or Level 2 or vice versa.

b) Financial instruments not measured at fair value -

We present below the disclosure of the comparison between the carrying amounts and fair values of the financial instruments, which are not measured at fair value, presented in the interim condensed consolidated statement of financial position by level of the fair value hierarchy:

	As of September 30, 2021					As of December 31, 2020				
	Level 1	Level 2	Level 3	Fair value	Book value	Level 1	Level 2	Level 3	Fair value	Book value
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Assets										
Cash and due from banks	–	44,507,856	–	44,507,856	44,507,856	–	36,752,994	–	36,752,994	36,752,994
Cash collateral, reverse repurchase agreements and securities borrowing	–	2,555,337	–	2,555,337	2,555,337	–	2,394,302	–	2,394,302	2,394,302
Investments at amortized cost	7,348,200	225,539	–	7,573,739	8,187,351	5,552,020	113,992	–	5,666,012	4,962,382
Loans, net	–	137,473,777	–	137,473,777	137,473,777	–	127,761,125	–	127,761,125	127,761,125
Premiums and other policies receivable	–	801,531	–	801,531	801,531	–	937,223	–	937,223	937,223
Accounts receivable from reinsurers and coinsurers	–	1,097,493	–	1,097,493	1,097,493	–	919,419	–	919,419	919,419
Due from customers on acceptances	–	776,863	–	776,863	776,863	–	455,343	–	455,343	455,343
Other assets	–	4,066,541	–	4,066,541	4,066,541	–	1,823,556	–	1,823,556	1,823,556
Total	7,348,200	191,504,937	–	198,853,137	199,466,749	5,552,020	171,157,954	–	176,709,974	176,006,344
Liabilities										
Deposits and obligations	–	152,548,368	–	152,548,368	152,548,368	–	142,365,502	–	142,365,502	142,365,502
Payables on repurchase agreements and securities lending	–	23,363,030	–	23,363,030	23,363,030	–	27,923,617	–	27,923,617	27,923,617
Due to Banks and correspondents and other entities	–	7,791,131	–	7,791,131	7,466,434	–	6,327,779	–	6,327,779	5,978,257
Banker's acceptances outstanding	–	776,863	–	776,863	776,863	–	455,343	–	455,343	455,343
Payable to reinsurers and coinsurers	–	278,220	–	278,220	278,220	–	338,446	–	338,446	338,446
Lease liabilities	–	707,319	–	707,319	707,319	–	750,578	–	750,578	750,578
Bond and notes issued	–	17,828,889	–	17,828,889	17,577,630	–	17,264,023	–	17,264,023	16,319,407
Other liabilities	–	6,446,031	–	6,446,031	6,446,031	–	3,273,754	–	3,273,754	3,273,754
Total	–	209,739,851	–	209,739,851	209,163,895	–	198,699,042	–	198,699,042	197,404,904

The methodologies and assumptions used by the Group to determine fair values depend on the terms and risk characteristics of the various financial instruments and include the following:

(i) Long-term fixed-rate and variable-rate loans are evaluated by the Group based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the incurred losses of these loans. As of September 30, 2021 and December 31, 2020, the carrying amounts of loans, net of allowances, were not materially different from their calculated fair values.

(ii) Assets for which fair values approximate their carrying value - For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair values. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

(iii) Fixed rate financial instruments - The fair value of fixed rate financial assets and liabilities carried at amortized cost are estimated by comparing market interest rates when they were first recognized with current market rates offered for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing market interest rates for financial instruments with similar credit risk and maturity. For quoted debt issued the fair values are calculated based on quoted market prices. When quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

34.11 Fiduciary activities, management of funds and pension funds -

The Group provides custody, trustee, investment management and advisory services to third parties; therefore, the Group makes allocations and purchase and sale decisions in relation to a wide range of financial instruments. Assets that are held in a fiduciary capacity are not included in these interim condensed consolidated financial statements. These services give rise to the risk that the Group will be accused of mismanagement or under-performance.

As of September 30, 2021 and December 31, 2020, the value of the net assets under administration off the balance sheet (in millions of soles) is as follows:

	As of September 30, 2021	**As of December 31, 2020**
Pension funds	38,654	49,582
Investment funds and mutual funds	53,584	52,174
Equity managed	30,182	25,273
Bank trusts	5,274	5,529
Total	127,694	132,558

35 COMMITMENTS AND CONTINGENCIES

Legal claim contingencies

i) Madoff Trustee Litigation -

In September 2011, the Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS) and the substantively consolidated estate of Bernard L. Madoff (the Madoff Trustee) filed a complaint (the Madoff Complaint) against Credicorp's subsidiary ASB in the U.S. Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). The Madoff Complaint seeks recovery of approximately US$120.0 million in principal amount, which is alleged to be equal to the amount of redemptions between the end of 2004 and the beginning of 2005 of ASB-managed Atlantic U.S. Blue Chip Fund assets invested in Fairfield Sentry Limited (Fairfield Sentry), together with fees, costs, interest and expenses. The Madoff Complaint seeks the recovery of these redemptions from ASB as "subsequent transfers" or "avoided transfers" from BLMIS to Fairfield Sentry that Fairfield Sentry in turn subsequently transferred to ASB. The Madoff Trustee has filed similar "clawback" actions against numerous other alleged "subsequent transferees" that invested in Fairfield Sentry and its sister entities, which, in turn, invested in and redeemed funds from BLMIS.

There has been significant briefing on issues related to these Madoff Trustee actions, and these cases have been pending for many years. In November 2016, the Bankruptcy Court issued a Memorandum Decision Regarding Claims to Recover Foreign Subsequent Transfers (the Memorandum Decision) holding that the recovery of certain subsequent foreign transfers is barred under the doctrine of comity and/or extraterritoriality, and it dismissed the claims brought by the Madoff Trustee against a number of parties, including ASB. In March 2017, the Madoff Trustee filed an appeal (the Appeal) of the Memorandum Decision to the United States Court of Appeals for the Second Circuit, which reversed the Dismissal Order and remanded the matter to the Bankruptcy Court (the Second Circuit Opinion). In April 2019, the defendant-appellees, including ASB, filed, and the Second Circuit granted, a motion to stay the issuance of the mandate pending the filing of a petition for a writ of certiorari in the United States Supreme Court. The petition for a writ of certiorari was filed in the United States Supreme Court in August 2019. The mentioned petition was denied by the Supreme Court in June 2020. Following the denial of the petition for writ of certiorari, the judgment for dismissal by the Bankruptcy Court was vacated and the matter was remanded back to the Bankruptcy Court. The case now remains pending in the Bankruptcy Court. While management believes that ASB has defenses against the Madoff Trustee's claims and intends to defend against any action by the Madoff Trustee, following a recent decision by the US Supreme Court not to hear an appeal, certain defenses are no longer available, and therefore, management believes that a provision at this time would be prudent.

ii) Fairfield Liquidator Litigation -

In April 2012, Fairfield Sentry (In Liquidation) and its representative, Kenneth Krys (the Fairfield Liquidator), filed a complaint against ASB (the Fairfield Complaint) in the Bankruptcy Court (the Fairfield v. ASB Adversary Proceeding). The Fairfield Complaint seeks to recover US$115.2 million in principal amount from ASB, representing the amount of ASB's redemptions of certain investments in Fairfield Sentry, together with fees, costs, interest and expenses. These are essentially the same funds that the Madoff Trustee seeks to recover in the Madoff Trustee litigation described above. After the Fairfield Complaint was filed, the Bankruptcy Court procedurally consolidated the Fairfield V. ASB Adversary Proceeding with other adversary actions brought by the Fairfield Liquidator against former investors in Fairfield Sentry.

Similar to the Madoff Trustee litigation described above, the Fairfield V. ASB Adversary Proceeding and related adversary actions have been pending for many years. In October 2016, the Fairfield Liquidator filed a Motion for Leave to Amend (the Motion for Leave) various complaints, including the Fairfield Complaint. Certain defendants, including ASB, filed a motion to dismiss (the Motion to Dismiss) and a consolidated memorandum of law (i) in opposition to the Motion for Leave and (ii) in support of the Motion to Dismiss. In December 2018, the Bankruptcy Court entered a memorandum decision granting in part and denying in part the Motion to Dismiss and the Motion for Leave (the Memorandum Decision). In March 2019, the Fairfield Liquidator submitted a form of a stipulated order dismissing the adversary proceeding against ASB (the Dismissal Order), as directed by the Bankruptcy Court, but filed notices of appeal, including of the dismissal of the claims asserted against ASB and other defendants, in May 2019. The appeal remains pending.

The management believes that ASB has defenses against the Fairfield Liquidator's claims alleged in the Amended Complaint and the Fairfield Liquidator's appeal.

iii) Government Investigations -

The former Chairman and the current Vice Chairman of the Board of Directors of Credicorp, in their respective capacities as Chairman of the Board and as a director of BCP Stand-alone, were summoned as witnesses by Peruvian prosecutors, along with 26 other Peruvian business leaders, to testify in connection with a judicial investigation that is being carried out regarding contributions made to the electoral campaign of a political party in the 2011 Peruvian presidential elections. Our former Chairman testified on November 18, 2019, and our Vice Chairman testified on December 9, 2019. The former Chairman informed prosecutors that in 2010 and 2011 Credicorp made donations totaling US$3.65 million to the Fujimori 2011 campaign (in total amounts of US$1.7 million in 2010 and US$1.95 million in 2011). These contributions were made in coordination with the General Manager of Credicorp at that time. While the amount of these contributions exceeded the limits then permitted under Peruvian electoral law, the law in place at that time provided no sanction for contributors, and instead only for the recipient of the campaign contribution.

In addition, the former Chairman informed prosecutors that in 2016, three subsidiaries of Credicorp (BCP Stand-alone, MiBanco and Grupo Pacifico) made donations totaling S/711,000 (approximately US$200,000) to the Peruanos Por el Kambio campaign. These contributions were made in compliance both with Peruvian electoral law and with Credicorp's own political contributions guidelines, adopted in 2015. These guidelines provided details on the procedures for obtaining approval for contributions and outlined the specific required conditions for transparent contributions.

The Peruvian Superintendencia del Mercado de Valores ('SMV' for its Spanish acronym) has initiated a sanctioning process against Credicorp, for not having disclosed to the market, in due course, the contributions made to political campaigns in the years 2011 and 2016. The Peruvian Superintendencia del Mercado de Valores (SMV) also has initiated a sanctioning process against three subsidiaries of Credicorp (BCP Stand-alone, MiBanco and Grupo Pacifico), for not having disclosed to the market, in due course, the contributions made to political campaigns in connection with the 2016 presidential elections. The SMV notified Credicorp, BCP, MiBanco and Grupo Pacifico with first instance Resolutions on these proceedings. The mentioned Resolutions imposed pecuniary sanctions (fines) on Credicorp and the three subsidiaries as a consequence of these sanctioning processes. Credicorp, BCP, MiBanco and Grupo Pacifico have appealed the Resolutions.

Credicorp believes that neither the contributions disclosed by our former Chairman and the current Vice Chairman in 2019 nor the related SMV sanctioning processes pose a significant risk of material liability to the Company. Furthermore, Credicorp does not believe that either will have material effect on the Company's business, financial position or profitability.

On November 11, 2021, Credicorp's Deputy General Manager, Mr. Gianfranco Ferrari de las Casas, was notified of a Prosecutor's Decision issued by the Corporate Supraprovincial Prosecutor's Office Specialized in Officer Corruption Offenses Special Team - Fourth Court Division ("Fiscalía Supraprovincial Corporativa Especializada en Delitos de Corrupción de Funcionarios Equipo Especial – Cuarto Despacho", for its name in Spanish). This notice informed Mr. Ferrari that he has been included in the preparatory investigation carried out against Mr. Yehude Simon M. (a former Peruvian Prime Minister) and an additional sixty-five (65) individuals on the grounds of, in Mr. Ferrari's case, alleged primary complicity in the alleged crime against the public administration, aggravated collusion, incompatible negotiation or improper use of position and criminal organization detrimental to the Peruvian State, in connection with the financial advisory services provided by Banco de Crédito del Perú related to the Olmos Project, a large water irrigation project undertaken in northeastern Peru.

Our management has reviewed the performance of the officers of Banco de Credito del Peru in relation to the financial advisory services provided by the Bank in connection with the Olmos Project, including the performance of Mr. Ferrari, and has concluded that the facts under investigation do not give rise to any liability of Banco de Credito del Peru or its officers. Our institution bases this view on the qualified opinion of external consultants specializing in the matter.

Credicorp does not believe that the opening of this preparatory investigation will have any impact on our normal operations nor have material effect on the Company’s business, financial position or profitability.

36 EVENTS OCURRED AFTER THE REPORT PERIOD

From October 1, 2021 until the date of this report, no significant event of a financial-accounting nature has occurred which affects the interpretation of the interim condensed consolidated financial statements.