Credicorp Ltd. and Subsidiaries

Consolidated financial statements as of December 31, 2009 and 2008 together with the Report of Independent Auditors

ERNST & YOUNG

Credicorp Ltd. and Subsidiaries

Consolidated financial statements as of December 31, 2009 and 2008

Content

Independent auditor's report

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 statement of financial position as of December 31, 2009 and 2008, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years ended December 31, 2009, 2008 and 2007, respectively, 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 auditors' 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 auditors consider 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.

Independent auditor's report (continued)

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Credicorp Ltd. and Subsidiaries as of December 31, 2009 and 2008, and its consolidated financial performance and its cash flows for each of the three years ended December 31, 2009, 2008 and 2007; in accordance with International Financial Reporting Standards.

Lima, Peru,
February22, 2010

Medina, Zaldívar, Paredes & Asociados

Countersigned by:

Cristian Emmerich
C.P.C.C. Register N°19-289

Credicorp Ltd. and Subsidiaries

Consolidated statements of financial position

As of December 31, 2009 and 2008

	Note	2009 US$(000)	2008 US$(000)
Assets			
Cash and due from banks:	4		
Non-interest bearing		938,486	1,057,416
Interest bearing		2,898,172	2,708,755
		3,836,658	3,766,171
Investments:			
Trading securities		70,774	36,084
Investments available-for-sale	5	5,079,606	4,950,754
		5,150,380	4,986,838
Loans, net:	6		
Loans, net of unearned income		11,585,635	10,546,378
Allowance for loan losses		(354,355)	(224,337)
		11,231,280	10,322,041
Financial assets designated at fair value through profit or loss	7	135,670	137,945
Premiums and other policies receivable	8(a)	121,338	111,561
Accounts receivable from reinsurers and coinsurers	8(b)	137,098	165,144
Property, furniture and equipment, net	9	338,535	329,458
Due from customers on acceptances		96,423	232,580
Seized assets, net		11,233	11,454
Intangible assets and goodwill, net	10	341,951	246,957
Other assets	11	627,541	510,920
Total assets		22,028,107	20,821,069

	Note	2009 US$(000)	2008 US$(000)
Liabilities and equity			
Deposits and obligations:	12		
Non-interest bearing		3,297,995	3,213,529
Interest bearing		10,793,833	10,736,908
		14,091,828	13,950,437
Due to banks and correspondents	13(a)	1,167,438	1,179,991
Bankers' acceptances outstanding		96,423	232,580
Accounts payable to reinsurers and coinsurers	8(b)	48,009	55,841
Technical reserves, insurance claims reserves and reserves for unearned premiums	14	1,018,791	967,770
Borrowed funds	13(b)	1,089,221	1,150,716
Bonds and subordinated notes issued	15	1,287,022	785,230
Other liabilities	11	726,023	702,399
Total liabilities		19,524,755	19,024,964
Equity	16		
Capital and reserves attributable to Credicorp's equity holders:			
Capital stock		471,912	471,912
Treasury stock		(74,242)	(73,107)
Capital surplus		130,341	140,693
Reserves		1,059,344	815,387
Other reserves		237,446	(45,393)
Retained earnings		492,055	379,680
		2,316,856	1,689,172
Minority interest		186,496	106,933
Total equity		2,503,352	1,796,105
Total liabilities and equity		22,028,107	20,821,069

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

Credicorp Ltd. and Subsidiaries

Consolidated statements of income

For the years ended December 31, 2009, 2008 and 2007

	Note	2009 US$(000)	2008 US$(000)	2007 US$(000)
Interest and dividend income	20	1,312,925	1,382,844	1,065,339
Interest expense	20	(420,564)	(561,617)	(431,365)
Net interest and dividend income		892,361	821,227	633,974
Provision for loan losses, net of recoveries	6(d)	(163,392)	(48,760)	(28,439)
Net interest and dividend income after provision for loan losses		728,969	772,467	605,535
Other income				
Banking services commissions	21	436,819	394,247	324,761
Net gain on foreign exchange transactions		87,944	108,709	61,778
Net gain on sale of securities		120,932	51,936	46,376
Net gain on financial assets and liabilities designated at fair value through profit or loss	7	42,792	-	65,088
Other	24	32,144	37,672	24,934
Total other income		720,631	592,564	522,937
Insurance premiums and claims				
Net premiums earned	22	424,682	393,903	297,272
Net claims incurred for life, property and casualty and health insurance contracts	23	(286,458)	(341,910)	(238,600)
Total premiums earned less claims		138,224	51,993	58,672

Consolidated statements of income (continued)

	Note	2009 US$(000)	2008 US$(000)	2007 US$(000)
Other expenses				
Salaries and employees benefits		(467,116)	(365,201)	(409,037)
Administrative expenses		(312,256)	(269,291)	(206,966)
Net loss on financial assets and liabilities designated at fair value through profit or loss	7	-	(65,364)	-
Depreciation and amortization	9(a) and 10(a)	(71,099)	(57,369)	(51,013)
Provision for seized assets		(64)	(1,067)	(3,057)
Impairment loss on available-for-sale investments	5(c)	(9,825)	(60,435)	(5,017)
Other	24	(96,750)	(101,876)	(71,999)
Total other expenses		(957,110)	(920,603)	(747,089)
Income before translation result and income tax		630,714	496,421	440,055
Translation result		12,222	(17,650)	34,627
Income tax	17(b)	(138,500)	(109,508)	(102,287)
Net income		504,436	369,263	372,395
Attributable to:				
Equity holders of Credicorp Ltd.		469,785	357,756	350,735
Minority interest		34,651	11,507	21,660
		504,436	369,263	372,395
Earnings per share for net income attributable to equity holders of Credicorp Ltd. (in United States dollars):				
Basic	25	5.90	4.49	4.40
Diluted	25	5.90	4.49	4.40

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

Credicorp Ltd. and Subsidiaries

Consolidated statements of comprehensive income

For the years ended December 31, 2009, 2008 and 2007

	Note	2009 US$(000)	2008 US$(000)	2007 US$(000)
Net income		504,436	369,263	372,395
Other comprehensive income:				
Net gain (loss) on investments available-for-sale	16(d)	268,550	(198,646)	83,132
Net movement of cash flow hedge	16(d)	66,024	(81,293)	(40,371)
Income tax	16(d)	(5,841)	21,516	(11,046)
Other comprehensive income for the year, net of income tax		328,733	(258,423)	31,715
Total comprehensive income for the year, net of income tax		833,169	110,840	404,110
Attributable to:				
Equity holders of Credicorp Ltd.		752,624	132,813	382,876
Minority interest		80,545	(21,973)	21,234
		833,169	110,840	404,110

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, 2009, 2008 and 2007

	Attributable to Credicorp´s equity holders										
	Number of shares issued, note 25 (In thousands of units)	Capital stock US$(000)	Treasury stock US$(000)	Capital surplus US$(000)	Reserves US$(000)	Available-for-sale investments reserve US$(000)	Cash flow hedge reserve US$(000)	Retained earnings US$(000)	Total US$(000)	Minority interest US$(000)	Total net equity US$(000)
Balances as of January 1, 2007	94,382	471,912	(73,107)	140,693	479,902	144,471	2,938	230,013	1,396,822	136,946	1,533,768
Changes in equity for 2007 -											
Net income	-	-	-	-	-	-	-	350,735	350,735	21,660	372,395
Other comprehensive income	-	-	-	-	-	72,512	(40,371)	-	32,141	(426)	31,715
Total comprehensive income	-	-	-	-	-	72,512	(40,371)	350,735	382,876	21,234	404,110
Transfer of retained earnings to reserves, note 16(c)	-	-	-	-	107,316	-	-	(107,316)	-	-	-
Cash dividends, note 16(e)	-	-	-	-	-	-	-	(103,690)	(103,690)	-	(103,690)
Dividends of subsidiaries and other	-	-	-	-	-	-	-	1	1	(18,916)	(18,915)
Balances as of December 31, 2007	94,382	471,912	(73,107)	140,693	587,218	216,983	(37,433)	369,743	1,676,009	139,264	1,815,273
Changes in equity for 2008 -											
Net income	-	-	-	-	-	-	-	357,756	357,756	11,507	369,263
Other comprehensive income	-	-	-	-	-	(144,254)	(80,689)	-	(224,943)	(33,480)	(258,423)
Total comprehensive income	-	-	-	-	-	(144,254)	(80,689)	357,756	132,813	(21,973)	110,840
Transfers of retained earnings to reserves, note 16(c)	-	-	-	-	228,169	-	-	(228,169)	-	-	-
Cash dividends, note 16(e)	-	-	-	-	-	-	-	(119,648)	(119,648)	-	(119,648)
Dividends of subsidiaries and other	-	-	-	-	-	-	-	(2)	(2)	(10,358)	(10,360)
Balances as of December 31, 2008	94,382	471,912	(73,107)	140,693	815,387	72,729	(118,122)	379,680	1,689,172	106,933	1,796,105
Changes in equity for 2009 -											
Net income	-	-	-	-	-	-	-	469,785	469,785	34,651	504,436
Other comprehensive income	-	-	-	-	-	216,248	66,591	-	282,839	45,894	328,733
Total comprehensive income	-	-	-	-	-	216,248	66,591	469,785	752,624	80,545	833,169
Transfer of retained earnings to reserves, note 16(c)	-	-	-	-	238,107	-	-	(238,107)	-	-	-
Cash dividends, note 16(e)	-	-	-	-	-	-	-	(119,303)	(119,303)	-	(119,303)
Purchase of treasury stock	-	-	(1,135)	(10,352)	-	-	-	-	(11,487)	-	(11,487)
Share-based payments transactions, note 18(b)	-	-	-	-	5,850	-	-	-	5,850	-	5,850
Dividends of subsidiaries and other	-	-	-	-	-	-	-	-	-	(982)	(982)
Balances as of December 31, 2009	94,382	471,912	(74,242)	130,341	1,059,344	288,977	(51,531)	492,055	2,316,856	186,496	2,503,352

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

Credicorp Ltd. and Subsidiaries

Consolidated statements of cash flows

For the years ended December 2009, 2008 and 2007

	2009 US$(000)	2008 US$(000)	2007 US$(000)
Cash flows from operating activities			
Net income	504,436	369,263	372,395
Add (deduct)			
Provision for loan losses	163,392	48,760	28,439
Depreciation and amortization	71,099	57,369	51,013
Provision for seized assets	64	1,067	3,057
Provision for sundry risks	14,425	37,549	8,096
Deferred income tax	(8,552)	(4,394)	(14,921)
Net gain on sales of securities available-for-sale	(120,932)	(51,936)	(46,376)
Impairment loss on available-for-sale investments	9,825	60,435	5,017
Net (gain) loss on financial assets and liabilities designated at fair value through profit and loss	(42,792)	65,364	(65,088)
Gain on sales of property, furniture and equipment	(388)	(979)	(42)
Translation result	(12,222)	17,650	(34,627)
Loss (gain) for shared-based compensation plan	56,338	(27,402)	68,332
(Sale) purchase of trading securities, net	(34,690)	14,911	(5,859)
Net changes in assets and liabilities:			
Increase in loans	(944,021)	(2,339,675)	(2,172,418)
Decrease (Increase) in other assets	8,186	(463,273)	(404,175)
Increase in deposits and obligations	139,929	2,614,020	2,269,568
(Decrease) increase in due to banks and correspondents	(151,781)	(274,714)	875,447
Increase (decrease) in other liabilities	(141,027)	328,204	402,631
Net cash (used in) provided by operating activities	(488,711)	452,219	1,340,489
Cash flows from investing activities			
Acquisition of subsidiary net of cash received, note 2	(92,329)	-	-
Net sale (purchase) of investments available-for-sale	284,371	125,416	(1,541,621)
Purchase of property, furniture and equipment	(45,051)	(91,353)	(53,901)
Sales of property, furniture and equipment	2,745	1,775	951
Net cash provided by (used in) investing activities	149,736	35,838	(1,594,571)

Consolidated statements of cash flow (continued)

	2009 US$(000)	2008 US$(000)	2007 US$(000)
Cash flows from financing activities			
Issuance of bonds and subordinated debt	564,170	257,509	256,014
Redemption of bonds and subordinated debt	(53,396)	(190,402)	(75,728)
Increase in borrowed funds	-	300,000	499,792
Payments of borrowed funds	(61,495)	(19,688)	-
Acquisition of Credicorp's shares	(11,487)	-	-
Cash dividends	(119,303)	(119,648)	(103,690)
Net cash provided by financing activities	318,489	227,771	576,388
Net increase in cash and cash equivalents	(20,486)	715,828	322,306
Translation (loss) gain on cash and cash equivalents	90,973	(23,522)	18,029
Cash and cash equivalents at the beginning of the year	3,766,171	3,073,865	2,733,530
Cash and cash equivalents at the end of the year	3,836,658	3,766,171	3,073,865
Supplementary cash flows information:			
Cash paid during the year for -			
Interest	444,398	533,861	415,157
Income tax	142,516	124,754	86,754
Cash received during the year for -			
Interest	1,315,704	1,361,143	1,106,972

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 policies 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 certain other countries (Bolivia and Panama). Its major subsidiary is Banco de Crédito del Perú (hereinafter "BCP" or the "Bank"), a Peruvian universal bank. Credicorp's address is Claredon House 2 Church Street Hamilton, Bermuda; likewise, administration offices of its representative in Peru are located in Calle Centenario Nº156, La Molina, Lima, Peru.

Credicorp is listed in Lima and New York stock exchanges.

The consolidated financial statements as of and for the year ended December 31, 2008 were approved in the General Shareholders' meeting held on March 31, 2009. The accompanying consolidated financial statements as of and for the year ended December 31, 2009, were approved by the Audit Committee and Management on February 22, 2010 and will be submitted for their approval by the Board of Directors and the General Shareholders' Meeting that will occur within the period established by law; in Management's opinion, they will be approved without modifications.

2. Acquisition of Empresa Financiera Edyficar S.A.

During October and November 2009, Credicorp, through its subsidiary BCP, acquired 99.78% of the capital stock of Empresa Financiera Edyficar S.A. (a Peruvian financial entity, serving micro and small size entrepreneurs) for approximately US$96.1 million in cash.

The acquisition of Edyficar was recorded using the purchase method, as required by IFRS 3, "Business Combinations". Assets and liabilities were recorded at their estimated fair values at the acquisition date, including the identified intangible assets unrecorded in Edyficar balance sheet. Book value and fair value of the identified assets and liabilities were as follows:

	Book value US$(000)	**Fair value adjustments** US$(000)	**Fair value of the entity acquired** US$(000)
Assets -			
Cash and due from banks	3,810	-	3,810
Loans, net	218,218	(10,295)	207,923
Client relationships, note 10(a)	-	6,574	6,574
Fixed assets, net	8,255	-	8,255
Brand name, note 10(a)	-	13,159	13,159
Goodwill, note 10(b)	-	50,696	50,696
Other assets	11,802	3,263	15,065
Liabilities -			
Obligations	38,590	-	38,590
Due to banks	138,257	-	138,257
Deferred income tax liability	-	6,611	6,611
Other liabilities	25,054	831	25,885
Net acquired assets	40,184	55,955	96,139

3. **Significant accounting policies**

Significant accounting principles used in the preparation of Credicorp's consolidated financial statements are set out below and were consistently applied to all of the years presented.

(a) Basis of presentation and use of estimates -

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements were prepared on a historical cost basis, except for available-for-sale investments, derivative financial instruments, share-based payment liability and financial assets and financial liabilities designated at fair value through profit or loss, which were measured at fair value. The consolidated financial statements are presented in United States Dollars (US$), and all values are rounded to the nearest US$ thousand, except when otherwise indicated.

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, liabilities, revenues and expenses and the 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 financial instruments, the technical reserves for claims and premiums, the provision for seized assets, the valuation of derivatives, and the deferred tax assets and liabilities. The accounting criteria used for each of these items are described in this note.

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 1, 2009. The adoption of the new and revised standards did not have a significant effect on the accompanying consolidated financial statements; therefore, it has not been necessary to amend the comparative figures. In summary:

- IFRS 2 "Share-based Payments - Vesting conditions and cancellations", the standard restricts the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. The indicated definition does not impact the accounting for the Group's share-based payment agreements.

- IFRS 7 "Financial Instruments: Disclosures" (Amendments). The amended standard requires additional disclosures covering fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instrument recognized at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 29.7. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 29.3.

- IFRS 8 "Operating Segments", the standard adopts a full management approach identifying, measuring and disclosing the results of its operating segments. The Group concluded that operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. IFRS 8 disclosures are shown in Note 26.

- IAS 1 (Revised) "Presentation of Financial Statements". The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognized income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

- IAS 23 (Amendment) "Borrowing Costs". The revised standard eliminates the option of expensing all borrowing costs and requires borrowing costs to be capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. This amendment did not have any impact on the Group´s consolidated financial statement.

- IAS 32 "Financial Instruments: Presentation" and IAS 1 "Puttable Financial Instruments and Obligations Arising on Liquidation". The standards have been amended to allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfill a number of specified criteria. These amendments did not have any impact on the Group's financial position or performance.

- IFRIC 9 "Reassessment of embedded derivatives and IAS 39 Financial Instruments: Recognition and Measurement - Embedded Derivatives" (Amendments). This amendment requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss. This interpretation did not have any impact in the Group's consolidated financial statement.

- IFRIC 13 "Customer Loyalty Programs". The interpretation requires loyalty award credits granted to customers in connection with a sales transaction to be accounted for as a separate component of the sales transaction. This interpretation did not have any significant impact on the Group's consolidated financial statement.

- IFRIC 15 "Agreement for the Construction of Real State". It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognized if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. This interpretation did not have any impact on the Group's consolidated financial statements.

- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation". This interpretation provides guidance on the accounting for a hedge of a net investment. This interpretation did not have any impact on the Group's consolidated financial statements.

- Improvements to IFRSs
  In May 2008 the IABS issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the new amendments resulted in minor changes to accounting policies, but did not have any impact on the financial position or performance of the Group.

(b) Consolidation -

Subsidiaries:

Subsidiaries are all entities (including special purpose entities) in which the Group has the power to govern their financial and operating policies. This situation is generally evidenced by controlling 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 control ceases. The consolidated financial statements include the assets, liabilities, income and expenses of Credicorp and its Subsidiaries. Transactions between the Group's entities, including balances, gains or losses are eliminated.

Acquisition of a subsidiary is recorded using the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets received, equity instruments issued and liabilities incurred or assumed at the date of acquisition, plus directly attributable cost. 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.

Assets in custody or managed by the Group, such as investment funds and private pension funds (AFP funds), are not part of the group's consolidated financial statements, note 3(z).

Net equity attributable to the minority interest is presented in the consolidated statements of financial position. Income attributable to the minority interest is presented separately in the consolidated income statements and the consolidated statements of comprehensive income.

Associates:
An associate is an entity over which the Group has significant influence but not control. Investments in these entities represent shareholding between 20 and 50 percent of the voting rights; and are recognized initially at cost and then are accounted for by the "equity method". The Group does not have significant investments in associates; therefore, they are included in the caption "Other assets" in the consolidated statements of financial position; gains resulting from the use of the equity method of accounting are included in the caption "Other income" of the consolidated income statement.

Minority interest:
Transactions with minority interests are treated as transactions with third parties. Disposals of minority interests result in gains or losses which are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, which is the difference between any consideration paid and the carrying value of the subsidiary's net assets.

As of December 31, 2009 and 2008, the following entities comprise the Group (individual financial statements data is presented in accordance with IFRS and before eliminations for consolidation purposes, except for the elimination of Credicorp´s treasury stock and its related dividends):

Entity	Percentage of participation (direct and indirect)		Assets		Liabilities		Equity		Net income (loss)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	%	%	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Banco de Crédito del Perú and Subsidiaries (i)	97.41	97.41	19,563,309	18,514,133	17,886,706	17,112,683	1,676,603	1,401,450	397,378	423,529
Atlantic Security Holding Corporation and Subsidiaries (ii)	100.00	100.00	1,483,811	1,453,915	1,269,175	1,360,471	214,636	93,444	29,716	(50,395)
El Pacífico Peruano-Suiza Compañía de Seguros y Reaseguros and Subsidiaries (iii)	75.98	75.74	1,496,709	1,307,547	1,190,799	1,155,405	305,910	152,142	49,192	(20,994)
Grupo Crédito S.A. and Subsidiaries (iv)	99.99	100.00	376,949	335,854	159,767	101,748	217,182	234,106	26,556	18,271
CCR Inc. (v)	99.99	99.99	1,089,659	1,152,336	1,152,537	1,247,465	(62,878)	(95,129)	(1,289)	138
Credicorp Securities Inc. (vi)	99.99	99.99	4,639	2,851	402	470	4,237	2,381	1,867	549
BCP Emisiones Latam 1 S.A. (vii)	100.00	-	115,127	-	114,356	-	771	-	(329)	-

(i) Banco de Crédito (BCP) is a universal bank incorporated in Peru in 1889. Its activities are supervised by the Superintendence of Banking, Insurance and AFP (the Peruvian banking, insurance and AFP authority, hereafter "the SBS" for its Spanish acronym). During 2009 and 2008, Credicorp acquired 0.002 percent and 0.08 percent of BCP shares, respectively, owned by minority interest. The consolidated financial statements of Banco de Crédito del Perú and Subsidiaries as of December 31, 2009, include the financial statement of Edyficar, see note 2. BCP and Subsidiaries hold as of December 31, 2009 and 2008, 95.92 percent of the capital stock of Banco de Crédito de Bolivia (BCB), a universal bank operating in Bolivia (Credicorp holds 4.08 percent). As of December 31, 2009, BCB´s assets, liabilities, equity, income and net income amounted to US$1,097.8, US$991.2, US$106.6, US$108.3 and US$28.7 million, respectively (US$939.8, US$831.6, US$108.2, US$117.7 and US$44.5 million, respectively, as of December 31, 2008).

(ii) Atlantic Security Holding Corporation (ASHC) is incorporated in the Cayman Islands; its main activity is to invest in capital stock. Its most significant subsidiary is Atlantic Security Bank (ASB), which is incorporated in the Cayman Islands, and operates through branches and offices in Grand Cayman and the Republic of Panama; its main activity is private and institutional banking services and trustee administration.

(iii) El Pacífico Peruano-Suiza Compañía de Seguros y Reaseguros (PPS) is incorporated in Peru, provides property, casualty, life, health and personal insurance. Its main subsidiaries are El Pacífico Vida Compañía de Seguros y Reaseguros S.A. and Pacífico S.A. Entidad Prestadora de Salud (EPS), holding 62.0 percent and 100.00 percent, respectively, of their capital stock. PPS and its subsidiaries activities are supervised by the SBS.

(iv) Grupo Crédito S.A. is incorporated in Peru, its main activity is to invest in listed and not listed securities in Peru. Its main subsidiary is Prima AFP, a private pension fund administrator incorporated in Perú, whose activities are supervised by the SBS. As of December 31, 2009, Prima AFP total assets, liabilities and net income amounted to US$249.8, US$87.9, and U$20.8 million, respectively (US$225.6 million, US$96.3 million and US$ 11.2 million, respectively, as of December 31, 2008).

(v) CCR Inc., is a special purposes entity incorporated in The Bahamas in 2001, its main activity is to manage certain loans granted to BCP by foreign financial entities, note 13(b). These loans are collateralized by transactions performed by BCP. As of December 31, 2009 and 2008, the negative equity is generated by unrealized losses of cash flow hedge derivatives, as it is explained in notes 11(b)(ii) and 16(c) .

(vi) Credicorp Securities Inc., is incorporated in the United States of America and began operations on January, 2003; it provides securities brokerage services, mainly to retail customers in Latin America.

(vii) BCP Emisiones Latam 1 S.A., is a special purposes entity incorporated in Chile in 2009, through which the Group issued corporate bonds, see note 15(a)(i).

(c) Foreign currency translation -

The Group has determined that its functional and presentation currency is the United States Dollar (U.S. Dollar or US$), because it reflects the economic substance of the underlying events and 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 expense, and that an important percentage of wages and purchases are established and settled in U.S. Dollars.

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

- Monetary assets and liabilities are translated at the free market exchange rate at the date of the consolidated statements of financial position.

- Non-monetary accounts are translated at the free market exchange rate prevailing at the transaction date.

- Income and expenses, except for those related to non-monetary assets which are translated at the free market exchange rate prevailing at the transaction date, are translated monthly at the average monthly 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 for all interest-bearing financial instruments, including those related to financial instruments classified as held for trading or designated at fair value through profit or loss, are recognized within "Interest and dividend income" and "Interest expense" in the consolidated income statement using the effective interest rate, which is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

Interest income is suspended when collection of loans become doubtful, i.e. when loans are overdue more than 90 days or when the borrower or securities' issuer defaults, if earlier than 90 days; such income is excluded from interest income until collected. Uncollected income on such loans is provisioned. 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.

Fees and commission income are recognized on an accrual basis when earned. Contingent credit fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any direct incremental costs) and recognized as an adjustment to the effective interest rate on the loan.

All other revenues and expenses are recognized on an accrual basis.

(e) Insurance activities -

Product classification:

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. This definition also includes reinsurance contracts that the Group holds. As a general guideline, the Group determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can however be reclassified as insurance contracts after inception if insurance risk becomes significant.

Reinsurance:

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measureable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the consolidated income statement.

Gains or losses on buying reinsurance are recognized in the consolidated income statement immediately at the date of purchase and are not amortized.

Ceded reinsurance arrangements do not relieve the Group from its obligations to a policyholder.

The Group also assumes reinsurance risk in the normal course of business for non-life insurance contracts when applicable. Premiums and claims on assumed reinsurance are recognized as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance, see note 22 and 23. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Insurance receivables

Insurance receivables are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortized cost. As of December 31, 2009 and 2008, the carrying value of the insurance receivables is similar to its fair value due to its liquidity and its short term. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the consolidated income statement. Insurance receivables are derecognized when the derecognition criteria for financial assets, as described in Note 3(g), has been met.

"Unit- Linked" investment

"Unit- Linked" investment represent assets held for purposes of funding life and insurance contracts and for which investment income and investment gains and losses accrue directly to the policyholders who bear the investment risk. Each account has specific objectives, and the assets are carried at fair value. The balance of each account is legally segregated and is not subject to claims that arise out of any other business of the Group. The liabilities for these accounts are equal to the account assets.

Deferred acquisition costs (DAC):

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognized as an expense when incurred.

Subsequent to initial recognition, these costs are amortized on a straight line basis based on the term of expected future premiums, which typically varies between 5 and 11 years for life insurance contracts and is normally 1 year for non-life insurance contracts. Amortization is recorded in the consolidated income statement.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amounts is less than the carrying value an impairment loss is recognized in the consolidated income statement. DAC is also considered in the liability adequacy test for each reporting period.

DAC are derecognized when the related contracts are either settled or disposed of.

Reinsurance commissions:
Commissions receivable on outwards reinsurance contracts are deferred and amortized on a straight line basis over the term of the expected premiums payable.

Insurance contract liabilities:

(i) Life insurance contracts liabilities

Life insurance liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are measured by using the net premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case a margin for risk and adverse deviation is generally included. A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Group. Adjustments to the liabilities at each reporting date are recorded in the consolidated income statement. Profits originated from margins of adverse deviations on run-off contracts, are recognized in the consolidated income statement over the life of the contract, whereas losses are fully recognized in the consolidated income statement during the first year of run-off. The liability is derecognized when the contract expires, is discharged or is cancelled.

At each reporting date, an assessment is made of whether the recognized life insurance liabilities are adequate, net of related DAC, by using an existing liability adequacy test as laid out under IFRS 4.

(ii) Non-life insurance (which comprises general insurance and healthcare) contract liabilities
Non-life insurance contract liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are known as the outstanding claims provision, which are based on the estimated ultimate cost of all claims incurred but not settled at the date of the consolidated statements of financial position, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the date of the consolidated statements of financial position. Incurred but non-reported claims (hereafter "IBNR") are estimated and included in the provision (liabilities). IBNR reserves as of December 31, 2009 and 2008, were determined on the basis of the Bornhuetter - Ferguson methodology – BF (a generally accepted actuarial method), which considers a statistical analysis of the recorded loss history, the use of projection methods and, when appropriate, qualitative factors that reflect present conditions or trends that could affect historical data. No provision for equalization or catastrophe reserves is recognized. The liabilities are derecognized when the contract expires, is discharged or is cancelled.

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally the reserve is released over the term of the contract and is recognized as premium income.

At each reporting date the Group reviews its unexpired risk and a liability adequacy test is performed as laid out under IFRS 4 to determine whether there is any overall excess of expected claims and DAC over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant nonlife insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate the deficiency is recognized in the consolidated income statement by setting up a provision for liability adequacy.

Income recognition:

(i) Gross premiums
Gross recurring premiums on life contracts are recognized as revenue when payable by the policyholder. For single premium business revenue is recognized on the date on which the policy is effective.

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the date of the consolidated statements of financial position. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

(ii) Reinsurance premiums

Gross reinsurance premiums on life contracts are recognized as an expense when payable or on the date on which the policy is effective.

Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the date of the consolidated statements of financial position. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

(iii) Fees and commission income

Insurance contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognized as revenue over the period in which the related services are performed. If the fees are for services provided in future periods then they are deferred and recognized over those future periods.

Benefits, claims and expenses recognition:

(i) Gross benefits and claims

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year including internal and external claims handling costs that are directly related to the processing and settlement of claims. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

General insurance and health claims includes all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

(ii) Reinsurance claims
Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

(f) Financial Instruments: Initial recognition and subsequent measurement -
The Group classifies its financial instruments in one of the categories defined by IAS 39: financial assets and financial liabilities at fair value through profit or loss; loans and receivables; available-for-sale financial investments and other financial liabilities. The Group determines the classification of its financial instruments at initial recognition.

The classification of financial instruments at initial recognition depends on the purpose and the management intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus, any directly attributable incremental cost of acquisition or issue, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Derivatives are recognized on a trade date basis.

(i) Financial assets and financial liabilities at fair value through profit or loss:
Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated at fair value through profit or loss, which designation is upon initial recognition and in an instrument by instrument basis. Derivatives are also categorized as held for trading unless they are designated as hedging instruments.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term, and are presented in the caption "Trading securities" of the consolidated statements of financial position.

Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring assets or liabilities or recognizing gains or losses on them on a different basis; or

- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

- the financial instrument contains one or more embedded derivatives, which significantly modify the cash flows that otherwise would be required by the contract.

Changes in fair value of designated financial assets through profit or loss are recorded in the consolidated income statement caption "Net gain on financial assets and liabilities designated at fair value through profit and loss". Interest earned or incurred is accrued in the consolidated income statement in the captions "Interest and dividend income" or "Interest expense", respectively, according to the terms of the contract. Dividend income is recorded when the collection right has been established.

(ii) Loans and receivables:
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: those that the entity intend to sell immediately or in the short term, those that the entity upon initial recognition designates as available for sale; or those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The effective interest rate amortization is recognized in the consolidated income statement in the caption "Interest and dividend income". Losses from impairment are recognized in the consolidated income statement in the caption "Provision 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 loan losses 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. The allowance for loan losses is established based in the internal risk classification and considering any guarantees and collaterals received, note 3(i) and 29.1.

(iii) Available-for-sale financial investments:
Available-for-sale financial investments are non derivative financial assets that are designated as available-for-sale (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 price); or are not classified as (a) financial assets and financial liabilities at fair value through profit or loss, (b) held-to-maturity or (c) loans and receivables.

After initial recognition, available-for-sale financial investments are measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve, net of its corresponding deferred tax and minority interest, until the investment is derecognized, at which time the cumulative gain or loss is recognized in the consolidated income statement in the caption "Net gain on sale of securities", or determined to be impaired, at which time the cumulative loss is recognized in the consolidated income statement in the caption "Impairment loss on available–for–sale investments" and removed from the available-for-sale reserve.

Interest and dividends earned are recognized in the consolidated income statement in the caption "Interest and dividend income". Interest earned is reported as interest income using the effective interest rate and dividends earned are recognized when collection rights are established.

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.

When the Group is unable to sell these financial assets due to inactive markets and Management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets only in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and has the intent and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held to maturity category is permitted only when the entity has the ability and intent to hold the financial asset until maturity.

As of December, 31, 2009 and 2008, the Group did not reclassify any of its available-for-sale financial investments.

(iv) Other financial liabilities:
After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issuance discount or premium and costs that are an integral part of the effective interest rate.

(g) Derecognition of financial assets and financial liabilities -

Financial assets:

A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognized when: (i) the rights to receive cash flows from the asset have expired; or (ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and (iii) either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities:

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, any resulting difference in the respective carrying amount is recognized as profit or loss.

(h) Offsetting financial instruments -

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position 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.

(i) Impairment of financial assets -

The Group assesses at each date of the consolidated statements of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will go bankrupt or other legal financial reorganization process and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Criteria used for each category of financial assets is as follows:

(i) Loans and receivables:

For loans and receivables that are carried at amortized cost, the Group first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively, for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated income statement. Interest income, if applicable, is accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If in the future a write-off is later recovered, the recovery is recognized in the consolidated income statements, as a credit to the caption "Provision for loan losses".

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. 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 costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For a collective evaluation impairment, financial assets are grouped considering the Group's internal credit grading system, which considers credit risk characteristics; i.e. asset type, industry, geographical location, collateral type and past-due status.

Future cash flows from a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with similar credit risk characteristics to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exists. The methodology and assumptions used are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Available-for-sale financial investments:
For available-for-sale financial investments, the Group assesses at each date of the consolidated statements of financial position whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss) is removed from available-for-sale reserve and recognized in the consolidated income statement. Impairment losses on equity investments are not reversed through the consolidated income statement; increases in their fair value after impairment are recognized directly in the consolidated statements of comprehensive income.

In the case of debt instruments, impairment is assessed based on the same criteria as financial assets carried at amortized cost (loans and receivables). However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated income statement. Future interest income is based on the reduced carrying amount and is accrued using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income is recorded as part of "Interest and dividend income". If in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated income statement, the impairment loss is reversed through the consolidated income statement.

(iii) Renegotiated loans:
Where possible, the Group seeks to refinance or restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews refinanced and restructured loans to ensure that all criteria are met and that future payments are likely to occur. Renegotiated loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

(j) Leases -

The determination of whether an arrangement is, or contains, a lease is based in the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets on the arrangement conveys a right to use the asset.

Operating leases:

Leases in which a significant portion of the risks and benefits of the asset are hold by the lessor are classified as operating leases. Under this concept the Group has mainly leases used as BCP's branches.

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

Finance leases:

Finance leases are recognized as granted loans at the present value of the lease collections. 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 agreement using the effective interest method, which reflects a constant periodic rate of return.

(k) 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 and impairment, if applicable. Historical acquisition costs include expenditures that are directly attributable to the acquired property, furniture or equipment. Maintenance and repair costs are charged to the consolidated income statement, 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 from the use of the acquired property, furniture or equipment.

Land is not depreciated. Depreciation of other assets in this caption is calculated using the straight-line method over their estimated useful life, as follows:

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

An item of property, furniture and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Asset's residual value, useful life and the selected depreciation method are periodically reviewed to ensure that they are consistent with actual economic benefits and life expectations.

(l) Seized assets -

Seized assets are recorded at the lower of cost or estimated market value, which is obtained from valuations made by independent appraisals. Reductions in book values are recorded in the consolidated income statements.

(m) Intangible assets -

Comprise internal developed and acquired software licenses used by the Group. Acquired software licenses are measured on initial recognition at cost. These intangible assets are amortized using the straight-line method over their estimated useful life (between 3 and 5 years).

Intangible assets identified as a consequence of the acquisition of Edyficar and AFP Unión Vida, note 10 ("Client relationships" and "Brand name") and other intangible assets, are recognized on the consolidated statements of financial position at their fair values determined on the acquisition date and are amortized using the straight line method over their estimated useful life; as follows:

	Years
Client relationships – AFP Unión Vida	20
Client relationships – Edyficar	10
Brand name – Edyficar	20
Other	5

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated income statement when the asset is derecognized.

(n) Goodwill -

Goodwill represents the excess of the acquisition cost of a subsidiary over the fair value of the net identifiable assets of the acquired subsidiary 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. See also paragraph (o) below.

(o) Impairment of non-financial assets -

The Group assesses at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, whether there is an indication that a non-financial asset may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount.

For non-financial assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized; if that is the case, the carrying amount of the asset is increased to its recoverable amount. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

(p) Due from customers on acceptances -

Due from customers on acceptances corresponds to accounts receivable from customers for import and export transactions, whose obligations have been accepted by the Group. The obligations that must be assumed by the Group for such transactions are recorded as liabilities.

(q) Financial guarantees -

In the ordinary course of business, the Group grants financial guarantees, such as letters of credit, guarantees and acceptances. Financial guarantees are initially recognized at fair value (which is equivalent in that moment to the fee received), as "Other liabilities" in the consolidated statements of financial position. Subsequent to initial recognition, the Group's liability under each guarantee is measured as the higher of the amortized fee and the best estimate of expenditure required to settle any financial obligation arising as a result of the financial guarantee.

Any increase in the liability relating to a financial guarantee is included in the consolidated statement of income. The fee received is recognized in the consolidated statement of income in the caption "Banking services commissions" on a straight line basis over the life of the granted financial guarantee.

(r) Defined contribution pension plan -

The Group only operates a defined contribution pension plan. The contribution payable to a defined contribution pension plan is in proportion to the services rendered to the Group by the employees and; it is recorded as an expense in the caption "Salaries and employees benefits" of the consolidated income statement. Unpaid contributions are recorded as a liability.

(s) Provisions -

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow or resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(t) 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.

(u) Income tax and workers' profit sharing -

Income tax and workers' profit sharing 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 date of the consolidated statements of financial position, 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 date of the consolidated statements of financial position, Credicorp and its Subsidiaries assess unrecognized deferred assets and the carrying amount of recognized deferred assets.

Credicorp and its Subsidiaries determine the 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.

(v) Earnings per share -

Basic earnings per share is calculated by dividing the net profit for the year 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.

Diluted earnings per share is 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, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(w) Share-based payment transactions -

(i) Cash-settled transactions

As explained in note 18(a), until April 2008 the Group granted a supplementary remuneration plan to certain employees who had at least one year serving Credicorp or any of its Subsidiaries, in the form of stock appreciation rights (SARs) over a certain number of Credicorp shares. SARs were granted at a fixed price and are exercisable at that price, allowing the employee to obtain a gain in cash ("cash-settled transaction") arising from the difference between the fixed exercise price and the market price at the date the SARs are executed.

The SARs fair value is expensed over the period up to the vesting date, with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized in the caption "Salaries and employee benefits". When the price or term of the SARs are modified, any additional expense is recorded.

(ii) Equity-settled transactions

As explain in note 18(b), since April 2009, a new supplementary remuneration plan was implemented to replace the SARs plan (see (i) above). The grant date was April 28, 2009, and the granted awards vest 33.3 percent every 12 months.

The cost of this equity-settled plan is recognized, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense is recorded in the caption "Salaries and employees benefits" of the consolidated income statement. When the terms of an equity-settled award are modified, the minimum expense recognized in "Salaries and employees benefits" is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding stock awards is reflected as a share dilution in the computation of diluted earnings per share, see Note 3(v).

(x) Derivative financial instruments -

Trading:

Part of 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 statements of financial position at cost and subsequently are re-measured at their fair value. Fair values are estimated based on the market exchange 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 statement.

Hedge:

The Group uses derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions which meet the specified criteria.

At inception of the hedge relationship, the Group formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship.

Also, at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. Hedges are formally assessed at each reporting date. A hedge is regarded as highly effective if changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated is expected to offset in a range between 80 percent and 125 percent.

The accounting treatment is established according to the nature of the hedged item and compliance with the hedge criteria.

(i) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated income statement in finance costs.

Amounts recognized as other comprehensive income are transferred to the consolidated income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in the cash flow hedge reserve are transferred to the consolidated income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in the cash flow hedge reserve remains in the cash flow hedge reserve until the forecast transaction or firm commitment affects profit or loss.

(ii) Fair value hedges

The change in the fair value of an interest rate hedging derivative is recognized in the consolidated income statement in finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognized in the consolidated income statement in finance costs.

For fair value hedges relating to consolidated items carried at amortized cost, the adjustment to carrying value is amortized through the consolidated income statement over the remaining maturity term. Effective interest rate amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognized, the unamortized fair value is recognized immediately in the consolidated income statement.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the consolidated income statement.

(iii) Embedded derivates:

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts, and the host contracts are not held for trading or designated at fair value through profit or loss.

The Group has certificates indexed to the price of Credicorp Ltd. shares that will be settled in cash, and investments indexed to certain life insurance contracts liabilities, denominated "Unit Link". These instruments have been classified at inception by the Group as "Financial instruments at fair value though profit or loss", see 3(f)(i), and note 7.

(y) Segment reporting -

The Group reports financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are a component of an entity for which separate financial information is available that is evaluated regularly by the entity's Chief Operating Decision maker ("CODM") in making decisions about how to allocate resources and is assessing performance. Generally, financial information is required to be reported on the same basis as it is used internally for evaluating operating segment performance and deciding how to allocate resources to segments, note 26.

(z) Fiduciary activities, management of funds 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, note 29.8.

Commissions generated for these activities are included in the caption "Other income" of the consolidated income statements.

(aa) Sale and repurchase agreements -

Securities sold subject to repurchase agreements ('Repos') are presented as pledged assets when the counterparty 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 statements of financial position.

The difference between sale and repurchase price is considered as interest and is accrued over the life of the related agreement using the effective interest method.

(ab) Cash and cash equivalents -
For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise balances of cash and balances with central banks, overnight deposits and amounts due from banks with original maturities of three months or less.

(ac) Reclassifications -
When it is necessary, the comparative figures have been reclassified to conform to the current year presentation. Certain transactions were reclassified in the current year presentation; in Management's opinion those reclassifications are not significant to the consolidated financial statement as of December 31, 2009 and 2008.

(ad) Recently issued International Financial Reporting Standards but not yet effective -
The Group decided not to early adopt the following standards and interpretations that were issued but not effective as December 31, 2009:

- IFRS 2 "Share-based Payment (Revised): Group Cash-settled Share-based Payment", effective for periods beginning on or after January 1, 2010, with retrospective application. This amendment provides guidance on how to account for cash-settled share-based payment transactions in the separate financial statements of an entity. This amendment will not have any impact on the Group´s consolidated financial statements.

- IFRS 9 "Financial Instruments ", the IASB issued this IFRS as the first step in its project to replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting on January 1, 2013, with early adoption permitted. The IASB intends to expand IFRS 9 during 2010 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting.

- IFRS 3 (Revised) "Business Combination and Consolidation" and IAS 27 (Revised) "Separated Financial Statements Consolidation", effective modifications for periods beginning on or after July 1, 2009. Changes in IFRS 3 (Revised) affect the valuation of non-controlling interest, the accounting for transactions costs, the initial recognition and subsequent measurement of a contingent consideration and business combination achieved in stages. IAS 27 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners.

- IAS 39 "Financial Instruments: Recognition and Measurement – Eligible Hedged Items", effective for periods beginning on or after July 1, 2009, the amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations.

- IFRIC 17, "Distributions of Non-Cash Assets to owners", effective for periods beginning on or after July 1, 2009. Early application is permitted. This interpretation provides guidance in the accounting treatment of distribution of - non cash assets to owners.

- IFRIC 18, "Transfer of assets from customers", effective for periods beginning on or after July 1, 2009. This interpretation clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services.

- Improvements to IFRSs
  In April 2009 the IASB issued "Improvements to IFRSs", its second omnibus of amendments to its standards and the related basis for conclusion. There are separate effective date and transitional provisions for each standard. The improvement project is an annual project that provides a mechanism for making necessary but non-urgent or significant amendments.

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:

	2009 US$(000)	**2008** US$(000)
Cash and clearing	679,694	625,954
Deposits in Peruvian Central Bank - BCRP	2,107,635	1,952,952
Deposits in banks	1,047,830	1,184,729
	3,835,159	3,763,635
Accrued interest	1,499	2,536
Total	3,836,658	3,766,171

(b) As of December 31, 2009 and 2008, cash and due from banks balances include approximately US$2,605.1 and US$2,488.7 million, respectively, mainly from Banco de Crédito del Perú (BCP), which represent the legal reserve that Peruvian banks must maintain for its obligations with the public, and are within the limits established by prevailing Peruvian legislation at those dates.

The legal reserve funds maintained with BCRP are not interest-bearing, except for the part of the mandatory reserve in U.S. Dollars that exceeds the minimum legal reserve. As of December 31, 2009, this excess amounts to approximately US$1,790.8 million and bears interest in U.S. Dollars at an average annual interest rate of 0.14 percent (approximately US$1,601.6 million and 0.4 percent, respectively as of December 31, 2008).

5. Investments available-for-sale

(a) This item is made up as follows:

	2009				2008			
		Unrealized gross amount				Unrealized gross amount		
	Amortized cost US$(000)	Gains US$(000)	Losses (b) US$(000)	Estimated fair value US$(000)	Amortized cost US$(000)	Gains US$(000)	Losses (b) US$(000)	Estimated fair value US$(000)
Fixed maturity -								
BCRP certificates of deposit (d)	1,545,343	386	(24)	1,545,705	2,209,460	2,939	(3,457)	2,208,942
Corporate, leasing and subordinated bonds (e)	1,440,006	54,932	(9,302)	1,485,636	947,991	16,015	(58,109)	905,897
Government's treasury bonds (f)	904,424	103,787	(438)	1,007,773	833,153	57,678	(10,231)	880,600
Central Bank of Bolivia certificates of deposit (g)	111,102	793	-	111,895	217,516	115	(81)	217,550
Participations in mutual funds	167,052	7,726	(240)	174,538	97,234	2,189	(2,479)	96,944
Collateralized mortgage obligations (CMO) (h)	67,810	15	(5,092)	62,733	96,256	46	(22,375)	73,927
US Government – Agencies and Sponsored Enterprises (i)	16,824	540	-	17,364	41,000	3,718	(67)	44,651
Restricted mutual funds (j)	53,104	18,976	-	72,080	49,775	1,887	-	51,662
Participation in RAL's funds (k)	83,898	-	-	83,898	73,268	-	-	73,268
Negotiable certificates of deposit	24,126	2,337	-	26,463	41,628	1,003	(76)	42,555
Hedge funds	10,811	3,691	-	14,502	31,742	2,920	(284)	34,378
Bonds of international financial entities	66,267	2,811	-	69,078	34,799	116	(587)	34,328
Other	24,933	674	(9)	25,598	30,892	5	(770)	30,127
	4,515,700	196,668	(15,105)	4,697,263	4,704,714	88,631	(98,516)	4,694,829
Shares -								
Listed securities (l)	106,071	185,412	(1,304)	290,179	101,593	109,032	(5,936)	204,689
Not-listed securities	35,464	5,284	(194)	40,554	6,242	1,761	(3)	8,000
	141,535	190,696	(1,498)	330,733	107,835	110,793	(5,939)	212,689
	4,657,235	387,364	(16,603)	5,027,996	4,812,549	199,424	(104,455)	4,907,518
Accrued interest				51,610				43,236
Total				5,079,606				4,950,754

(b) Credicorp's Management has determined that the unrealized losses as of December 31, 2009 and 2008 are of temporary nature. Management intents and has the ability to hold each investment for a period of time sufficient to allow for an anticipated recovery in fair value, until the earlier of its anticipated recovery or maturity.

Credicorp's Management has considered the following criteria in determining whether a loss is temporary or not for equity investments (shares):

- the length of time and the extent to which fair value has been below cost;
- the severity of the impairment;
- the cause of the impairment and the financial condition and near-term prospects of the issuer; and
- activity in the market of the issuer which may indicate adverse credit conditions.

Credicorp's Management has considered the following criteria in determining whether a loss is temporary or not for debt investments (fixed maturity):

- Assess whether it is probable that the Group will receive all amounts due according to the contractual terms (principal and interest). The identification of credit-impaired debt investments considers a number of factors, including the nature of the debt investment and the underlying collateral, the amount of subordination or credit enhancement, published credit rating and other information, and other evidential data of the probable cash flows from the debt investment. If recovery of all amounts due is not probable; a "credit impairment" is deemed to exist, and the unrealized loss is recorded directly in the consolidated income statement. This unrealized loss recorded in income represents the debt investment decline in fair value, including the decline due to forecasted cash flow shortfalls as well as general market spread widening.

- For debt investments with unrealized losses but not identified as impairment, Credicorp's Management determines whether it has the positive intent and ability to hold each investment for a period of time sufficient to allow for an anticipated recovery in its amortized cost. Credicorp's Management estimates the forecasted recovery period using current estimates of volatility in market interest rates (including liquidity and risk premiums). Management's assertion regarding its intent and ability to hold investments considers a number of factors, including a quantitative estimate of the expected recovery period and the length of that period (which may extend to maturity), the severity of the impairment, and Credicorp's Management intended strategy. If Credicorp's Management does not have the intent and ability to hold the security for a sufficient time period, the unrealized loss is recorded directly in the consolidated income statement.

(c) For the year ended December 31, 2009, as a result of the impairment assessment of its investments available-for-sale, the Group recorded an impairment amounting to US$9.8 million (US$60.4 million of gross impairment, and US$55.7 million net of deferred taxes and minority interest as of December 31, 2008), which is presented in the consolidated income statement caption "Impairment loss on available-for-sale investments".

The movement of "Available-for-sale investments reserves", net of deferred income tax and minority interest is presented in note 16(c).

(d) BCRP certificates of deposit are discounted Nuevo Sol instruments with maturities due within one year and are acquired in public auctions. Annual effective interest rates in Peruvian currency range between 1.13 and 1.39 percent as of December 31, 2009 (between 6.55 and 7.06 annual percent as of December 31, 2008).

As of December 31, 2008, this amount also included BCRP certificates of deposit in US$ Dollars amounting to US$1,070.7 million, with maturities between January and April 2009. These certificates accrued interests at annual effective rates that range between 0.34 and 1.55 percent.

As of December 31, 2008, the Group entered into BCRP - Repo transactions in Peruvian currency with its clients using these securities for approximately US$294.2 million. At that date, these transactions earned an annual effective interest rate between 6.75 and 7.00 percent and with maturities between February and November 2009.

(e) As of December 31, 2009 and 2008, comprise mainly corporate bonds for US$1,460.9 and US$898.4 million, respectively, with maturities between January 2010 and November 2066 (between January 2009 and November 2066 as of December 31, 2008). These bonds accrue interests at annual effective rates that range between 0.67 and 7.47 percent for the bonds denominated in Peruvian currency (between 2.81 and 8.80 percent as of December 31, 2008), and between 0.38 and 13.93 percent for the bonds denominated in U.S. Dollars (between 1.58 and 18.4 percent as of December 31, 2008). The unrealized losses on these investments as of December 31, 2008, corresponded to 178 items of which the highest individual unrealized loss amounts to approximately US$2 million.

(f) Includes principally debt instruments issued by the Peruvian Government in Euros for an equivalent of US$364.4 million, in U.S. dollars for US$257.0 million and in Nuevo Sol for an equivalent of US$165.3 million, the Colombian Government in U.S. dollars for US$89.5 million and Colombian Peso for an equivalent of US$64.3 million, and the Government of Brazil in U.S. dollars for US$19.1 million, as of December 31, 2009 (US$795.2, US$67.7 and US$4.9 million, issued by the Peruvian Government, the Colombian Government and El Salvador Government, respectively, as of December 31, 2008). Their maturities are between March 2010 and August 2046 (between January 2009 and August 2046 as of December 31, 2008) and earned interests at annual effective rates that range between 1.06 and 9.50 percent (between 2.85 and 9.15 percent as of December 31, 2008).

(g) As of December 31, 2009 and 2008, certificates of deposit issued by the Central Bank of Bolivia are denominated in Pesos Bolivianos, had maturities between January and December 2010 and between January and July 2009, respectively, and accrued interest at annual effective rates that ranges between 1.50 and 11.77 percent and between 7.42 and 11.45 percent, respectively.

As of December 31, 2009, the Group entered into Repo transactions in Pesos Bolivianos with its clients for an equivalent of US$35.0 million using these securities. At that date, these transactions earned interest at current market rates in Bolivia and with maturities in February 2010.

(h) Collaterized mortgage obligations are not related with "sub prime mortgages", they correspond to senior tranches and have maturities between May 2033 and January 2047 (between December 2015 and January 2047 as of December 31, 2008) and accrues interest at annual effective rates that ranges between 3.43 and 13.70 percent (between 3.80 and 14.20 percent as of December 31, 2008). The unrealized losses on these instruments as of December 31, 2009 correspond to 21 items of which the highest individual unrealized loss amounts to approximately US$1.8 million (23 items and US$1.5 million, respectively, as of December 31, 2008).

(i) Corresponds to debt instruments issued by US Government – Agencies and Sponsored Enterprises. Their maturities are between January 2010 and August 2038 (between April 2009 and August 2038 as of December 31, 2008) and earned interest at annual effective rates between 3.98 and 5.77 percent (between 4.05 and 6.30 percent as of December 31, 2008).

(j) Restricted mutual funds comprise participation quotas on the private pension funds managed by the Group as required by Peruvian regulations. They have a restricted disposal and their profitability is the same as the one obtained by the private pension funds managed.

(k) The participation quotas in the Fund "Requirement of Cash Assets" (RAL for its Spanish acronym) are denominated in Pesos Bolivianos and comprise 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 banks established in Bolivia. The fund accrues interest at an average annual effective rate of 8.58 and 5.48 percent as of December 31, 2009 and 2008, respectively.

(l) As of December 31, 2009, the unrealized gains on listed securities arises mainly from shares in Banco de Crédito e Inversiones de Chile - BCI Chile, Inversiones Centenario S.A., Alicorp S.A.A. and Edelnor S.A., which amounted to US$70.9, US$41.2, US$25.6 and US$22.8 million, respectively (US$18.2, US$28.8, US$8.8 y US$14.9 million, respectively, as of December 31, 2008).

(m) As of December 31, 2009, the Group has cash flow hedges and fair value hedges over investments available for sale for a notional amount of US$71.1 million and US$373.3 million, respectively. These investment under cash flow hedges were economically converted to US$ Dollars with fixed rate; and investment under fair value hedges were economically converted to US$ Dollars with variable rate (global bonds in Euros), and variable rate (fixed bonds in US$), see note 11(b).

(n) Amortized cost and estimated fair value of investments available-for-sale classified by maturity are as follows:

	2009		2008	
	Amortized cost US$(000)	**Fair value** US$(000)	**Amortized cost** US$(000)	**Fair value** US$(000)
Up to 3 months	1,419,936	1,451,352	2,021,269	2,023,679
From 3 months to 1 year	919,290	922,408	950,129	946,040
From 1 to 3 years	505,941	524,139	284,307	279,245
From 3 to 5 years	677,097	722,548	262,785	258,791
Over 5 years	993,436	1,076,816	1,186,224	1,187,074
Without maturity (shares)	141,535	330,733	107,835	212,689
Total	4,657,235	5,027,996	4,812,549	4,907,518

6. **Loans, net**

(a) This item is made up as follows:

	2009 US$(000)	2008 US$(000)
Direct loans -		
Loans	7,927,451	7,324,485
Leasing receivables	1,997,562	1,792,827
Credit card receivables	1,059,433	854,968
Discounted notes	349,126	368,648
Advances and overdrafts	47,147	102,687
Factoring receivables	163,443	124,537
Refinanced and restructured loans	59,459	55,179
Past due and under legal collection loans	184,567	82,867
	11,788,188	10,706,198
Add (less) -		
Accrued interest	80,316	90,094
Unearned interest	(282,869)	(249,914)
Allowance for loan losses (d)	(354,355)	(224,337)
Total direct loans, net	11,231,280	10,322,041
Indirect loans, note 19(a)	2,528,135	1,755,902

(b) Loans by class, are as follows:

	2009 US$(000)	2008 US$(000)
Commercial loans	8,566,659	8,058,585
Residential mortgage loans	1,753,736	1,485,214
Consumer loans	1,467,793	1,162,399
Total	11,788,188	10,706,198

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

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

	2009			
	Commercial loans US$(000)	**Residential mortgage loans** US$(000)	**Consumer loans** US$(000)	**Total** US$(000)
Beginning balances	161,170	30,832	56,061	248,063
Provision	79,551	9,781	74,060	163,392
Recoveries of written-off loans	12,984	939	10,005	23,928
Acquisition of Edyficar, note 2	19,443	106	1,356	20,905
Loan portfolio written-off	(32,364)	(958)	(54,605)	(87,927)
Translation result	3,012	771	3,905	7,688
Ending balances (*)	243,796	41,471	90,782	376,049

	2008			
	Commercial loans US$(000)	**Residential mortgage loans** US$(000)	**Consumer loans** US$(000)	**Total** US$(000)
Beginning balances	184,584	14,454	30,662	229,700
Provision (recoveries)	(10,667)	16,024	43,403	48,760
Recoveries of written-off loans	19,956	808	10,515	31,279
Loan portfolio written-off	(31,595)	(291)	(27,422)	(59,308)
Translation result	(1,108)	(163)	(1,097)	(2,368)
Ending balances (*)	161,170	30,832	56,061	248,063

	2007			
	Commercial loans US$(000)	**Residential mortgage loans** US$(000)	**Consumer loans** US$(000)	**Total** US$(000)
Beginning balances	183,374	9,253	17,959	210,586
Provision (recoveries)	(5,591)	4,884	29,146	28,439
Recoveries of written-off loans	26,016	2,587	5,481	34,084
Loan portfolio written-off	(22,079)	(2,395)	(22,792)	(47,266)
Translation result	2,864	125	868	3,857
Ending balances (*)	184,584	14,454	30,662	229,700

(*) The movement in the allowance for loan losses includes the allowance for direct and indirect loans for approximately US$354.4 and US$21.7 million, respectively, as of December 31, 2009 (approximately US$224.3 and US$23.7 million; and US$211.3 and US$18.4 million, as of December 31, 2008 and 2007, respectively). The allowance for indirect loan losses is included in the caption "Other liabilities" of the consolidated statements of financial position, note 11(a).

In Management's opinion, the allowance for loan losses recorded as of December 31, 2009 and 2008 and 2007 has been established in accordance with IAS 39 and is sufficient to cover the losses on the loan portfolio, note 3(i).

(e) Part of the loan portfolio is collateralized with guarantees received from clients, which mainly consist of mortgages, trust assignments, financial instruments and industrial and mercantile pledges.

(f) Interest on past due and under legal collection loans are recognized when collected.
Interest income that would have been recorded for these loans in accordance with their original contract terms amounts to approximately US$ 27.9, US$17.0 and US$18.7 million as of December 31, 2009, 2008 and 2007, respectively.

(g) As of December 31, 2009 and 2008, the direct gross loan portfolio classified by maturity, based on the remaining period to repayment date is as follows:

	2009 US$(000)	2008 US$(000)
Outstanding loans -		
Up to 1 year	6,269,810	6,307,197
From 1 to 3 years	2,077,950	1,648,821
From 3 to 5 years	1,218,240	1,033,375
Over 5 years	2,037,621	1,633,938
Past due loans -		
Up to 4 months	70,602	34,955
Over 4 months	64,105	22,569
Under legal collection loans	49,860	25,343
Total	11,788,188	10,706,198

7. Financial assets designated at fair value through profit or loss

(a) This item is made up as follows:

	2009 US$(000)	2008 US$(000)
Citigroup indexed certificates (b)	115,007	129,631
Investment – Unit Link (c)	20,663	8,314
	135,670	137,945

(b) In connection with the liabilities that result from Credicorp´s stock appreciation rights (SARs), (note 18), BCP signed several contracts with Citigroup Global Markets Holdings Inc., Citigroup Capital Limited, Citigroup Capital Market Inc (hereinafter "Citigroup") and Calyon Financial Products (Guernsey) Limited (hereinafter "Calyon").

These contracts consist of the purchase of certificates indexed to the performance of Credicorp Ltd. (BAP) shares, in the form of "warrants" issued by Citigroup and Calyon, which the same number of Credicorp Ltd. shares. These certificates are cash settled and, at their maturity, they pay an amount equal to the final settlement price minus the strike price (US$ 0.0000001) plus the accrued dividends, less the annual fee 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 BAP shares on each business day, on which Citigroup or any of its affiliates or Calyon effects any transactions with respect to BAP shares in order to unwind its position established and maintained to hedge its price and market risk with respect to the issued certificates.

The certificates have a maturity of 5 years but can be settled anytime before their maturity, partially or totally. As of December 31, 2009 and 2008, the Group had acquired 1,472,414 and 2,487,414 certificates, respectively, at a total cost of US$87.8 and US$129.1 million, respectively (US$67.8 and US$51.9 per certificate on average, respectively). At those dates, the estimated market value amounted to US$115.0 million and US$129.6 million, respectively (US$78.1 and US$52.1 per certificate on average, as of December 31, 2009 and 2008, respectively). For the year 2009, the gain resulting from the difference between cost and estimated market value amounting to approximately US$37.3 million (loss of US$67.1 million for the year 2008) has been recorded in the caption "Net gain (loss) on financial assets and liabilities designated at fair value through profit and loss" of the consolidated statement of income, according to the accounting principle described in note 3(x).

(c) The Group issues unit-linked investment policies whereby the policyholder bears the investment risk on the assets held in the unit-linked funds as the policy benefits are directly linked to the value of the assets in the fund. The Group's exposure to market risk on this business is limited to the extent that income arising from asset management charges is based on the value of assets in the fund. For the year 2009, the gain recorded for these investment amounting to approximately US$5.5 million (gain of US$1.7 million for the year 2008) are presented in the caption "Net gain (loss) on financial assets and liabilities designated at fair value through profit and loss" of the consolidated statement of income, according to the accounting principles described in note 3(x).

8. Receivable and payable accounts from insurance contracts

(a) As of December 31, 2009 and 2008, the caption "Premiums and other policies receivable" includes balances which primarily due in a current period, have no collaterals and present no material past due balances.

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

Accounts receivable:

	2009 US$(000)	2008 US$(000)
Beginning balances	165,144	116,141
Reported claims of premiums ceded	51,895	64,787
Premiums ceded unearned during the year	(15,381)	1,054
Premiums assumed	8,304	22,664
Settled claims of premiums ceded by facultative contracts	18,713	14,885
Collections and other	(91,577)	(54,387)
Ending balances	137,098	165,144

Accounts receivable as of December 31, 2009 and 2008, include US$16.6 million and US$32.0 million, respectively which correspond to the unearned portion of the ceded premiums to the reinsurers.

Accounts payable:

	2009 US$(000)	2008 US$(000)
Beginning balances	55,841	33,963
Premiums ceded to reinsurers by facultative contracts	72,925	85,355
Coinsurance granted	12,171	2,531
Payments and other	(92,928)	(66,008)
Ending balances	48,009	55,841

Accounts payable to reinsurers are primarily related to the proportional facultative contracts for ceded premiums, automatic non-proportional contracts (excess of loss) and reinstallation premiums. For facultative contracts the Group transfers to the reinsurers a percentage or an amount of an insurance contract or individual risk, based on the premium and the covered period. The net movement of the accounts payable of non-proportioned contracts (excess of loss) as well as installation premiums of the years 2009 and 2008 are included in the concept "Payments and other" for US$24.8 million and U$26.4 million, respectively.

9. Property, furniture and equipment, net

(a) The movement of property, furniture and equipment and accumulated depreciation, for the years ended December 31, 2009 and 2008, 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$(000)	2009 US$(000)	2008 US$(000)
Cost -									
Balance as of January 1st	38,367	277,825	110,758	81,099	219,112	29,066	28,766	784,993	708,483
Additions	1,271	2,203	2,068	4,714	18,554	1,537	14,704	45,051	91,353
Acquisition of Edyficar, note 2	2,000	2,733	-	2,662	2,640	1,771	-	11,806	-
Transfers	-	11,978	5,268	1,397	767	642	(20,052)	-	-
Sales and other	(1,348)	(66)	(493)	(862)	(6,213)	(4,275)	1,296	(11,961)	(14,843)
Balance as of December 31	40,290	294,673	117,601	89,010	234,860	28,741	24,714	829,889	784,993
Accumulated depreciation -									
Balance as of January 1st	-	145,950	70,116	60,515	169,398	9,556	-	455,535	433,548
Depreciation for the year	-	7,193	7,249	3,684	21,060	2,686	-	41,872	36,034
Acquisition of Edyficar, note 2	-	151	-	759	1,801	840	-	3,551	-
Sales and other	-	78	(472)	(878)	(6,123)	(2,209)	-	(9,604)	(14,047)
Balance as of December 31	-	153,372	76,893	64,080	186,136	10,873	-	491,354	455,535
Net book value	40,290	141,301	40,708	24,930	48,724	17,868	24,714	338,535	329,458

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

(c) As of December 31, 2009, Credicorp and its Subsidiaries have property available for sale for approximately US$24.2 million, net of its accumulated depreciation amounting to approximately US$9.6 million (US$25.0 and US$8.8 million, respectively, as of December 31, 2008).

(d) Management periodically reviews the residual value, useful life and method of depreciation of the Group's property, furniture and equipment to ensure that they are consistent with their actual economic benefits and life expectations. In Management's opinion, as of December 31, 2009 and 2008 there is no evidence of impairment of the Group's property, furniture and equipment.

10. Intangibles assets and goodwill, net

(a) Intangibles –

The movement of intangible assets for the years ended December 31, 2009 and 2008 is as follows:

Description	Client Relationships US$(000)	Brand name US$(000)	Software US$(000)	Developments US$(000)	Other US$(000)	2009 US$(000)	2008 US$(000)
Cost -							
Balance as of January 1st	88,378	-	69,160	54,926	11,598	224,062	187,237
Additions	-	-	12,128	935	39,612	52,675	39,261
Acquisition of Edyficar, note 2	6,574	13,159	2,951	-	-	22,684	-
Transfers	-	-	4	19,767	(19,771)	-	-
Withdrawls and other	-	-	(349)	(619)	(1,375)	(2,343)	(2,436)
Balance as of December 31	94,952	13,159	83,894	75,009	30,064	297,078	224,062
Accumulated amortization -							
Balance as of January 1st	9,436	-	29,483	21,461	7,339	67,719	47,552
Amortization of the year	4,500	105	12,483	9,952	2,187	29,227	21,335
Acquisition of Edyficar, note 2	-	-	1,072	-	-	1,072	-
Withdrawls and other	23	-	(353)	(512)	(615)	(1,457)	(1,168)
Balance as of December 31	13,959	105	42,685	30,901	8,911	96,561	67,719
Net book value	80,993	13,054	41,209	44,108	21,153	200,517	156,343

During the years ended December 31, 2009 and 2008, Credicorp capitalized disbursements related to the implementation and development of sundry computer systems in BCP (mainly SAP-ERP).

(b) Goodwill -

This item is made up as follows:

	2009 US$(000)	2008 US$(000)
Goodwill -		
Edyficar, note 2	50,696	-
Prima AFP	44,594	44,594
Banco de Crédito del Perú	18,733	18,609
El Pacífico Peruano – Suiza Compañía de Seguros y Reaseguros	13,007	13,007
Atlantic Security Holding Corporation	10,660	10,660
Coporación Novasalud Perú S.A. EPS	3,744	3,744
Book value, net	141,434	90,614

Management annually assesses goodwill to identify any impairment; assumptions used are consistent with previous years. As of December 31, 2009 and 2008, Management concluded that there is no impairment in the recorded goodwill.

11. Other assets and other liabilities

(a) These items are made up as follows:

	2009 US$(000)	2008 US$(000)
Other assets -		
Financial instruments:		
Value added tax credit	152,548	124,880
Derivatives receivable (b)	97,341	79,275
Accounts receivable	61,086	56,886
Income tax prepayments, net	59,175	27,417
Operations in process (c)	50,072	38,282
	420,222	326,740
Non-financial instruments:		
Deferred income tax asset, note 17(c)	84,070	67,173
Prepaid expenses	66,213	56,252
Deferred fees	30,130	36,526
Investments in associates	8,541	8,474
Other	18,365	15,755
	207,319	184,180
Total	627,541	510,920
Other liabilities -		
Financial instruments:		
Payroll, taxes, salaries and other personnel expenses	173,953	126,295
Derivatives payable (b)	167,849	256,792
Accounts payable	156,032	126,421
Operations in process (c)	51,187	36,996
Contributions	25,874	4,882
Allowance for indirect loan losses, note 6(d)	21,694	23,726
	596,589	575,112
Non-financial instruments:		
Deferred income tax liability, note 17(c)	89,406	66,133
Provision for sundry risks (d)	27,225	47,512
Other	12,803	13,642
	129,434	127,287
Total	726,023	702,399

(b) The table below presents the fair value of derivative financial instruments, recorded as an asset or a liability, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are not indicative of market risk on credit risk, note 19(c).

		2009			
	Note	**Assets** US$(000)	**Liabilities** US$(000)	**Notional amount** US$(000)	**Hedged instrument**
Derivatives held for trading (i) -					
Forward exchange contracts		39,611	19,138	2,614,381	-
Interest rate swaps		29,023	31,695	618,006	-
Currency swaps		14,245	12,025	435,518	-
Options		198	161	24,374	-
Derivatives held as hedges -					
Cash flow hedge (ii) :					
Forward exchange contracts	5(m)	-	13,532	71,180	Investments available for-sale
Interest rate swaps	12(a)	1,706	1,614	316,021	Deposits
Interest rate swaps	13(a)(i)(*)	-	11,395	410,000	Due to banks
Interest rate swaps	13(b)	-	63,629	649,177	Borrowed funds
Cross currency swaps	15(a)(i)(*)	1,737	-	111,508	Bonds issued
Cross currency swaps	15(a)(i)	24	106	15,687	Bonds issued
Cross currency swaps and interest rate swaps (iii)	15(a)(i)	7,761	2,855	113,362	Bonds issued
Fair value hedge (iv) :					
Cross currency swaps	5(m)	2,464	11,646	318,325	Investments available-for-sale
Interest rate swaps	5(m)	572	53	55,047	Investments available-for-sale
		97,341	167,849	5,752,586	

	Note	2008			
		Assets US$(000)	Liabilities US$(000)	Notional amount US$(000)	Hedgee instruments
Derivatives held for trading (i) -					
Forward exchange contracts		33,427	49,979	2,478,234	-
Interest rate swaps		32,918	38,181	763,126	-
Currency swaps		12,904	9,675	192,899	-
Derivatives held as hedges -					
Cash flow hedge (ii) :					
Interest rate swaps	12(a)	-	4,558	177,902	Deposits
Interest rate swaps	13(a)(i)(*)	-	13,038	410,000	Due to banks
Interest rate swaps	13(b)	-	95,382	696,000	Borrowed funds
Cross currency swaps		-	3,126	24,009	Due to banks
Cross currency swaps	15(a)(i)	-	2,866	15,687	Bonds issued
Cross currency swaps and interest rate swaps (iii)	15(a)(i)	26	19,389	113,362	Bonds issued
Fair value hedge (v) :					
Cross currency swaps	15(a)(iii)	-	20,598	163,985	Subordinated notes
		79,275	256,792	5,035,204	

(i) The Group's derivative trading activities mainly relate to transactions with customers. The Group may also take positions with the expectation of profiting from favorable movements in prices, rates or indexes. Also included under this caption are any derivatives which do not meet IAS 39 hedging requirements.

(ii) The Group is exposed to variability in future interest cash flows on assets and liabilities in foreign currency and/or which bear interest at variable rates. The Group uses interest rate swaps - IRS, cross currency swaps - CCS and forward exchange contract as cash flow hedges of these risks.

A schedule indicating as of December 31, 2009 the periods when the cash flows hedges are expected to occur and when they are expected to affect the consolidated income statement is as follows:

	Up to 1 year US$(000)	From 1 to 3 years US$(000)	From 3 to 5 years US$(000)	Over 5 years US$(000)
Cash outflows (liabilities)	(508,574)	(683,522)	(466,844)	(224,984)
Consolidated income statement	(65,449)	(35,232)	29,488	615

As of December 31, 2009 and 2008, the accumulated balance of unrealized loss on cash flow hedges recorded as other comprehensive income in the cash flow hedge reserve amounted to US$51.5 and US$118.1 million, respectively, see note 16(c). The transfer of net loss on cash flow hedges to the consolidated income statement is presented in note 16(c).

(iii) On December 2007 and during the first months of 2008, the Group entered into three CCS contracts which were initially designated as fair value hedges as they reduced the Group's exposure to changes in the fair value of three fixed-rate corporate bonds issued in Peruvian currency, see note 15 (a)(i); arising from changes in the exchange rate and interest rates.

During 2008, given the international context, the Group entered into three IRS contracts aimed at mitigating the inherent risks in having a variable interest rate (Libor) for the hedged corporate bonds indicated in the previous paragraph; fixing again their respective interest rates. Therefore, in accordance with IAS 39, the initial designations of fair value hedges were revoked and the combined CCS and IRS were redesignated as cash flow hedges from the date of entering into the IRS contracts.

(iv) The Group maintains CCS and IRS designated as fair value hedge of certain investments available for sale. CCS reduce the exposure to changes in the fair value of fixed rate global bonds denominated in Euros, related to variations in the foreign currency exchange and interest rates. Furthermore, IRS reduce the exposure to changes in the fair value of fixed bonds in US$ issued by the Peruvian Government, corporative entities, and international financial entities related to variations in the interest rates, see note 5(m).

(v) On January 2008, the Group entered into a CCS contract, initially designated as fair value hedges as it reduced the Group's exposure to changes in the fair value of fixed-rate subordinated notes issued by BCP in Peruvian currency, see note 15 (a)(iii); arising from changes in the exchange rate and interest rates (Libor).

On January 2009, the Group entered into an IRS contract aimed at mitigating the inherent risks in having a variable interest rate (Libor) for the hedged subordinated notes indicated in the previous paragraph; fixing their respective interest rates. The initial designation of fair value hedges was revoked and the combined CCS and IRS were redesignated as cash flow hedges from the date of entering into the IRS contracts. Therefore, net loss on these cash flow hedges was recognized directly in the consolidated statements of comprehensive income.

Subsequently, in October 2009, the Group discontinued prospectively the combined cash flow hedge of CCS and IRS through the unwinding of these instruments. The cumulative gain from the fair value of these hedging instruments amounting to US$5.9 and US$7.7 million, respectively, previously recognized in the consolidated statements of comprehensive income, will be recognized in the consolidated income statement during the remaining term of the underlying liability (subordinated notes), 8 years.

(c) Operations in process include deposits received, loans disbursed, loans collected, funds transferred and other similar types of transactions, which are made at the end of the month and not reclassified to their final consolidated statements of financial position account until the first days of the following month. These transactions do not affect the Group's net consolidated income.

(d) The movement of the provision for sundry risks for the years ended on December 31, 2009, 2008 and 2007 is as follows:

	2009 US$(000)	**2008** US$(000)	**2007** US$(000)
Beginning balance	47,512	24,038	17,179
Provision (i), note 24	14,425	37,549	8,096
Decreases	(34,712)	(14,075)	(1,237)
Ending balance	27,225	47,512	24,038

(i) The year 2008 provision include US$36.4 million related to the estimated liability arising from a fund managed by ASHC, which had invested with Bernard L. Madoff Investment Securities LLC (Madoff Securities) on behalf of its clients. The Group disbursed most part of this liability during 2009. In Management's opinion, based in the information available up to date, it is not expected that any additional liability will be incurred.

Due to the nature of its business, the Group has some pending legal claims for which it records a provision when, in Management's and its legal advisor's opinion, they will result in an additional liability and such amount can be reliably estimated. Regarding any legal claim against the Group which has not been provided for, in Management's and its legal advisor's opinion, they will not have a material effect on the Group's consolidated financial statements.

12. Deposits and obligations

(a) This item is made up as follows:

	2009 US$(000)	2008 US$(000)
Time deposits	4,751,861	4,856,112
Demand deposits	4,521,746	4,578,247
Saving deposits	3,539,665	2,968,739
Severance indemnity deposits	1,069,506	1,039,887
Client - Repurchase agreements	35,000	294,030
Bank's negotiable certificates	120,932	140,013
	14,038,710	13,877,028
Interest payable	53,118	73,409
Total	14,091,828	13,950,437

The Group has established a policy to remunerate demand deposits and savings accounts according to an interest rate scale, based on their average balance; on the other hand balances that are lower than a specified amount, do not bear interest.

Interest rates are determined by the Group considering interest rates prevailing in the market in which each of the Group's subsidiaries operates. As of December 31, 2009, the Group has hedged time deposits with variable interest rates through interest rate swaps for a notional amount of US$316.0 million (US$177.9 million, as of December 31, 2008); as a result, these time deposits were economically converted to fixed rate, see note 11(b).

(b) The amounts of non-interest and interest bearing deposits and obligations are made up as follows:

	2009 US$(000)	2008 US$(000)
Non-interest bearing deposits and obligations -		
In Peru	2,613,118	2,710,770
In other countries	684,877	502,759
	3,297,995	3,213,529
Interest bearing deposits and obligations -		
In Peru	8,778,750	8,689,977
In other countries	1,961,965	1,973,522
	10,740,715	10,663,499
Total	14,038,710	13,877,028

(c) Time deposits balance classified by maturity is as follows:

	2009 US$(000)	2008 US$(000)
Up to 3 months	3,384,624	3,039,029
From 3 months to 1 year	1,134,480	1,578,258
From 1 to 3 years	147,135	147,008
From 3 to 5 years	82,088	51,876
More than 5 years	3,534	39,941
Total	4,751,861	4,856,112

As of December 31, 2009 and 2008, in Management's opinion the Group's deposits and obligations are widely diversified with no significant concentrations.

13. Due to banks and correspondents and borrowed funds

(a) Due to bank and correspondents -

This item is made up as follows:

	2009 US$(000)	2008 US$(000)
International funds and others (i)	1,051,739	1,016,932
Promotional credit lines (ii)	81,550	109,730
Inter-bank funds	29,031	39,216
	1,162,320	1,165,878
Interest payable	5,118	14,113
Total	1,167,438	1,179,991

(i) This item is made up as follows:

	2009 US$(000)	2008 US$(000)
Syndicated loan (*)	410,000	410,000
Corporación Andina de Fomento - CAF	202,941	180,000
Citibank N.A.	71,552	20,000
Wells Fargo & Co.	60,000	60,326
Standard Chartered Bank	51,030	2,730
Bank of America	45,000	-
Commercebank N.A.	39,000	20,000
Chase Manhattan Bank	30,000	-
Bank of New York	30,000	20,000
Toronto Dominion Bank	-	47,000
Dresdner Bank AG. Frankfurt	-	45,000
JP Morgan Chase & Co.	-	32,000
Other	112,216	179,876
Total	1,051,739	1,016,932

(*) As of December 31, 2009 and 2008, this amount was related to a syndicated loan amounting to US$ 410.0 million obtained from several international financial entities, with maturity due within three years and an interest rate of Libor plus 0.70 percent during the first year, Libor plus 0.75 percent during the second year and Libor plus 0.85 percent during the third year. The syndicated loan, subject to variable interest rate risk, has been hedged through interest rate swap operations for a notional amount of US$410.0 million with the same maturities; as a result, this loan was economically converted to fixed rate, see note 11(b).

As of December 31, 2009, these loans have maturities between January 2010 and February 2019 (between January 2009 and March 2011 as of December 31, 2008) and their annual interest rate is between 0.73 and 12.00 percent (between 3.11 and 7.77 percent as of December 2008).

Some of these borrowings include standard covenants related to financial ratios, use of funds and other administrative matters, which in Management's opinion, do not limit the Group's operations and it has fully complied with as of the consolidated statements of financial position.

(ii) Promotional credit lines represent loans granted to BCP by Corporación Financiera de Desarrollo (COFIDE) to promote the development of Peru, they have maturities between January 2010 and December 2029 and their annual interest rates are between 6.25 and 7.75 percent (between October 2009 and December 2028 and annual interest rate between 6.20 and 7.75 percent as of December 31, 2008). These credit lines are secured by a loan portfolio amounting to US$81.6 and US$109.7 million as of December 31, 2009 and 2008, respectively.

Promotional credit lines include standard covenants related to financial ratios, use of funds and other administrative matters, which in Management's opinion, do not limit the Group's operations and it has fully complied with as of the consolidated statements of financial position.

(b) Borrowed funds -
This item is made up as follows:

	Interest %	**Maturity**	**2009** US$(000)	**2008** US$(000)
CCR Inc. MT-100, Payment rights master Trust -				
2005 Series A Floating Rate Certificates	Libor 1m + 21 bps	10/10/2012	213,110	221,079
2005 Series B Floating Rate Certificates	Libor 1m + 60 bps	12/10/2009	-	37,918
2006 Series A Floating Rate Certificates	Libor 1m + 24 bps	10/03/2016	100,000	100,000
2007 Series A Floating Rate Certificates	Libor 1m + 28 bps	10/07/2017	350,000	350,000
2007 Series B Floating Rate Certificates	Libor 1m + 25 bps	10/07/2014	150,000	150,000
2008 Series A Fixed Rate Certificates	6.27	10/06/2015	126,111	141,719
2008 Series B Floating Rate Certificates	Libor 1m + 225 bps	10/12/2015	150,000	150,000
Total			1,089,221	1,150,716

All issuances are secured by the collection of BCP's (including its foreign branches) future inflows from electronic messages sent through the Society for Worldwide Interbank Financial Telecommunications network and utilized within the network to instruct correspondent banks to make a payment of a certain amount to a beneficiary that is not a financial institution.

Loans obtained include the obligation to comply with certain covenants which, in Management's opinion, are being fulfilled at the date of the consolidated statements of financial position.

BCP has signed an insurance policy with AMBAC Assurance Corporation, which guarantees the timely payment of scheduled principal and certain accrued interest of all of the 2007 and 2006 issuances (Series A y B).

As of December 31, 2009 and 2008, Series 2007 (A and B) and a portion (70 percent) of the 2005 total issuance (Series A and B), subject to variable interest rate risk, are hedged through an interest rate swap operation; as a result, these issuance were economically converted to fixed rate, see note 11(b).

(c) As of December 31, 2009 and 2008, maturities of due to bank and correspondents and borrowed funds are shown below, based on the remaining period to the repayment date:

Due to bank and correspondents	**2009** US$(000)	**2008** US$(000)
Up to 3 months	622,342	369,483
From 3 months to 1 year	235,913	256,884
From 1 to 3 years	210,125	502,039
From 3 to 5 years	31,048	6,468
More than 5 years	62,892	31,004
Total	1,162,320	1,165,878

Borrowed funds	**2009** US$(000)	**2008** US$(000)
Up to 1 year	113,857	63,324
From 1 to 3 years	394,759	317,541
From 3 to 5 years	312,297	362,374
More than 5 years	268,308	407,477
Total	1,089,221	1,150,716

(d) As of December 31, 2009 and 2008, credit lines granted by several local and foreign financial institutions, available for future operating activities or to settle capital commitments amounted to US$1,812.2 million (US$1,617.0 million as of December 31, 2008).

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

(a) This item is made up as follows:

	2009			
	Reserves for direct claims US$(000)	**Claims assumed** US$(000)	**Technical reserves** US$(000)	**Total** US$(000)
Life insurance	70,960	-	630,183	701,143
General insurance	139,539	2,828	112,804	255,171
Health insurance	38,625	8	23,844	62,477
Total	249,124	2,836	766,831	1,018,791

	2008			
	Reserves for direct claims US$(000)	**Claims assumed** US$(000)	**Technical reserves** US$(000)	**Total** US$(000)
Life insurance	64,553	-	553,127	617,680
General insurance	137,297	32,812	124,846	294,955
Health insurance	37,741	27	17,367	55,135
Total	239,591	32,839	695,340	967,770

Insurance claims reserves represent reported claims and an estimation for incurred but non reported claims (IBNR). Reported claims are adjusted on the basis of technical reports received from independent adjusters. Claims to be paid by the reinsurers and coinsurers are shown as ceded claims, which are presented in the caption "Accounts receivable from reinsurers and coinsurers".

As of December 31, 2009, the reserves for direct claims include reserves for IBNR for life, general and health insurance for an amount of US$20.2 million, US$4.3 million and US$19.3 million, respectively (US$15.2, US$4.7 and US$20.1 millions, respectively, as of December 31, 2008).

During 2009 and previous years, the differences between the estimations for the incurred and non-reported claims and the settled and pending liquidation claims have not been significant. In the case of general and health risks, retrospective analysis indicate that the amounts provisioned are greater than the settled claims and those pending liquidation by a percentage that does not exceed 10 percent of the provisioned amounts. Management believes that the estimated IBNR reserve is sufficient to cover any liability as of December 31, 2009 and 2008.

The movement for the years ended December 31, 2009 and 2008 of insurance claims and technical reserves is as follows:

(b) Insurance claims reserves (direct and assumed):

	2009			
	Life insurance	**General insurance**	**Health insurance**	**Total**
	US$(000)	US$(000)	US$(000)	US$(000)
Initial balance	64,553	170,109	37,768	272,430
Claims	80,970	108,397	148,985	338,352
Payments	(76,301)	(136,315)	(149,731)	(362,347)
Translation result	1,738	176	1,611	3,525
Final balance	70,960	142,367	38,633	251,960

	2008			
	Life insurance	**General insurance**	**Health insurance**	**Total**
	US$(000)	US$(000)	US$(000)	US$(000)
Initial balance	50,046	114,144	25,108	189,298
Claims	88,059	163,251	155,387	406,697
Payments	(72,676)	(107,197)	(141,470)	(321,343)
Translation result	(876)	(89)	(1,257)	(2,222)
Final balance	64,553	170,109	37,768	272,430

(c) Technical reserves:

	2009			
	Life insurance US$(000)	**General insurance** US$(000)	**Health insurance** US$(000)	**Total** US$(000)
Initial balance	553,127	124,846	17,367	695,340
Accretion expenses and other	16,384	-	-	16,384
Unearned premium reserves and annual variation, net	3,393	(14,016)	6,580	(4,043)
Insurance subscriptions	79,990	-	-	79,990
Payments	(8,122)	-	-	(8,122)
Translation result	(14,589)	1,974	(103)	(12,718)
Final balance	630,183	112,804	23,844	766,831

	2008			
	Life insurance US$(000)	**General insurance** US$(000)	**Health insurance** US$(000)	**Total** US$(000)
Initial balance	500,768	97,646	15,766	614,180
Accretion expenses and other	14,808	-	-	14,808
Unearned premium reserves and annual variation, net	1,433	27,200	1,601	30,234
Insurance subscriptions	70,311	-	-	70,311
Payments	(26,732)	-	-	(26,732)
Translation result	(7,461)	-	-	(7,461)
Final balance	553,127	124,846	17,367	695,340

As of December 31, 2009 and 2008, 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 those dates, were the following:

Modality	**Mortality Table**	**Technical rates**
Life Immediate Annuity	RV-2004, B-85 and MI-85	4.90% - 5.22% in US$ and 3.20% in S/
Survorship and Disability Pension	RV-85, B-85 and MI-85	Old regime 3.00%
Individual Life	CSO 80 adjustable	4.00% - 5.00%

The mortality tables used are those recommended by the Peruvian regulator (SBS).

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 as of December 31, 2009, are the interest rates and the mortality tables used. The Group has evaluated the changes of the reserves related to its most significant life insurance (Life immediate annuities) of +/- 100 bps of the interest rates and of +/- 5 bps of the mortality factors, being the results as follows:

		Variation of the reserve	
Variables	**Amount of the reserve**	**Amount**	**Percentage**
	US$(000)	US$(000)	%
Portfolio in US$ - Basis amount	**340,580**		
Changes in interest rates: + 100 bps	310,604	(29,976)	(8.80)
Changes in interest rates: - 100 bps	376,083	35,503	10.42
Changes in Mortality tables to 105%	336,740	(3,840)	(1.13)
Changes in Mortality tables to 95%	344,631	4,051	1.19

		Variation of the reserve	
Variables	**Amount of the reserve**	**Amount**	**Percentage**
	US$ (000)	US$ (000)	%
Portfolio in S/ - Basis amount	**24,386**		
Changes in interest rates: + 100 bps	21,700	(2,686)	(11.01)
Changes in interest rates: - 100 bps	27,728	3,342	13.70
Changes in Mortality tables to 105%	24,205	(181)	(0.74)
Changes in Mortality tables to 95%	24,577	191	0.78

15. Bonds and subordinated notes issued

(a) This item is made up as follows:

	Weighted average annual interest rate 2009 %	2008 %	Maturity	2009 US$(000)	2008 US$(000)
Corporate bonds (i)	6.04	6.91	Between September 2010 and July 2018	440,092	227,902
Leasing bonds (i)	7.11	6.87	Between February 2010 and August 2018	188,265	217,863
Subordinated bonds (i)	7.35	6.71	Between October 2010 and May 2027	113,281	61,074
Mortgage bonds	7.67	7.69	Between January 2011 and April 2012	10,504	15,278
Subordinated negotiable certificates notes (ii)	6.95	6.95	November 2021	117,560	117,512
Subordinated notes (iii)	7.17	7.17	October 2017	154,329	137,761
Junior subordinated notes (iv)	9.75	-	November 2069	249,700	-
				1,273,731	777,390
Interest payable				13,291	7,840
Total				1,287,022	785,230

(i) During 2009 y 2008, the Group issued corporate, subordinated and leasing bonds for the following amounts:

Issuances 2009	Amount US$(000)	Currency	Maturity	Rate
Corporate Bonds BCP -				
Fourth issuance - Series A, B, C and D	63,465	Nuevo sol	2014	6.31 - 6.88
Fifth issuance – Series A	17,301	Nuevo sol	2013	5.31
	80,766			
Subordinated Bonds BCP -				
Fourth issuance Series A, B, C and D	113,822	US$	2016	6.53 – 8.50
Corporate Bonds BCP Emisiones Latam 1 S.A.				
First issuance – Series A (*)	111,508	UF	2014	3.50

(*) BCP Emisiones Latam 1 S.A. issued corporate bonds (Series A) for 2.7 million "Chilean Unidades de Fomento - UF". The Group can redeem 100 percent of the bonds only if the legal reserve funds legislation and tax law, related to income tax and value added tax, change in Peru, Panama or Chile. This debt, subject to foreign exchange risk, has been hedged through CCS, as a result, these bonds were economically converted to US$ Dollars, see note 11(b).

Issuances 2008	Amount US$(000)	Currency	Maturity	Rate
Corporate Bonds BCP -				
Second issuance - Series A	25,932	Nuevo sol	2011	5.78
First issuance - Series B	38,152	Nuevo sol	2015	6.81
Third issuance - Series A and B	63,694	Nuevo sol	2018	7.47 – 8.50
	127,778			

Issuances 2008	Amount US$(000)	Currency	Maturity	Rate
Leasing Bonds BCP -				
Fourth issuance - Series A, B, C y D	83,492	US$	2011	5.47 – 6.25
Fourth issuance - Series A y B	14,392	Nuevo sol	2011	5.72 – 6.06
Sixth issuance - Series A	31,487	Nuevo sol	2018	8.72
	129,371			

During 2009, redeemed corporate, leasing and subordinate bonds amounted to US$6.9 million, US$34.6 million and US$17.3 million, respectively (US$23.9 million, US$84.8 million and US$40.3 million, respectively, during 2008).

As of December 31, 2009 and 2008, the Group has hedged fixed corporate and leasing bonds issued in Peruvian currency for a notional amount of US$ US$113.4 million and US$15.7 million, respectively, subjects to foreign exchange and interest rate risk through CCS and IRS; these bonds were economically converted to US Dollars with fixed rate, see note 11(b).

Leasing and mortgages bonds are collateralized by the fixed assets financed by the Group.

(ii) These certificates were issued in US dollars and accrue a fixed annual interest rate of 6.95 percent for the first 10 years (November 2016), with payment each six months. After the first 10 years, the interest rate will change to a variable interest rate, established as Libor plus 2.79 percent, with semiannual payments. At the end of the first 10 years, the Group can redeem 100 percent of the debt, without penalties.

(iii) In October 2007, BCP through its Panama branch, issued Subordinated Notes for S/483.3 million in the international market with principal maturity on 2022. This debt accrues a fixed annual interest rate of 7.17 percent for the first 10 years, with semiannual payments. After the first 10 years, interest rate will be the market interest rate for sovereign bonds issued by the Peruvian Government with maturity on 2037, plus 150 basis points, with semiannual payments. At that date, BCP can redeem 100 percent of the notes, without penalties. This debt, subject to foreign exchange risk and interest rate risk, was hedged until October 2009, see note 11(b)(v).

(iv) In November 2009, BCP through its Panama branch issued Junior Subordinated Notes for US$250.0 million in the international market with principal maturity on 2069. This debt accrues a fixed annual interest rate of 9.75 percent, for the first 10 years, with semiannual payments. After the first 10 years, in November 2019, interest rate will be variable, Libor 3 months plus 816.7 basis points, with quarterly payments; at that date and or any interest payment date, BCP can redeem 100 percent of the notes, without penalties and after full filing certain requirements.

Interest payments are non-cumulative such that, if an interest payment is not made in full or cancelled as set forth due to BCP's rights to cancel interest payments, a mandatory prohibitions established by SBS, or if determines that BCP is in non-compliance with applicable minimum regulatory capital; the unpaid interest will not accrue or be due and payable at any time and shall not constitute an acceleration event. In those cases, BCP will not, and will not cause its majority owned subsidiaries to declare, pay or distribute a dividend for a period of time established since the interest payments are not cancelled.

This debt does not have collateral and qualifies as Tier 1 capital for SBS regulations.

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

	2009 US$(000)	**2008** US$(000)
Up to 3 months	26,076	1,717
From 3 months to 1 year	74,413	64,190
From 1 to 3 years	191,344	235,867
From 3 to 5 years	274,781	75,398
Over 5 years	707,117	400,218
Total	1,273,731	777,390

Bonds and subordinated notes issued have has certain financial and operating covenants which, in Credicorp Management's opinion, the Group is in compliance at the date of the consolidated statements of financial position.

16. Equity

(a) Share capital -

As of December 31, 2009, 2008 and 2007, 94,382,317 shares of capital stock were issued at US$5 per share.

(b) Treasury stock -

As of December 31, 2009, treasury stock comprises the par value of 14,847,842 Credicorp's shares (14,620,842 Credicorp's shares as of December, 31, 2008 and 2007) owned by the Group's companies.

The difference between their acquisition cost of US$198.0 million and their par value of US$74.2 million, (acquisition cost of US$ 186.5 million and their par value of US$ 73.1 million as of December 31, 2008 and 2007) is presented as a reduction of the "Capital surplus".

(c) Reserves -

In accordance with Peruvian regulation, a reserve of up to at least 35 percent of paid-in capital of the Group's subsidiaries operating in Peru is required to be established through annual transfers of at least 10 percent of their net income. In accordance with Bolivian regulation, a reserve of up to at least 50 percent of paid-in capital of the Group's subsidiaries operating in Bolivia is required to be established through annual transfers of at least 10 percent of their net income. As of December 31, 2009, 2008 and 2007, these reserves amounted to approximately US$ 242.9, US$231.7 and US$222.7 million, respectively.

The Shareholders' meetings held on March 31, 2009, March 28, 2008 and February 28, 2007 agreed to transfer from "Retained earnings" to "Reserves" an amount of US$238.1, US$228.2 and US$107.3 million, respectively.

The caption "Other reserves" includes the unrealized net gain (loss) from available-for-sale investments and from derivatives instruments used as cash flows hedge net of its corresponding deferred income tax, and minority interest; its movement is as follows:

	Unrealized net gain (loss) of:		
	Available-for-sale investments reserve US$(000)	**Cash flow hedge reserve** US$(000)	**Total** US$(000)
Balances as of January 1, 2007	144,471	2,938	147,409
Net unrealized gain from available-for-sale investments	85,129	-	85,129
Transfer of net realized gain from investments available-for-sale to the income statement, net of realized loss	(17,634)	-	(17,634)
Transfer of impairment on investment available-for-sale to income statement	5,017	-	5,017
Net unrealized loss on cash flow hedge	-	(39,385)	(39,385)
Transfer of net realized gain from cash flow hedge to the income statement	-	(986)	(986)
Balances as of December 31, 2007	216,983	(37,433)	179,550
Net unrealized loss from available-for-sale investments	(164,302)	-	(164,302)
Transfer of net realized gain from investments available-for-sale to the income statement, net of realized loss	(35,684)	-	(35,684)
Transfer of impairment on investment available-for-sale to income statement, note 5(c)	55,732	-	55,732
Net unrealized loss on cash flow hedge, note 11(b)(ii)	-	(94,937)	(94,937)
Transfer of net realized loss from cash flow hedge to the income statement, note 11(b)(ii)	-	14,248	14,248
Balances as of December 31, 2008	72,729	(118,122)	(45,393)
Net unrealized gain from available-for-sale investments	319,041	-	319,041
Transfer of net realized gain from investments available-for-sale to the income statement, net of realized loss	(112,618)	-	(112,618)
Transfer of impairment on investment available-for-sale to income statement, note 5(c)	9,825	-	9,825
Net unrealized gain from cash flow hedge, note 11(b)(ii)	-	30,317	30,317
Transfer of net realized loss from cash flow hedge to the income statement, note 11(b)(ii)	-	36,274	36,274
Balances as of December 31, 2009	288,977	(51,531)	237,446

(d) Components of other comprehensive income -

The consolidated statement of comprehensive income includes other comprehensive income from available-for-sale investments and from derivatives instruments used as cash flows hedges; its movement is as follows:

	2009 US$(000)	2008 US$(000)	2007 US$(000)
Available-for-sale investments:			
Net unrealized gain (loss) from available-for-sale investments	319,041	(164,302)	85,129
Transfer of net realized gain from investments available-for-sale to the income statement, net of realized loss	(112,618)	(35,684)	(17,634)
Transfer of impairment on investment available-for-sale to income statement	9,825	55,732	5,017
Sub total	216,248	(144,254)	72,512
Minority interest of available-for-sale	45,019	(32,876)	(426)
Income tax	7,283	(21,516)	11,046
	268,550	(198,646)	83,132
Cash flow hedge:			
Net unrealized gain (loss) on cash flow hedge	30,317	(94,937)	(39,385)
Transfer of net realized loss (gain) from cash flow hedge to the income statement	36,274	14,248	(986)
Sub total	66,591	(80,689)	(40,371)
Minority interest of cash flow hedge	875	(604)	-
Income tax	(1,442)	-	-
	66,024	(81,293)	(40,371)

(e) Dividend distribution -

During 2009, 2008 and 2007, Credicorp paid cash dividends, net of the effect of treasury shares, for approximately US$119.3, US$119.6 and US$103.7 million, respectively.

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

(f) Equity for legal purposes (Regulatory capital) -

As of December 31, 2009 and 2008, the regulatory capital for Credicorp's subsidiaries engaged in financial and insurance activities in Peru calculated following SBS regulations amounted to approximately US$ 2,221.1 and US$1,604.7 million, respectively. On the other hand, the consolidated regulatory capital for Credicorp exceeds by approximately US$660.3 million the minimum regulatory capital required as of December 31, 2009 (approximately US$263.6 million as of December 31, 2008).

17. Taxes

(a) Credicorp is not subject to income tax or any taxes on capital gains, equity or property. Credicorp's Peruvian subsidiaries are subject to corporate taxation on income under the Peruvian Tax system. The statutory Income Tax rate is 30 percent on taxable income after calculating the workers' profit sharing, which in accordance with current legislation is determined using a 5 percent rate.

Credicorp´s Bolivian subsidiaries are subject to corporate taxation on income under the Bolivian Tax system. The statutory income tax rate is 25 percent.

ASHC and its Subsidiaries are not subject to taxes in the Cayman Islands or Panama. For the three years ended December 31, 2009, 2008 and 2007, no taxable income was generated from its operations in the United States of America.

The reconciliation between the statutory income tax rate and the effective tax rate for the Group is as follows:

	2009 %	2008 %	2007 %
Peruvian statutory income tax rate	30.00	30.00	30.00
Increase (decrease) in the statutory tax rate due to:			
(i) Increase arising from net income of subsidiaries not domiciled in Peru	0.26	4.39	0.46
(ii) Non-taxable income, net	(3.98)	(14.90)	(5.76)
(iii) Translation results not considered for tax purposes	(4.74)	3.38	(3.15)
Effective income tax rate	21.54	22.87	21.55

(b) Income tax expense as of December 31, 2009, 2008 and 2007 comprises:

	2009 US$(000)	2008 US$(000)	2007 US$(000)
Current -			
In Peru	143,925	110,365	114,496
In other countries	3,127	3,537	2,712
	147,052	113,902	117,208
Deferred -			
In Peru	(8,552)	(4,394)	(14,921)
Total	138,500	109,508	102,287

The deferred income tax has been calculated on all temporary differences considering an income tax rate of 30 percent.

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

	2009 US$(000)	2008 US$(000)
Assets		
Allowance for loan losses, net	40,830	28,337
Share-based compensation rights provision	14,539	11,578
Reserve for sundry risks, net	11,369	9,709
Non-accrued interest	1,763	1,713
Tax loss carry-forward –PPS	251	6,013
Other	15,318	9,823
Deferred income tax asset	84,070	67,173
Liabilities		
Unrealized net gains on investments	(28,771)	(13,494)
Intangibles assets, net	(24,960)	(23,128)
Deferred commissions	(7,996)	(6,926)
Indexed certificates	(7,388)	(815)
Leasing operations, net	(2,303)	(1,862)
Gain for difference tax exchange	(1,434)	(5,502)
Other	(16,554)	(14,406)
Deferred income tax liability	(89,406)	(66,133)
Net deferred income tax asset (liability)	(5,336)	1,040

Credicorp and its subsidiaries have recorded a deferred income tax as part of the equity caption "Other reserves" for US$14.1, US$19.6, and US$10.1 million, as of December 31, 2009, 2008, and 2007, respectively, related to the income tax effects of unrealized gains and losses on investments available for sale and cash flow hedges. Likewise, the Group recognized the deferred tax liability arising from the acquisition of Edyficar (Note 2) and AFP Unión Vida (year 2006) for approximately US$24.3 million as of December 31, 2009 (US$23.4 million as of December 31, 2008).

(d) The Peruvian Tax Authority has the right to review and, if necessary, amend the annual tax returns of the Peruvian subsidiaries up to four years after their filing. BCP's tax returns for years 2001-2005 and PPS's tax returns for years 2001-2006, were reviewed by the Tax Authority; no significant additional taxes arose from said reviews. Management of each subsidiary has filed an appeal in the applicable cases.

The annual tax returns 2006 to 2008 for BCP and 2007 to 2008 for PPS, are pending review. Any additional tax arising as a result of the Tax Authority review will be charged to income in the year when such additional tax is determined. At present, it is not possible to estimate the adjustments that the Tax Authority may determine; however, in Management's opinion, it is not expected that any additional tax will be determined in amounts considered significant to the consolidated financial statements as of December 31, 2009 and 2008.

18. Share-based compensation plans

(a) Stock appreciation rights -

As indicated in note 3(w), Credicorp has granted stock appreciation rights (SARs) to certain key employees who have at least one year serving Credicorp or any of its subsidiaries. At the grant date and in each one of the subsequent three years, the granted SARs may be exercised up to 25 percent of all SARs granted in the plan. The SARs expire up to 2014.

The number of outstanding SARs and their exercise prices are as follows:

Year of Issuance	Number of outstanding SARs issued as of December 31		Number of Vested SARs as of December 31		Exercise price	
	2009	2008 (*)	2009	2008	2009 US$	2008 US$
2001	-	60,000	-	60,000	4.30	4.80
2002	52,500	60,000	52,500	60,000	5.98	6.48
2003	96,900	134,900	96,900	134,900	7.17	7.67
2004	118,750	185,950	118,750	185,950	9.99	10.49
2005	155,000	241,700	155,000	241,700	15.00	15.50
2006	226,250	362,800	226,250	327,784	24.32	24.82
2007	235,785	513,125	214,831	320,859	24.32	48.00
2008	262,278	656,750	174,045	286,625	24.32	72.04
	1,147,463	2,215,225	1,038,276	1,617,818		

(*) On April 2009, the number of outstanding SARs and their exercise prices were modified; these changes did not have an impact on the recorded liability. Also, since that date, no more SARs are granted and a new supplementary plan was implemented to benefit the same employees in the form of stock awards, see (b).

Credicorp's Management has estimated the SARs´ fair value as of December 31, 2009 and 2008, using the binomial option pricing model, considering the following market information:

Key assumptions	2009	2008
Expected volatility	37.48%	34.98%
Risk free interest rate	4.23%	6.25%
Expected lifetime	3.93 years	4.84 years
Quoted price of Credicorp shares at year-end	US$77.02	US$49.96

The expected life of the SARs is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the SARs is indicative of future trends, which may also not necessarily be the actual outcome.

The movement of SARs for the years ended December 31, 2009 and 2008 is as follows:

	2009			2008		
	Outstanding SARs	Vested SARs		Outstanding SARs	Vested SARs	
	Number	Number	Amount US$(000)	Number	Number	Amount US$(000)
Balance as of January 1st	2,215,225	1,617,818	42,987	2,134,650	1,537,119	89,602
SARs modification	(451,143)	(451,143)	-	-	-	-
Granted and vested	-	366,845	19,333	665,500	576,874	9,498
Exercised	(495,244)	(495,244)	(17,761)	(496,175)	(496,175)	(19,734)
Decrease	(121,375)	-	-	(88,750)	-	-
Increase (decrease) in the option fair value	-	-	15,929	-	-	(36,379)
Balance as of December 31	1,147,463	1,038,276	60,488	2,215,225	1,617,818	42,987

Credicorp assumes the payment of the related income tax on behalf of its employees, which corresponds to 30 percent of the benefit. Credicorp estimates said income tax over the basis of the liability recorded for the vested benefits.

The liabilities, including the above mentioned income tax, recorded for this plan are included in the consolidated statements of financial position caption "Other liabilities – Payroll taxes, salaries and other personnel expenses", note 11(a), and the expenses in the consolidated income statement caption "Salaries and employees benefits". In 2009, 2008 and 2007, SARs prices were modified and informed to the Group's employees.

During 2009, 2008 and 2007, the Group signed several contracts by which it acquired certificates linked to the yield of Credicorp's shares, see note 7(b).

(b) Stock awards ("equity-settled transaction")
Under this new plan, Credicorp granted approximately 227,000 of its own shares to the plan beneficiaries. Shares granted will vest up to 33.3 percent of all granted shares in each one of the subsequent three years to the grant date (April 28, 2009).

The fair value of stock awards granted was estimated at the grant date using a binomial pricing model with similar key assumptions as those used for the valuation of SARs (see paragraph (a) above), taking into account the terms and conditions upon which the shares were granted. As a result, the total fair value of the stocks awarded at the grant date amounted to US$11.5 million.

As of December 31, 2009, the number of vested stock awards amounts to 104,042 shares, and the recognized expense amounts to US$5.8 million for the year 2009. Credicorp assumes the payment of the related income tax on behalf of employees, which corresponds to 30 percent of the benefit. Credicorp estimates said income tax over the basis of the fair value of the shares granted at the grant date.

19. Off-balance sheet accounts

(a) This item is made up as follows:

	2009 US$(000)	2008 US$(000)
Contingent credits - indirect loans (b)		
Guarantees and standby letters	2,108,761	1,506,506
Import and export letters of credit	419,374	249,396
	2,528,135	1,755,902
Responsibilities under credit lines agreements (d)	1,557,674	1,234,964
Forward currency contracts - sell (c)	1,303,588	1,552,917
Forward currency contracts - buy (c)	(1,381,973)	(925,317)
Options	24,374	-
Swaps Contracts (c)		
Interest rate swaps	2,161,613	2,160,390
Currency swaps	435,518	192,899
Cross currency swaps	558,882	317,043
Total	7,187,811	6,288,798

(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 them to credit risk in addition to the amounts recognized in the consolidated statements of financial position.

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 exposures to losses are represented by the contractual amounts specified in the related contracts. The Group applies the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments (note 6(a)), including the requirement to obtain collateral when it is deemed necessary. Collateral held varies, but may include deposits in financial institutions, securities or other assets. Many of the contingent transactions are expected to expire without any performance being required; therefore, the total committed amounts do not necessarily represent future cash requirements.

(c) As explained in note 11(b), as of December 31, 2009 and 2008, Credicorp has signed different contracts related to derivative financial instruments as follows:

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 from the changes in the prices of the underlying currencies.

Interest rate and currency swaps are derivatives contracts where counter parties exchange variable interest rates for fixed interest rates or different currencies, respectively, 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.

Cross currency swap derivative contract involves the exchange of interest payments based on two different currency principal balances and reference interest rate, generally also includes the exchange of principal amounts at the start and / or end of the contract.

(d) Responsibilities under credit lines agreements include credit lines and other consumer loans facilities (credit card) and are cancelable upon notification to the client.

20. Interest and dividend income and interest expenses

These items are made up as follow:

	2009 US$(000)	2008 US$(000)	2007 US$(000)
Interest and dividend income			
Interest on loans	1,062,046	963,940	701,471
Interest on investments available-for-sale	183,309	296,853	228,473
Interest on due from banks	15,918	75,266	105,817
Dividends from investments available-for-sale and trading securities	9,715	12,189	8,870
Interest on trading securities	3,320	1,168	3,289
Other interest income	38,617	33,428	17,419
Total	1,312,925	1,382,844	1,065,339
Interest expenses			
Interest on deposits and obligations	(226,875)	(360,238)	(295,750)
Interest on bonds and subordinated notes issued	(66,993)	(51,756)	(33,592)
Interest on due to banks and correspondents and borrowed funds	(51,654)	(104,818)	(83,070)
Loss from hedging derivatives instruments	(10,593)	(502)	-
Other interest expenses	(64,449)	(44,303)	(18,953)
Total	(420,564)	(561,617)	(431,365)

During 2009, 2008 and 2007, the interest income accrued on impaired financial instrument recognized in the consolidated income statement amounted to US$5.0, US$4.7 and US$3.5 million, respectively.

21. Banking services commissions

This item is made up as follows:

	2009 US$(000)	2008 US$(000)	2007 US$(000)
Maintenance of accounts and transfers and credit and debit card services	196,642	180,512	152,626
Funds management	100,160	102,760	83,726
Collection services	42,841	26,795	27,163
Contingent credits	33,339	30,174	23,819
Commissions for banking services	14,657	12,851	9,468
Brokerage and custody services	10,130	10,075	13,708
Other	39,050	31,080	14,251
Total	436,819	394,247	324,761

22. Net premiums earned

This item is made up as follows:

	Gross premiums (*) US$(000)	Premiums ceded to reinsurers, net (**) US$(000)	Assumed from other companies, net US$(000)	Net premiums earned US$(000)	Percentage of assumed net premiums %
2009					
Life insurance	121,449	-	-	121,449	-
Health insurance	174,396	(2,536)	2,967	174,827	1.70
General insurance	232,369	(110,613)	6,650	128,406	5.18
Total	528,214	(113,149)	9,617	424,682	2.26
2008					
Life insurance	110,730	(2,484)	6	108,252	-
Health insurance	169,410	(2,692)	-	166,718	-
General insurance	218,563	(105,431)	5,801	118,933	4.88
Total	498,703	(110,607)	5,807	393,903	1.47

	Gross premiums (*) US$(000)	Premiums ceded to reinsurers, net (**) US$(000)	Assumed from other companies, net US$(000)	Net premiums earned US$(000)	Percentage of assumed net premiums %
2007					
Life insurance	89,598	(2,658)	1,408	88,348	1.59
Health insurance	129,306	(2,488)	116	126,934	0.09
General insurance	146,331	(71,759)	7,418	81,990	9.05
Total	365,235	(76,905)	8,942	297,272	3.01

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

(**) "Premiums ceded to reinsurers, net" include:

(i) US$20.8 million for non- proportional automatic contracts (excess of loss) (US$22.6 million in the year 2008),

(ii) US$4.0 million for reinstallation premiums (US$3.7 million in the year 2008) and

(iii) US$72.9 million for facultative contracts and US$15.4 for not accrual premiums ceded reserves (US$85.4 y US$(1.1) million in the year 2008).

23. Net claims incurred for life, general and health insurance contracts

This item is made up as follows:

	2009			
	Life insurance US$(000)	General insurance US$(000)	Health insurance US$(000)	Total US$(000)
Gross insurance claims	80,971	108,397	148,985	338,353
Ceded claims	(1,762)	(49,149)	(984)	(51,895)
Net insurance claims	79,209	59,248	148,001	286,458

	2008			
	Life insurance US$(000)	General insurance US$(000)	Health insurance US$(000)	Total US$(000)
Gross insurance claims	88,059	163,251	155,387	406,697
Ceded claims	(1,693)	(61,361)	(1,733)	(64,787)
Net insurance claims	86,366	101,890	153,654	341,910

	2007			
	Life insurance US$(000)	General insurance US$(000)	Health insurance US$(000)	Total US$(000)
Gross insurance claims	63,744	152,351	108,767	324,862
Ceded claims	(52)	(84,662)	(1,548)	(86,262)
Net insurance claims	63,692	67,689	107,219	238,600

24. Other income and expenses

These items are made up as follow:

	2009 US$(000)	2008 US$(000)	2007 US$(000)
Other income			
Recoveries of other accounts receivable and other assets	8,520	2,859	3,113
Income from the sale of seized assets	4,092	12,895	10,689
Real estate rental income	4,035	7,743	3,519
Other	15,497	14,175	7,613
Total other income	32,144	37,672	24,934
Other expenses			
Commissions from insurance activities	42,701	39,364	29,135
Provision for sundry risks, note 11(d)	14,425	37,549	8,096
Sundry technical insurance expenses	13,574	9,158	21,929
Provision for other accounts receivables	9,590	3,288	2,836
Other	16,460	12,517	10,003
Total other expenses	96,750	101,876	71,999

25. Earnings per share

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

	2009 US$(000)	2008 US$(000)	2007 US$(000)
Net income attributable to equity holders of Credicorp (in thousands of U.S. dollars)	469,785	357,756	350,735
Number of shares:			
Ordinary shares, note 16(a)	94,382,317	94,382,317	94,382,317
Less - treasury shares, note 16(b)	(14,620,842)	(14,620,842)	(14,620,842)
Acquisition of treasury shares	(170,250)	-	-
Weighted average number of ordinary shares for basic earnings	79,591,225	79,761,475	79,761,475
Plus - effect of dilution:			
Stock awards	72,243	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	79,663,468	79,761,475	79,761,475
Basic earnings per share (in U.S. Dollars)	5.90	4.49	4.40
Diluted earnings per share (in U.S. Dollars)	5.90	4.49	4.40

26. Operating segments

For management purposes, the Group is organized into four operating segments based on products and services as follows:

Banking:

Principally handling loans, credit facilities, deposits and current accounts, and providing investment banking services, including corporate finance, both for corporate and institutional customers. Furthermore, handling deposits consumer loans and credit cards facilities for individual customers.

Insurance:

Including commercial property, transportation and marine hull, automobile, life, health and pension fund underwriting insurance.

Pension funds:

Providing private pension fund management services to contributors.

Brokerage and other:
Including the structuring and placement of primary market issues and the execution and trading of secondary market transactions. In addition, offers local securitization structuring to corporate entities, management of mutual funds, and other services.

Certain operating segments have been aggregated to form the above reportable operating segments.

The Group monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

No revenue from transactions with a single external customer or counterparty amounted to 10 percent or more of the Group's total revenue in 2009, 2008, and 2007.

(i) The following table presents income and certain asset information recording the Group´s operating segments (in millions of U.S. Dollars) for the years ended 31 December 2009, 2008, and 2007:

	External income	Income from other segments	Eliminations	Total income (*)	Operating income (**)	Provision for loan losses, net of recoveries	Depreciation and amortization	Impairment of available-for-sale investments	Income before translation result and income tax	Translation result and income tax	Net income	Capital expenditures, intangible assets and goodwill	Total assets
2009													
Banking	1,820	66	(66)	1,820	831	(167)	(57)	(10)	502	(96)	406	163	20,120
Insurance	518	15	(15)	518	192	-	(5)	-	68	(4)	64	17	1,457
Pension funds	80	-	-	80	-	-	(9)	-	35	(10)	25	2	237
Brokerage and other	40	65	(65)	40	8	4	-	-	25	(16)	9	1	214
Total consolidated	2,458	146	(146)	2,458	1,031	(163)	(71)	(10)	630	(126)	504	183	22,028
2008													
Banking	1,794	83	(83)	1,794	749	(53)	(44)	(44)	457	(114)	343	114	19,168
Insurance	454	15	(15)	454	116	-	(4)	(11)	(6)	6	-	14	1,231
Pension funds	71	1	(1)	71	-	-	(9)	-	20	(5)	15	3	224
Brokerage and other	50	62	(62)	50	8	4	-	(5)	25	(14)	11	3	198
Total consolidated	2,369	161	(161)	2,369	873	(49)	(57)	(60)	496	(127)	369	134	20,821
2007													
Banking	1,407	65	(65)	1,407	578	(33)	(39)	(5)	391	(53)	338	76	16,245
Insurance	377	13	(13)	377	110	-	(4)	-	18	-	18	4	1,138
Pension funds	55	(4)	4	55	(1)	-	(8)	-	7	(1)	6	5	244
Brokerage and other	47	7	(7)	47	6	5	-	-	24	(14)	10	3	79
Total consolidated	1,886	81	(81)	1,886	693	(28)	(51)	(5)	440	(68)	372	88	17,706

(ii) The following tables show the distribution of the Group's external income, operating income, and non-current assets all allocated based on the location of the customers and assets respectively for the years ended 31 December 2009, 2008, and 2007:

	2009			2008			2007		
	Total external income (*)	**Operating income (**)**	**Non-current assets (***)**	**Total income (*)**	**Operating income (**)**	**Non-current assets (***)**	**Total income (*)**	**Operating income (**)**	**Non-current assets (***)**
Peru	2,226	958	651	2,020	803	547	1,573	625	475
Panama	46	13	-	204	19	-	107	10	-
Cayman Islands	66	1	10	21	(4)	10	100	19	11
Bolivia	107	50	17	112	52	17	78	38	16
United States of America	10	7	2	12	3	2	28	1	-
Chile	3	2	-	-	-	-	-	-	-
Total consolidated	2,458	1,031	680	2,369	873	576	1,886	693	502

(*) Includes 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.

(***) Non-current assets consist of property, furniture and equipment, intangible assets, and goodwill, net.

27. Transactions with related parties

(a) The Group's consolidated financial statements as of December 31, 2009 and 2008 include transactions with related companies, the Board of Directors, the Group's key executives (defined as the Management of Credicorp's) and enterprises which are controlled by these individuals through their majority shareholding or their role as chairman or CEO.

(b) The following table shows the main transactions with related parties as of December 31, 2009 and 2008.

	2009 US$(000)	**2008** US$(000)
Direct loans	214,182	143,855
Investments available-for-sale and trading securities	92,749	63,782
Deposits	82,051	34,669
Contingent credits	20,122	23,574
Derivatives at fair value	(283)	4,179
Interest income related to loans – income	4,896	2,889
Interest expense related to deposits - expense	1,680	2,669
Other income	1,196	2,533

(c) All transactions with related parties are made in accordance with normal market conditions available to other customers. As of December 31, 2009, direct loans to related companies are secured by collaterals, and had maturities between January 2010 and November 2018 and accrued an annual average interest rate of 5.50 percent (as of December 31, 2008 had maturities between February 2009 and July 2017 and accrued an annual average interest rate of 7.98 percent). Likewise, as of December 31, 2009, the Group does not maintain an allowance for loan losses to related parties (allowance for US$1.2 million as of December 31, 2008).

(d) As of December 31, 2009 and 2008, directors, officers and employees of the Group have been involved, directly and indirectly, in credit transactions with certain subsidiaries of the Group, as permitted by Peruvian Banking and Insurance Law Nº26702, which regulates and limits certain transactions with employees, directors and officers of a bank or an insurance company. As of December 31, 2009 and 2008, direct loans to employees, directors and key Management amounts to US$133.3 and US$116.3 million, respectively and are paid monthly and earn interest at market rates.

There are no loans to the Group's directors and key personnel guaranteed with Credicorp or any of its Subsidiaries' shares.

(e) The Group's key executives' compensation (including the related income taxes assumed by the Group) as of December 31, 2009, 2008 and 2007, comprised the following:

	2009 US$(000)	2008 US$(000)	2007 US$(000)
Salaries	4,720	5,625	5,535
Share-based compensation plans, note 18	4,717	27,362	27,113
Directors' compensations	1,698	1,303	1,162
Other	1,415	8,209	12,947
Total	12,550	42,499	46,757

(f) As of December 31, 2009 and 2008, the Group has participations in different mutual funds and hedge funds managed by certain Group's Subsidiaries, which are classified as trading securities or Investments available-for-sale for a total amount of US$62.4 million and US$94.7 million, respectively.

28. Financial instruments classification

The following are the carrying amounts of the financial assets and liabilities captions in the consolidated statements of financial position, by categories as defined under IAS 39:

	As of December 31, 2009						As of December 31, 2008					
	Financial assets/liabilities designated at fair value						Financial assets/liabilities designated at fair value					
	Held for trading or hedging US$(000)	At inception US$(000)	Loans and receivables US$(000)	Investments available-for-sale US$(000)	Liabilities at amortized cost US$(000)	Total US$(000)	Held for trading US$(000)	At inception US$(000)	Loans and receivables US$(000)	Investments available-for-sale US$(000)	Liabilities at amortized cost US$(000)	Total US$(000)
Assets												
Cash and due from banks	-	-	3,836,658	-	-	3,836,658	-	-	3,766,171	-	-	3,766,171
Trading securities	70,774	-	-	-	-	70,774	36,084	-	-	-	-	36,084
Investments available-for-sale	-	-	-	5,079,606	-	5,079,606	-	-	-	4,950,754	-	4,950,754
Loans, net	-	-	11,231,280	-	-	11,231,280	-	-	10,322,041	-	-	10,322,041
Financial assets designated at fair value through profit or loss	-	135,670	-	-	-	135,670	-	137,945	-	-	-	137,945
Premiums and other policies receivable	-	-	121,338	-	-	121,338	-	-	111,561	-	-	111,561
Accounts receivable from reinsurers and coinsurers	-	-	137,098	-	-	137,098	-	-	165,144	-	-	165,144
Due from customers on acceptances			96,423	-	-	96,423	-	-	232,580	-	-	232,580
Other assets, note 11	97,341	-	322,881	-		420,222	79,275	-	247,465	-	-	326,740
	168,115	135,670	15,745,678	5,079,606	-	21,129,069	115,359	137,945	14,844,962	4,950,754	-	20,049,020
Liabilities												
Deposits and obligation	-	-	-	-	14,091,828	14,091,828	-	-	-	-	13,950,437	13,950,437
Due to banks and correspondents	-	-	-	-	1,167,438	1,167,438	-	-	-	-	1,179,991	1,179,991
Due from customers on acceptances	-	-	-	-	96,423	96,423	-	-	-	-	232,580	232,580
Accounts payable to reinsurers and coinsurers	-	-	-	-	48,009	48,009	-	-	-	-	55,841	55,841
Borrowed funds	-	-	-	-	1,089,221	1,089,221	-	-	-	-	1,150,716	1,150,716
Bonds and subordinated notes issued	-	-	-	-	1,287,022	1,287,022	-	-	-	-	785,230	785,230
Other liabilities, note 11	167,849	-	-	-	428,740	596,589	256,792	-	-	-	318,320	575,112
	167,849	-	-	-	18,208,681	18,376,530	256,792	-	-	-	17,673,115	17,929,907

29. Financial risk management

By their nature, the Group's activities involve principally 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 products. 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.

In this sense, risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to operating risk, credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

(a) Risk management structure-

The Group's Board of Directors and of each subsidiary is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies in the major subsidiaries (BCP, PPS and ASHC) responsible for managing and monitoring risks, as further explained bellow:

(i) Board of Directors

The Board of Directors of each major subsidiary is responsible for the overall risk management approach and responsible for the approval of the policies and strategies currently in place. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

(ii) Risk Management Committee
The Risk Management Committee of each major subsidiary is responsible for the strategy used for mitigating risks as well as setting forth the overall principles, policies and limits for the different types of risks; it is also responsible for monitoring fundamental risk issues and manages and monitors the relevant risk decisions.

(iii) Risk Management Department
The Risk Management Department of each major subsidiary is responsible for developing, implementing and improving, on a continuous basis, the Group's risk management infrastructure by adopting and incorporating global best practices and following established policies.

(iv) Internal Audit
Risk management processes throughout the Group are monitored by the internal audit function, which examines both the adequacy of the procedures and the compliance of them. Internal Audit discusses the results of all assessments with Management, and reports its findings and recommendations to Credicorp's Audit Committee and Board of Directors.

(v) Treasury and Foreign Exchange Departments
Treasury Department is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for the Group's management of funding and liquidity risks; as well as the investment, forward and spot portfolios, assuming the related liquidity, interest rate and exchange rate risks, under the policies and limits currently effective.

(b) Risk measurement and reporting systems-
The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Group also runs worse case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks are primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the Group's subsidiaries is examined and processed in order to analyze, control and identify early risks. This information is presented and explained to the Board of Directors, the Risk Management Committee, and all relevant members of the Group. The report includes aggregate credit exposure, credit metric forecasts, hold limit exceptions, VaR (Value at Risk), liquidity ratios and risk profile changes. Senior management assesses the fair value of the investments and the appropriateness of the allowance for credit losses periodically.

(c) Risk mitigation-

As part of its overall risk management, the Group uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risk and credit risk.

The risk profile is assessed before entering into hedge transactions, which are authorized by the appropriate level of seniority within the Group. The effectiveness of hedges is assessed by the Risk Management Department (based on economic considerations rather than the IFRS hedge accounting regulations). The effectiveness of all the hedge relationships is monitored by the unit monthly. In situations of ineffectiveness, the Group will enter into a new hedge relationship to mitigate risk on a continuous basis.

The Group actively uses collateral to reduce its credit risks.

(d) Excessive risk concentration-

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

29.1 Credit risk -

(a) The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss by failing to discharge an obligation. Credit risk is the most important risk for the Group's business; Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans, and investment activities that bring debt securities and other bills into the Group's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as contingent credits, which expose the Group to similar risks to loans and these are mitigated by the same control processes and policies. Likewise, credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the consolidated statements of financial position.

Impairment provisions are provided for losses that have been incurred at the date of the consolidated statements of financial position. Significant changes in the economy or in the particular situation of an industry segment that represents a concentration in the Group's portfolio could result in losses that are different from those provided for at the date of the consolidated statements of financial position.

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 a frequent review. Limits in the level of credit risk by product, industry sector and by geographic segment 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 principal repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below:

(i) Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are mortgages over residential properties; liens over business assets such as premises, inventory and accounts receivable; liens over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimize credit loss the Group will seek additional collateral from the counterparty as soon as impairment indicators arise.

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

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses. It is the Group's policy to dispose of repossessed properties in an orderly manner. The proceeds are used to reduce or repay the outstanding claim. In general, the Group does not use repossessed properties for its business own.

(ii) Derivatives

The Group maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. The amount subject to credit risk is limited to the current fair value of instruments that are favorable to the Group (i.e., an asset when fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty in order to cover the aggregate of all settlement risk arising from the Group's market transactions on any single day.

(iii) Credit-related commitments

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

In order to manage credit risk, as part of the Risk Management Department of the Group, see note 29(a), there is a Risk Management Service Unit whose major functions are implementing methodologies and statistical models for measuring credit risk exposures, developing and applying methodologies for the calculation of risk-ratings, both at the corporate and business unit levels, performing analysis of credit concentrations, verifying that credit exposures are within the established limits and suggesting global risk exposures by economic sector, time term, among others.

Also, a Risk Assessment Committee has been established comprising 3 directors, the Chief Executive Officer, the Chief Financial Officer, the Deputy Chief Executive Officer and the Risk Management Department Manager. Each of the financial indicators prepared by the Risk Management Service Unit are analyzed by this committee on a quarterly basis to subsequently evaluate the policies, procedures and limits currently effective at the Group to ensure that an efficient and effective risk management is always in place.

At the same time, the Group has a Credit Division, which establishes the overall credit policies for each and all the businesses in which the Group decides to take part. These policies are set forth based on the guidelines established by the Board of Directors and keeping in mind the statutory financial laws and regulations. The main activities of this function are to establish the client credit standards and guidelines (evaluation, authorization and control), to follow the guidelines established by the Board of Directors and General Management as well as those established by governmental regulatory bodies, to review and authorize credit applications, up to the limit within the scope of its responsibilities and to submit to upper hierarchies those credit applications exceeding the established limits, to monitor credit-granting activities within the different autonomous bodies, among others.

(b) The maximum exposure to credit risk as of December 31, 2009 and 2008, before the effect of mitigation through any collateral, is the book value of each class of financial assets indicated in note 29.7 and the contingent credits detailed in note 19(a).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from both its loan portfolio and investments based on the following:

- 97 percent of the gross loan portfolio is categorized in the top two grades of the internal rating system as of December 31, 2009 (98 percent as of December 31, 2008);

- 94 percent of the loan portfolio is considered to be neither past due nor impaired as of December 31, 2009 (95 percent as of December 31, 2008);

- 77 percent of the investments have at least investment credit rating (BBB- or higher) or are debt securities issued by BCRP (not rated) as of December 31, 2009 (83 percent as of December 31, 2008); and

- 18 percent and 55 percent of the cash and due from banks represent amounts deposited in the Group's vaults or in the BCRP (including overnight operations), respectively, as of December 31, 2009 (17 percent and 52 percent, respectively, as of December 31, 2008).

(c) Credit risk management for loans -
Credicorp classifies its loan portfolio into one of five risk categories, depending upon the degree of risk of non-payment of each debtor. The grades used by Credicorp are: (i) normal, (ii) potential problems, (iii) substandard, (iv) doubtful and (v) loss, and have the following characteristics:

Normal (Class A): Debtors of commercial loans that fall into this category have complied on a timely basis with their obligations and at the time of evaluation do not present any reason for doubt with respect to repayment of interest and principal on the agreed dates, and there is no reason to believe that the status will change before the next evaluation. To place a loan in Class A, a clear understanding of the use to be made of the funds and the origin of the cash flows to be used by the debtor to repay the loan is required. Consumer loans are categorized as Class A if payments are current or up to eight days past-due. Residential mortgage loans warrant Class A classification if payments are current or up to thirty days past-due.

Potential problems (Class B): Debtors of commercial loans included in this category are those that at the time of the evaluation demonstrate certain deficiencies, which, if not corrected on a timely manner, imply risks with respect to the recovery of the loan. Certain common characteristics of loans or credits in the category include: delays in loan payments which are promptly covered, a general lack of information required to analyze the credit, out-of-date financial information, temporary economic or financial imbalances on the part of the debtor which could affect its ability to repay the loan, and market conditions that could affect the economic sector in which the debtor is active. Consumer loans are categorized as Class B if payments are between 9 and 30 days late. Residential mortgage loans become Class B when payments are between 31 and 90 days late.

Substandard (Class C): Debtors of commercial loans included in this category demonstrate serious financial weakness, often with operating results or available income insufficient to cover financial obligations on agreed upon terms, with no reasonable short-term prospects for a strengthening of their financial capacity. Debtors demonstrating the same deficiencies that warrant classification as category B warrant classification as Class C if those deficiencies are such that if they are not corrected in the near term, they could impede the recovery of principal and interest on the loan on the originally agreed terms. In addition, commercial loans are classified in this category when payments are between 61 and 120 days late. Consumer loan are categorized as Class C if payments are between 31 and 60 days late. Residential mortgage loans are classified as Class C when payments are between 91 and 120 days late.

Doubtful (Class D): Debtors of commercial loans included in this category present characteristics that make doubtful the recovery of the loan. Although the loan recovery is doubtful, if there is a reasonable possibility that in the near future the creditworthiness of the debtor might improve, a Class D categorization is appropriate. These credits are distinguished from Class E credits by the requirement that the debtor remain in operation, generate cash flow, and make payments on the loan, although at a rate less than that specified in its contractual obligations. In addition, commercial loans are classified in this category when payments are between 121 and 365 days late. Consumer loans are categorized as Class D if payments are between 61 and 120 days late. Residential mortgage loans are Class D when payments are between 121 and 365 days late.

Loss credits (Class E): Commercial loans or credits which are considered unrecoverable or which for any other reason should not appear on Group's books as an asset based on the originally contracted terms fall into this category. In addition, commercial loans are classified in this category when payments are more than 365 days late. Consumer loans are categorized as Class E if payments are more than 120 days late. Residential mortgage loans are Class E when payments are more than 365 days late.

The Group reviews its loan portfolio on a continuing basis in order to assess the completion and accuracy of its grades.

All loans considered impaired (the ones classified as substandard, doubtful and loss) are analyzed by the Group's Management, which addresses impairment in two areas: individually assessed allowances and collectively assessed allowances, as follows:

- Individually assessed allowance -
  The Group determines the allowances appropriate for each individually significant loan or advance on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support including the realizable value of collateral, and the timing of the expected cash flows. Impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

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.

- Collectively assessed allowance -
  Allowances are assessed collectively for losses on loans and advances that are not individually significant (including consumer and residential mortgages) and for individually significant loans and advances where there is not yet objective evidence of individual impairment (included in categories A and B). Allowances are evaluated on each reporting date with each portfolio receiving a separate review.

  The collective assessment takes account of impairment that is likely to be present in the portfolio even though there is not yet objective evidence of the impairment in an individual assessment. Impairment losses are estimated by taking into consideration of the following information: historical losses on the portfolio, current economic conditions, the approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance, and expected receipts and recoveries once impaired. Local management is responsible for deciding the length of this period which can extend for as long as one year. The impairment allowance is then reviewed by credit Management to ensure alignment with the Group's overall policy.

Financial guarantees and letter of credit are assessed and a provision estimated following a similar procedure as for loans.

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 provision is recorded.

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.

The following is a summary of the direct loans classified in three major groups: i) Loans neither past due nor impaired, comprising those direct loans having presently no delinquency characteristics and related to clients ranked as normal or potential problems; ii) Past due but not impaired loans comprising past due loans of clients classified as normal or with potential problems and iii) Impaired loans, or those past due loans of clients classified as substandard, doubtful or loss; presented net of the provision for loan losses for each of the loan grades:

	As of December 31, 2009				
	Commercial loans US$(000)	**Residential mortgage loans** US$(000)	**Consumer loans** US$(000)	**Total** US$(000)	**%**
Neither past due nor impaired -					
Normal	7,853,574	1,585,761	1,254,928	10,694,263	94
Potential problem	321,864	26,962	11,437	360,263	3
Past due but not impaired -					
Normal	154,075	74,621	76,312	305,008	3
Potential problem	36,525	17,690	18,091	72,306	-
Impaired -					
Substandard	65,122	15,809	34,741	115,672	1
Doubtful	78,475	19,050	41,864	139,389	1
Loss	57,024	13,843	30,420	101,287	1
Gross	8,566,659	1,753,736	1,467,793	11,788,188	103
Less: Allowance for loan losses	222,104	41,470	90,781	354,355	3
Total, net	8,344,555	1,712,266	1,377,012	11,433,833	100

	As of December 31, 2008				
	Commercial loans US$(000)	Residential mortgage loans US$(000)	Consumer loans US$(000)	Total US$(000)	%
Neither past due nor impaired -					
Normal	7,526,355	1,350,793	1,020,352	9,897,500	94
Potential problem	214,040	18,348	8,932	241,320	2
Past due but not impaired -					
Normal	186,887	83,757	78,629	349,273	3
Potential problem	14,231	387	1,027	15,645	-
Impaired -					
Substandard	41,570	11,337	18,982	71,889	1
Doubtful	46,309	12,630	21,146	80,085	1
Loss	29,193	7,962	13,331	50,486	1
Gross	8,058,585	1,485,214	1,162,399	10,706,198	102
Less: Allowance for loan losses	137,444	30,832	56,061	224,337	2
Total, net	7,921,141	1,454,382	1,106,338	10,481,861	100

As of December 31, 2009 and 2008, loans that are neither past-due nor impaired whose terms have been renegotiated amounts to US$6.5 and US$10.3 million, respectively.

As of December 31, 2009 and 2008, loans amounting to approximately US$354.7 and US$349.3 million, respectively, were past due for less than 30 days and were not impaired.

The breakdown of the gross amount of impaired loans by class, along with the fair value of related collateral and the amounts of their allowance for loan losses, is as follows:

	As of December 31, 2009			
	Commercial loans US$(000)	**Residential mortgage loans** US$(000)	**Consumer loans** US$(000)	**Total** US$(000)
Impaired loans	200,621	48,702	107,025	356,348
Fair value of collateral	97,265	34,378	12,113	143,756
Allowance for loan losses	86,749	11,551	64,361	162,661

	As of December 31, 2008			
	Commercial loans US$(000)	**Residential mortgage loans** US$(000)	**Consumer loans** US$(000)	**Total** US$(000)
Impaired loans	117,072	31,929	53,459	202,460
Fair value of collateral	49,254	18,742	4,386	72,382
Allowance for loan losses	50,782	11,395	29,722	91,899

(d) Credit risk management on investments in trading securities and available-for-sale -

The Group evaluates the credit risk identified of each of the financial instruments in these categories, considering the risk rating granted to them by a risk rating agency. For investments traded in Peru, the risk ratings use are those provided by Apoyo & Asociados Internacionales S.A.C. (a Peruvian rating agency authorized by the Peruvian government regulator and associated to Fitch Rating) and for investments traded abroad, the risk-ratings used are those provided by Standard & Poor's. In the event any subsidiary use a risk-rating prepared by any other risk rating agency, such risk-ratings are standardized with those provided by the afore-mentioned institutions for consolidation purposes.

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

	As of December 31, 2009		As of December 31, 2008	
	US$(000)	%	US$(000)	%
Instruments rated in Peru and abroad				
AAA	341,344	7	530,132	11
AA- to AA+	283,103	6	165,050	3
A- to A+	470,347	9	428,319	9
BBB- to BBB+	1,284,826	25	785,250	16
BB- to BB+	324,118	6	326,398	7
Lower than B-	243,199	5	20,394	-
Unrated (*)	2,132,669	42	2,695,211	54
Total	5,079,606	100.0	4,950,754	100.0

(*) As of December 31, 2009, includes principally US$1,545.7 million of Peruvian Central Bank Certificates of Deposit, which represent 30.43 percent of the investments available-for-sale balance (US$2,209 million, which represent 44.62 percent as of December 31, 2008). It also includes US$330.7 and US$102.1 million of listed and non-listed equity securities and mutual funds, respectively (US$212.7 and US$96.9 million as of December 31, 2008, respectively).

(e) Concentration of financial instruments exposed to credit risk:

As of December 31, 2009 and 2008, financial instruments with exposure to credit risk were distributed considering the following economic sectors:

	2009					2008				
	Designated at fair value through profit or loss					Designated at fair value through profit or loss				
	Held for trading and hedging US$(000)	At inception US$(000)	Loans and receivables US$(000)	Investments available-for-sale US$(000)	Total US$(000)	Held for trading and hedging US$(000)	At inception US$(000)	Loans and receivables US$(000)	Investments available-for-sale US$(000)	Total US$(000)
Central Reserve Bank of Perú	-	-	2,107,635	1,545,705	3,653,340	-	-	1,952,952	2,208,942	4,161,894
Financial services	114,185	125,912	2,058,327	1,243,021	3,541,445	101,126	134,385	1,944,796	1,031,463	3,211,770
Government and public administration	53,874	642	233,446	1,034,479	1,322,441	13,466	595	273,506	931,632	1,219,199
Manufacturing	4	2,161	2,462,733	266,048	2,730,946	44	507	2,536,277	156,418	2,693,246
Commerce	1	-	1,282,188	68,740	1,350,929	5	-	1,484,431	64,595	1,549,031
Mortgage loans	-	-	1,673,089	-	1,673,089	-	-	1,401,296	-	1,401,296
Consumer loans	-	-	1,402,422	-	1,402,422	-	-	1,126,301	-	1,126,301
Electricity, gas and water	47	2,564	745,613	376,496	1,124,720	523	879	556,937	202,716	761,055
Communications, storage and transportation	2	-	554,944	154,305	709,251	-	-	632,895	117,103	749,998
Mining	2	3,781	667,970	109,351	781,104	130	1,058	660,855	77,358	739,401
Leaseholds and real estate activities	-	-	468,229	49,401	517,630	-	-	608,651	47,321	655,972
Micro-business loans	-	-	703,651	-	703,651	-	-	619,680	-	619,680
Community services	-	-	322,429	-	322,429	-	-	247,144	-	247,144
Construction	-	307	186,397	5,250	191,954	-	57	236,163	2,226	238,446
Agriculture	-	-	269,882	8,002	277,884	-	68	224,417	7,693	232,178
Education, health and other services			151,569	119,006	270,575	-	-	127,670	29,699	157,369
Fishing	-	-	119,123	291	119,414	2	-	80,277	159	80,438
Insurance	-	-	167,101	-	167,101	-	-	27,430	-	27,430
Other	-	303	168,930	99,511	268,744	63	396	103,284	73,429	177,172
Total	168,115	135,670	15,745,678	5,079,606	21,129,069	115,359	137,945	14,844,962	4,950,754	20,049,020

As of December 31, 2009 and 2008, the financial instruments with exposure to credit risk were distributed by the following geographical areas:

	2009				
	Designated at fair value through profit or loss				
	Held for trading and hedging US$(000)	At inception US$(000)	Loans and receivables US$(000)	Investments available-for-sale US$(000)	Total US$(000)
Peru	133,292	11,231	13,749,305	3,156,355	17,050,183
United States of America	23,596	123,570	806,511	943,922	1,897,599
Bolivia	21	-	727,883	216,016	943,920
Europe	4,276	-	154,131	122,527	280,934
Colombia	-	-	25,502	191,036	216,538
Chile	104	-	45,457	165,856	211,417
Other	6,826	869	236,889	283,894	528,478
Total	168,115	135,670	15,745,678	5,079,606	21,129,069

	2008				
	Designated at fair value through profit or loss				
	Held for trading and hedging US$(000)	At inception US$(000)	Loans and receivables US$(000)	Investments available-for-sale US$(000)	Total US$(000)
Peru	113,015	4,497	12,565,873	3,566,716	16,250,101
United States of America	109	132,722	871,859	678,093	1,682,783
Bolivia	2,224	-	566,170	309,530	877,924
Europe	-	-	307,533	84,445	391,978
Chile	-	-	115,883	90,587	206,470
Colombia	-	-	101,173	72,178	173,351
Other	11	726	316,471	149,205	466,413
Total	115,359	137,945	14,844,962	4,950,754	20,049,020

29.2 Market risk -

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

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

Trading portfolios include those liquid positions arising from market-making transactions where the Group acts as principal with clients or with the market. Non-trading portfolios consist of relatively illiquid positions, mainly banking assets and liabilities (deposits and loans) and non-trading investments (available-for-sale).

The risks that trading portfolios face are managed through VaR historical simulation techniques; while non-trading portfolios are managed using Asset Liability Management (ALM).

(a) Trading Book -

The trading book is made up of liquid investment instruments. The trading book is characterized for having liquid positions in equities, bonds, foreign currencies and derivatives. Some limits have been set in order to control and monitor the risks undertaken. These risks arise from the size of the positions and/or from the volatility of the risk factors embedded in each financial instrument. Regular reports are prepared for the Risk Management Committees and top management. The major measurement technique used to measure and control market risk is Value at Risk (VaR).

The Group applies VaR to its trading portfolios to estimate the market risk of positions held and the maximum losses that are expected, based upon a number of assumptions for various changes in market conditions. The Risk Management Committee set limits on the level of risk that may be accepted and review of daily.

VaR is a statistically-based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the "maximum" amount the Group might lose, but only to a certain level of confidence (99 percent). There is therefore a specified statistical probability (1 percent) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain "holding period" until positions can be closed (1 day - 10 days). The time horizon used to calculate VaR is one day; however, the one-day VAR is amplified to a 10-day time frame and calculated multiplying the one-day VaR times the square root of 10 - results are presented in the tables below. The assessment of past movements has been based on historical one-year data.

The Group applies these historical changes in rates directly to its current positions (a method known as historical simulation).

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As of December 31, 2009 and 2008, the Group's VaR by type of asset was as follows:

	2009 US$(000)	**2008** US$(000)
Equity securities	2	55
Mutual funds	-	1,034
Fixed income	1,142	1,116
Derivatives	2,541	-
Consolidated VaR by type of asset	2,269	1,604

As of December 31, 2009 and 2008, the Group's VaR by risk type is as follows:

	2009 US$(000)	**2008** US$(000)
Foreign exchange risk	985	579
Interest rate risk	1,802	1,063
Equity risk	1	850
Consolidated VaR by risk type	2,269	1,604

(b) ALM Book -

The management of the risks associated with long-term and structural positions is called Asset and Liability Management (ALM). Non-trading portfolios which comprise the ALM Book are exposed to different sensitivities that can bring about a deterioration in the value of the assets compared to its liabilities and hence to a reduction of its net worth.

(i) Interest risk -

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of 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 also decrease in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily by Treasury Department.

Re-pricing gap -

Gap analysis comprises aggregating re-pricing timeframes into buckets and checking if each bucket nets to zero. Different bucketing schemes might be used. An interest rate gap is simply a positive or negative net re-pricing timeframe for one of the buckets.

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

	As of December 31, 2009						
	Up to 1 month US$(000)	1 to 3 months US$(000)	3 to 12 months US$(000)	1 to 5 years US$(000)	More than 5 years US$(000)	Non-interest bearing US$(000)	Total US$(000)
Assets							
Cash and due from banks	2,745,587	70,616	81,969	-	-	938,486	3,836,658
Investments	494,937	1,009,295	1,009,704	1,254,765	928,562	453,117	5,150,380
Loans	1,739,632	3,144,271	2,142,219	3,176,243	1,028,915	-	11,231,280
Assets designated at fair value through profit or loss	-	258	310	1,657	3,565	129,880	135,670
Premiums and other policies receivables	-	-	-	-	-	121,338	121,338
Accounts receivable from reinsurers and coinsurers	-	-	-	-	-	137,098	137,098
Other assets	-	-	-	-	-	1,415,683	1,415,683
Total assets	4,980,156	4,224,440	3,234,202	4,432,665	1,961,042	3,195,602	22,028,107
Liabilities							
Deposits and obligations	4,025,133	3,716,882	2,711,965	311,252	28,601	3,297,995	14,091,828
Due to banks and correspondents	310,694	633,874	10,208	128,643	57,835	26,184	1,167,438
Accounts payable to reinsurers and coinsurers	-	-	-	-	-	48,009	48,009
Technical, insurance claims reserves and reserves for unearned premiums	39,932	24,949	112,373	164,216	367,552	309,769	1,018,791
Borrowed funds	953,461	2,815	13,385	93,177	26,383	-	1,089,221
Bonds and subordinated notes issued	5,880	18,768	71,627	448,803	728,653	13,291	1,287,022
Other liabilities	-	-	-	-	-	822,446	822,446
Equity	-	-	-	-	-	2,503,352	2,503,352
Total liabilities and equity	5,335,100	4,397,288	2,919,558	1,146,091	1,209,024	7,021,046	22,028,107
Off-Balance sheet items							
Derivatives assets	2,094,179	1,574,953	976,153	1,152,853	67,810	-	5,865,948
Derivatives liabilities	957,368	1,238,661	1,221,097	2,042,343	406,479	-	5,865,948
	1,136,811	336,292	(244,944)	(889,490)	(338,669)	-	-
Marginal gap	781,867	163,444	69,700	2,397,084	413,349	(3,825,444)	-
Accumulated gap	781,867	945,311	1,015,011	3,412,095	3,825,444	-	-

	As of December 31, 2008						
	Up to 1 month US$(000)	**1 to 3 months** US$(000)	**3 to 12 months** US$(000)	**1 to 5 years** US$(000)	**More than 5 years** US$(000)	**Non-interest bearing** US$(000)	**Total** US$(000)
Assets							
Cash and due from banks	2,455,413	196,588	46,536	10,218	-	1,057,416	3,766,171
Investments	818,153	1,208,344	988,796	542,759	1,139,201	289,585	4,986,838
Loans	2,038,457	2,412,234	2,274,854	2,992,480	604,016	-	10,322,041
Assets designated at fair value through profit or loss	-	249	329	790	1,954	134,623	137,945
Premiums and other policies receivables	-	-	-	-	-	111,561	111,561
Accounts receivable from reinsurers and coinsurers	-	-	-	-	-	165,144	165,144
Other assets	-	-	-	-	-	1,331,369	1,331,369
Total assets	5,312,023	3,817,415	3,310,515	3,546,247	1,745,171	3,089,698	20,821,069
Liabilities							
Deposits and obligations	4,114,430	3,268,610	2,991,905	321,984	39,979	3,213,529	13,950,437
Due to banks and correspondents	178,539	745,155	197,935	11,705	32,544	14,113	1,179,991
Accounts payable to reinsurers and coinsurers	-	-	-	-	-	55,841	55,841
Technical, insurance claims reserves and reserves for unearned premiums	31,254	19,357	86,935	148,437	331,697	350,090	967,770
Borrowed funds	1,008,997	2,474	11,762	81,871	45,612	-	1,150,716
Bonds and subordinated notes issued	817	-	63,208	284,577	428,788	7,840	785,230
Other liabilities	-	-	-	-	-	934,979	934,979
Equity	-	-	-	-	-	1,796,105	1,796,105
Total liabilities and equity	5,334,037	4,035,596	3,351,745	848,574	878,620	6,372,497	20,821,069
Off-Balance sheet items							
Derivatives assets	2,499,906	1,295,838	590,446	469,276	293,100	-	5,148,566
Derivatives liabilities	1,618,002	788,307	834,589	1,471,042	436,626	-	5,148,566
	881,904	507,531	(244,143)	(1,001,766)	(143,526)	-	-
Marginal gap	859,890	289,350	(285,373)	1,695,907	723,025	(3,282,799)	-
Accumulated gap	859,890	1,149,240	863,867	2,559,774	3,282,799	-	-

Sensitivity to changes in interest rates -
The following table presents the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's consolidated income statement and consolidated statements of comprehensive income; before income tax and minority interest.

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the net interest income for one year before income tax and minority interest, based on the floating rate of non-trading financial assets and financial liabilities held at December 31, 2009 and 2008, including the effect of derivatives instruments. The sensitivity of consolidated comprehensive income is calculated by revaluing fixed rate available-for-sale financial assets, before income tax and minority interest, including the effect of any associated hedges, and derivatives instruments designated as cash flow hedges, as of December 31, 2009 and 2008 for the effects of the assumed changes in interest rates:

	As of December 31, 2009					
Currency	**Changes in basis points**		**Sensitivity of net income** US$(000)		**Sensitivity of comprehensive income** US$(000)	
U.S. Dollar	+/-	50	+/-	10,484	-/+	43,174
U.S. Dollar	+/-	75	+/-	15,727	-/+	64,762
U.S. Dollar	+/-	100	+/-	20,969	-/+	86,349
U.S. Dollar	+/-	150	+/-	31,453	-/+	129,523
Peruvian Currency	+/-	50	-/+	3,446	-/+	24,856
Peruvian Currency	+/-	75	-/+	5,169	-/+	37,284
Peruvian Currency	+/-	100	-/+	6,892	-/+	49,711
Peruvian Currency	+/-	150	-/+	10,339	-/+	74,567

	As of December 31, 2008					
Currency	**Changes in basis points**		**Sensitivity of net income** US$(000)		**Sensitivity of comprehensive income** US$(000)	
U.S. Dollar	+/-	50	+/-	6,842	-/+	16,709
U.S. Dollar	+/-	100	+/-	13,684	-/+	33,417
U.S. Dollar	+/-	200	+/-	27,368	-/+	66,834
U.S. Dollar	+/-	300	+/-	41,052	-/+	100,251
Peruvian Currency	+/-	50	-/+	12,227	-/+	16,791
Peruvian Currency	+/-	100	-/+	24,454	-/+	33,581
Peruvian Currency	+/-	200	-/+	48,908	-/+	67,162
Peruvian Currency	+/-	300	-/+	73,362	-/+	100,743

The interest rate sensitivities set out in the table above are illustrative only and are based on simplified scenarios. The figures represent the effect of the pro-forma movements in the net interest income based on the projected yield curve scenarios and the Group's current interest rate risk profile. This effect, however, does not incorporate actions that would be taken by Management to mitigate the impact of this interest rate risk. In addition, the Group seeks proactively to change the interest rate risk profile to minimize losses and optimize net revenues. The projections above also assume that interest rate of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged. The projections make other simplifying assumptions too, including that all positions run to maturity.

Available-for-sale investments securities and mutual funds are not considered as part of the investment securities for sensitivity calculation purposes; however, a 10, 25 and 30 percent for equity and mutual funds changes in market prices is conducted to these price-sensitivity securities and the expected unrealized gain or loss, before income tax, is presented below:

Market price sensitivity		**Changes in market prices** %	**As of December 31, 2009** US$(000)		**Changes in market prices** %	**As of December 31, 2008** US$(000)
Equity securities	+/-	10	33,073	+/-	10	21,762
Equity securities	+/-	25	82,683	+/-	30	65,285
Equity securities	+/-	30	99,220	+/-	50	108,809
Mutual funds	+/-	10	17,454	+/-	10	13,132
Mutual funds	+/-	25	43,635	+/-	20	26,264
Mutual funds	+/-	30	52,361	+/-	30	39,397

(ii) Foreign exchange risk -

The Group is exposed to foreign currency exchange rates on its financial position and cash flows. Management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

Foreign currency transactions are made at the free market exchange rates of the countries where Credicorp's Subsidiaries are established. As of December 31, 2009 and 2008, the Group's assets and liabilities by currencies were as follows:

	2009				2008			
	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	3,094,366	501,769	240,523	3,836,658	3,156,279	495,550	114,342	3,766,171
Trading securities	13,982	8,920	47,872	70,774	23,220	11,523	1,341	36,084
Available-for-sale investments	2,354,804	2,034,768	690,034	5,079,606	2,890,978	1,734,526	325,250	4,950,754
Loans, net	6,755,563	4,285,076	190,641	11,231,280	6,930,125	3,298,579	93,337	10,322,041
Financial assets designated to fair value through profit or loss	135,670	-	-	135,670	136,311	1,634	-	137,945
Other assets	507,057	563,065	22,977	1,093,099	594,107	255,476	12,383	861,966
	12,861,442	7,393,598	1,192,047	21,447,087	13,731,020	5,797,288	546,653	20,074,961
Monetary liabilities -								
Deposits and obligations	(8,156,869)	(5,398,780)	(536,179)	(14,091,828)	(8,614,042)	(4,963,932)	(372,463)	(13,950,437)
Due to bank and correspondents and borrowed funds	(2,126,963)	(128,800)	(896)	(2,256,659)	(2,189,114)	(140,155)	(1,438)	(2,330,707)
Technical reserves, insurance claims reserves and reserves for unearned premiums	(744,393)	(274,398)	-	(1,018,791)	(734,537)	(233,233)	-	(967,770)
Bonds and subordinated notes issued	(612,098)	(562,739)	(112,185)	(1,287,022)	(311,860)	(473,370)	-	(785,230)
Other liabilities	(443,346)	(376,967)	(50,142)	(870,455)	(691,280)	(274,830)	(24,710)	(990,820)
	(12,083,669)	(6,741,684)	(699,402)	(19,524,755)	(12,540,833)	(6,085,520)	(398,611)	(19,024,964)
	777,773	651,914	492,645	1,922,332	1,190,187	(288,232)	148,042	1,049,997
Forwards position, net	265,114	(198,637)	(66,477)	-	(627,600)	591,628	35,972	-
Currency swaps position, net	(142,015)	183,598	(41,583)	-	71,154	(71,154)	-	-
Cross currency swaps position, net	77,768	129,049	(206,817)	-	(317,043)	317,043	-	-
Options, net	(3,711)	3,711	-	-	-	-	-	-
Net monetary position	974,929	769,635	177,768	1,922,332	316,698	549,285	184,014	1,049,997

The Group manages foreign exchange risk by monitoring and controlling the position values due to changes in exchange rates. The Group measures its performance in U.S. Dollar, so if the net foreign exchange position (e.g. Peruvian currency) is an asset, any depreciation of the U.S. Dollar with respect to this currency would affect positively the Group's consolidated statements of financial position. The current position in a foreign currency comprises exchange rate-linked assets and liabilities in that currency. An institution's open position in individual currencies comprises assets, liabilities and off-balance sheet items denominated in the respective foreign currency for which the institution itself bears the risk; any appreciation/depreciation of the foreign exchange would affect the consolidated income statement.

The Group's net foreign exchange balance is the sum of its positive open non-U.S. Dollar positions (net long position) less the sum of its negative open non-U.S. Dollar positions (net short position); and any devaluation/revaluation of the foreign exchange position would affect the consolidated income statement. A currency mismatch would leave the Group's consolidated statements of financial position vulnerable to a fluctuation of the foreign currency (exchange rate shock).

The table below shows the sensitivity analysis of the Peruvian Currency, the currency to which the Group had significant exposure as of December 31, 2009 and 2008 on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the U.S. Dollar, with all other variables held constant on the consolidated income statement, before income tax. A negative amount in the table reflects a potential net reduction in consolidated income statement, while a positive amount reflects a net potential increase:

Sensitivity Analysis	**Change in currency rates**	**2009**	**2008**
	%	US$(000)	US$(000)
Devaluation -			
Peruvian Currency	5	(40,507)	(28,910)
Peruvian Currency	10	(85,515)	(61,032)
Revaluation -			
Peruvian Currency	5	36,649	26,156
Peruvian Currency	10	69,967	49,935

29.3 Liquidity risk -

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors, fulfill commitments to lend or meet other operating cash needs.

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. Sources of liquidity are regularly reviewed by a separate team in Group Treasury Department to maintain a wide diversification by currency, geography, provider, product and term.

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 they 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.

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

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

	As of December 31, 2009						As of December 31, 2008					
	Up to a month US$(000)	From 1 to 3 months US$(000)	From 3 to 12 months US$(000)	From 1 to 5 years US$(000)	Over 5 years US$(000)	Total US$(000)	Up to a month US$(000)	From 1 to 3 months US$(000)	From 3 to 12 months US$(000)	From 1 to 5 years US$(000)	Over 5 years US$(000)	Total US$(000)
Deposits and obligations	4,100,737	1,589,588	6,382,365	2,071,812	119,360	14,263,862	4,200,202	1,573,685	6,727,731	1,485,233	381,475	14,368,326
Due to bank and correspondents and Borrowed funds	382,789	364,018	418,620	1,285,930	368,271	2,819,628	222,667	262,027	355,464	1,226,162	564,212	2,630,532
Accounts payable to reinsurer and coinsurers	7,058	31,974	10,119	-	-	49,151	16,232	13,663	25,946	-	-	55,841
Technical, insurance claims reserves and reserves for unearned premiums	61,464	112,548	266,121	210,524	630,396	1,281,053	57,470	117,509	280,424	200,023	606,096	1,261,522
Bonds and subordinates notes issued	13,078	27,855	154,433	749,497	1,004,251	1,949,114	6,635	5,883	110,975	444,563	589,016	1,157,072
Other liabilities	454,405	26,387	89,225	102,950	20,045	693,012	122,619	155,032	379,563	90,430	60,048	807,692
Total liabilities	5,019,531	2,152,370	7,320,883	4,420,713	2,142,323	21,055,820	4,625,825	2,127,799	7,880,103	3,446,411	2,200,847	20,280,985

The table below shows the contractual maturity of the Group's contingent credits at the date of the consolidated statements of financial position:

	As of December 31, 2009						As of December 31, 2008					
	Up to a month US$(000)	From 1 to 3 months US$(000)	From 3 to 12 months US$(000)	From 1 to 5 years US$(000)	Over 5 years US$(000)	Total US$(000)	Up to a month US$(000)	From 1 to 3 months US$(000)	From 1 to 12 months US$(000)	From 1 to 5 years US$(000)	Over 5 years US$(000)	Total US$(000)
Contingent credits	283,051	798,222	1,019,234	303,597	124,031	2,528,135	208,248	541,900	705,150	279,693	20,911	1,755,902

The group expects that not all of the contingent liabilities or commitments will be drawn before expiration of the commitments.

29.4 Operational risk -

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, including the use of Internal Audit.

29.5 Risk of the insurance activity -

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

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

Life insurance contracts

Life insurance contracts offered by the Group include whole life, term assurance, unitized pensions, guaranteed annuity pensions, pure endowment pensions and mortgage endowments.

Whole life and term assurance are conventional regular premium products where lump sum benefits are payable on death or permanent disability. Few contracts have a surrender value.

The main risks that the Group is exposed are mortality, morbidity, longevity, investment return, expense of loss arising from expense experience being different than expected, and policyholder decision, all of which, do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured or industry.

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. The Group further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

For contracts when death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Group wide reinsurance limits of US$50,000 on any single life insured and on all high risk individuals insured are in place.

For annuity contracts, the most significant factor is continuing improvement in medical science and social conditions that would increase longevity.

Management has made a sensitivity analysis of the estimates of the technical reserves, note 14(c).

Non-life insurance contracts (general insurance and healthcare)
The Group principally issues the following types of general insurance contracts: motor, household and commercial. Healthcare contracts provide medical expense cover to policyholders. Risks under non-life insurance policies usually cover 12 months.

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

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

The above risks exposures are mitigated by diversification across a large portfolio of insurance contracts. The variability of risk is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of risks type and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the Group´s risk exposure. Also, the Group actively manages and promptly pursues claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

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

In the following paragraphs the Group has segregated some risk information related to its insurance business, which has been already included in the Group's consolidated risk information; in order to provide more specific insight about this particular business.

(a) Sensitivity to changes in interest rates -
The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, in consolidated income statement and consolidated statements of comprehensive income of the insurance activity, before income tax:

	As of December 31, 2009					
Currency		**Changes in basis points**		**Sensitivity of net income** US$(000)		**Sensitivity of comprehensive income** US$(000)
U.S. Dollar	+/-	50	-/+	164	-/+	15,967
U.S. Dollar	+/-	75	-/+	246	-/+	23,951
U.S. Dollar	+/-	100	-/+	328	-/+	31,935
U.S. Dollar	+/-	150	-/+	493	-/+	47,902
Peruvian Currency	+/-	50	+/-	35	-/+	3,469
Peruvian Currency	+/-	75	+/-	52	-/+	5,204
Peruvian Currency	+/-	100	+/-	69	-/+	6,939
Peruvian Currency	+/-	150	+/-	104	-/+	10,408

	As of December 31, 2008					
Currency		**Changes in basis points**		**Sensitivity of net income** US$(000)		**Sensitivity of comprehensive income** US$(000)
U.S. Dollar	+/-	50	-/+	201	-/+	6,734
U.S. Dollar	+/-	100	-/+	402	-/+	13,468
U.S. Dollar	+/-	200	-/+	805	-/+	26,935
U.S. Dollar	+/-	300	-/+	1,207	-/+	40,403
Peruvian Currency	+/-	50	+/-	58	-/+	2,597
Peruvian Currency	+/-	100	+/-	117	-/+	5,193
Peruvian Currency	+/-	200	+/-	234	-/+	10,386
Peruvian Currency	+/-	300	+/-	351	-/+	15,579

The interest rate sensitivities set out in the table above are illustrative only and employ simplified scenarios. It should be noted that the effects may not be linear and therefore the results cannot be extrapolated. The sensitivities do not incorporate actions that could be taken by Management to mitigate the effect of the interest rate movements, nor any changes in policyholders´ behaviors.

(b) Liquidity risk of the insurance activity -
The Group´s insurance companies are exposed to requirements of cash available, mainly for contracts of insurance claims of short term. The Group holds the available funds for covering its liabilities according to their maturity and estimated unexpected claims.

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

The undiscounted cash flows payable by the Group for technical, insurance claims reserves and reserves for unearned premiums by their remaining contractual maturities, including future interest payments, are presented in note 29.3.

Other non-derivative financial liabilities are related to the balances presented in the consolidated statements of financial position and include mainly accounts payable to reinsurers and coinsurers and other liabilities with contractual maturities of less than one year, see also note 29.3.

Unit linked liabilities are repayable or transferable on demand and are included in the up to a year column.

(c) Credit risk of the insurance activity -
Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

- The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long- term credit ratings.

- Credit risk from customer balances, will only persist during the grace period specified in the policy document or trust deed until the policy is paid up or terminated. Commissions paid to intermediaries are netted off against amounts receivable from them in order to reduce the risk of doubtful accounts.

- Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following guidelines in respect of counterparties' limits which are set each year by the Board of Directors and are subject to regular reviews. At each reporting date, Management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

- A Group policy setting out the assessment and determination of what constitutes credit risk for the Group is in place, its compliance is monitored and exposures and breaches are reported to the Group risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

- The Group issues unit-linked investment policies whereby the policyholder bears the investment risk on the assets held in the unit-linked funds as the policy benefits are directly linked to the value of the assets in the fund. Therefore, the Group has no material credit risk on unit-linked financial assets.

- The Group has not provided the credit risk analysis for the financial assets of the unit-linked business. This is due to the fact that, in unit-linked business, the liability to policyholders is linked to the performance and value of the assets that back those liabilities and the shareholders have no direct exposure to any credit risk in those assets.

29.6 Capital management

The Group maintains an actively managed capital base to cover risks inherent in its business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the SBS, the supervising authority of its major subsidiaries and for consolidation purposes.

The Group's objectives when managing capital, which is a broader concept than the "Equity" on the face of the consolidated statements of financial position, are: (i) to comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate; (ii) to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and (iii) to maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's Management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the SBS for supervisory purposes. The required information is filed with the SBS on a quarterly basis. The SBS requires each bank or banking group to: (a) hold the minimum level of the regulatory capital, and (b) maintain a ratio of total regulatory capital to the risk-weighted asset at maximum level of 11. On June 2008, through Legislative Decree 1028, the ratio indicated in (b) above was modified, requiring that starting July 1, 2011, the regulatory capital be at least 10 percent of the assets and contingent credits weighed by credit risk plus 10 times the required regulatory capital for operational and market risk (9.5 percent starting July 1, 2009 and 9.8 percent starting July 1, 2010). In addition, those individual banking subsidiaries or similar financial institutions not incorporated in Peru are directly regulated and supervised by their local banking supervisor, whose regulatory capital requirements may differ from country to country.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

According to the SBS regulations, the Junior Subordinated Notes issued by BCP through its Panama branch for US$250.0 million are computable to determinate the Group's regulatory capital, see note 15(a)(iii).

As of December 31, 2009 and 2008, the regulatory capital for the subsidiaries engaged in financial and insurance activities amounted to approximately US$2,221.1 and US$1,604.7 million, respectively. This regulatory capital has been determined in accordance with SBS regulations in force as of such dates. According to the SBS regulations, the Group's regulatory capital exceeds in approximately US$660.3 million the minimum regulatory capital required as of December 31, 2009 (approximately US$263.6 million as of December 31, 2008).

29.7 Fair value

(a) 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.

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:

(i) Assets for which fair value approximates carrying value - For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

(ii) Fixed rate financial instruments - The fair value of fixed rate financial assets and liabilities carried at amortized cost are estimated by comparing market interest rates when they were first recognized with current market rates offered for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For quoted debt issued the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

(iii) Financial instrument recorded at fair value - The fair value for financial instruments traded in active markets at the dates of the consolidated statements of financial position is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques and comparison to similar instruments for which market observable prices exist, see (b).

Based in the aforementioned, set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments that are carried in the consolidated statements of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities:

	2009		2008	
	Book value US$(000)	**Fair value** US$(000)	**Book value** US$(000)	**Fair value** US$(000)
Assets				
Cash and due from banks	3,836,658	3,836,658	3,766,171	3,766,171
Trading securities	70,774	70,774	36,084	36,084
Investments available-for-sale	5,079,606	5,079,606	4,950,754	4,950,754
Loans, net	11,231,280	11,253,024	10,322,041	10,330,518
Financial assets designated at fair value through profit or loss	135,670	135,670	137,945	137,945
Premiums and other policies receivable	121,338	121,338	111,561	111,561
Accounts receivable from reinsurers and coinsurers	137,098	137,098	165,144	165,144
Due from customers on acceptances	96,423	96,423	232,580	232,580
Other assets	420,222	420,222	326,740	326,740
Total	21,129,069	21,150,813	20,049,020	20,057,497
Liabilities				
Deposits and obligation	14,091,828	14,091,828	13,950,437	13,950,437
Due to banks and correspondents	1,167,438	1,167,502	1,179,991	1,180,404
Banker's acceptances outstanding	96,423	96,423	232,580	232,580
Accounts payable to reinsurers and coinsurers	48,009	48,009	55,841	55,841
Borrowed funds	1,089,221	1,093,215	1,150,716	1,153,108
Bonds and subordinated notes issued	1,287,022	1,321,004	785,230	773,652
Other liabilities	596,589	596,589	575,112	575,112
Total	18,376,530	18,414,570	17,929,907	17,921,134

(b) Determination of fair value and fair values hierarchy -

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

December 31, 2009	Note	Level 1 US$(000)	Level 2 US$(000)	Level 3 US$(000)	Total US$(000)
Financial assets					
Derivative financial instruments:					
Held for trading		-	83,077	-	83,077
Held as hedges		-	14,264	-	14,264
	11(b)	-	97,341	-	97,341
Trading securities		53,716	17,058	-	70,774
Financial assets designated at fair value through profit or loss	7	135,670	-	-	135,670
Investments available-for-sale:					
Debt securities		1,490,567	3,164,273	42,423	4,697,263
Equity securities		301,420	22,058	7,255	330,733
	5(a)	1,791,987	3,186,331	49,678	5,027,996
Total financial assets		1,981,373	3,300,730	49,678	5,331,781
Financial liabilities					
Derivative financial instruments:					
Held for trading		-	63,019	-	63,019
Held as hedges		-	104,830	-	104,830
Total financial liabilities	11(b)	-	167,849	-	167,849

Included in the Level 1 category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Level 2 category are financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

The Level 3 category are financial assets measured using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Level 3 financial instruments measured at fair value amounting to US$49.7 million. The net unrealized gains of these instruments amount to US$3.6 million, and the gross impairment recorded for these investments amounting to US$7.8 million as of December 31, 2009.

During 2009, there were not transfer from Level 3 to Level 1 and Level 2 of financial instruments measured at fair value.

29.8 Fiduciary activities, management of funds 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 consolidated 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, 2009 and 2008, the assigned value of the financial assets under administration (in millions of U.S. Dollars) is as follows:

	2009	2008
Investments funds	1,997.2	1,394.6
Pension funds	6,582.8	4,199.0
Equity managed	2,534.4	1,966.8
Total	11,114.4	7,560.4

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