ASSURANCE

Credicorp Ltd. and Subsidiaries

Consolidated financial statements as of December 31, 2006 and 2005
together with the Report of Independent Auditors

ERNST & YOUNG

MEDINA, ZALDIVAR, PAREDES & ASOCIADOS

Credicorp Ltd. and Subsidiaries

Consolidated financial statements as of December 31, 2006 and 2005

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To the shareholders and Board of Directors of Credicorp Ltd.

We have audited the accompanying consolidated financial statements of Credicorp Ltd. and Subsidiaries which comprise the consolidated balance sheet as of 31 December 2006 and 2005, and the consolidated statements of income, changes in equity and cash flows for each of the three years ended December 31, 2006, 2005 and 2004, and the summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements of Credicorp Ltd. in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Ernst & Young

Independent auditor's report (continued)

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Credicorp Ltd. and Subsidiaries as of 31 December 2006 and 2005, and the consolidated results of its operations and its cash flows for each of the three years ended December 31, 2006, 2005 and 2004; in accordance with International Financial Reporting Standards.

Lima, Peru,
February 26, 2007

Medina, Zaldívar, Paredes & Asociados

Countersigned by:

Juan Paredes
C.P.C. Register Nº22220

Credicorp Ltd. And Subsidiaries

Consolidated balance sheets

As of December 31, 2006 and 2005

	Note	2006 US$(000)	2005 US$(000)
Assets			
Cash and due from banks:	4		
Non-interest bearing		474,859	364,947
Interest bearing		2,258,671	2,295,868
		2,733,530	2,660,815
Investments:			
Trading securities	5	45,136	60,785
Investments available-for-sale	6	3,450,711	2,810,705
		3,495,847	2,871,490
Loans, net:	7		
Loans, net of unearned income		5,927,101	5,014,255
Allowance for loan losses		(190,278)	(197,495)
		5,736,823	4,816,760
Premiums and other policies receivable		61,279	57,301
Accounts receivable from re-insurers and co-insurers	12	35,181	35,288
Property, furniture and equipment, net	8	255,478	248,299
Due from customers on acceptances		45,129	45,423
Assets seized, net	9	29,427	39,373
Intangible assets and goodwill, net	10	215,647	58,217
Other assets	11	273,188	203,109
Total assets		12,881,529	11,036,075

	Note	2006 US$(000)	2005 US$(000)
Liabilities and Equity			
Deposits and obligations:	13		
Non-interest bearing		1,989,564	1,671,621
Interest bearing		6,849,427	5,421,807
		8,838,991	7,093,428
Due to banks and correspondents	14	570,989	1,023,371
Bankers' acceptances outstanding		45,129	45,423
Accounts payable to re-insurers and co-insurers	12	25,134	36,580
Technical, insurance claims reserves and reserves for unearned premiums	15	628,221	546,094
Borrowed funds	14	370,612	280,000
Bonds and subordinated notes issued	16	512,572	429,224
Other liabilities	11	356,113	290,000
Total liabilities		11,347,761	9,744,120
Equity	17		
Capital and reserves attributable to Credicorp's equity holders:			
Capital stock		471,912	471,912
Treasury stock		(73,107)	(73,107)
Capital surplus		140,693	140,693
Reserves		479,902	269,527
Other reserves		147,409	83,302
Retained earnings		230,013	298,113
		1,396,822	1,190,440
Minority interest		136,946	101,515
Total equity		1,533,768	1,291,955
Total liabilities and equity		12,881,529	11,036,075

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

Credicorp Ltd. and Subsidiaries

Consolidated income statements

For the years ended December 31, 2006, 2005 and 2004

	Note	2006 US$(000)	2005 US$(000)	2004 US$(000)
Interest and dividend income				
Interest on loans		537,671	447,392	426,537
Interest on deposits in banks		93,886	37,127	20,146
Interest from trading securities and investments available-for-sale		135,705	117,242	81,276
Dividend income		9,140	3,553	2,256
Other interest income		5,600	7,118	12,627
Total interest and dividend income		782,002	612,432	542,842
Interest expense				
Interest on deposits and obligations		(189,552)	(119,138)	(95,965)
Interest on bonds and subordinated notes issued		(25,282)	(24,332)	(27,651)
Interest on due to banks and correspondents and borrowed funds		(56,634)	(20,288)	(16,366)
Other interest expense		(12,010)	(9,401)	(20,316)
Total interest expense		(283,478)	(173,159)	(160,298)
Net interest and dividend income		498,524	439,273	382,544
Provision for loan losses	7(f)	4,243	6,356	(16,131)
Net interest and dividend income after provision for loan losses		502,767	445,629	366,413
Other income				
Banking services commissions		243,778	206,163	201,474
Net gain on foreign exchange transactions		41,638	29,286	24,165
Net gain on sales of securities		27,281	8,965	10,135
Other	23	26,197	21,571	8,105
Total other income		338,894	265,985	243,879

Consolidated income statements (continued)

	Note	2006 US$(000)	2005 US$(000)	2004 US$(000)
Insurance premiums and claims				
Net premiums earned	21	251,261	218,955	192,672
Net claims incurred for property and casualty insurance contracts	22	(46,587)	(42,569)	(34,791)
Net claims incurred for life and health insurance contracts	22	(139,935)	(132,931)	(119,534)
Total premiums earned less claims		64,739	43,455	38,347
Other expenses				
Salaries and employees benefits		(303,332)	(236,347)	(202,729)
Administrative expenses		(172,304)	(138,294)	(153,096)
Depreciation and amortization	8(a) and 10(a)	(50,317)	(38,728)	(41,742)
Provision for assets seized	9(b)	(6,387)	(16,959)	(14,639)
Merger expenses	2(a) and (d)	(5,706)	-	(3,742)
Goodwill amortization	10(b)	-	-	(4,853)
Other	23	(52,718)	(46,745)	(42,869)
Total other expenses		(590,764)	(477,073)	(463,670)
Income before translation result and income tax		315,636	277,996	184,969
Translation result		15,216	(9,597)	2,040
Income tax	18(b)	(83,587)	(73,546)	(45,497)
Net income		247,265	194,853	141,512
Attributable to:				
Equity holders of Credicorp		230,013	181,885	130,747
Minority interest		17,252	12,968	10,765
		247,265	194,853	141,512
Basic and diluted earnings per share for net income attributable to equity holders of Credicorp (in United States dollars)	24	2.88	2.28	1.64

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

Credicorp Ltd. and Subsidiaries

Consolidated statements of changes in equity

For the years ended December 31, 2006, 2005 and 2004

	Attributable to the equity holders of Credicorp									
	Number of shares issued, note 24 (In thousands of units)	**Capital stock** US$(000)	**Treasury stock** US$(000)	**Capital surplus** US$(000)	**Reserves** US$(000)	**Other reserves** US$(000)	**Retained earnings** US$(000)	**Total** US$(000)	**Minority interest** US$(000)	**Total net equity** US$(000)
Balances as of January 1st, 2004	94,382	471,912	(73,177)	140,500	269,527	20,750	81,218	910,730	72,841	983,571
Changes in equity for 2004 -										
Net unrealized gains from investments available-for-sale, note 6(c)	-	-	-	-	-	56,746	-	56,746	9,762	66,508
Transfer of net realized gain the operations results, net of realized gains, note 6(c)	-	-	-	-	-	(1,365)	-	(1,365)	53	(1,312)
Income for the year recognized directly in equity	-	-	-	-	-	55,381	-	55,381	9,815	65,196
Net income	-	-	-	-	-	-	130,747	130,747	10,765	141,512
Total recognized income for the period	-	-	-	-	-	55,381	130,747	186,128	20,580	206,708
Decrease in treasury stock	-	-	70	193	-	-	-	263	-	263
Cash dividends, note 17(d)	-	-	-	-	-	-	(31,900)	(31,900)	-	(31,900)
Dividends of subsidiaries and other	-	-	-	-	-	-	(24)	(24)	(8,168)	(8,192)
Balances as of December 31, 2004	94,382	471,912	(73,107)	140,693	269,527	76,131	180,041	1,065,197	85,253	1,150,450
Changes in equity for 2005 -										
Net unrealized gain from investments available-for-sale, note 6(c)	-	-	-	-	-	7,121	-	7,121	4,764	11,885
Transfer of net realized gain the operations results, net of realized gains, note 6(c)	-	-	-	-	-	(1,572)	-	(1,572)	(165)	(1,737)
Net gain on cash flow hedge, note 20(d)	-	-	-	-	-	1,622	-	1,622	-	1,622
Income for the year recognized directly in equity	-	-	-	-	-	7,171	-	7,171	4,599	11,770
Net income	-	-	-	-	-	-	181,885	181,885	12,968	194,853
Total recognized income for the period	-	-	-	-	-	7,171	181,885	189,056	17,567	206,623
Cash dividends, note 17(d)	-	-	-	-	-	-	(63,810)	(63,810)	-	(63,810)
Dividends of subsidiaries and other	-	-	-	-	-	-	(3)	(3)	(1,305)	(1,308)
Balances as of December 31, 2005 carried forward	94,382	471,912	(73,107)	140,693	269,527	83,302	298,113	1,190,440	101,515	1,291,955
Changes in equity for 2006 -										
Net unrealized gain from investments available-for-sale, note 6(c)	-	-	-	-	-	69,411	-	69,411	20,728	90,139
Transfer of net realized gain the operations results, net of realized gains, note 6(c)	-	-	-	-	-	(6,620)	-	(6,620)	(379)	(6,999)
Net gain on cash flow hedge, note 20(d)	-	-	-	-	-	1,316	-	1,316	-	1,316
Income for the year recognized directly in equity						64,107	-	64,107	20,349	84,456
Net income	-	-	-	-	-	-	230,013	230,013	17,252	247,265
Total recognized income for the period	-	-	-	-	-	64,107	230,013	294,120	37,601	331,721
Transfer of retained earnings to reserves, note 17(c)	-	-	-	-	210,375	-	(210,375)	-	-	-
Cash dividends, note 17(d)	-	-	-	-	-	-	(87,738)	(87,738)	-	(87,738)
Dividends of subsidiaries and other	-	-	-	-	-	-	-	-	(2,170)	(2,170)
Balances as of December 31, 2006 carried forward	94,382	471,912	(73,107)	140,693	479,902	147,409	230,013	1,396,822	136,946	1,533,768

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

Credicorp Ltd. and Subsidiaries

Consolidated cash flows statements

For the years ended December 2006, 2005 and 2004

	2006 US$(000)	2005 US$(000)	2004 US$(000)
Cash flows from operating activities			
Net income	247,265	194,853	141,512
Add (deduct)			
Provision for loan losses	(4,243)	(6,356)	16,131
Depreciation and amortization	50,317	38,728	41,742
Amortization of goodwill	-	-	4,853
Provision for assets seized	6,387	16,959	14,639
Provision for sundry risks, note 23	6,461	5,567	9,819
Deferred income tax, note 18(b)	(4,786)	(11,502)	(6,325)
Net gain on securities available-for-sale	(27,281)	(8,965)	(10,135)
Loss (gain) on sales of property, furniture and equipment, note 23	(169)	(1,875)	4,525
Translation result	(15,216)	9,597	(2,040)
Purchase (sale) of trading securities, net	15,649	22,843	(3,788)
Purchase of loan portfolio, note 2(b)	-	(353,769)	-
Changes in assets and liabilities:			
Increase (decrease) in loans, net	(871,970)	90,521	(142,316)
Decrease (increase) in other assets	(104,091)	(15,062)	52,049
Increase in deposits and obligations, net	1,632,960	648,648	296,094
Increase (decrease) in due to banks and correspondents, net	(455,381)	540,824	130,369
Increase (decrease) in other liabilities, net	114,717	149,920	139,626
Net cash provided by operating activities	590,619	1,320,931	686,755
Cash flows from investing activities			
Acquisition of subsidiaries net of cash received, notes 2(a) and (d)	(140,085)	-	(4,900)
Disposal of subsidiaries, net of cash disposed, note 2(c)	-	17,977	-
Net purchase of investments available-for-sale	(433,702)	(712,879)	(410,693)
Purchase of property, furniture and equipment	(43,973)	(48,769)	(41,087)
Sales of property, furniture and equipment	7,546	19,448	7,788
Net cash used in investing activities	(610,214)	(724,223)	(448,892)

Consolidated cash flow statements (continued)

	2006 US$(000)	2005 US$(000)	2004 US$(000)
Cash flows from financing activities			
Issuance of bonds and subordinated notes	167,247	74,985	35,235
Redemption of bonds and subordinated notes	(91,925)	(57,469)	(30,719)
Sales of treasury stocks	-	-	263
Increase in borrowed funds	90,612	348,500	140,500
Payments of borrowed funds	-	(68,500)	(114,054)
Cash dividends	(87,738)	(63,810)	(31,900)
Net cash provided by (used in) financing activities	78,196	233,706	(675)
Translation gain (loss) on cash and cash equivalents	14,114	(15,060)	(6,787)
Net increase in cash and cash equivalents	72,715	815,354	230,401
Cash and cash equivalents at the beginning of the year	2,660,815	1,845,461	1,615,060
Cash and cash equivalents at the end of the year	2,733,530	2,660,815	1,845,461
Supplementary cash flows information:			
Cash paid during the year for -			
Interests	265,838	171,495	158,414
Income tax	96,284	47,760	43,866
Cash received during the year for -			
Interests	810,266	628,508	554,205

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

1. Operations

Credicorp Ltd. (hereinafter "Credicorp" or "the Group") is a limited liability company incorporated in Bermuda in 1995 to act as a holding company and to coordinate the policy and administration of its subsidiaries. It is also engaged in investing activities.

Credicorp Ltd., through its banking and non-banking subsidiaries, provides a wide range of financial services and products throughout Peru and in selected international markets. At December 31, 2006, the major subsidiary of the Group is Banco de Crédito del Perú (hereinafter "BCP" or the "Bank"), a Peruvian universal bank. The address of Credicorp's main office is Claredon House 2 Church Street Hamilton, Bermuda; likewise, the Management and its administration offices are located in Calle Centenario Nº156, La Molina, Lima, Peru.

Credicorp is listing in both Lima and the New York Stock Exchanges.

The consolidated financial statements as of and for the year ended December 31, 2005 have been approved in the General Shareholders' Meeting dated March 31, 2006. The accompanying consolidated financial statements as of and for the year ended December 31, 2006, have been approved by the Auditing Committee and Management in February 22, 2007 and will be submitted for approval at the Board of Directors and the General Shareholders' Meeting that will occur within the period established by law.

In Management's opinion, the accompanying consolidated financial statements will be approved without modifications.

2. Business developments

During 2006 and 2005, the Group incorporated new companies; acquired subsidiaries recorded as business combinations, according to the guidelines of IFRS 3, and sold subsidiaries. The description of such transactions are described below:

(a) Incorporation of a Private Pension Fund Management and acquisition of AFP Unión Vida S.A. - Credicorp's Board of Directors Meeting held on November 25, 2004, approved that its subsidiary Grupo Crédito S.A. will take part, as the principal shareholder, in the start-up of a new private pension fund management company, Administradora de Fondos de Pensiones - AFP, Prima AFP S.A. (hereinafter "Prima AFP"), which was incorporated on March 4, 2005.

On August 24, 2006, Credicorp, through its subsidiary Prima AFP, acquired from Grupo Santander Perú S.A., the shares that this Company had in AFP Unión Vida S.A. (a pension fund management company that operates in Peru), which represented 99.97 of its capital stock and made a Public Offering for the minority shareholders in order to acquire the remaining 0.03 percent of the capital stock. The amount paid for the purchase amounted to approximately US$ 141.5 million.

At the General Shareholder's Meeting of Prima AFP, held on September 6, 2006, the merger with AFP Unión Vida S.A. was approved, with effective date of December 1st, 2006.

The acquisition of AFP Unión Vida S.A. was recorded using the purchase method, as required by IFRS 3, Business Combinations. The assets and liabilities were recorded at their estimated market values at the acquisition date and the intangible assets acquired were identified. The book value and the fair values for the identified assets and liabilities of the entity at acquisition date were as follows:

	Book value of the entity acquired US$(000)	**Fair value recognition** US$(000)	**Fair value of the entity acquired** US$(000)
Assets -			
Cash and cash equivalents	1,428	-	1,428
Restricted mutual fund	32,265	-	32,265
Client relationships	-	88,378	88,378
Other Intangibles	3,424	9,603	13,027
Property, furniture and equipment	2,060	-	2,060
Goodwill	-	49,047	49,047
Other assets	5,605	-	5,605
Liabilities -			
Trade accounts payable	4,688	-	4,688
Other accounts payable	5,352	-	5,352
Other liabilities	7,433	32,824	40,257
Net acquired assets	27,309	114,204	141,513 (*)

(*) Cash paid for the acquisition and related direct cost

The intangible assets recognized correspond mainly to "client relationships" and it has an assigned useful life of 20 years. Management of the Group has valued these intangible assets using the method of "Multiple Excess Earnings Method". The goodwill generated is attributed to the high profitability of the acquired business and the significant synergies that are expected to be obtained after the acquisition of AFP Union Vida by the Group, note 10(b).

In January 2007, the final purchase price determination was completed with the result of the arbitration proceeding between both parties. As result the Group received a reimbursement of approximately US$4.5 million, which have been record as a reduction of the goodwill.

The acquired business (AFP Union Vida S.A.) has contributed with gross revenues to the Group of approximately US$8.0 million and a net loss of approximately US$0.4 million for the period between the acquisition date (August 24, 2006) and December 31, 2006. If this acquisition had been completed at January 1, 2006 and 2005, respectively, the gross revenues (pro-forma) of the Group would had been increase by US$27.5 and US$49.9 million, respectively, the net income attributable to Credicorp's shareholders (pro-forma) would have been increase by approximately US$2.7 and US$15.6, million and the net earning per share (pro-forma), basic and diluted attributable to Credicorp's shareholders would have been increased by US$0.04 and US$0.20, respectively. This information is presented solely for comparison purposes and it does not mean to be an indicator of the results that would have been produced in the case the acquisition had occurred at the beginning of the period or neither be an indicator of future possible consolidated results.

As of December 31, 2006, the number of participants in the fund managed by Prima, including those that come from AFP Union Vida, is 997,963 (51,838 as December of 31, 2005, without considering those of AFP Union Vida) and the fair value of the funds under its administration amounts to approximately US$4,163.4 million (US$252.7 million as December of 31, 2005), note 3(b) (iv).

(b) Acquisition of the loan portfolio of Bank Boston N.A. Peru Subsidiary -
On January 2005, the BCP and the Bank of America, principal shareholders of United States Fleet Boston agreed to buy-sale the loans portfolio of the Bank Boston N.A. Peruvian branch and the loan portfolio of Peruvians in United States Fleet Boston N.A., registering this operation at the acquisition cost. BCP paid in cash approximately US$353.8 million for the loan portfolio, which comprised commercial loans, mortgage and leasing operations. The acquisition date of the portfolio was January 24, 2005.

(c) Sale of Banco Tequendama S.A. -
In March 2005, after the approval of the Colombian authorities, the Group completed the sale transaction of its 99.99 percent interest in its subsidiary Banco Tequendama S.A., for approximately US$32.5 million. The effective date for this transaction was January 1st, 2005 and as result of the transaction, the Group did not record any significant gain. In the year 2004, the subsidiary operated in the banking segment and contributed US$1.9 million to net income.

(d) Acquisition of Corporación Novasalud Perú S.A. -
In March 2004, El Pacífico Peruano-Suiza Compañía de Seguros y Reaseguros S.A.A. (hereinafter "PPS"), a subsidiary of the Group, acquired a 100 percent interest in Corporación Novasalud S.A., proprietary of a 100 percent of Corporación Novasalud Perú S.A. - Entidad Prestadora de Salud (hereinafter "Novasalud EPS"). The amount paid for this purchase amounted to approximately US$6.5 million, generating goodwill of approximately US$5.9 million, note 10(b). On March, 2004, the company was merged with Pacífico S.A. Entidad Prestadora de Salud.

3. Significant accounting policies

Significant accounting principles used in the preparation of Credicorp's consolidated financial statements are set out below.

(a) Basis of presentation and use of estimates -

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention, unless otherwise stated.

The financial instruments of the Group, assets and liabilities, are recorded at the amortized cost; except for:

- The trading securities, the derivatives and the financial instruments with embedded derivatives (see the paragraphs (h) and (u) below), which are recorded as financial assets at their fair value through profit or loss.

- The investments available-for-sale, as it is indicated in the paragraph (h) below.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of significant events in notes to the 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. Actual results could differ from those estimates. The most significant estimates comprised in the accompanying consolidated financial statements are related to the computation of the allowance for loan losses, the measurement of the financial instruments, the technical reserves for claims and premiums, the provision for assets seized and the valuation of derivatives. The accounting criteria used for each of these items are described below.

The accounting policies adopted are consistent with those of the previous year, except that the Group has adopted those new IFRS and revised IAS mandatory for years beginning on or after January 1st, 2005. The adoption of the new and revised standards did not have a significant effect in the consolidated financial statements of Credicorp and, as result, it has not been necessary to amend the comparative figures. In summary:

- IAS 1 (revised in 2003) has affected mainly the presentation of minority interest as part of the net equity.

- IAS 8, 10, 16, 17, 27, 28, 32, 33 (all revised in 2003) and IAS 39 (revised in 2004) had no material effect on the Group's policies.

- IAS 21 (revised in 2003) had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as used in previous years.

- IAS 24 (revised in 2003) has affected the identification of related parties and other related-party disclosures.

- The adoption of IFRS 2 had no material effect for the consolidated financial statements.

- The adoption of IFRS 3, IAS 36 (revised in 2004) and IAS 38 (revised in 2004) resulted in a change in the accounting policy for goodwill. In accordance with the provisions of IFRS 3, see paragraph (m) below:

  (i) The Group ceased the amortization of goodwill from January 1st, 2005.
  (ii) Accumulated amortization as of December 31, 2004 has been eliminated with a corresponding decrease in the cost of goodwill.
  (iii) From the year ended December 31, 2004 onwards, goodwill is tested annually for impairment.

- The adoption of IFRS 4 does not require significant changes in the Group's accounting policies.

- The Group has reassessed the useful lives of its intangible assets in accordance with the provision of IAS 38 (revised in 2004). No adjustment resulted from this reassessment.

(b) Consolidation -

Subsidiaries -

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. This is generally evidenced by a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date that control ceases. The consolidated financial statements include the assets, liabilities, income and expenses of Credicorp and its Subsidiaries. Inter-company transactions between Group Companies as balances, gains or losses are eliminated. The unrealized gains and losses between companies from the Group are eliminated, except for the losses that indicate an impairment in the value of the asset transferred.

Accounting policies of subsidiaries have been changed when necessary to ensure consistency with the policies adopted by the Group and the IFRS.

The Group uses the purchase method of accounting to register the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets and intangible assets acquired is recorded as goodwill. If the acquisition cost is lower than the fair value of the net asset of the acquired subsidiary, the difference is recognized directly in the consolidated income statement.

Assets in custody or managed by the Group, the investment funds and the pension funds managed by the Group, are not part of the consolidated financial statement of the Group, note 3(w).

The net equity and the net income attributable to the minority interest are shown separately on the consolidated balance sheets and income statements.

Associates -
Associates are all the entities over which the Group has significant influence but not control. Generally investment in these entities represents shareholding between 20 and 50 percent of the voting rights. The investments in associates are recognized initially at cost and then are accounted for by the equity method. The Group does not maintain a significant investment in associates; therefore these investments are recorded in the caption "Other assets" in the consolidated balance sheets and in the caption "Other income" of the consolidated income statements.

Minority interest -
The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

The companies that comprise the Group as of December 31, 2006 and 2005, with an indication of the percentage owned directly and indirectly by Credicorp as of those dates, as well as other relevant information, based on the financial statements in accordance with IFRS and before the eliminations for consolidation, except for the elimination of Credicorp´s treasury shares and the related dividends, are as follows:

Entity	Percentage of participation		Assets		Liabilities		Equity		Net income (loss)	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	%	%	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Banco de Crédito del Perú and Subsidiaries (i)	97.24	96.98	10,802,737	9,262,352	9,838,881	8,402,202	963,856	860,150	247,756	184,156
Atlantic Security Holding Corporation and Subsidiaries (ii)	100.00	100.00	1,320,535	1,052,386	1,200,170	949,757	120,365	102,629	15,402	13,483
El Pacífico Peruano-Suiza Compañía de Seguros y Reaseguros and Subsidiaries (iii)	75.72	75.72	1,002,358	833,573	712,430	613,978	289,928	219,595	59,087	13,117
Grupo Crédito S.A. and Subsidiaries (iv)	99.99	99.99	314,540	61,832	115,702	4,877	198,838	56,955	(12,380)	(5,491)
CCV Inc. (v)	99.99	99.99	-	-	-	-	-	-	-	(244)
CCR Inc. (v)	99.99	99.99	382,930	282,124	380,000	280,000	2,930	2,124	121	(197)
Credicorp Securities Inc. (vi)	99.99	99.99	1,503	1,019	18	21	1,485	998	487	203

(i) Banco de Crédito (BCP) is a universal bank, incorporated in Peru in 1889, authorized to engage in banking activities by the Superintendence of Banking, Insurance and AFP (SBS), the Peruvian banking, insurance and AFP authority. On November 2006, Credicorp acquired equivalent to 0.25 percent of BCP shares owned by minority interest. See (iii) below.

(ii) Atlantic Security Holding Corporation (ASHC) is incorporated in the Cayman Islands. Its main activity is to invest in the capital stock of companies. Its most significant subsidiary is Atlantic Security Bank (ASB). ASB is also incorporated in the Cayman Islands and began operations on December 1981, carrying out its activities through branches and offices in Grand Cayman and the Republic of Panama, its main activity is private and institutional banking and trustee administration.

(iii) El Pacífico Peruano-Suiza Compañía de Seguros y Reaseguros (PPS) is a Peruvian corporation, whose main activity is the issuance and administration of insurance for property and casualty and related activities, and also provides insurance for life, health and personal accidents. Its main subsidiaries are El Pacífico Vida Compañía de Seguros y Reaseguros S.A. and Pacífico S.A. Entidad Prestadora de Salud (EPS), in which maintain a share of 61.99 percent and 100.00 percent, respectively. On November 2006, PPS sold to Credicorp 1.02 percent of BCP shares that maintained to that date, generating a goodwill for the purchase of the corresponding percentage of minority interest (0.25 percent) amounted to approximately US$ 7.2 million, note 10(b).

(iv) Grupo Crédito S.A. is a company incorporated in Peru on February 1987, whose main activity is to invest in listed and not listed securities in Peru. Since 2005, Group Crédito incorporated Prima AFP, a new subsidiary engaged in fund management activities. On August, 2006, Prima AFP acquired 99.97 percent of the representative capital shares of AFP Unión Vida S.A., which was merged on December 2006, note 2(a). As of December 31, 2006, Prima AFP total assets amount approximately US$233.9 million, liabilities for US$115.4 million and a net loss of US$20.7 million (US$18.3 million, US$2.8 million and US$7.6 million, respectively, as of December 31,2005). Additionally, the Company owns 100.00 percent of the shares of Soluciones en Procesamiento S.A. (Servicorp), an entity specialized in collection services.

(v) CCV Inc. and CCR Inc., are special purposes entities incorporated in Bahamas in 2001, whose main activity is to manage the loans granted to BCP from foreign financial entities, note 14(b). These loans are collateralized by transactions realized by the Bank.

(vi) Credicorp Securities Inc., an entity incorporated in the United States of America on January 2003, whose main activity is to be engaged in brokerage activities in the securities market, directed principally to retail customers in Latin America.

(c) Foreign currency translation -

Functional and presentation currency -

The Group considers that its functional and presentation currency to be the United States dollar (U.S. Dollar), because it reflects the economic substance of the underlying events and the circumstances relevant to the Group; insofar as its main operations and/or transactions in the different countries where the Group operates, such as, loans granted, financing obtained, sale of insurance premiums, interest income and expenses, an important percentage of salaries and purchases, are established and liquidated in U.S. Dollars.

Financial statements of each of the Credicorp's subsidiaries are measured using the currency of the country in which each entity operates. Their financial statements are translated into U.S. Dollars (functional and presentation currency) as follows:

- Monetary assets and liabilities for each balance sheet presented are translated at the free market exchange rate at the date of the consolidated balance sheet.

- Non-monetary accounts for each balance sheet presented are translated at the free market exchange rate at the date of the transactions.

- Income and expenses, except for those related to non-monetary assets which are translated at the free market exchange rate at the date of the transaction, are translated monthly at the average exchange rate.

All resulting translation differences are recognized in the consolidated income statement.

(d) Income and expense recognition from banking activities -

Interest income and expense are recognized in the income statement for all instruments measured at amortized cost using the effective interest method. It is a method of calculating the amortized cost of a financial assets or a financial liability and allocating the interest income or interest expense over the relevant period on an accrual basis. Interest rates are determined based on negotiations with clients.

Interest income is suspended when collection of loans become doubtful, such as when overdue by more than 90 days or when the borrower or securities' issuer defaults, if earlier than 90 days, and such income is excluded from interest income until received. Uncollected income on such loans is reversed against income. When Management determines that the debtor's financial condition has improved, the recording of interest thereon is reestablished on an accrual basis.

Interest income includes coupons earned on fixed income investment and trading securities and the accrued discount and premium on financial instruments. Dividends are recognized as income when they are declared.

Commission income is recognized on an accrual basis when earned. All other revenues and expenses are recognized on an accrual basis as earned or incurred.

(e) Recognition of income and expenses of insurance activities -
The premiums related to life insurance policies and others, of both long and short duration, are recognized as income when they accrue. A reserve for unearned premiums is recorded for the unexpired portion of the premiums.

The claims reserves are constituted under different methodologies depending on the type of reserve, line of business, type of product and type of coverage.

In the case of life insurance, the claims reserves are calculated taking into account an estimation of the mortality (for life insurance), survival (life annuities, death and disability pension system insurance and complementary Insurance for work risk), (a type of life insurance for certain types of higher risk occupations)) or incidence (personal injury) and the interest established when the product was designed. The reserves are calculated as the present value of the probable cash flows for pension payments, using mortality tables for the policyholders, beneficiaries and disabled who are covered at the consolidated balance sheet date as well as interest rates determined based on the performance of the corresponding portfolio of investments. In the case of individual life insurance, the reserves are determined according to the mortality tables adjusted in variable percentages according to the product characteristics, as well as the established interest and the type of investment involved according to the type of product.

The reserves corresponding to the universal life insurance policies form part of the technical life insurance reserves. The additional benefits granted to the policyholders originating from this type of policy are shown in the footnote net premiums earned for life and health insurance contract (note 21) which include the surplus and interest accrued during the period which are credited to the balance of the policyholder.

The insurance claims are recorded when the event occurs. The incurred but non-reported claims (IBNR) are estimated and included in the provision (liabilities). The reserves for IBNR at December 31, 2006 and 2005 have been estimated considering generally accepted actuarial methods, which take into consideration the statistical analysis of the recorded loss history, the use of projection methods and when appropriate, qualitative factors used to reflect the effect of the present conditions or trends that affect historical data. Management considers that the estimated reserve is sufficient to cover liability for IBNR occurred at December 31, 2006 and 2005.

To determine the reserves for life, property and casualty and health insurance, the Group carries out a continuous review of its overall position as well as its techniques for computing the claim reserves and its reinsurance. The provisions are reviewed periodically by qualified actuaries contracted by the Group. Additionally, for those cases the Group considers an additional reserve is necessary, a calculation based on the claims past experience using the chain-ladder methodology or a percentage of the related premium is carried out. The technical provisions recorded are subject to a liability adequacy test to determine its sufficiency based on the future cash flow projections of the contracts in force. If as a consequence of this test, the reserves prove to be insufficient, they are adjusted and the amounts are included in the results of operations for the period.

The costs for acquiring the policies (commissions) that are variable and that are primarily related to the acquisition and renewal of insurance contracts (universal life) are deferred and amortized during the period of the policy. The recoverability of these deferred acquisition costs are reviewed annually.

Based on the periodic reviews of the client portfolio, Management determines the provision for bad debt related to premiums and quotas receivable.

(f) Loans and allowance for loan losses -

Direct loans are recorded when disbursement of funds to the clients are made. Indirect (off-balance sheet) loans are recorded when documents supporting such facilities are issued. Likewise, Credicorp considers as refinanced or restructured those loans that change their payment schedules due to difficulties in the debtor's ability to repay the loan.

An allowance for credit loss is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of the loan. For such purpose, Credicorp classifies all its loans into one of five risk categories, depending upon the degree of risk of nonpayment of each loan. The categories used by Credicorp are: (i) normal, (ii) potential problems, (iii) substandard, (iv) doubtful and (v) loss.

Credicorp reviews its loan portfolio on a continuing basis in order to assess the completion and accuracy of its classification. For commercial loans, the classification takes into consideration several factors, such as the payment history of the particular loan, the history of Credicorp's dealings with the borrower's management, operating history, repayment capability and availability of funds of the borrower, status of any collateral and guarantee, the borrower's financial statements, general risk of the sector in which the borrower operates, the borrower's risk classification made by other financial institutions in the market and other relevant factors. For micro-business, consumer and residential mortgage, the classification is based on how long payments are overdue.

The allowance for loan losses is established based in the risk classifications and taking into consideration the guarantees and collateral obtained by the Group. Only collateral received and classified as "preferred", "highly liquid preferred" or "self-liquidating preferred" is considered acceptable. Such collateral must be relatively liquid, have legally documented ownership, have no liens outstanding and have updated independent appraisals.

In the case of borrowers in countries where there is an increased risk of difficulties in servicing external debt, an assessment of the political and economic situation is made, and an additional country risk provisions provided.

All loans considered impaired (the ones classified as substandard, doubtful and loss) are analyzed by the Groups' management, taking into consideration the present value of their expected cash flows, including the recoverable amounts of the guarantees and collateral, discounted at the original effective interest rate of each loan. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure, less cost for obtaining and selling the collateral.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group in order to reduce any differences between loss estimates and actual loss experience.

The allowance for loan losses also covers the estimated losses for impairment loans not specifically identified.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the consolidated income statements.

(g) Leases -

Operating leases -

Leases in which a significant portion of the risks and relative benefits of the property are hold by the lessor are classified as operating leases. By this concept, the Group maintains principally leases used as offices and agencies for the Bank.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Finance leases -

The Group grants loans through finance leases; therefore, recognizes the present value of the lease payments as a loan. The difference between the gross receivable amount and the present value of the loan is recognized as unearned interest. Lease income is recognized over the term of the lease using the effective interest method, which reflects a constant periodic rate of return.

(h) Investments -

The purchases and sales of investments are recognized at the date of the negotiation (trade date) that corresponds to the date in which the Group commits itself to buy or sell the assets.

Investments acquired, including those directly from the issuer, mainly with the purpose of generating profits based on short-term price fluctuations, and are considered as financial assets at fair value through profit or loss (hereinafter “trading securities”). Investments available-for-sale are those intended to be held for an indefinite period, which may be sold in response to liquidity needs or changes in the interest rates, exchange rates or equity prices.

Trading investments and investments available-for-sale are initially recognized at cost, including the inherent costs of the transaction and are subsequently adjusted to their estimated fair value.

Estimated fair values are based primarily on quoted prices or, if quoted market prices are not available, discounted expected cash flows using market rates commensurate with the credit quality and maturity of the investment. All related realized and unrealized gains and losses of trading securities are included in the income statement. Unrealized gains and losses arising from changes in the fair value of securities classified as investments available-for-sale are recognized in equity, net of the related deferred income taxes. Unrealized gains or losses are recognized in income of the year when the investments available-for-sale are sold.

The Group determines that an available-for-sale investment is impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires the Management’s judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price, evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. When a permanent impairment is present, the related unrealized loss is recognized in the consolidated income statement.

(i) Offsetting financial instruments -

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and Management has the intention to settle on a net basis, or realize the assets and settle the liability simultaneously.

(j) Property, furniture and equipment -

Land and buildings comprise mainly branches and offices. All property, furniture and equipment are stated at historical acquisition cost less depreciation. Historical acquisition costs include expenditures that are directly attributable to the acquisition of the items. Maintenance and repair costs are charged to the consolidated statement of income, and significant renewals and improvements are capitalized when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow for the asset.

Land is not depreciated. Depreciation of other assets in this caption is computed on a straight-line to assign a cost at their residual value during its estimated useful lives as follows:

	Years
Buildings and other construction	33
Installations	10
Furniture and fixtures	10
Computer hardware	4
Vehicles and equipment	5

The asset's residual value, the useful life and the selected depreciation method are periodically reviewed to ensure that the method and period of depreciation chosen are consistent with the economic benefits and life expectations for use of property, furniture and equipment items.

(k) Assets seized -

Assets seized are recorded at the lower of cost or the estimated market value obtained from valuations made by independent appraisals.

Changes in market values are recorded in the consolidated income statements.

(l) Intangible assets -

Comprise mainly internal development and acquired software licenses used by the Group. The software licenses acquired by the Group are capitalized on basis of the incurred cost to acquire or used a specific program. These intangible assets are amortized using the straight-line method over their estimated useful life (between 3 and 5 years).

Additionally, it includes other intangible assets identified as consequence of the acquisition AFP Unión Vida, note 2(a), principally the "Client relationships". Such intangibles are recognized on the consolidated balance sheet at their fair values determine on the acquisition date and are amortized using the straight line method over their estimated useful life of 20 years, for the "Client relationships" and 5 years for the other identified intangible assets.

(m) Goodwill -

Goodwill represents the excess of the cost of acquisition of a subsidiary over the fair value of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill is tested annually for impairment to assess whether the carrying amount is fully recoverable. An impairment loss is recognized if the carrying amount exceeds the recoverable amount. Goodwill is allocated to cash-generating units for impairment testing purposes.

In accordance with the disposals of IFRS 3, since January 1st, 2005, the Group has ceased the amortization of goodwill. The accumulated amortization as of December 31, 2004 has been eliminated with a corresponding decrease in the cost of goodwill.

As of December 31, 2004, goodwill amortization was calculated using the straight-line method, with the followings estimated useful life:

	Years
ASHC and PPS	20
Banco de Crédito del Perú	5
Corporación Novasalud Perú S.A. EPS	7

(n) Due from customers on acceptances -
Due from customers on acceptances corresponds to accounts receivable from customers for importation and exportation transactions, whose obligations have been accepted by the banks. The obligations that must be assumed by the Group for such transactions are recorded as liabilities.

(o) Bonds and subordinated notes issued -
Liabilities arising from the issuance bonds and subordinated notes are recorded at their amortized cost and the corresponding interest is recognized in the consolidated income statements on an accrual basis. Bond discounts or premiums determined at issuance are deferred and amortized over the term of the bonds using the effective interest method.

(p) Provisions -
Provisions for legal claims are recognized when the Group has a present (legal) or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The amount recorded as a provision is equal to the present value of future payments expected to be needed to settle the obligation.

(q) Contingencies -
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in notes unless the possibility of an outflow of resources is remote.

(r) Income tax and workers' profit sharing -
Income tax and workers' profit sharing and are computed based on individual financial statements of Credicorp and each one of its subsidiaries.

Deferred income tax and deferred workers' profit sharing reflect the effects of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts determined for tax purposes. Deferred assets and liabilities are measured using the tax rates expected to be applied to taxable income in the years in which temporary differences are expected to be recovered or eliminated. The measurement of deferred assets and deferred liabilities reflects the tax consequences that arise from the manner in which Credicorp and its Subsidiaries expect, at the consolidated balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are recognized regardless of when the timing differences are likely to reverse. Deferred tax assets are recognized when it is more likely than not that future taxable profit will be available against which the temporary difference can be utilized. At the consolidated balance sheet date, Credicorp assesses unrecognized deferred assets and the carrying amount of recognized deferred assets.

Credicorp determines its deferred income tax considering the tax rate applicable to its undistributed earnings; any additional tax on dividends distribution is recorded on the date a liability is recognized.

(s) Earnings per share -

Basic and diluted earnings per share are calculated by dividing the net profit attributable to Credicorp's equity holders by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased and held as treasury stock. For the years ending December 31, 2006, 2005 and 2004 Credicorp has no financial instruments with dilutive effects. Therefore, basic and diluted earnings per share are the same for all years presented.

(t) Stock appreciation rights -

The Group has granted supplementary profit sharing participation to certain executives and employees who have at least one year of service in Credicorp or any of its subsidiaries, in the form of stock appreciation rights (SARs) over a certain number of Credicorp's shares. Such SARs options are granted at the market price of the shares of Credicorp on the date of the grant and are exercisable at that price, allowing the worker to obtain a gain from the difference between the fixed exercise price of the share at the date of execution and the fixed exercise price, see note 19.

The recorded expense in each year for these participations corresponds to the estimated market value of the rights that can be exercised by the beneficiaries at the consolidated balance sheets date. When Credicorp changes the price or the terms of the SARs, the additional compensation expense is recorded for an amount equal to the difference between the new exercise price and the market price of the underlying shares.

(u) Derivative financial instruments -

Trading -

Most transactions with derivatives, while providing effective economic hedges under Group's risk management positions, do not qualify for hedge accounting under the specific rules of IAS 39 and are therefore treated as trading derivatives.

Derivative financial instruments are initially recognized in the consolidated balance sheet at cost and subsequently are re-measured at their fair value. Fair values are obtained based on the market exchange rates and interest rates. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Gain and losses for changes in their fair value are recorded in the consolidated income statements.

Hedge -

To qualify as a hedge, a derivative must be highly effective in offsetting the risk designated as being hedged. The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge transactions.

The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. If a hedge relationship is found to be ineffective, it no longer qualifies as a hedge and any excess gains or losses attributable to such ineffectiveness, as well as subsequent changes in fair value, are recognized as income in the consolidated financial statements.

As of December 31, 2006, the Group has only one derivative that qualifies for hedge purposes, see note 20(d), which is an interest rate swap, classified as a cash flow hedge. The effective portion of changes in the fair value of this derivative is recognized in equity, the gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statements. Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item affects profit or loss.

Embedded derivates -

On 2006, the Group has acquired certificates indexed to its shares price that will be settled off in cash, note 11(c). These instruments have been classified by the Group as a "financial asset at fair value though profit or loss", because they reduce the liability exposure for the stock appreciation rights granted to the workers. These instruments have been accounted at their fair value and are presented in the caption "Other assets" of the consolidated balance sheets.

(v) Segment reporting -
The Group considers business segment as a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environment, note 25.

(w) Fiduciary activities, management of investment and pension funds -
The Group provides custody, trustee, investment management and advisory services to third parties that result in the holding of assets on their behalf. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group.

The commissions generated for these activities are included on the caption “Other income” in the consolidated income statements, note 26.

(x) Sale and repurchase agreements -
Securities sold subject to repurchase agreements (‘Repos’) are presented as pledged assets when the transferee has the right to sell or repledge the collateral; the counterparty liability is included in the caption “Due to banks and correspondents”, or “Deposits and obligations”, as appropriate, in the consolidated balance sheet.

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

(y) Operations with reinsurers and coinsurers -
During the normal course of business, PPS, a subsidiary of Credicorp, is dedicated to insurance activities and cedes reinsurance to other insurance and reinsurance companies to distribute the risks of its insurance contracts and to limit the potential losses that might arise from the coverages. PPS is ultimately responsible for the payment of benefit payments to the policy holders if the reinsurer is not capable of fulfilling said obligation.

The reinsurance and coinsurance include quota share of the excess of loss and facultative (voluntary) types of contracts. The amounts recoverable from the reinsurers and coinsurers are estimated in a manner consistent with the liabilities of the related claims and are presented as a component of reinsured and coinsured assets.

The accounts receivable from reinsurers and coinsurers originate from the incurred claims in which PPS assumes the responsibility for the indemnity in favor of the policyholder for the ceded reinsurance and coinsurance contracts; these accounts receivable are recognized based on contracts or coverage notes (with reinsurers) and clauses of coinsurance.

The allowance for bad debt for accounts receivable from reinsurance and coinsurance contracts is determined on the basis of a specific evaluation of the claims liquidated and paid by PPS that are pending reimbursement from the reinsurers and coinsurers.

The accounts payable to reinsurers and coinsurers are based on the evaluation of the assumed risk, which is determined by PPS (reinsurance) and also includes the policyholder's consent; and are based on contracts or notes of coverage with the reinsurer and/or clauses of ceded coinsurance.

Claims originating from accepted reinsurance contracts and executed clauses of coinsurance are recognized each time a note of collection is received from reinsurance companies.

(z) Cash and cash equivalents -
For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise balances of less than three months from the date of acquisition, including cash and balances with central banks, overnight deposits and amounts due from banks.

(aa) Reclassifications -
When it is necessary, the comparative figures have been reclassified to conform with the current year presentation. The main reclassifications to the report as of December 31, 2006 are the following:

(i) At December 31, 2005, the intangibles assets and goodwill were shown as part of the caption "Other assets" on the consolidated balance sheet. As of December 31, 2006, these concepts are shown separately of the caption "Other assets" due to the increase of the balances, due to the purchase of AFP Unión Vida S.A., note 2(a).

(ii) At December 31, 2005, the borrowed fund were presented in the consolidated balance sheet together with due to banks and correspondents. Since 2006, these concepts have been shown separately for a better presentation of the long term borrowed funds of the Group.

Management considers that these reclassifications result in a better presentation of the Group activities.

(ab) Recently issued International Financial Reporting Standards but not yet effective -
The Group has chosen not to early adopt the IFRS 7 - Financial Instruments - Disclosures, effective January 1st , 2007. The objective of this IFRS is to provide disclosures in the financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance; to understand the nature and extent of risk arising from financial instruments to which the entity is exposed and how the entity manages those risks. The Group will adopt this standard on January 1st , 2007. Because this standard does not modify any criteria of recognition or measurement, it will not have any effect on the net income and the equity of Credicorp and its Subsidiaries.

Also, the Group has decided not adopted the following standards and interpretations that have been issued but not have been effective as December 31, 2006.

- IFRS 8, Operating Segments (effective for accounting periods beginning on or after January 1st, 2009).
- IFRIC 7, Applying the Restatement Approach under IAS 29 (effective for annual periods beginning on or after March 1st, 2006).
- IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after May 1st, 2006).
- IFRIC 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on or after June 1st, 2006).
- IFRIC 11 and IFRS 2 - Group Treasury Share Transactions (effective for annual periods beginning on or after March 1st, 2007).

The Group is in process of assessing the impact, if any, that the application of these standards may have on their financial statements.

4. Cash and due from banks

(a) This item is made up as follows:

	2006 US$(000)	**2005** US$(000)
Cash and clearing	470,584	361,490
Deposits in Peruvian Central Bank - BCRP	1,405,853	1,599,153
Deposits in banks	853,203	693,601
	2,729,640	2,654,244
Accrued interest	3,890	6,571
Total	2,733,530	2,660,815

(b) As of December 31, 2006 and 2005, cash and due from banks balances include approximately US$1,675.1 and US$1,288.9 million, respectively, mainly from Banco de Crédito del Perú, which represent the legal reserve that the Peruvian banks must maintain for its obligations with the public. These funds are deposited in the vaults of the Bank and in the BCRP, and are within the limits established by prevailing legislation. In addition, as of December 31, 2006, the cash and due from banks caption includes US$70.0 million and S/120.0 (equivalent to US$37.5 million), corresponds to overnight operations deposited in the BCRP, these operations earned interest at a nominal rate of 4.97 percent and an effective rate of 3.75 percent and had a 4 day maturity (approximately US$450.0 million, interest at an annual nominal rate of 3.97 percent and 3 day maturity as of December 31, 2005).

Reserve funds kept in BCRP do not earn interest, except for the part of the demandable reserve in foreign currency that exceeds the minimum legal reserve. As of December 31, 2006, this excess amounts to approximately US$1,068.9 million and earns interest in U.S. Dollars at an annual average rate of 2.67 percent (approximately US$975.8 million and earned interest in U.S. Dollars at an annual average rate of 2.25 percent as of December 31, 2005).

5. Trading securities

(a) This item is made up as follows:

	2006 US$(000)	**2005** US$(000)
Shares -		
Listed equity securities (b)	34,692	45,487
Bonds and similar instruments -		
Participation in mutual funds	6,456	655
Corporate and leasing bonds	2,260	8,442
Bank certificates	1,726	662
Peruvian treasury bonds (c)	-	5,361
Other	-	17
	10,442	15,137
	45,134	60,624
Accrued interest	2	161
Total	45,136	60,785

(b) Correspond mainly to shares listed in the Peruvian stock market, which included US$12.5, US$3.5 and US$3.2 million of the companies Refinería la Pampilla S.A., Cementos Lima S.A. and Energía del Sur S.A., respectively (as of December 31, 2005, included approximately US$25.9, US$9.2 and US$3.2 million of Energia del Sur S.A.A., Cementos Lima S.A., and Mineras del Sur S.A., respectively).

(c) The Peruvian treasury bonds represent sovereign debt issued in Peruvian currency (S/) by the Economic and Financial Ministry of Peru; they have an active market quotation in the Peruvian market and are traded daily with third parties. As of December 31, 2005, these bonds accrued interest at annual rates that ranged between 1.53 and 5.96 percent and have maturities between August 2006 and January 2035. During 2006, the bonds held as of December 31, 2005 were totally sold.

6. Investments available-for-sale

(a) This item is made up as follows:

	2006				2005			
		Unrealized gross amount				Unrealized gross amount		
	Amortized Cost US$(000)	Gains US$(000)	Losses (b) US$(000)	Estimated market value US$(000)	Amortized cost US$(000)	Gains US$(000)	Losses (b) US$(000)	Estimated market value US$(000)
Fixed maturity -								
BCRP deposit certificates (d)	1,276,503	1,143	(33)	1,277,613	1,148,303	184	(2,672)	1,145,815
Corporate, leasing and subordinated bonds (e)	845,644	15,769	(3,179)	858,234	599,191	9,835	(5,133)	603,893
Government treasury bonds (f)	476,036	59,564	(1,620)	533,980	365,820	22,080	(746)	387,154
US Government - Sponsored Enterprises (f)	153,867	1,661	(1,299)	154,229	177,925	3,651	(1,617)	179,959
Participation in mutual funds	86,422	9,920	(104)	96,238	82,038	6,000	(691)	87,347
Bonds from international financial institutions (g)	64,578	89	(24)	64,643	112,184	213	(213)	112,184
Participation in RAL's funds (h)	51,204	-	-	51,204	56,073	-	-	56,073
Restricted mutual funds (i)	43,152	6,085	-	49,237	2,531	-	(33)	2,498
Negotiable deposit certificates	47,225	1,104	-	48,329	36,872	762	(12)	37,622
Central Banks of Bolivia deposit certificates	27,833	189	(1)	28,021	-	-	-	-
Commercial papers	15,712	35	(6)	15,741	5,519	-	(4)	5,515
Other	26,930	2,015	(150)	28,795	13,818	278	(109)	13,987
	3,115,106	97,574	(6,416)	3,206,264	2,600,274	43,003	(11,230)	2,632,047
Shares -								
Listed securities (j)	78,649	112,025	(235)	190,439	52,741	87,141	(336)	139,546
Non-listed securities	17,837	7,964	(57)	25,744	19,477	3,972	(413)	23,036
	96,486	119,989	(292)	216,183	72,218	91,113	(749)	162,582
	3,211,592	217,563	(6,708)	3,422,447	2,672,492	134,116	(11,979)	2,794,629
Accrued interest				28,264				16,076
Total				3,450,711				2,810,705

(b) The Group has determinate that the unrealized losses as of December 31, 2006 and 2005, are originated by the variation of the interest rates and not for changes in the risk classification of the investment. Moreover, the Group has decided and has the capacity to maintain these investments until the recovery of their fair value which can occur at their maturity; therefore, the Group has concluded that no impairment exists on the value of these investments.

The fair value and the gross unrealized losses of investment available-for-sale that are not considered as a permanent loss, classified by the date of such losses:

	2006					
Investments available-for-sale	**Up to 12 months**		**More than 1 year**		**Total**	
	Estimate fair value US$(000)	**Gross unrealized loss** US$(000)	**Estimate fair value** US$(000)	**Gross unrealized loss** US$(000)	**Estimate fair value** US$(000)	**Gross unrealized loss** US$(000)
Fixed maturity	571,882	3,686	214,752	2,757	786,634	6,443
Shares	1,957	29	793	236	2,750	265
Total	573,839	3,715	215,545	2,993	789,384	6,708

	2005					
Investments available-for-sale	**Up to 12 months**		**More than 1 year**		**Total**	
	Estimate fair value US$(000)	**Gross unrealized loss** US$(000)	**Estimate fair value** US$(000)	**Gross unrealized loss** US$(000)	**Estimate fair value** US$(000)	**Gross unrealized loss** US$(000)
Fixed maturity	1,474,665	9,288	96,092	1,942	1,570,757	11,230
Shares	3,343	474	1,496	275	4,839	749
Total	1,478,008	9,762	97,588	2,217	1,575,596	11,979

(c) The movement of “Other reserves” in equity includes the net change in the realized and unrealized gains and losses, net of deferred taxes, and the provision for impairment. This caption is as follows:

	2006 US$(000)	**2005** US$(000)	**2004** US$(000)
Net unrealized gains, net of taxes	69,411	7,121	56,746
Net realized gains, net of taxes	6,620	1,572	1,365

(d) BCRP deposit certificates are discounted Peruvian currency instruments with maturities due within one year. These certificates have been acquired in public auctions. Annual interest rates in Peruvian currency range between 4.53 and 5.78 percent as of December 31, 2006 (between 3.75 and 6.35 percent as of December 31, 2005) with maturities between January 2007 and December 2009 (between January 2006 and June 2008 as of December 31, 2005). As of December 31, 2006 and 2005, the Group has entered into BCRP - Repo transactions in Peruvian currency with its clients using these securities, for approximately US$167.7 and US$592.5 million, respectively. As of December 31, 2006, these operations earn an effective annual interest rate range between 4.08 and 5.26 annual percent and with maturities between January and June 2007 (interest rate between 3.55 and 6.23 annual percent and maturities between January 2006 and February 2008 as of December 31, 2005).

(e) As of December 31, 2006, comprise corporate bonds by US$849.9 million, leasing bonds by US$3.9 million and subordinated bonds by US$4.4 million (US$598.1, US$1.8 and US$4.0 million, respectively, as December 31, 2005), with maturities between January 2007 and May 2049 (between January 2006 and November 2035 as of December 31, 2005). These bonds accrue interests at annual effective rates that range between 3.36 and 7.71 percent for the bonds denominated in Peruvian currency (between 2.92 and 8.00 percent in 2005), and between 2.88 and 11.00 percent for the bonds denominated in U.S. Dollars (between 2.23 and 12.03 percent in 2005).

(f) Includes principally debt instruments for US$154.2, US$425.1, US$72.0 and US$14.0 million issued by US Government - Sponsored Enterprises, the Peruvian Government, the Colombian Government and the Government of El Salvador, respectively, as of December 31, 2006 (US$179.9, US$308.9 and US$18.7 million issued by US Government - Sponsored Enterprises, the Peruvian Government and the Government of El Salvador, respectively, as of December 31, 2005). Their maturities are between February 2007 and August 2038 (between January 2006 and August 2038 as of December 31, 2005) at annual interest rates that range between 2.38 and 11.75 percent (between 1.83 and 11.25 percent in 2005).

As of December 31, 2006, the Group has entered into Repo transactions with its clients using part of the debt instruments issued by the Peruvian Government for approximately US$19.8 million with maturity in September 2007.

(g) Comprise mainly of US$55.1 and US$9.5 million of debt instruments issued by Corporación Andina de Fomento - CAF and by The World Bank, respectively (mainly of US$90.8 and US$18.7 million issued by Corporación Andina de Fomento - CAF and by Fondo Latinoamericano de Reservas - FLAR, respectively, as of December 31, 2005). Such bonds have maturities between January 2007 and July 2009 (between February 2006 and January 2023 as of December 31, 2005). Annual interest rates are between 5.32 and 5.92 percent (between 4.08 and 5.26 percent in 2005).

As of December 31, 2006, the Group has entered into Repo transactions with its clients using these securities for approximately US$40.1 million. These operations earn an effective annual interest rate range between 5.32 and 5.92 annual percent and with maturity in January 2007.

(h) The participation quotas in the Fund "Requirement of Cash Assets" (RAL for its Spanish denomination), stated in Bolivian pesos, comprises investments made by the Group in the Central Bank of Bolivia as collateral for the deposits maintained with the public. Such fund has restrictions for its use and it is required for all the banks established in Bolivia. The fund accrues interest at an average annual rate of 5.61 percent (4.31 percent in 2005).

(i) The restricted mutual funds comprise participation quotas on the pension funds managed by the Group as required by the legal standards of Peru and they have a restricted disposal. The profitability obtained is the same as the obtained for the funds managed. The amount as of December 31, 2006, approximately US$32.3 million comes from the purchase of AFP Unión Vida S.A. as mentioned in note 2(a).

(j) As December 31, 2006, the unrealized gains on trade shares comes principally from the shares of Banco de Crédito and Inversiones de Chile - BCI Chile and Alicorp S.A.A., which amounted to US$60.2 and US$ 26.9, respectively (amounted to US$48.8 and US$18.0 million as December 31, 2005, respectively).

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

	2006		2005	
	Amortized cost US$(000)	**Market value** US$(000)	**Amortized cost** US$(000)	**Market value** US$(000)
Up to 3 months	766,650	781,657	544,449	549,215
From 3 months to 1 year	866,811	868,452	1,005,977	1,003,580
From 1 to 3 years	458,796	460,967	346,577	345,970
From 3 to 5 years	222,215	228,805	149,422	150,520
Over 5 years	800,634	866,383	553,849	582,762
Without maturity (shares)	96,486	216,183	72,218	162,582
Total	3,211,592	3,422,447	2,672,492	2,794,629

7. Net loans

(a) This item is made up as follows:

	2006 US$(000)	**2005** US$(000)
Direct loans -		
Loans	4,224,102	3,567,970
Leasing receivables	675,804	564,575
Credit card receivables	438,628	297,673
Discount notes	256,534	213,232
Refinanced and restructured loans	126,006	175,211
Factoring receivables	89,171	87,757
Advances and overdrafts	84,262	49,283
Past due and under legal collection loans	76,770	95,769
	5,971,277	5,051,470
Add (less) -		
Accrued interest	49,740	41,280
Unearned interest	(93,916)	(78,495)
Allowance for loan losses (f)	(190,278)	(197,495)
Total direct loans, net	5,736,823	4,816,760
Indirect loans, note 20(a)	1,455,376	1,220,946

(b) Interest rates on loans are set considering the rates prevailing in the markets where the Group's subsidiaries operate.

(c) As of December 31, 2006 and 2005, the Group's direct loan portfolio is distributed among the following economic sectors:

	2006 US$(000)	%	2005 US$(000)	%
Sector				
Manufacturing	1,624,765	27.2	1,430,559	28.3
Mortgage loans	883,736	14.8	767,341	15.2
Commerce	686,291	11.5	625,908	12.4
Consumer loans	539,077	9.0	373,447	7.4
Micro-business	306,869	5.1	224,122	4.4
Mining	303,238	5.1	223,156	4.4
Electricity, gas and water	256,541	4.3	192,096	3.8
Communications, storage and transportation	255,730	4.3	210,002	4.2
Leaseholds and real estate activities	236,445	4.0	216,095	4.3
Financial services	163,946	2.7	105,484	2.1
Fishing	152,538	2.6	117,104	2.3
Agriculture	150,020	2.5	153,410	3.0
Education, health and other services	75,376	1.3	69,468	1.4
Construction	74,482	1.2	68,217	1.4
Other	262,223	4.4	275,061	5.4
Total	5,971,277	100.0	5,051,470	100.0

(d) As of December 31, 2006 and 2005, the credit risk classification of the Group's loan portfolio is as follows:

	2006						2005					
Risk category	**Direct credits** US$(000)	%	**Indirect credits** US$(000)	%	**Total** US$(000)	%	**Direct credits** US$(000)	%	**Indirect credits** US$(000)	%	**Total** US$(000)	%
Normal	5,386,566	90.3	1,398,662	96.2	6,785,228	91.4	4,352,214	86.2	1,137,033	93.1	5,489,247	87.5
Potential problems	341,187	5.7	33,787	2.3	374,974	5.0	397,387	7.9	68,333	5.6	465,720	7.4
Substandard	62,504	1.0	17,668	1.2	80,172	1.1	82,858	1.6	9,284	0.8	92,142	1.5
Doubtful	122,216	2.0	3,565	0.2	125,781	1.7	146,898	2.9	4,694	0.4	151,592	2.4
Loss	58,804	1.0	1,694	0.1	60,498	0.8	72,113	1.4	1,602	0.1	73,715	1.2
Total	5,971,277	100.0	1,455,376	100.0	7,426,653	100.0	5,051,470	100.0	1,220,946	100.0	6,272,416	100.0

(e) As of December 31, 2006 and 2005, the Group's structure of its direct loan portfolio by the country in which its clients are located is as follows:

	2006 US$(000)	**2005** US$(000)
Country -		
Peru	5,481,003	4,601,400
Bolivia	397,197	366,945
Colombia	34,370	10,955
Ecuador	15,571	30,265
Republic of El Salvador	14,249	9,382
United States of America	13,393	5,373
Republic of Panama	3,986	8,860
Other	11,508	18,290
Total	5,971,277	5,051,470

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

	2006 US$(000)	2005 US$(000)	2004 US$(000)
Balances as of January 1st	218,636	271,873	326,677
Provision	(4,243)	(6,356)	16,131
Recoveries of written-off loans	44,284	35,032	32,287
Allowance disposal related to the sale of Banco Tequendama, note 2(c)	-	(9,024)	-
Loan portfolio written-off	(49,859)	(71,405)	(105,267)
Translation result	1,768	(1,484)	2,045
Balance as of December 31 (*)	210,586	218,636	271,873

(*) The movement in the allowance for loan losses includes the allowance for direct and indirect credits for approximately US$190.3 and US$20.3 million, respectively, as of December 31, 2006 (approximately US$197.5 and US$21.1 million and US$253.4 and US$18.5 million, respectively, as of December 31, 2005 and 2004). The allowance for indirect loan losses is included in the "Other liabilities" caption of the consolidated balance sheet, note 11(a).

In Management's opinion, the allowance for loan losses recorded as of December 31, 2006, 2005 and 2004 has been established in accordance with IAS 39 and it is sufficient to cover the losses on the loans portfolio, note 3(f).

(g) An important part of the loan portfolio is collateralized with guarantees received from clients, which mainly consist of mortgages, trust assignments, credit instruments, financial instruments, industrial pledges and mercantile pledges.

(h) As of December 31, 2006 and 2005, the direct gross loan portfolio classified by maturity, based in the remaining period to the repayment date is as follows:

	2006 US$(000)	2005 US$(000)
Outstanding loans -		
Up to 1 year	3,774,711	3,029,773
From 1 to 3 years	797,458	762,834
From 3 to 5 years	464,718	474,294
Over 5 years	857,620	688,800
Past due loans -		
Up to 4 months	20,655	3,644
Over 4 months	21,613	44,664
Under legal collection loans	34,502	47,461
Total	5,971,277	5,051,470

Interest on past due loans and loans in legal collection are recognized when collected.

The interest income that would have been recorded for these credits in accordance with the terms of the original contract amount approximately US$28.1 and US$25.8 million as of December 31, 2006 and 2005, respectively.

(i) As of December 31, 2006 and 2005, 51 percent of the direct and indirect loans portfolio of the BCP was concentrated on approximately 443 and 313 clients, respectively.

8. Property, furniture and equipment, net

(a) The movement of property, furniture and equipment and accumulated depreciation, for the years ended 2006 and 2005, is as follows:

	Land US$(000)	Buildings and other construction US$(000)	Installations US$(000)	Furniture and fixtures US$(000)	Computer hardware US$(000)	Vehicles and equipment US$(000)	Work in progress US$(000)	2006 US$(000)	2005 US$(000)
Cost -									
Balance as of January 1st	29,729	255,351	80,990	65,521	168,784	13,999	11,946	626,320	610,239
Additions	3,451	1,879	6,171	2,905	17,842	3,498	8,227	43,973	48,769
Merger additions, note 2(a)	292	452	-	2,068	2,900	84	-	5,796	-
Sales and transfers	(2,690)	(6,865)	1,540	(1,429)	(4,053)	(458)	(2,800)	(16,755)	(22,307)
Assets retired related to the sell of Banco Tequendama	-	-	-	-	-	-	-	-	(10,381)
Balance as of December 31	30,782	250,817	88,701	69,065	185,473	17,123	17,373	659,334	626,320
Accumulated depreciation -									
Balance as of January 1st	-	129,630	51,291	51,980	140,103	5,017	-	378,021	363,527
Additions	-	7,074	6,512	3,522	12,870	1,499	-	31,477	30,559
Merger additions, note 2(a)	-	158	-	1,465	2,056	57	-	3,736	-
Sales and transfers	-	(3,064)	(795)	(1,496)	(3,572)	(451)	-	(9,378)	(6,633)
Assets retired related to the sell of Banco Tequendama	-	-	-	-	-	-	-	-	(9,432)
Balance as of December 31	-	133,798	57,008	55,471	151,457	6,122	-	403,856	378,021
Net book value	30,782	117,019	31,693	13,594	34,016	11,001	17,373	255,478	248,299

(b) Banks, financial institutions and insurance companies located in Peru are not allowed to pledge their fixed assets.

(c) As of December 31, 2006, Credicorp and its Subsidiaries have property available for sale for US$25.2 million approximately, net of its accumulated depreciation amounted US$7.7 million approximately (US$27.1 and US$9.8 million, respectively, as of December 31, 2005).

(d) Management periodically review the assets´ residual value, the useful life and the method of depreciation to ensure that the method and period of depreciation chosen are consistent with the economic benefits and life expectations for use of property, furniture and equipment items. In Management's opinion, there is no evidence of impairment of property, furniture and equipment as of December 31, 2006 and 2005.

9. Assets seized, net

(a) As of December 31, 2006 and 2005, this caption includes land, buildings, machinery and equipment received in payment of loans. Assets seized were recorded at the lower of cost or estimated fair values determined on the basis of technical third party appraisals. This item is made up as follows:

	2006 US$(000)	2005 US$(000)
Assets seized	52,432	71,469
Reserve	(23,005)	(32,096)
Total	29,427	39,373

(b) The changes in the reserve for assets seized as of December 31, 2006, 2005 and 2004 are summarized as follows:

	2006 US$(000)	2005 US$(000)	2004 US$(000)
Balances as of January 1st	32,096	34,666	35,047
Provision	6,387	16,959	14,639
Assets retired related to the sell of Banco Tequendama, note 2(c)	-	(1,678)	-
Sold assets	(15,478)	(17,851)	(15,020)
Balances as of December 31	23,005	32,096	34,666

10. Intangibles and goodwill, net

(a) Intangibles -

Comprise mainly the identified intangible assets as result of the acquisition of the "client relationships" and other in the purchase of AFP Union Vida, note 2(a) and the incurred cost on the development and acquisition of software licenses used in the Group operations.

The movement of intangible assets for the years ended December 31, 2006 and 2005 is as follows:

Description	Client Relationships US$(000)	Software US$(000)	Developments US$(000)	Others US$(000)	2006 US$(000)	2005 US$(000)
Cost -						
Balance as of January 1st	-	26,618	23,950	514	51,082	81,969
Additions	-	10,848	8,919	-	19,767	11,933
Incorporated by business combination, note 2(a) and 3(b)	88,378	8,542	-	10,922	107,842	-
Retirements and write - off	-	(5,091)	(422)	(1,153)	(6,666)	(42,820)
Balance as of December 31	88,378	40,917	32,447	10,283	172,025	51,082
Accumulated amortization -						
Balance as of January 1st	-	11,277	14,667	478	26,422	61,058
Amortization of the year	1,473	9,022	4,190	4,155	18,840	8,169
Incorporated by business combination, note 2(a) and 3(b)	-	5,360	-	1,077	6,437	-
Retirements and write - off	-	(4,994)	(418)	(1,067)	(6,479)	(42,805)
Balance as of December 31	1,473	20,665	18,439	4,643	45,220	26,422
Net book value	86,905	20,252	14,008	5,640	126,805	24,660

In September 2005, the Group wrote off certain intangibles assets fully amortized and out of use for US$42.3 million.

(b) Goodwill -

The following is the composition of the caption by subsidiary:

	2006 US$(000)	2005 US$(000)
Goodwill -		
Prima AFP (AFP Unión Vida S.A.), note 2(a)	49,047	-
El Pacífico Peruano - Suiza	13,007	13,007
Banco de Crédito del Perú, note 3(b) (iii)	12,300	5,062
Atlantic Security Holding Corporation	10,660	10,660
Coporación Novasalud Perú S.A. EPS, note 2(d)	3,828	4,828
Book value, net	88,842	33,557

Goodwill is annually assessed by impairment by Management and the assumptions used for the impairment analysis are consistence with previous years. As of December 31, 2006 and 2005, it was not necessary to record a provision for impairment of goodwill on the Group.

The movement of goodwill for the years 2006, 2005 and 2004 as follows:

	2006 US$(000)	2005 US$(000)	2004 US$(000)
Cost -			
Initial balance	33,557	33,557	55,922
Acquisition of Subsidiaries, notes 2 (a) and 3(b)	56,285	-	5,900
Decreases	(1,000)	-	-
Final balance	88,842	33,557	61,822
Accumulated amortization -			
Initial balance	-	-	23,412
Additions	-	-	4,853
Final balance	-	-	28,265
Cost, net	88,842	33,557	33,557

11. Other assets and other liabilities

(a) These items are made up as follows:

	2006 US$(000)	2005 US$(000)
Other assets -		
Indexed certificates Citigroup (c)	53,116	-
Accounts receivable	48,149	40,370
Deferred expenses (b)	40,941	36,890
Deferred income tax asset, note 18(c)	38,016	32,966
Operations in process (d)	29,752	37,347
Derivatives receivable, note 20(d)	19,134	8,829
Income tax prepayments, net	14,509	11,024
Deferred fees	11,339	10,588
Investment in related companies	5,657	16,968
Other	12,575	8,127
Total	273,188	203,109
Other liabilities -		
Payroll salaries and other personnel expenses	104,635	67,230
Accounts payable	79,039	57,185
Deferred income tax liability, note 18(c)	65,810	30,734
Operations in process (d)	41,606	46,359
Provision for sundry risks (e)	17,179	18,768
Allowance for indirect loan losses, note 7(f)	20,308	21,141
Contributions	12,154	30,781
Derivatives payable, note 20(d)	7,774	8,019
Other	7,608	9,783
Total	356,113	290,000

(b) As of December 31, 2006, this caption mainly comprises the Value-Added-Tax credit related to the purchases for leasing operations for approximately US$6.2 million and prepaid insurances for US$10.5 million (US$14.1 and US$8.6 million, respectively, as of December 31, 2005).

(c) In July 2006, BCP signed a contract with Citigroup Global Markets Holdings Inc., Citigroup Capital Limited and Citigroup Capital Market Inc., with the purpose of implementing an economic hedge to offset the volatility generated by the liabilities and related expenses that result from stock appreciation rights (SARs) of Credicorp, note 19.

This transaction consists of the purchase of up to 1,500,000 certificates indexed to the performance of the shares of Credicorp Ltd. (BAP), in the form of "warrants", issued by Citigroup, which are equivalent to the same number of shares of Credicorp Ltd.. These certificates will be settled in cash only. At maturity, these certificates will pay a US$ amount equal to the final settlement price minus the strike price (US$ 0.0000001) plus the accrued dividend adjustment amount, minus the annual fee amount multiplied by the number of warrants underlying the certificate. The final settlement price is equivalent to the daily volume-weighted average of the per share price for the underlying equity on each business day, on which the Citigroup or an affiliate of the Citigroup effects any transactions with respect to the underlying equity in order to unwind its position established and maintained to hedge its price and market risk with respect to the certificate issued.

This program has a maturity of 5 years but can be settled at anytime before its maturity, partially or totally. As of December 31, 2006, the Group has acquired 1,297,414 certificates at a total cost of US$ 49.7 million (US$38.3 per certificate on average). The estimated market value, established under the same methodologies and assumptions used to determine the fair value of the SARs detailed in note 19, adding up to US$ 53.1 million (US$41.0 per certificate on average). The difference between the cost and the estimated market value of approximately US$3.5 million has been recorded in the caption "Other income" of the consolidated statements of income, according to the accounting principles described in note 3(u).

(d) Operations in process include deposits received, loans disbursed, payments collected, funds transferred and other similar types of transactions, which are realized at the end of the month and not reclassified to their final balance sheets accounts until the beginning days of the following month. These transactions do not affect the Group's net income.

(e) The movement of the provision for sundry risks for the years 2006, 2005 and 2004 is summarized as follows:

	2006	**2005**	**2004**
	US$(000)	US$(000)	US$(000)
Balances as of January 1st	18,768	19,379	10,078
Provision, note 23	6,461	5,567	9,819
Applications	(8,050)	(6,178)	(518)
Balances as of December 31	17,179	18,768	19,379

This provision mainly comprises the provision for probable losses to complement insurance coverage corresponding to claims not covered by insurance companies.

Additionally, due to the nature of the business, Credicorp and its Subsidiaries have some pending legal claims (lawsuits) related to their activities. The Group records a provision for such cases when, in Management's and its legal advisor's opinion, they will result in additional liabilities for the Group and the amount of the provision can be fairly estimated. Regarding the other legal claims against the Group which have not been provided for, in Management's and its legal advisor's opinion, they will not have a material effect on the Group's financial statements

12. Accounts receivable and payable to re-insurers and co-insurers

The movement and balance of accounts receivable and payable to reinsurers and coinsurers are as follows:

(a) Accounts receivable:

	2006 US$(000)	**2005** US$(000)
Balance as of January 1st	35,288	35,453
Premiums assumed	11,022	13,642
Reported claims	16,273	15,804
Collections and other	(27,402)	(29,611)
Balance as of December 31	35,181	35,288

(b) Accounts payable:

	2006 US$(000)	**2005** US$(000)
Balance as of January 1st	36,580	23,612
Premiums ceded to reinsurers	70,067	66,415
Co-insurance granted	6,430	12,673
Payments and other	(87,943)	(66,120)
Balance as of December 31	25,134	36,580

(c) The accounts receivable as of December 31, 2006 include an amount to US$14.4 million (US$21.4 million as of December 31, 2005) which correspond to the portion not accrued of the ceded premiums to the reinsurers.

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

13. Deposits and obligations

(a) This item is made up as follows:

	2006 US$(000)	**2005** US$(000)
Non-interest bearing deposits and obligations -		
In Peru	1,577,315	1,248,113
In other countries	412,249	423,508
	1,989,564	1,671,621
Interest bearing deposits and obligations -		
In Peru	5,213,044	4,031,231
In other countries	1,596,526	1,364,902
	6,809,570	5,396,133
	8,799,134	7,067,754
Interest payable	39,857	25,674
Total	8,838,991	7,093,428

The Group has established a policy to remunerate demand deposits and savings accounts according to an interest rate scale, based on the average balance maintained in such accounts. Additionally, according to such policy, it was established that the balances that were lower than a specified amount, for each type of account, do not bear interest.

(b) As of December 31, 2006 and 2005, the balance of deposits and obligations by type of transaction is made up as follows:

	2006 US$(000)	2005 US$(000)
Time deposits	3,218,157	2,459,907
Demand deposits	2,564,268	1,729,114
Saving deposits	1,951,978	2,105,364
Severance indemnity deposits	775,027	654,791
Client - Repurchase agreements	228,165	72,200
Bank and Deposit negotiable certificates	61,539	46,378
Total	8,799,134	7,067,754

(c) As of December 31, 2006, the total amount of individual time deposits and bank certificates that exceed US$100,000 are approximately US$2,722.6 and US$35.9 million, respectively (US$1,095.7 and US$7.9 million, respectively, as of December 31, 2005).

(d) Interest rates applied to different deposits and obligations accounts are determined by the Group considering interest rates prevailing in the market in which the subsidiaries operate.

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

	2006 S/(000)	2005 S/(000)
Up to 3 months	2,219,948	1,362,929
From 3 months to 1 year	799,584	591,601
From 1 to 3 years	163,283	192,117
From 3 to 5 years	29,226	174,959
More than 5 years	6,116	138,301
Total	3,218,157	2,459,907

14. Due to banks and correspondents and borrowed funds

(a) Due to bank and correspondents -

This item is made up as follows:

	2006 US$(000)	2005 US$(000)
International funds and others (i)	346,945	220,027
Promotional credit lines (ii)	177,900	212,133
Inter-bank funds	41,077	78,542
BCRP - Repo transactions (iii)	-	510,593
	565,922	1,021,295
Interest payable	5,067	2,076
Total	570,989	1,023,371

(i) The balance of international funds and others corresponds to the following operations:

	2006 US$(000)	2005 US$(000)
Banco Latinoamericano de Exportaciones - BLADEX	105,000	100,000
Corporación Andina de Fomento - CAF	85,000	50,000
Wachovia Bank	65,200	-
Scotiabank Peru	36,000	24,874
Standard Chartered	15,000	-
Other	40,745	45,153
Total	346,945	220,027

These international funds and other received by the Group, are carried out mainly to financing foreign trade operations and working capital. As of December 31, 2006 these loans have maturities between January 2007 and May 2007 (between January 2006 and May 2006 as of December 2005). The interest rate range between 3.73 and 5.76 (between 2.55 and 4.95 as of December 2005).

(ii) The promotional credit lines represent loans granted to BCP by Corporación Financiera de Desarrollo (COFIDE) and Banco Interamericano de Desarrollo (BID), to promote the development of Peru, have maturities between January of 2007 and December of 2021 and their interest rates fluctuated between 5.65 and 7.90 percent annual (between January as 2006 and December 2021 and their interest effective rate fluctuated between 4.41 and 7.25 percent annual as of December 31, 2005). These credit lines are secured by a loan portfolio amounting to US$177.9 and US$212.1 million as of December 31, 2006 and 2005, respectively. These lines include covenants specifying the use of the funds, financial conditions that the borrower must maintain and other administrative matters. In Management's opinion, these covenants do not limit the Group's operations and the Group is in compliance at the balance sheet date.

(iii) As of December 31, 2005, the Group had BCRP - Repo transactions with the Peruvian Central Bank (BCRP), which earned annual interest rates between 3.23 and 3.32 percent, with 3 day maturities.

(b) Borrowed funds -
The balance of the borrowed funds corresponds to the following operations:

	2006 US$(000)	**2005** US$(000)
CCR Inc. MT-100, Payment rights master Trust -		
2005 Series A and B (i)	280,000	280,000
2006 Series A (ii)	90,612	-
Total	370,612	280,000

(i) Amount represents the loan transaction made by the BCP in November 2005 for US$230.0 million, related to Series 2005-A Floating Rate Certificates due 2012, and US$50.0 million related to Series 2005-B Floating Rate Certificates due 2009. The loan is secured by the collection of BCP's future inflows from electronic messages sent through the Society for Worldwide Interbank Financial Telecommunications network and utilized within the network to instruct correspondent bank to make a payment of a certain amount to a beneficiary that is not a financial institution. In this transaction, Wilmington Trust Company acted as Trustee under the trust agreement and Bank of New York as Indenture Trustee and administrator of the contract. The certificates bear a variable interest rate of one month Libor plus 0.21 percent for the 2005-A Series and one month Libor plus 0.60 percent for the Series 2005-B. As of December 31, 2006 and 2005, the balance of this obligation amounts to US$280.0 million. A portion (70 percent), of the loan, subject to variable interest rate risk, has been hedged through an interest rate swap hedge operation for a notional amount of US$196.0 million, note 20(d).

In addition, for the US$100.0 million of the Series 2006-A and the US$230.0 million of the Series 2005-A, BCP has signed an insurance policy with AMBAC Assurance Corporation, which guarantees the timely payment of scheduled principal and certain accrued interest to pay the monthly payments with maturities through November 2016 and November 2012, respectively. The insurance policy cost is equivalent to an annual fixed interest rate of 0.80 and 0.75 percent of the principal, that is recorded as part of the interests cost.

(ii) Amount represents the loan transaction made by the BCP in March 2006 for US$100.0 million, related to Series 2006-A Floating Rate Certificates due 2016. The loan is secured by the collection of BCP's future inflows from electronic messages sent through the Society for Worldwide Interbank Financial Telecommunications network and utilized within the network to instruct correspondent bank to make a payment of a certain amount to a beneficiary that is not a financial institution. In this transaction, Wilmington Trust Company acted as Trustee under the trust agreement and Bank of New York as Indenture Trustee and administrator of the contract. The certificates bear a variable interest rate of one month Libor plus 0.29 percent. As of December 31, 2006, the balance of this obligation amounts to US$90.6 million.

The loans obtained by the Group include "covenants" which in Management's opinion, the Group is in compliance at the consolidated balance sheet date.

(c) As of December 31, 2006 and 2005, maturities of due to bank and correspondents and borrowed funds are shown below, based in the remaining period to the repayment date:

Due to bank and correspondents	**2006** US$(000)	**2005** US$(000)
Up to 3 months	279,802	864,966
From 3 months to 1 year	126,447	13,271
From 1 to 3 years	23,457	20,963
From 3 to 5 years	22,001	28,402
More than 5 years	114,215	93,693
Total	565,922	1,021,295

Borrowed Funds	2006 US$(000)	2005 US$(000)
From 1 to 3 years	61,217	8,025
From 3 to 5 years	166,817	124,139
More than 5 years	142,578	147,836
Total	370,612	280,000

(d) As of December 31, 2006, the Group has credit lines granted by several local and foreign financial institutions amounted to US$ 1,162.5 million (US$787.3 million as of December 31, 2005) that are available for future operating activities or to settle capital commitments.

15. Technical, insurance claims reserves and reserves for unearned premiums

This item is made up as follows:

	2006			
	Technical reserves US$(000)	**Reserves for direct claims** US$(000)	**Claims assumed** US$(000)	**Total** US$(000)
Life insurance	442,172	41,932	794	484,898
Property and casualty insurance	67,640	39,429	2,164	109,233
Health insurance	15,029	19,053	8	34,090
Total	524,841	100,414	2,966	628,221

	2005			
	Technical reserves US$(000)	**Reserves for direct claims** US$(000)	**Claims assumed** US$(000)	**Total** US$(000)
Life insurance	383,158	35,792	1,047	419,997
Property and casualty insurance	63,976	30,125	565	94,666
Health insurance	16,292	15,139	-	31,431
Total	463,426	81,056	1,612	546,094

The reserves for claims represent the reported claims and the reserve for the incurred and non-reported claims by the policyholders chargeable to the Group and its Subsidiaries. The reported claims are adjusted on the basis of the technical reports received from the adjusters. The claims to be paid by the reinsurers and coinsurers are shown as ceded claims.

The reserves for direct claims include reserves for incurred and non-reported claims for the three types of risks that the Group manages; such amounts at December 31, 2006 were US$ 27.6 million (US$24.2 million as of December 31, 2005), of which US$ 11.7 million correspond to life risks, US$8.2 million to property and casualty and US$ 7.7 million to health risks (US$8.7, US$3.8 and US$11.7 million, respectively, as of December 31, 2005). The IBNR reserves for property and casualty and health risks have been determined on the basis of the Bornhuetter - Ferguson methodology - BF, which is applied to compare statistical occurrences of claims, excluding payments made to the policyholders.

During 2006 and previous years, the differences between the estimations for the incurred and non-reported claims and the liquidated and pending liquidation claims have not been significant. In the case of property and casualty and health risks, the amounts provisioned are greater than the liquidated claims and those pending liquidation by a percentage that does not exceed 10% of the reserve.

The movement for the years 2006 and 2005 of technical and insurance claims reserves is as follows:

(a) Reserves for insurance claims:

	2006			
	Life insurance	**Property and casualty insurance**	**Health insurance**	**Total**
	US$(000)	US$(000)	US$(000)	US$(000)
Initial balance	36,839	30,690	15,139	82,668
Claims	52,713	60,285	89,797	202,795
Payments	(49,369)	(49,386)	(86,119)	(184,874)
Translation result	2,543	4	244	2,791
Final balance	42,726	41,593	19,061	103,380

	2005			
	Life insurance	**Property and casualty insurance**	**Health insurance**	**Total**
	US$(000)	US$(000)	US$(000)	US$(000)
Initial balance	35,846	29,293	11,561	76,700
Claims	41,650	56,539	93,115	191,304
Payments	(38,732)	(54,660)	(89,537)	(182,929)
Translation result	(1,925)	(482)	-	(2,407)
Final balance	36,839	30,690	15,139	82,668

(b) Technical Reserves:

	2006			
	Life insurance	**Property and casualty insurance**	**Health insurance**	**Total**
	US$(000)	US$(000)	US$(000)	US$(000)
Initial balance	383,158	63,976	16,292	463,426
Accretion expenses and other	12,683	-	-	12,683
Unearned premium reserves and annual variation, net	-	3,664	(1,263)	2,401
Insurance subscriptions	60,227	-	-	60,227
Payments	(23,356)	-	-	(23,356)
Translation result	9,460	-	-	9,460
Final balance	442,172	67,640	15,029	524,841

	2005			
	Life insurance US$(000)	Property and casualty insurance US$(000)	Health insurance US$(000)	Total US$(000)
Initial balance	322,629	59,624	12,703	394,956
Accretion expenses and other	14,832	-	-	14,832
Unearned premium reserves and annual variation, net	-	4,352	3,589	7,941
Insurance subscriptions	70,366	-	-	70,366
Payments	(19,130)	-	-	(19,130)
Translation result	(5,539)	-	-	(5,539)
Final balance	383,158	63,976	16,292	463,426

As of December 31, 2006 and 2005, no additional reserves were needed as a result of the liability adequacy test. The main assumptions used in estimation of annuities, disability and survivor reserves as of December 31, 2006 and 2005, were the following:

Modality	**Mortality Table**	**Technical rates**
Life immediate annuity	RV2004 and B - 85	3% - 5.45%
Dead an Disability Pension System insurance	RV 85 MI - 85H y 85M	3%
Individual Life	SOC 80 adjustable	4% - 5%

The mortality tables are recommended by the regulators in Peru.

The sensitivity of the estimates used by the Group to measure its insurance risks is represented primarily by the life insurance risks, the main variables at the balance sheet date being the interest rates and the mortality tables. The Group has evaluated the changes of the reserves related to life insurance (Life immediate annuities) of +/- 100 bps of the interest rates and of +/- 5% of the mortality factors, being the results as follows:

Variables	Amount of the reserve	Variation of the reserve	
		Amount	Percentage
	US$ (000)	US$ (000)	%
Portfolio in US$ - Basis amount	**251,036**		
Changes in interest rates: + 100 bps	228,443	(22,593)	(9.00)
Changes in interest rates: - 100 bps	277,843	26,807	10.68
Changes in Mortality tables to 105%	248,278	(2,758)	(1.10)
Changes in Mortality tables to 95%	253,951	2,915	1.16

Variables	Amount of the reserve	Variation of the reserve	
		Amount	Percentage
	US$ (000)	US$ (000)	%
Portfolio in S/ - Basis amount	**9,491**		
Changes in interest rates: + 100 bps	8,540	(951)	(10.02)
Changes in interest rates: - 100 bps	10,643	1,152	12.14
Changes in Mortality tables to 105%	9,462	(29)	(0.31)
Changes in Mortality tables to 95%	9,529	38	0.40

The effect of the changes previously indicated, is not significant to the net income and net equity attributed to Credicorp´s shareholders

16. Bonds and subordinate notes issued

(a) This item is made up as follows:

	Weighted average annual interest rate 2006 %	2005 %	Maturity	2006 US$(000)	2005 US$(000)
Bonds -					
Corporate bonds (i)	6.23	5.89	Between January 2007 and March 2013	90,173	86,413
Leasing bonds (ii), (iii)	5.53	5.59	Between January 2007 and November 2010	177,952	219,564
Mortgage bonds (iii)	7.70	7.70	Between January 2007 and April 2012	23,610	27,620
Subordinated bonds	6.89	6.83	Between August 2007 and October 2013	96,758	92,014
				388,493	425,611
Subordinated notes -					
Subordinated negotiable certificates notes (iv)				120,000	-
				508,493	425,611
Interest payable				4,079	3,613
Total				512,572	429,224

(i) During 2006, the bank issued corporate bonds, for US$ 47.2 million (US$35.0 million during 2005) and redeemed bonds for US$43.4 million (US$24.0 million during 2005) representing a net increase of US$ 3.8 million (US$11.0 million during 2005). The details of the new issuance are the following:

Issue 2006	**Amount** US$(000)	**Currency**	**Maturity**
Sixth issuance - Series B	6,258	Peruvian	08/08/2008
Sixth issuance - Series A	6,258	Peruvian	27/02/2008
Eight issuance - Series B	10,951	Peruvian	06/09/2010
Eight issuance - Series C	7,822	Peruvian	21/09/2010
Eight issuance - Series D	5,006	Peruvian	11/10/2010
Ninth issuance - Series B	7,822	Peruvian	03/03/2011
Tenth issuance - Series B	3,129	Peruvian	24/03/2013
Total	47,246		

Issue 2005	**Amount** US$(000)	**Currency**	**Maturity**
Third issuance - Series B	8,746	Peruvian	29/05/2007
Seventh issuance - Series A	4,373	Peruvian	21/11/2009
Seventh issuance - Series B	5,831	Peruvian	21/11/2012
Eight issuance - Series A	5,831	Peruvian	24/11/2008
Ninth issuance - Series A	5,831	Peruvian	24/11/2010
Tenth issuance - Series A	4,373	Peruvian	06/12/2008
Total	34,985		

(ii) In 2005, Crédito Leasing S.A., a subsidiary of Credicorp, issued the Third Program of Leasing Bonds Series “A” and “B” amount to US$15.0 million and US$25.0 million with maturities between February 2007 and July 2008, respectively. Likewise, during 2006, Crédito Leasing S.A. redeemed bonds for US$41.6 million (US$40.9 million during 2005).

(iii) Leasing and mortgages bonds are collateralized by the fixed assets financed by the Group with these resources.

(iv) On August, 2006, the Board or Directors of BCP approved the issuance of subordinated debt of up to US$175 million, with the aim to meet the requirement of the regulatory capital of the Group in Peru. The issuance will be realized in parts in 2006 and 2007 on the international and local market.

In November 2006, BCP through its Panama branch, issued Subordinated Negotiable Certificates Notes amounted to US$120 million on the international market with maturity on 2021. These certificates accrued a fixed annual interest rate of 6.95 percent for the first 10 years (until November 2016), with payment each six months. After the first 10 years, the interest rate is change to a variable interest rate, established as Libor plus 2.79 percent, with quarterly payments. At the end of the first 10 years, the Bank can redeem 100 percent of the debt, without penalties. This subordinated debt has certain financial and operating covenants which in Management's opinion, the Group is in compliance at the consolidated balance sheet date.

(b) The bonds and subordinate bonds issued as of December 31, 2006 and 2005, classified by maturity are shown below:

	2006 US$(000)	**2005** US$(000)
Up to 3 months	19,316	-
From 3 months to 1 year	56,701	43,488
From 1 to 3 years	177,873	246,254
From 3 to 5 years	110,224	92,167
Over 5 years	144,379	43,702
Total	508,493	425,611

17. Equity

(a) Capital stock -

As of December 31, 2006, 2005 and 2004, 94,382,317 shares of capital stock were issued with a par value of US$5 per share.

(b) Treasury stock -

Treasury stock corresponds to the par value of Credicorp's shares owned by the Group's companies, which amounts 14,620,842 shares as of December 31, 2006 and 2005. The difference of US$113.4 million, between the acquisition cost of US$186.5 million and their par value (US$73.1 million), is recorded as a reduction of the "Capital surplus".

(c) Reserves -
In accordance with the local laws that regulate financial and insurance activities of the Group's subsidiaries in Peru, a reserve of up to at least 35 percent of their paid-in capital is required to be established through annual transfers of at least 10 percent of net income. As of December 31, 2006 and 2005, these reserves were approximately US$214.8 and US$209.3 million respectively.

The Shareholders Meeting dated on October 26, 2006 agreed to transfer from "retained earnings" to "other reserves" an amount of US$210.4 million.

(d) Dividends distribution -
During 2006, 2005 and 2004, Credicorp paid cash dividends amount to approximately US$87.7, US$63.8 and US$31.9 million, respectively.

In accordance with current Peruvian legislation, there is no restriction for overseas remittance of dividends or the repatriation of foreign investment. The dividends paid by the Peruvian subsidiaries to Credicorp are subject to a withholding tax of 4.1 percent.

(e) Equity for legal purposes (Regulatory capital) -
As of December 31, 2006 and 2005, the regulatory capital for the subsidiaries engaged in financial and insurance activities amounted to approximately US$1,008.0 and US$915.0 million, respectively. This regulatory capital has been determined in accordance with the Superintendencia de Banca, Seguros y AFP del Perú regulations in force as of such dates. According to the Superintendencia de Banca, Seguros y AFP regulations, the Group's regulatory capital exceeds in approximately US$157.0 million the minimum regulatory capital required as of December 31, 2006 (approximately US$166.6 million as of December 31, 2005).

18. Taxes

(a) Credicorp is not subject to any type of income taxes, nor taxes on capital gains, equity or property. The Peruvian subsidiaries are subject to corporate taxation on income under the Peruvian Tax system. The statutory income tax rate payable in Peru is 30 percent of taxable profits in 2006, 2005 and 2004.

ASHC and its Subsidiaries are not subject to taxes in the Cayman Islands nor Panama. For the years ended December 31, 2006, 2005 and 2004, no taxable profits were generated from its operations in the United States of America.

A reconciliation of the differences between the statutory income tax rate and the effective tax rate for the Group is shown as follows:

	2006 %	2005 %	2004 %
Peruvian statutory tax rate	30.00	30.00	30.00
Increase (decrease) in the statutory tax rate due to:			
(i) Increase (decrease) arising from net income of subsidiaries not domiciled in Peru	4.08	1.05	1.60
(ii) Non-taxable costs (income), net	(4.86)	(6.23)	(3.86)
(iii) Translation results not considered for tax purposes	(3.96)	2.58	(3.42)
Effective income tax rate	25.26	27.40	24.32

(b) The deferred income tax has been calculated on all temporary differences applied at an income tax rate of 30 percent. The income tax expense analysis as of December 31, 2006, 2005 and 2004, is as follows:

	2006 US$(000)	2005 US$(000)	2004 US$(000)
Current -			
Peruvian	85,413	80,630	49,386
In other countries	2,960	4,418	2,436
	88,373	85,048	51,822
Deferred -			
Peruvian	(4,786)	(11,502)	(6,325)
Total	83,587	73,546	45,497

(c) The following table shows a summary of the Group's deferred income taxes:

	2006 US$(000)	2005 US$(000)
Assets		
Allowance for loan losses, net	13,642	12,177
Stock appreciation rights provision	11,047	6,428
Reserve for sundry risks, net	3,412	6,788
Tax loss carry-forward	3,244	3,287
Non-accrued interest	1,830	1,613
Other	4,841	2,673
Deferred income tax asset	38,016	32,966
Liabilities		
Unrealized net gains	(28,330)	(19,094)
Intangibles assets, net	(26,168)	(592)
Leasing operations, net	(2,758)	(3,257)
Fixed assets, net	(2,304)	(5,369)
Other (includes assets seized)	(6,250)	(2,422)
Deferred income tax liability	(65,810)	(30,734)
Net deferred income tax liability (asset)	(27,794)	2,232

A portion of the Group's deferred tax asset arises from part of the provisions for sundry risks and for loan losses, which are not deductible for income tax purposes until they comply with all the requirements established by the tax authorities. Therefore, the Group has recorded an accumulated deferred tax asset to reflect the future tax benefit of the deduction of these provisions.

Credicorp and its Subsidiaries have recorded deferred income taxes directly in other reserves in the statement of changes in equity of US$9.2, US$1.5 and US$10.4 million, for 2006, 2005 and 2004, respectively. Such amounts represent the income tax effects of unrealized gains and losses on securities available for sale. Likewise, in 2006, the Group has registered the deferred tax liability corresponding to the acquisition of AFP Union Vida (note 2(a)) by approximately US$25.6 million.

(d) The Peruvian tax authorities have the right to review and, if necessary, amend the annual tax returns of the Peruvian subsidiaries up to four year after its presentation. The most important subsidiaries subject to these reviews are BCP and PPS. In BCP, the fiscal years 2001, 2002 and 2003, have been reviewed by the tax authorities. As a result of such revisions, no significant additional taxes have arisen in excess of the previously accounted for in the Group consolidated financial statements.

The years 2004 to 2006 for BCP and PPS, are pending of review. Any additional tax arising as a result of the tax authority examination will be charged to income in the year when such tax is determined. At present, it is not possible to estimate the adjustments that the tax authorities may determine; however, in Management's opinion, it is not expected that any additional assessments will be determined in amounts considered significant to the consolidated financial statements as of December 31, 2006 and 2005.

19. Stock appreciation rights

As indicated in note 3(t), Credicorp has granted stock appreciation rights (SARs) to certain key executives and employees who have at least one year's service in Credicorp or any of its subsidiaries. The SARs expire after eight years and 25 percent of them may be exercised during each of the first four years of the plan.

At the end of the fourth year and until the expiration date of the SARs, all of the unexercised SARs may be exercised at any time. As of December 31, 2006 and 2005, 948,925 and 662,200 SARs had been exercised under this plan for an approximate amount of US$29.3 and US$9.6 million, as of December 31, 2006 and 2005, respectively, plus the income tax or behalf of the executives and employees that is assumed by the Group and corresponds 30 percent of the amount paid.

The number of SARs issued and not exercised as of December 31, 2006 and 2005 and the prices of such rights as of said dates are as follows:

Year of issuance	Number of outstanding SARs issued as of December 31, 2006	Number of Vested SARs as of December 31		Exercise price	
		2006	2005	2006 US$	2005 US$
1999	-	-	110,000	7.64	8.34
2000	68,750	68,750	187,250	8.80	9.50
2001	81,500	81,500	192,550	5.60	6.30
2002	117,500	117,500	285,225	7.28	7.98
2003	220,000	220,000	359,844	8.47	9.17
2004	352,750	317,984	294,375	11.29	11.99
2005	457,600	281,038	229,688	16.30	17.00
2006	560,250	215,156	-	25.62	-
	1,858,350	1,301,928	1,658,932		

Credicorp's Management has estimated the fair value of the SARs as of December 31, 2006 and 2005, using the binomial option pricing model, with assumptions obtained from the relevant available market information, including the assuming for practical purposes that all contracts can only be exercised at the end of their term. The key assumptions used are as follows:

Key assumptions	**2006**	**2005**
Expected volatility	31.31%	28.24%
Risk free interest rate	1.05%	1.04%
Expected lifetime	5.05 years	4.70 years
Quoted price of Credicorp shares	US$40.94	US$22.79

The movement of the SARs for the years 2006 and 2005 are as follows:

	2006			**2005**		
	Outstanding SARs	**Vested SARs**		**Outstanding SARs**	**Vested SARs**	
	Number	**Number**	**Amount** US$(000)	**Number**	**Number**	**Amount** US$(000)
Balance as of January 1st	2,201,275	1,658,932	22,813	2,278,475	1,759,601	11,700
Granted and vested	621,000	600,046	12,838	585,000	561,531	7,448
Exercised	(948,925)	(948,925)	(29,292)	(662,200)	(662,200)	(9,614)
Decrease	(15,000)	(8,125)	(232)	-	-	-
Increase in the option fair value	-	-	32,634	-	-	13,279
Balance as of December 31	1,858,350	1,301,928	38,761	2,201,275	1,658,932	22,813

In accordance with the signed contracts, Credicorp assumes the payment of the income tax of this benefit on behalf of its executives and employees, which corresponds to 30 percent of the benefit. Credicorp estimates the amount over the basis of the liability recorded for the vested benefits and records it in the same caption of this plan.

The liabilities recorded for this plan are included in "Payroll taxes, salaries and other personnel expenses", in the caption "Other liabilities" of the consolidated balance sheets (note 11 (a)); and the expenses in the caption "Personal expenses" on the consolidated income statements. In 2006, 2005 and 2004, the SARs prices were modified and informed to the executives of the Group.

In the fiscal year 2006, the Group signed a contract with Citigroup by which has acquired certificates linked to the yield of Credicorp's shares, to obtain an economic hedge of the SARs granted to its executives and employees, note 11(c).

20. Off-balance sheet accounts

(a) This item is made up as follows:

	2006 US$(000)	2005 US$(000)
Contingent credits -		
Guarantees and stand by letters (c)	1,204,500	982,044
Import and export letters of credit (c)	250,876	238,902
	1,455,376	1,220,946
Responsibilities under credit lines agreements (e)	814,746	531,816
Forward contracts - sell (d)	561,111	654,841
Forward contracts - buy (d)	(592,081)	(343,897)
Swap contracts (d)	543,041	572,160
Total	2,782,193	2,635,866

(b) In the normal course of its business, the Group's banking subsidiaries are party to transactions with off-balance sheet risk. These transactions expose the Group's banking subsidiaries to credit risk in addition to the amounts recognized in the consolidated balance sheets.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss because any other party to a financial instrument fails to perform in accordance with the terms of the contract.

The exposure to losses under commitments to guarantees, stand by letters, extend credit, provide export and import letters of credit and guarantees is represented by the contractual amount specified in these instruments. The Group applies the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments, including the requirement to obtain collateral to support off-balance sheet financial instruments (note 7(a)) when it is deemed necessary. Collateral held varies, but may include deposits held in financial institutions, securities or other assets.

Because the fact that many of the contingent transactions are expected to expire without any performance being required, the total committed amounts do not necessarily represent future cash requirements.

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

(d) As of December 31, 2006 and 2005, Credicorp has foreign currency forwards derivatives and a minor position on options for exchange rates (the total amount as of December 31, 2006 is US$8.7 million). Foreign currency forwards are commitments to buy or sell currency at a future date at a contracted price. Risk arises from the possibility that the counter-party to the transaction does not perform as agreed and the change in the prices of the underlying currencies. As of December 31, 2006 and 2005, forward foreign currency purchase and sale agreements referred to above include nominal amounts of approximately US$1,153.2 million and US$998.7 million, respectively, which have maturities of less than a year. These agreements are executed to satisfy client requirements and are recognized in the financial statements at their fair market value. As of December 31, 2006, the forward contracts net position is an overbuy of U.S. Dollars of approximately US$31.0 million (oversell of approximately US$310.9 million as of December 31, 2005).

Interest rate swaps are derivatives contracts, where counter parties exchange variable interest rates for fixed interest rates, in the terms and conditions established at the contract inception. The risk arises each time the projected level of the variable rate during the term of the contract is higher than the swap rate, as well as from non-compliance with contractual terms by one of the parties. As of December 31, 2006, the notional amount of open interest rate swap contracts was approximately US$543.0 million (approximately US$572.2 million as of December 31, 2005). These contracts are recorded at fair value, recording both realized and unrealized gains and losses in the consolidated income statements.

As of December 31, 2006, the Group held one interest rate swap contract for a notional amount of US$196.0 million designated as a cash flow hedge, because it reduces the exposure to the variable interest rate risk of a portion of the loan transaction entered by the Group on November 2005, note 14(b). In accordance with the hedge operation, the Group pays a fixed rate of 4.57 percent and receives a variable rate equal to the monthly Libor interest rate over the notional amount and the settlements are made on a monthly basis; the instrument matures November 2012. The loan and the interest rate swap have the same critical terms.

The fair value of the asset and liability forward contracts and swaps as of December 31, 2006 amounted approximately US$19.1 and US$7.8 million, respectively (approximately US$8.8 and US$8.0 million as of December 31, 2005) and are included under the caption “Other assets and other liabilities” of the consolidated balance sheets, respectively, note 11. As of December 31, 2006 and 2005, the fair value of the cash flow hedge amounts to US$2.9 and US$1.6 million, respectively, and is recorded in the net equity.

(e) The responsibilities under credit line agreements do not correspond to commitment of obtain credit; and includes credit lines and other consumer loans that are cancelable upon notification to the consumer.

21. Net premiums earned

Premiums earned net of insurance contract ceded to re-insurer for the three years ended December 31, 2006, 2005 and 2004 are as follows:

	Gross Premiums (*) US$(000)	Ceded to reinsurers and coinsurers, net US$(000)	Assumed from other companies, net US$(000)	Net premiums earned US$(000)	Percentage of amount assumed on net premiums %
As of December 31, 2006					
Life insurance	66,477	(2,923)	1,228	64,782	1.90
Accident and health insurance	111,295	(2,377)	1,526	110,444	1.38
Property and casualty insurance	138,964	(64,767)	1,838	76,035	2.42
Total premiums	316,736	(70,067)	4,592	251,261	1.83
As of December 31, 2005					
Life insurance	46,239	(2,537)	965	44,667	2.16
Accident and health insurance	111,785	(2,745)	1,531	110,571	1.38
Property and casualty insurance	126,377	(61,133)	(1,527)	63,717	(2.40)
Total premiums	284,401	(66,415)	969	218,955	0.44
As of December 31, 2004					
Life insurance	35,998	(2,865)	683	33,816	2.02
Accident and health insurance	108,739	(2,947)	1,481	107,273	1.38
Property and casualty insurance	107,937	(60,131)	3,777	51,583	7.32
Total premiums	252,674	(65,943)	5,941	192,672	3.08

(*) Includes the annual variation of the technical and unearned premiums reserves.

22. Net claims incurred for property and casualty, life and health insurance contracts

The expenses for claims at December 31, 2006, 2005 and 2004 include the following items:

	2006			
	Life insurance US$(000)	Property and casualty insurance US$(000)	Health insurance US$(000)	Total US$(000)
Gross insurance claims	52,713	60,285	89,797	202,795
Ceded claims	(823)	(13,698)	(1,752)	(16,273)
Net insurance claims	51,890	46,587	88,045	186,522

	2005			
	Life insurance US$(000)	Property and casualty insurance US$(000)	Health insurance US$(000)	Total US$(000)
Gross insurance claims	41,650	56,539	93,115	191,304
Ceded claims	(870)	(13,970)	(964)	(15,804)
Net insurance claims	40,780	42,569	92,151	175,500

	2004			
	Life insurance US$(000)	Property and casualty insurance US$(000)	Health insurance US$(000)	Total US$(000)
Gross insurance claims	40,625	52,707	81,198	174,530
Ceded claims	(1,954)	(17,916)	(335)	(20,205)
Net insurance claims	38,671	34,791	80,863	154,325

23. Other income and expenses

The items are made up as follow:

	2006 US$(000)	2005 US$(000)	2004 US$(000)
Other income			
Income (loss) from the sale of assets seized	9,244	6,202	(3,411)
Real estate rental income	3,031	1,941	1,224
Recoveries of other accounts receivable and other assets	1,763	4,512	1,429
Valuation of indexed certificates Citigroup, note 11 (c)	3,521	-	-
Other	8,638	8,916	8,863
Total other income	26,197	21,571	8,105
Other expenses			
Commissions in insurance	25,555	19,289	19,693
Sundry technical insurance expenses	10,910	8,183	5,931
Provision for sundry risks, note 11(e)	6,461	5,567	9,819
Provisions for other account receivables	3,163	7,112	1,435
Loss (gain) from sale of fixed assets	(169)	(1,875)	4,525
Loss from fake currencies	-	1,960	-
Other	6,798	6,509	1,466
Total other expenses	52,718	46,745	42,869

24. Earnings per share

The net earnings per ordinary share have been determined over the net income attributable to equity holders of Credicorp as follows:

	2006	2005	2004
Number of shares in issue:			
Ordinary shares, note 17(a)	94,382,317	94,382,317	94,382,317
Less - weighted average treasury shares, note 17(b)	(14,620,842)	(14,620,842)	(14,624,392)
Weighted outstanding average number of ordinary shares	79,761,475	79,761,475	79,757,925
Net income attributable to equity holders of Credicorp (in thousands of U.S. dollars)	230,013	181,885	130,747
Basic and diluted earnings per share for net income attributable to equity holders of Credicorp (in U.S. Dollars)	2.88	2.28	1.64

25. Business segments

The Group is organized on two main lines of business:

(i) Banking business - incorporating corporate and private banking services, corporate, consumer, micro-business and mortgage loans, credit and debit cards, savings, deposits, overdrafts, foreign currency and derivative products, structure financing, corporate leasing, custody, among others.

(ii) Insurance business - incorporating the issuance of policies of insurance to cover claims, such as fires, vehicles, transport, personal accidents and life insurance, among others.

In addition the Group, since 2005, maintains activities related to pension fund management, note 2(a). Other operations of the Group comprise brokerage, fund management and trusteeship.

Transactions between the business segments are realized on normal commercial terms and conditions.

The following table presents the Group's financial information by industry (primary segment) and geographical area (secondary segment) for the three years ended December 31, 2006, 2005 and 2004:

(i) Business segments by industry (amount expressed in million of U.S. Dollars):

	External income	Income from other segments	Eliminations	Total income (*)	Operating income (**)	Total assets	Fixed assets	Depreciation and amortization	Other provisions (***)
2006									
Banking	975	24	(24)	975	447	11,090	197	36	(2)
Insurance	316	2	(2)	316	115	989	47	4	-
Pension funds	23	-	-	23	-	227	11	10	-
Brokerage and other	58	1	(1)	58	1	576	-	-	-
Total consolidated	1,372	27	(27)	1,372	563	12,882	255	50	(2)
2005									
Banking	712	11	(11)	712	400	9,893	199	35	11
Insurance	219	14	(14)	219	80	786	46	3	-
Pension funds	-	-	-	-	-	18	2	1	-
Brokerage and other	166	3	(3)	166	3	339	1	-	-
Total consolidated	1,097	28	(28)	1,097	483	11,036	248	39	11
2004									
Banking	671	25	(25)	671	346	8,083	215	38	(2)
Insurance	193	10	(10)	193	73	700	31	3	-
Pension funds	-	-	-	-	-	-	-	-	-
Brokerage and other	115	4	(4)	115	2	305	1	1	-
Total consolidated	979	39	(39)	979	421	9,088	247	42	(2)

(ii) Segment information by geographical area (amounts expressed in million of U.S. Dollars):

	2006			2005			2004		
	Total income (*)	Operating income (**)	Total assets	Total income (*)	Operating income (**)	Total assets	Total income (*)	Operating income (**)	Total assets
Peru	1,131	518	9,271	947	438	8,336	809	352	6,566
Panama	55	7	839	28	3	593	20	3	293
Cayman Islands	81	14	1,364	55	13	1,238	52	20	1,004
Bolivia	62	28	654	50	23	493	45	24	459
Colombia	-	-	-	-	-	-	51	19	411
United States of America	43	(4)	754	17	6	376	2	3	355
Total consolidated	1,372	563	12,882	1,097	483	11,036	979	421	9,088

(*) Include total interest and dividend income, other income and net premiums earned from insurance activities.

(**) Operating income includes the net interest income from banking activities and the amount of the net premiums earned, less insurance claims.

(***) Correspond to reserves for assets seized and the allowance for loan losses.

26. Financial instruments

By their nature, the Group's activities are principally related to the use of financial instruments, including derivatives. The Group accepts deposits from customers at both fixed and floating rates, for various periods, and seeks to earn above-average interest margins by investing these funds in high-quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The Group also seeks to raise its interest margins by obtaining above-average market margins, net of allowances, through lending to commercial and retail borrowers with a range of credit standing. Such exposures involve not just on-balance sheet loans and advances; the Group also enters into guarantees and other commitments such as letters of credit and performance.

The Group also trades in financial instruments where it takes positions in traded and over-the-counter instruments, including derivatives, to take advantage of short-term market movements in equities, bonds, currency and interest rates. The Management places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions. Foreign exchange and interest exposures associated with these operations are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

Market risks -

The Group takes on exposure to market risks. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Group applies a 'Value at Risk' methodology to estimate the market risk of main positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Management sets some limits on the value of risk that may be accepted, which is monitored on a daily basis.

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

As VAR constitutes an integral part of the Group's market risk control regime, VAR limits are established by the Management for some trading and portfolio operations. The actual exposure against limits, together with a consolidated Group-wide VAR, is reviewed daily by the Management; however, the use of this approach does not prevent losses outside the limits established in the event of more significant market movements.

Liquidity risk -
The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loans draw-downs, guarantees and other calls. The Group does not maintain cash resources to meet all of these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Management of the Group's subsidiaries sets limits on the minimum proportion of funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demands.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the 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 the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as their mature are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment, because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

The insurance companies of the Group are exposed to requirements of cash available, mainly for contracts of insurance claims of short term. The liquidity risk is the risk that the cash may not be available to pay obligations at their maturity at a reasonable cost. The Group settles limits over the minimal proportion of the maturity funds available to meet these requirements and in a minimal level of credit lines available to cover the maturity and unexpected claims.

The insurance companies of the Group control the liquidity risk through the exposure of the maturity of their assets and liabilities. Therefore, the investment plan has been structured according the maturities in order to hedge the risk of fund requirements to cover insurance claims and others, in addition to the Group support.

The notes to the financial statements include an analysis of the main assets and liabilities of the Group by maturities based on contractual maturity dates.

Cash flow and fair value risk due to changes in the interest rates -
Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise. The Group's Management sets limits on the level of mismatch of interest rate reprising that may be undertaken, which is monitored periodically.

Resources for investing are mainly obtained from short-term liabilities, the interests of which are agreed at fixed and variable interest rates prevailing in the international markets. Loans, customer deposits and other financing instruments are subject to risks derived from interest rate fluctuations. The relevant contract maturity characteristics and interest rates of such financial instruments are disclosed in notes 7, 13, 14 and 16.

Currency risk -

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. Most assets and liabilities are maintained in U.S. Dollars.

Foreign currency transactions are made at the free market exchange rates of the countries where Credicorp's Subsidiaries are established. As of December 31, 2006 and 2005, the Group's assets and liabilities by currencies were as follows:

	2006				2005			
	U.S. Dollars US$(000)	**Peruvian currency** US$(000)	**Other currencies** US$(000)	**Total** US$(000)	**U.S. Dollars** US$(000)	**Peruvian currency** US$(000)	**Other currencies** US$(000)	**Total** US$(000)
Monetary assets -								
Cash and due from banks	2,250,111	396,238	87,181	2,733,530	2,337,939	268,416	54,460	2,660,815
Trading securities	14,144	30,800	192	45,136	39,045	21,740	-	60,785
Available-for-sale investments	1,493,043	1,904,535	53,133	3,450,711	1,583,201	1,218,424	9,080	2,810,705
Loans, net	4,181,558	1,492,681	62,583	5,736,822	3,758,385	1,032,481	25,894	4,816,760
Other assets	269,504	129,268	6,242	405,014	192,148	121,348	4,277	317,773
	8,208,360	3,953,522	209,331	12,371,213	7,910,718	2,662,409	93,711	10,666,838
Monetary liabilities -								
Deposits and obligations	(6,098,199)	(2,588,864)	(151,928)	(8,838,991)	(5,315,364)	(1,684,149)	(93,915)	(7,093,428)
Due to bank and correspondents and borrowed funds	(883,979)	(53,193)	(4,429)	(941,601)	(728,161)	(573,665)	(1,545)	(1,303,371)
Bonds issued	(334,608)	(177,964)	-	(512,572)	(278,461)	(150,763)	-	(429,224)
Other liabilities	(662,946)	(378,473)	(13,178)	(1,054,597)	(615,561)	(293,732)	(8,804)	(918,097)
	(7,979,732)	(3,198,494)	(169,535)	(11,347,761)	(6,937,547)	(2,702,309)	(104,264)	(9,744,120)
	228,628	755,028	39,796	1,023,452	973,171	(39,900)	(10,553)	922,718
Forwards position, net	30,970	(22,368)	(8,602)	-	(310,946)	310,946	-	-
Net monetary position	259,598	732,660	31,194	1,023,452	662,225	271,046	(10,553)	922,718

Credit risk -

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the balance sheet date. Significant changes in the economy or in the health of particular industry segment that represents a concentration in the Group's portfolio could result in losses that are different from those provided for at the balance sheet date. Management, therefore, carefully manages its exposure to credit risk.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits in the level of credit risk by product, industry sector and by country are approved by the Board of Directors.

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

As of December 31, 2006, Group's management has estimated that the maximum credit risk at which is exposed the Group amounts to approximately US$11,541.2 million (US$9,602.8million as of December 31, 2005), which comprise financial assets subject to credit risk, including mainly deposits in banks, trading securities, investments available-for-sale, loans and indirect loans, without taking into consideration the market value of the guarantee or collateral. The exposure for any specific part, including banks, is further structured by sub-limits covering on and off-balance sheet exposures, and daily delivery risk limits to trading items such as forward foreign exchange contracts. Real exposures against limits are monitored daily.

Risk of the insurance activity -

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted within each of theses categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but non-reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risk of the business activities carried out by individual contract holders and the risk management procedures they adopted.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. The liability for these contracts includes a provision for reported claims not yet paid and a provision for unexpired risks at the balance sheet date.

However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. This could occur as the frequency or severity, or both, of the claims and benefits are greater than the calculated. In the particular case of the survival business life (life annuities), the risk assumed by the Group consists in that the real life expectancy of the insured population is greater than the estimated at the time of issuing the policy, which would mean there would be a deficit in the reserves to carry out the pension payments.

The factors considered in the evaluation of insurance risks are the frequency and severity of the claims, the sources of uncertainty in the calculation of payments for future claims and the mortality tables for life insurance.

For this reason, for life insurance, the Group estimates conservatively and carries out a careful selection of the risks at the moment of issuing the policies to estimate the degree of risk that each policyholder presents.

At the renewal of the policies, the terms and conditions are revised according to risk changes and its results (claims past experience) and the Company may impose deductibles and other conditions in order to mitigate the risks. The insurance companies are responsible for all insured events that occurred during the duration of the contract even if the final amount of the loss is determined after the contract period.

The subsidiaries of the Group that operate in the insurance segment have automatic reinsurance coverage contracts that protect them against frequency and severity losses. The reinsurance includes coverage for excess claims and catastrophes. The objective of the reinsurance is that the total net insurance loss does not affect the net worth and liquidity of the Company in any given year.

In addition to the total Company's reinsurance program, it is possible to buy additional reinsurance protection under the automatic or facultative (voluntary) contract modality and for any situation the risk evaluation process considers it necessary.

The treatment of benefits as well as the sufficiency of the reserves is a principal concern of the insurance management. The technical reserves are estimated by actuaries of the insurance segment and are reviewed by independent experts. The insurance segment permanently monitors the claim trends, which allows estimates to be carried out for incurred and non-reported claims based on recent information. These estimations are also reviewed by independent experts.

In reference to reinsurance risks, the policy of the Group is to only enter into contracts with companies that are qualified as investment grade by qualified international ratings agencies.

The insurance products do not contain particularly relevant terms or clauses that could have a significant impact or represent important uncertainties to the cash flows of the insurance segment.

Fiduciary activities and management of investment and pension funds -
The Group provides custody, trustee, investment management and advisory services to third parties. The Group makes allocations and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements. These services give rise to the risk that the Group will be accused of poor administration or under-performance.

As of December 31, 2006 and 2005, the assigned value of the financial assets under administration (in millions of U.S. Dollars) is as follows:

	2006	2005
Investments funds	1,124	829
Pension Funds	4,163	253
Equity managed	1,689	1,417
Total	6,976	2,499

27. Fair value

Fair value is defined as the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction, assuming an on-going enterprise.

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

A significant portion of the Group' assets and liabilities are short-term financial instruments, with a remaining maturity of under one-year. These short-term financial instruments are considered to have a fair value equivalent to their carrying value at the balance sheet date.

The methodologies and assumptions used to determine fair values depend on the terms and risk characteristics of the various financial instruments and include the following:

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

- Trading securities and available-for-sale investments are recorded at their estimated fair value on the consolidated balance sheet.

- The fair value of loans is similar to their book value, because such loans are mainly of a short-term nature or with variable interest rates and are shown net of their respective allowance for loan losses, which are considered by the Management as the approximate recoverable amount at the date of the consolidated financial statements.

- The fair value of deposits and obligations is similar to their book value; mainly because of their liquid nature and that the interest rates are comparable with the interest rates of other similar liabilities at the consolidated balance sheet date.

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

- As disclosed in note 20, the Group has various commitments to extend credit, open documentary credits and outstanding guarantees and has received guarantees in endorsement of the granted credits. Based on the level of fees currently charged from granting such commitments and open documentary credits, taking into account maturity and interest rates, together with the present creditworthiness of the counterparties, the difference between the book value and the fair value is not deemed to be material.

- Except for currency forwards, options over exchange rates, interest rate swaps and the certificate indexed of Citigroup, as indicated in note 20(d), and 11(a), the Group does not enter into other agreements, generally described as derivative transactions. The Group records these derivatives in the consolidated balance sheets at their fair market value.

Based in the aforementioned analysis, as of December 31, 2006 and 2005, the management of the Group considers that book values of the financial instruments do not differ significantly from their estimated market value.

28. Transactions with related parties

(a) The consolidated financial statements of the Group as of December 31, 2006 and 2005 include the transactions with related parties of the companies mentioned in note 3(b). For its 2006 and 2005 financial statements, the Group defines related parties as related companies, the Board of Directors, the Group's key executives (defined as the management of Credicorp's Holding) and enterprises which are controlled by these individuals through their majority shareholding or their role as chairman or CEO in those companies.

(b) The following table shows the main transactions with related companies as of December 31, 2006 and 2005:

	Related companies	
	2006 US$(000)	**2005** US$(000)
Direct loans	70,636	48,533
Unrealized gain from investments	34,226	23,393
Investments available por sale	27,899	21,815
Deposits	25,074	21,305
Contingent operations	13,925	8,379
Interest income related to loans	2,097	1,991
Interest expense related to deposits	1,505	991
Derivatives (market value)	179	388
Other income	953	546

(c) The loans, contingent operations and derivative contracts with related parties are made in accordance with the normal market conditions available to other customers. Outstanding loans balances at the year-end are granted by collaterals given by the related part. The loans to related companies as of December 31, 2006 had a maturity between January 2007 and August 2012 and an accrued interest average of 7.71%. As of December 31, 2006, the provision for doubtful debts due to related parties amounts to US$0.1 million (US$1.4 million as of December 31, 2005). This amount is established based on an assessment performed on a continuous basis in the financial position of the related party and the market where it operates.

(d) As of December 31, 2006 and 2005, 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 Law Nº26702, which regulates and limits certain transactions with employees, directors and officers of a bank or an insurance company in Peru. As of December 31, 2006 and 2005, direct loans to employees, directors and key management amounts to US$59.5 and US$25.1 million, respectively and are paid monthly during their loan enforce and earn interest at similar market rates for these loans.

The Group does not maintain loans to the directors and key personnel which are guaranteed with shares of Credicorp or other companies of the Group.

(e) The Group key executives compensation as of December 31, 2006 and 2005, comprises the following captions:

	2006	**2005**
	US$(000)	US$(000)
Stock appreciation rights, note 19	23,206	7,284
Salaries	4,824	4,357
Directors compensations	1,173	1,115
Other	6,962	2,185
Total	36,165	14,941

The Group key executives compensation comprises all the payments received by them, including the taxes assumed by the Group.