Credicorp Ltd. and Subsidiaries

Consolidated financial statements as of December 31, 2013 and 2012 together with the independent auditor's report

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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 statements of financial position as of December 31, 2013 and 2012, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for each year ended December 31, 2013, 2012 and 2011, respectively, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of Credicorp Ltd. and Subsidiaries as of December 31, 2013 and 2012, and of its consolidated financial performance and its cash flows for each year ended December 31, 2013, 2012 and 2011, in accordance with International Financial Reporting Standards.

Lima, Peru,
February 25, 2014

Countersigned by:

Medina, Zaldívar, Paredes & Asociados

Juan Paredes
C.P.C.C. Register Nº22220

Credicorp Ltd. and Subsidiaries

Consolidated statements of financial position

As of December 31, 2013 and 2012

	Note	2013 US$(000)	2012 US$(000)
Assets			
Cash and due from banks:	4		
Non-interest bearing		1,556,751	1,146,957
Interest bearing		6,229,628	6,702,148
		7,786,379	7,849,105
Receivables from reverse repurchase agreements and security borrowings	5(a)	391,280	1,200,218
Investments:			
Trading securities	6(a)	536,689	176,751
Investments available-for-sale		5,679,262	6,910,827
Investments available-for-sale pledged as collateral		836,234	500,868
	6(a)	6,515,496	7,411,695
Investments held-to-maturity pledged as collateral	6(p)	242,210	259,663
Loans, net:	7		
Loans, net of unearned income		23,027,523	21,471,644
Allowance for loan losses		(809,892)	(699,022)
		22,217,631	20,772,622
Financial assets designated at fair value through profit or loss	8	107,276	107,138
Premiums and other policies receivable	9(a)	206,100	183,983
Accounts receivable from reinsurers and coinsurers	9(b)	207,056	167,460
Property, furniture and equipment, net	10	722,736	590,299
Due from customers on acceptances		67,688	100,768
Intangible assets and goodwill, net	11	740,948	759,629
Other assets	12	1,079,341	1,217,790
Total assets		40,820,830	40,797,121

	Note	2013 US$(000)	2012 US$(000)
Liabilities and equity			
Deposits and obligations:	13		
Non-interest bearing		6,579,306	6,623,365
Interest bearing		17,895,319	17,417,055
		24,474,625	24,040,420
Payables from repurchase agreements and security lendings	5(b)	1,259,505	1,878,341
Due to banks and correspondents	14	2,566,371	2,686,261
Bankers' acceptances outstanding		67,688	100,768
Accounts payable to reinsurers and coinsurers	9(b)	83,183	68,536
Financial liabilities designated at fair value through profit or loss	3(f)(v)	42,774	96,124
Insurance claims reserves and technical reserves	15	1,783,440	1,614,999
Bonds and notes issued	16	5,056,715	4,783,388
Other liabilities	12	1,070,391	1,162,949
Total liabilities		36,404,692	36,431,786
Equity	17		
Capital and reserves attributable to Credicorp's equity holders:			
Capital stock		471,912	471,912
Treasury stock		(74,464)	(74,630)
Capital surplus		98,594	107,883
Reserves and put options		2,781,737	2,209,990
Other reserves		346,351	637,267
Retained earnings		608,969	815,547
		4,233,099	4,167,969
Non-controlling interest		183,039	197,366
Total equity		4,416,138	4,365,335
Total liabilities and equity		40,820,830	40,797,121

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, 2013, 2012 and 2011

	Note	2013 US$(000)	2012 US$(000)	2011 US$(000)
Interest and similar income	21	2,612,345	2,310,441	1,837,764
Interest and similar expenses	21	(780,250)	(693,646)	(531,600)
Net interest and similar income		1,832,095	1,616,795	1,306,164
Provision for loan losses, net of recoveries	7(d)	(453,562)	(377,841)	(214,898)
Net interest and similar income after provision for loan losses		1,378,533	1,238,954	1,091,266
Other income				
Banking services commissions	22	833,096	737,421	607,843
Net gain on foreign exchange transactions		197,016	177,472	138,492
Net gain on sale of securities		35,471	101,269	61,927
Net gain on financial assets designated at fair value through profit or loss	8	-	18,398	-
Other	26	162,641	86,574	30,374
Total other income		1,228,224	1,121,134	838,636
Insurance premiums and claims				
Net premiums earned	23	789,910	704,205	574,423
Net claims incurred for life, property, casualty and health insurance contracts	24	(538,382)	(465,460)	(377,759)
Total premiums earned less claims		251,528	238,745	196,664
Other expenses				
Salaries and employee benefits	25	(839,778)	(780,734)	(595,705)
Administrative expenses		(641,044)	(536,727)	(405,357)
Depreciation and amortization	10(a) and 11(a)	(121,044)	(108,510)	(93,882)
Impairment loss on goodwill	11(b)	(20,312)	-	-
Impairment loss on available-for-sale investments	6(c)	(1,121)	(81)	(1,025)
Net loss on financial assets designated at fair value through profit or loss	8	(6,677)	-	(24,640)
Other	26	(254,315)	(188,050)	(109,540)
Total other expenses		(1,884,291)	(1,614,102)	(1,230,149)
Income before translation result and income tax		973,994	984,731	896,417
Translation result		(114,065)	75,079	37,881
Income tax	18(b)	(285,760)	(251,583)	(210,508)
Profit for the year		574,169	808,227	723,790

Consolidated statements of income (continued)

	Note	2013 US$(000)	2012 US$(000)	2011 US$(000)
Attributable to:				
Equity holders of Credicorp Ltd.		567,078	788,778	709,272
Non-controlling interest		7,091	19,449	14,518
		574,169	808,227	723,790
Earnings per share attributable to equity holders of Credicorp Ltd. (in U.S. Dollars):				
Basic	27	7.13	9.93	8.93
Diluted	27	7.12	9.90	8.90

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, 2013, 2012 and 2011

	Note	2013 US$(000)	2012 US$(000)	2011 US$(000)
Profit for the year		574,169	808,227	723,790
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net (loss) gain on investments available for sale	17(d)	(329,816)	299,318	(53,168)
Income tax	17(d)	17,631	(21,342)	29,605
		(312,185)	277,976	(23,563)
Net movement on cash flow hedges	17(d)	45,221	12,103	168
Income tax	17(d)	(6,183)	(165)	1,412
		39,038	11,938	1,580
Exchange differences on translation of foreign operations	17(d)	(30,268)	8,262	-
		(30,268)	8,262	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods, net of income tax		(303,415)	298,176	(21,983)
Total comprehensive income for the year, net of income tax		270,754	1,106,403	701,807
Attributable to:				
Equity holders of Credicorp Ltd.		276,162	1,085,877	682,719
Non-controlling interest		(5,408)	20,526	19,088
		270,754	1,106,403	701,807

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

Consolidated statements of changes in equity

For the years ended December 31, 2013, 2012 and 2011

		Attributable to Credicorp's equity holders											
	Number of shares issued, notes 17(a) and 27 (In thousands of units)	Capital stock US$(000)	Treasury stock US$(000)	Capital surplus US$(000)	Reserves US$(000)	Put options US$(000)	Available-for-sale investments reserve US$(000)	Cash flow hedges reserve US$(000)	Foreign currency translation reserve US$(000)	Retained earnings US$(000)	Total US$(000)	Non-controlling interest US$(000)	Total net equity US$(000)
Balances as of January 1, 2011	94,382	471,912	(74,712)	119,637	1,398,323	-	423,747	(57,026)	-	591,868	2,873,749	56,502	2,930,251
Changes in equity for 2011 -													
Profit for the year	-	-	-	-	-	-	-	-	-	709,272	709,272	14,518	723,790
Other comprehensive income	-	-	-	-	-	-	(28,405)	1,852	-	-	(26,553)	4,570	(21,983)
Total comprehensive income	-	-	-	-	-	-	(28,405)	1,852	-	709,272	682,719	19,088	701,807
Transfer of retained earnings to reserves, Note 17(c)	-	-	-	-	407,822	-	-	-	-	(407,822)	-	-	-
Cash dividends, Note 17(e)	-	-	-	-	-	-	-	-	-	(155,535)	(155,535)	-	(155,535)
Purchase of treasury stock, Note 17(b)	-	-	(827)	(16,661)	-	-	-	-	-	-	(17,488)	-	(17,488)
Share-based payments transactions, Note 19(b)	-	-	662	8,169	6,832	-	-	-	-	-	15,663	-	15,663
Purchase of non-controlling interest	-	-	-	-	-	-	-	-	-	(1,228)	(1,228)	(1,171)	(2,399)
Dividends of subsidiaries and other	-	-	-	-	-	-	-	-	-	(2,081)	(2,081)	(7,578)	(9,659)
Balances as of December 31, 2011	94,382	471,912	(74,877)	111,145	1,812,977	-	395,342	(55,174)	-	734,474	3,395,799	66,841	3,462,640
Changes in equity for 2012 -													
Profit for the year	-	-	-	-	-	-	-	-	-	788,778	788,778	19,449	808,227
Other comprehensive income	-	-	-	-	-	-	277,062	11,866	8,171	-	297,099	1,077	298,176
Total comprehensive income	-	-	-	-	-	-	277,062	11,866	8,171	788,778	1,085,877	20,526	1,106,403
Transfer of retained earnings to reserves, Note 17(c)	-	-	-	-	517,395	-	-	-	-	(517,395)	-	-	-
Cash dividends, Note 17(e)	-	-	-	-	-	-	-	-	-	(183,451)	(183,451)	-	(183,451)
Purchase of treasury stock, Note 17(b)	-	-	(722)	(17,850)	-	-	-	-	-	-	(18,572)	-	(18,572)
Share-based payments transactions, Note 19(b)	-	-	969	14,588	1,390	-	-	-	-	-	16,947	-	16,947
Acquisitions of subsidiaries, Note 2(a)	-	-	-	-	-	-	-	-	-	-	-	106,282	106,282
Put options over non-controlling interest, Note 2(c)	-	-	-	-	-	(121,772)	-	-	-	-	(121,772)	-	(121,772)
Purchase of non-controlling interest	-	-	-	-	-	-	-	-	-	(5,982)	(5,982)	(765)	(6,747)
Dividends of subsidiaries and other	-	-	-	-	-	-	-	-	-	(877)	(877)	4,482	3,605
Balances as of December 31, 2012	94,382	471,912	(74,630)	107,883	2,331,762	(121,772)	672,404	(43,308)	8,171	815,547	4,167,969	197,366	4,365,335

Consolidated statements of changes in equity (continued)

		Attributable to Credicorp's equity holders											
	Number of shares issued, notes 17(a) and 27 (In thousands of units)	Capital stock US$(000)	Treasury stock US$(000)	Capital surplus US$(000)	Reserves US$(000)	Put options US$(000)	Available-for-sale investments reserve US$(000)	Cash flow hedges reserve US$(000)	Foreign currency translation reserve US$(000)	Retained earnings US$(000)	Total US$(000)	Non-controlling interest US$(000)	Total net equity US$(000)
Balances as of December 31, 2012	94,382	471,912	(74,630)	107,883	2,331,762	(121,772)	672,404	(43,308)	8,171	815,547	4,167,969	197,366	4,365,335
Changes in equity for 2013 -													
Profit for the year	-	-	-	-	-	-	-	-	-	567,078	567,078	7,091	574,169
Other comprehensive income	-	-	-	-	-	-	(304,689)	39,038	(25,265)	-	(290,916)	(12,499)	(303,415)
Total comprehensive income	-	-	-	-	-	-	(304,689)	39,038	(25,265)	567,078	276,162	(5,408)	270,754
Transfer of retained earnings to reserves, Note 17(c)	-	-	-	-	570,152	-	-	-	-	(570,152)	-	-	-
Cash dividends, Note 17(e)	-	-	-	-	-	-	-	-	-	(207,380)	(207,380)	-	(207,380)
Purchase of treasury stock, Note 17(b)	-	-	(815)	(23,172)	-	-	-	-	-	-	(23,987)	-	(23,987)
Share-based payments transactions and other, Note 19(b)	-	-	981	13,883	1,595	-	-	-	-	-	16,459	-	16,459
Dividends of subsidiaries and other	-	-	-	-	-	-	-	-	-	3,876	3,876	(8,919)	(5,043)
Balances as of December 31, 2013	94,382	471,912	(74,464)	98,594	2,903,509	(121,772)	367,715	(4,270)	(17,094)	608,969	4,233,099	183,039	4,416,138

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 2013, 2012 and 2011

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Cash flows from operating activities			
Profit for the year	574,169	808,227	723,790
Add (deduct)			
Provision for loan losses	453,562	377,841	214,898
Depreciation and amortization	121,044	108,510	93,882
Provision for sundry risks	8,880	12,942	10,661
Deferred income tax	(10,698)	(16,308)	(9,057)
Net gain on sales of securities	(35,471)	(101,269)	(61,927)
Impairment loss on available-for-sale investments	1,121	81	1,025
Impairment loss on goodwill	20,312	-	-
Net (gain) loss on financial assets designated at fair value through profit and loss	6,677	(18,398)	24,640
Gain on sales of property, furniture and equipment	7,336	8,251	112
Translation result	114,065	(75,079)	(37,881)
Expense on shared-based compensation plan	22,679	26,659	7,014
Purchase (sale) of trading securities, net	(359,938)	155,011	39,957
Net changes in assets and liabilities			
Increase in loans	(426,641)	(5,194,150)	(3,443,013)
Increase in other assets	(342,336)	(626,077)	(132,605)
Increase in deposits and obligations	1,240,750	7,103,288	1,001,408
(Decrease) increase in due to banks and correspondents	(376,465)	408,751	(174,949)
(Decrease) increase in payables from repurchase agreements and security lendings	(784,354)	1,098,120	-
increase (decrease) in receivables from reverse repurchase agreements and security borrowings	808,938	(1,200,218)	-
(Decrease) Increase in other liabilities	(283,286)	708,978	91,822
Net cash provided by (used in) operating activities	760,344	3,585,160	(1,650,223)

Consolidated statements of cash flows (continued)

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	(20,600)	(192,950)	(82,656)
Net purchase of investments available-for-sale	(442,656)	(1,738,808)	(2,468,326)
Purchase of property, furniture and equipment	(198,226)	(162,217)	(100,819)
Purchase of intangible assets	(110,002)	(63,630)	(55,311)
Sales of property, furniture and equipment	8,754	22,603	526
Purchase of non-controlling interest	-	(5,982)	(2,399)
Net cash used in investing activities	(762,730)	(2,140,984)	(2,708,985)
Cash flows from financing activities			
Issuance of bonds and notes	749,222	1,013,847	1,841,332
Redemption and payments of bonds and notes	(479,876)	(553,396)	(398,406)
Increase in payables from repurchase agreements	165,518	530,221	-
Acquisition of Credicorp's shares	(23,987)	(18,572)	(17,488)
Cash dividends	(207,380)	(183,451)	(155,535)
Net cash provided by financing activities	203,497	788,649	1,269,903
Net increase (net decrease) in cash and cash equivalents	201,111	2,232,825	(3,089,305)
Translation gain (loss) on cash and cash equivalents	(263,837)	113,418	47,752
Cash and cash equivalents at the beginning of the year	7,849,105	5,502,862	8,544,415
Cash and cash equivalents at the end of the year	7,786,379	7,849,105	5,502,862
Supplementary cash flows information:			
Cash paid during the year for -			
Interest	771,318	669,796	504,278
Income tax	232,734	453,421	254,564
Cash received during the year for -			
Interest	2,598,810	2,259,335	1,816,992

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 and health services and products mainly throughout Peru and in certain other countries (see Note 3(b)). 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 N°156, La Molina, Lima, Peru.

Credicorp is listed in the Lima and New York stock exchanges.

The consolidated financial statements as of and for the year ended December 31, 2012 were approved in the General Shareholders' meeting held on March 26, 2013. The accompanying consolidated financial statements as of and for the year ended December 31, 2013, were approved by the Audit Committee and Management on February 25, 2014 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. **Acquisitions**

(a) Acquisitions in 2012 -

On April 27, 2012, Credicorp, through its subsidiary BCP, acquired 51 percent of Credicorp Capital Colombia (formerly Correval S.A. Sociedad Comisionista de Bolsa, hereinafter "Correval"), an investment banking entity established in Bogota, Colombia, for approximately US$72.3 million in cash consideration.

On July 31, 2012, Credicorp, through its subsidiary BCP, acquired 60.6 percent of IM Trust S.A. Corredores de Bolsa (hereinafter "IM Trust"), an investment banking entity established in Santiago, Chile, for approximately US$131.5 million, of which US$110.9 million were paid in cash consideration at the acquisitions date and US$20.6 million were paid in cash in July 2013. As of December 31, 2012, the corresponding liability was presented in the caption "Other liabilities" of the consolidated statement of financial position, see note 12(a).

Correval and IM Trust purchase agreements include put and call options to acquire the remaining non-controlling interests in such entities, see paragraph (c) below.

With the acquisition of Correval and IM Trust, Credicorp established a regional investment bank that operate in the Integrated Latin American Market (MILA), which involves the stock exchanges in Peru, Colombia and Chile.

On the other hand, Credicorp in order to increase its integrated insurance and health providing services acquired, through its subsidiary Pacífico EPS S.A., in cash consideration the following Peruvian entities specialized in providing health and wellness programs, primary and specialized ambulatory services, and comprehensive acute care services (hereinafter referred as "Private hospitals"):

Entity	Acquisition date	Activity	Percentage of participation %	Cash consideration US$(000)
Clínica Belén S.A.	October, 2012	Private hospital	97.48	16,611
Centro Odontológico Americano	April, 2012	Dental center	80.00	7,660
Prosemedic S.A.	April, 2012	Sale of medical products	80.00	6,303
Clínica Sánchez Ferrer S.A. and Inversiones Masfe S.R.L	January, 2012	Private hospital	83.17 and 99.99	4,369
Bio Pap Service S.A.C	September, 2012	Laboratory	75.00	3,684
Total				38,627

All transactions were recorded using the acquisition method, as required by IFRS 3, "Business Combinations". Assets and liabilities were recorded at their estimated fair values at the acquisition dates, including the identified intangible assets unrecorded in the acquirees' statements of financial position. Acquisition costs incurred were included in the caption "Administrative expenses" of the consolidated statements of income.

The Group has elected to measure the non-controlling interests in Correval and IM Trust at fair value; which has been estimated considering the consideration paid and a discount for lack of control. In the case of private hospitals, the Group has elected to measure the non-controlling interests at proportionate share of identifiable net assets.

At the date of acquisition, book value and estimated fair values of the identified assets and liabilities in the acquired entities were as follows:

	Book Value			Fair value adjustments			Fair value recognized on acquisition			
	Correval US$(000)	IM Trust US$(000)	Private hospitals US$(000)	Correval US$(000)	IM Trust US$(000)	Private Hospitals US$(000)	Correval US$(000)	IM Trust US$(000)	Private Hospitals US$(000)	Total fair value recognized on acquisition US$(000)
Assets										
Cash	4,550	23,184	1,150	-	-	-	4,550	23,184	1,150	28,884
Accounts receivables, net	11,619	104	4,583	-	-	-	11,619	104	4,583	16,306
Receivables from reverse repurchase agreements and security borrowings	406,875	46,353	-	-	-	-	406,875	46,353	-	453,228
Investments	46,483	18,887	-	-	-	-	46,483	18,887	-	65,370
Property, furniture and equipments, net, note 10(a)	1,778	4,945	12,998	-	-	-	1,778	4,945	12,998	19,721
Intangible assets, note 11(a):										
Licenses	-	-	-	-	-	1,900	-	-	1,900	1,900
Brand name	-	-	-	15,209	10,017	4,321	15,209	10,017	4,321	29,547
Client relationships	-	-	-	11,928	13,664	-	11,928	13,664	-	25,592
Fund manager contract	-	-	-	27,221	19,394	-	27,221	19,394	-	46,615
Other assets	2,808	52,302	5,108	2,752	4,587	1,165	5,560	56,889	6,273	68,722
Liabilities										
Payables from repurchase agreements and security lendings	342,605	46,592	-	-	-	-	342,605	46,592	-	389,197
Financial liabilities at fair value through profit or loss	62,492	-	-	-	-	-	62,492	-	-	62,492
Other liabilities	27,754	52,566	12,957	2,752	4,587	-	30,506	57,153	12,957	100,616
Deferred income tax liability	-	771	4	17,938	8,615	3,337	17,938	9,386	3,341	30,665
Total identifiable net assets at fair value	41,262	45,846	10,878	36,420	34,460	4,049	77,682	80,306	14,927	172,915
Non-controlling interest							(44,808)	(59,176)	(2,298)	(106,282)
Goodwill arising on acquisition, Note 11(b)							39,444	108,894	25,998	174,336
Total purchase consideration							72,318	130,024	38,627	240,969

The fair values of identifiable intangible assets as of the acquisition dates were determined using the income approach, based on the present value of the profits attributable to the asset or costs avoided as a result of owning the asset. Under this approach, the fair value of the asset is determined by the discounted future cash flows and the discount rate applied is to the rate of return that considers the relative risk of achieving the cash flows and the time value of money.

The following methods based on the income approach were used by Credicorp's Management to estimate the fair values of identifiable intangible assets as of the acquisition dates:

- For license valuation the "With-and-without" method was applied, which estimates the fair value of the intangible asset comparing the cash flows generated by the entity including the intangible asset against the cash flows generated by the company excluding said intangible asset.

- For brand name valuation the "Relief from Royalty" method was applied, which estimates the cash flows saved from owning the brand or relief from royalties that would be paid to the brand owner.

- For client relationship and fund manager contract valuation the "Multi-Period-Excess-Earnings-Method" was applied, which estimates residual cash flow derived from an intangible asset after deducting portions of the cash flow that can be attributed to supporting assets that contributed to the generation of the cash flow.

In Management's opinion these methods are generally accepted for measurement of identifiable intangible assets in business combinations process.

As of December 31,2012, the initial accounting for the business was incomplete; nevertheless, at the end of the measurement period were no material adjustments to the reported amounts.

(b) Acquisition in 2011 -

The following Peruvian private hospitals were acquired:

Entity	Acquisition date	Activity	Percentage of participation %	Cash consideration US$(000)
Doctor + S.A.C.	July, 2011	Health services	100.00	1,790
La Esperanza del Perú S.A.	August, 2011	Private hospital	70.00	17,606
Análisis Clínicos ML S.R.L.	August, 2011	Laboratory	100.00	5,000
Galeno I.E.M. S.A.C.	August, 2011	Private hospital	100.00	4,000
Oncocare S.R.L.	November, 2011	Private hospital	80.00	4,040
Sistemas de Administración Hospitalaria S.A.C.	December, 2011	Private hospital	97.32	37,000
Servicios de Salud San Isidro	December, 2011	Private hospital	100.00	13,220
Total				82,656

The acquisitions of these entities were recorded using the acquisition method, as required by IFRS 3, "Business Combinations". The non-controlling interests in the acquirees were measured at proportionate share of identifiable net assets. Book value and the total fair value of the identified assets and liabilities were as follows:

	Book Value US$(000)	Fair value adjustments US$(000)	Fair value recognized on acquisition US$(000)
Assets			
Accounts receivables, net	8,761	-	8,761
Property, furniture and equipment	25,356	21,514	46,870
Intangible assets			
Licenses	-	12,271	12,271
Brand name	-	10,587	10,587
Client relationships	-	3,116	3,116
Other assets	3,212	-	3,212
Liabilities			
Loans	7,177	-	7,177
Accounts payable	24,447	(290)	24,157
Deferred income tax liability	1,334	14,333	15,667
Total identifiable net assets at fair value	4,371	33,445	37,816
Non-controlling interest measured at proportionate of identifiable net assets	-	(700)	(700)
Goodwill arising on acquisition	-	45,540	45,540
Total purchase consideration	4,371	78,285	82,656

As of December 31, 2011, the initial accounting for the business combinations was incomplete; nevertheless, at the end of the measurement period there were no material adjustments to the reported amounts.

(c) Put and call options over non-controlling interest –
Correval and IM Trust purchase agreements include put and call options to acquire the remaining non-controlling interests in such entities.

As of December 31, 2013, financial liabilities related to put options granted to non-controlling interest of Correval and IM Trust amounted to US$57.1 million and US$64.8 million, respectively (US$59.2 million and US$62.6 million, respectively as of December 31, 2012) and are included in the caption "Other liabilities" of the consolidated statements of financial position, see Note 12(a).

The formula used to calculate the amount of this commitment was fixed contractually and is based on the application of some multiples on the average net income over the last eight quarters and the average net equity over the last four quarters before the exercise date of each option. The amount resulting from such formula is discounted using a market rate which reflects the remaining periods and the credit risks related to each flow.

In the case of Correval, the put options can be exercised by non-controlling interest for a period of three months after the second year (from April 27, 2014) and fourth year (from April 27, 2016) of acquisition.

In the case of IM Trust, the put options can be exercised by non-controlling interest for a period of five days after the 48th (from July 1, 2016), 51st (from October 1, 2016) and 54th (from January 1, 2017) month of acquisition.

Furthermore, Credicorp Ltd. can exercise its call options for a period of three months from July 27, 2016 in the case of Correval and between the 20th and 24th business day of January 2017 in the case of IM Trust, if non-controlling interests do not exercise their put options until July 26, 2016 in the case of Correval, and until 5th business day of January 2017 in the case of IM Trust. The call options are valued using the same formula as the put options.

3. **Significant accounting policies**

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

(a) Basis of presentation and use of estimates -

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for trading securities, available-for-sale investments, derivative financial instruments, share-based payments, financial assets and liabilities designated at fair value through profit or loss that have been measured at fair value. The consolidated financial statements are presented in United States Dollars (US$), and all values are rounded to the nearest US$ thousands, 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 investments, the measurement of the share-based payment transactions, the technical reserves for claims and premiums, the estimated useful life of intangible assets, property, furniture and equipment, goodwill impairment, the valuation of derivative financial instruments, liabilities for put options held by non-controlling interests in subsidiaries and the deferred tax assets and liabilities. The accounting criteria used for each of these items is described in this note.

The accounting policies adopted are consistent with those of the previous years, except that the Group has adopted those new IFRS and revised IAS mandatory for years beginning on or after January 1, 2013 as described below; however, due to the Group's structure and operations, the adoption of the new and revised accounting standards did not have any significant impact on its consolidated financial position or performance; as result, no restatement of comparative financial statements was necessary.

- IAS 1 "Presentation of Items of Other Comprehensive Income — Amendments to IAS 1" Changes the grouping of items presented in Other Comprehensive Income (OCI). Items that will be reclassified ("recycled") to profit or loss at a future point in time have to be presented separately from items that will not be reclassified. The amendments affect presentation only and have no impact on the Group's financial position or results.

- IAS 19 "Employee benefits (amendment)"
  The amendments remove the option to defer the recognition of actuarial gains and losses, i.e., the corridor mechanism. All changes in the value of defined benefit plans will be recognized in the consolidated statements of income and other comprehensive income.

- IAS 28 "Investments in Associates and Joint Ventures (revised)"
  As a consequence of the new IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

- IFRS 7 "Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities (amendment)"
  The amendment will require entities to disclose gross amounts subject to rights of set-off and the related net credit exposure. This information will help to understand the extent to which an entity has set off in its statement of financial position and the effects of rights of set-off on the entity's rights and obligations. Offsetting of financial assets and financial liabilities is presented in Note 32.1(g).

- IFRS 10 "Consolidated Financial Statements"
  IFRS 10 replaces the portion of IAS 27 "Consolidated and Separate Financial Statements" that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 "Consolidation — Special Purpose Entities". IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require Management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27.

- IFRS 11 "Joint Arrangements"
  IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

- IFRS 12 "Disclosure of Interests in Other Entities"
  IFRS 12 includes all of the disclosures that were previously in IAS 27, IAS 31 and IAS 28 related to consolidated financial statements, an entity's interests in subsidiaries, joint arrangements, associates, structured entities and a number of new disclosures are also required. Disclosures of interests in other entities are presented in Note 29.

- IFRS 13 "Fair Value Measurement"
  IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements; it not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines the fair value as an exit price.

As part of the implementation process of IFRS 13, the Group re-assessed its policies for measuring fair values of its assets and liabilities; as a result, the application of IFRS 13 has not materially impacted the fair value measurements of the assets and liabilities of the Group. Also, additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 32.7.

- IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36"
  These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied.

  The Group has early adopted these amendments to IAS 36 in the current period since the amended/additional disclosures provide useful information as intended by the IASB. Accordingly, these amendments have been considered while making disclosures for impairment of non-financial assets in Note 11(b). These amendments would continue to be considered for future disclosures.

- Annual Improvements to IFRS (issued in May 2012)
  The IASB published a preview of the amendments and improves to IFRS in May 2012. The amendments made to IAS 1, IAS 16, IAS 32, IAS 34 and IFRS 1, including improves in this cycle, do not have significant effect on the accompanying consolidated financial statements.

(b) Basis of consolidation -

The consolidated financial statements comprise the financial statements of Credicorp and its subsidiaries for all the years presented. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,

- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The consolidated financial statements include assets, liabilities, income and expenses of Credicorp and its subsidiaries.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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(ab).

Investments in associates -
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity, but is not control over those policies.

The considerations made to determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are recognized initially at cost and then are accounted for using 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 statements of income.

As of December 31, 2013 and 2012, 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	Activity and country of incorporation	Percentage of participation (direct and indirect)		Assets		Liabilities		Equity		Net income (loss)	
		2013 %	2012 %	2013 US$(000)	2012 US$(000)	2013 US$(000)	2012 US$(000)	2013 US$(000)	2012 US$(000)	2013 US$(000)	2012 US$(000)
Banco de Crédito del Perú and Subsidiaries (BCP) (i)	Banking, Peru	97.66	97.66	35,237,971	35,792,896	32,259,417	32,943,962	2,978,554	2,848,934	464,327	664,559
Credicorp Capital Ltd. and Subsidiaries (ii)	Investment banking, Bermuda	100.00	100.00	778,857	381,318	515,873	208,746	262,984	172,572	(4,568)	6,645
Credicorp Capital Perú S.A.A. and Subsidiaries (iii)	Investment banking, Peru	97.66	97.66	88,366	93,326	28,411	36,154	59,955	57,172	3,409	3,132
Atlantic Security Holding Corporation and Subsidiaries (iv)	Investment banking, Caimán	100.00	100.00	1,847,174	1,833,252	1,625,270	1,586,126	221,904	247,126	51,701	48,398
El Pacífico Peruano-Suiza Compañía de Seguros y Reaseguros and Subsidiaries (PPS) (v)	Insurance, Peru	98.45	97.77	2,762,084	2,677,551	2,223,680	1,981,304	538,404	696,247	33,096	58,981
Prima AFP S.A. (vi)	Pension funds, Peru	99.99	99.99	291,834	310,821	112,761	141,713	179,073	169,108	50,798	38,186
Grupo Crédito S.A. (vii)	Investment banking, Peru	99.99	99.99	375,531	146,494	87,907	74,794	287,624	71,700	3,305	4,183
CCR Inc. (viii)	Special purposes entity, Bahamas	99.99	99.99	870,594	1,027,863	897,710	1,070,757	(27,116)	(42,894)	(682)	2,702
BCP Emisiones Latam 1 S.A. (ix)	Special purposes entity, Chile	100.00	100.00	121,786	130,557	121,274	130,063	512	494	18	(96)
Tarjeta Naranja Perú S.A.C. (x)	Financial, Peru	76.00	76.00	19,150	17,479	4,843	2,699	14,307	14,780	(13,973)	(8,336)

(i) BCP was incorporated in 1889 and 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 2013, the Group did not acquired any BCP shares owned by non-controlling interest (During 2012, the Group acquired 0.0009 percent of BCP shares). BCP and Subsidiaries hold as of December 31, 2013 and 2012, 95.92 percent of the capital stock of Banco de Crédito de Bolivia (BCB), a universal bank operating in Bolivia (Credicorp holds directly an additional 4.08 percent). As of December 31, 2013, BCB's assets, liabilities, equity and net income amounted to US$1,685.8, US$1,536.4, US$149.4 and US$17.5 million, respectively (US$1,407.4, US$1,277.0, US$130.4 and US$21.1 million, respectively, as of December 31, 2012).

(ii) Credicorp Capital Ltd. (formerly Credicorp Investments Ltd.) was established in 2012 to hold the Group's investment banking activities in Chile, Colombia and Peru. As explained in more detail in Note 2(a), during 2012, BCP acquired Credicorp Capital Colombia (formerly Correval) and IM Trust; later, in November 2012 and June 2013, BCP transferred its shares of IM Trust and Credicorp Capital Colombia, respectively, to Credicorp Capital Ltd. Such transfers do not have effect on the Group's consolidated financial statements and no gain or losses were recorded in these transactions. As of December 31, 2013, Credicorp Capital Ltd. holds directly and indirectly 60.6 percent of IM Trust and 51.0 percent of Credicorp Capital Colombia (60.6 percent of IM Trust as of December 31, 2012). As of December 31, 2013, IM Trust's assets, liabilities, equity and net income amounted to US$165.8, US$121.4, US$44.4 and US$4.8 million, respectively (US$311.8, US$259.5, US$52.3 and US$17.1 million, respectively, as of December 31, 2012) and Credicorp Capital Colombia's assets, liabilities, equity and net income amounted to US$392.1, US$342.7, US$49.4 and US$6.0 million, respectively. Likewise, the Shareholder's meeting held on September 11, 2013, agreed to increase the share capital of Credicorp Capital Ltd's for an amount of US$3.9 million, by the delivery of the 100 percent of the share value of Credicorp Securities Inc. in which Credicorp Ltd. maintained control. Credicorp Securities Inc. is incorporated in the United States of America and provides securities brokerage services, mainly to retail customers in Latin America.

(iii) Credicorp Capital Perú S.A.A. (formerly BCP Capital S.A.A.) was incorporated in April 2012 through the split of an equity block of BCP; such split resulted in a reduction of BCP's assets, liabilities and net equity for an amount of US$71.2, US$18.0 and US$53.2 million, respectively. Assets transferred included Credibolsa S.A.B., Creditítulos S.T. and Credifondos S.A.F.M. The equity block split did not have effect in the accompanying consolidated financial statements. Likewise, the Shareholder's meeting held on September 5, 2013, agreed change the name of Credibolsa S.A.B., Creditítulos S.T., Credifondos S.A.F.M to Credicorp Capital Sociedad Agente de Bolsa S.A., Credicorp Capital Sociedad Titulizadora S.A. y Credicorp Capital Fondos S.A. Sociedad Administradora de Fondos, respectively.

(iv) 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.

(v) PPS provides property, casualty, life, health and personal insurance; its activities are supervised by the SBS. During 2013 and 2012, the Group acquired 0.674 and 0.093 percent of PPS shares owned by non-controlling interests, respectively. Through its subsidiary Pacífico S.A. Entidad Prestadora de Salud (EPS) it also provides a wide range of health services in Peru; as explained in more detail in Notes 2(a) and 2(b), during 2012 and 2011, EPS acquired several Peruvian entities specialized in providing health care services.

(vi) Prima AFP S.A. is a private pension fund and its activities are supervised by the SBS.

(vii) Grupo Crédito S.A. is a company which its main activity is to invest in listed and not listed securities in Peru. It also holds part of the Group's shares in BCP, Prima AFP S.A., PPS and BCP Emisiones Latam 1 S.A.. Grupo Crédito S.A. balances are presented net of its investments in such entities.

(viii) CCR Inc. was incorporated in 2001, its main activity is to manage certain loans granted to BCP by foreign financial entities, see Note 16(a)(iii). These loans are collateralized by transactions performed by BCP. As of December 31, 2013 and 2012, the negative equity is generated by unrealized losses from cash flow hedges derivatives.

(ix) BCP Emisiones Latam 1 S.A. was incorporated in 2009 through which the Group issued corporate bonds, see Note 16(a)(v).

(x) Tarjeta Naranja Perú S.A.C. was incorporated in 2011. Its main activity is to promote the use of a credit card named "Tarjeta Naranja".

(c) Foreign currency translation -

Functional and presentation currency -

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 most of the Group entities, 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 and similar income, interest and similar expenses and an important percentage of purchases; are established and settled in U.S. Dollars.

Due to Credicorp Capital Colombia, IM Trust and private hospitals have a functional currency different from the U.S. Dollar, they were translated for consolidating purposes using the methodology established by IAS 21, "The Effects of Changes in Foreign Exchanges Rates", as follows:

- Assets and liabilities, at the closing rate at the date of each consolidated statement of financial position.

- Income and expense, at the average exchange rate for each month of the year.

All resulting translation differences were recognized in the caption "Exchange differences on translation of foreign operations" of the consolidated statements of other comprehensive income.

Foreign currency balances or transactions -

Foreign currency transactions or balances are those realized in currencies different from functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are adjusted at the functional currency exchange rate ruling at the reporting date. Differences between the closing rate at the date of each consolidated statement of financial position presented and the exchange rate initially used to record the transactions are recognized in the consolidated statements of income in the period in which they arise, in the caption "Translation result". Non-monetary assets and liabilities acquired in a foreign currency are recorded at the exchange rate as at the dates of the initial transaction.

(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 similar income" and "Interest and similar expenses" in the consolidated statements of income using the effective interest rate method, 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, 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. 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 -
Accounting policies for insurance activities
For the adoption of IFRS 4 "Insurance contracts", Management concluded that USGAAP used as of December 31, 2004 was the relevant framework to be used, as permitted by IFRS 4.

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.

Life insurance contracts offered by the Group include retirement, disability and survival insurance, annuities and individual life which includes unit linked insurance contracts. The non-life insurance contracts mainly include automobile, fire and allied and technical lines and healthcare.

Reinsurance:
The Group cedes insurance risk in the normal course of the operations for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Reinsurance ceded is placed on both a proportional and non-proportional basis.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims and ceded premiums 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 statements of income.

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 notes 23 and 24. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party. Reinsurance contracts that do not transfer significant insurance risk are not material to the insurance segment.

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, 2013 and 2012 the carrying value of the insurance receivables is similar to its fair value due to 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 statements of income. Insurance receivables are derecognized when the derecognition criteria for financial assets, as described in Note 3(g), has been met.

"Unit- Linked" assets
"Unit- Linked" assets represent financial instruments held for purposes of funding a group of life insurance contracts and for which investment gains and losses accrue directly to the policyholders who bear the investment risk. Each account has specific objectives, and the financial 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, net of the commission that the Group charges for the management of these contracts.

Deferred acquisition costs (DAC)
Those direct costs that vary with and are related to traditional life and unit linked insurance contracts are deferred; all other acquisition costs are recognized as an expense when incurred. The direct acquisition costs comprise primarily agent commissions related to the underwriting and policy issuance costs.

Subsequent to initial recognition, these costs are amortized on a straight line basis based on the averaged expiration period of the related insurance contracts. Amortization is recorded in the consolidated statements of income.

DAC for general insurance and health products are amortized over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortized in the same manner as the underlying asset amortization is recorded in the income statement.

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

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 statements of income. DAC is also considered in the liability adequacy test for each reporting period.

Reinsurance commissions
Commissions on reinsurance contracts for ceded premiums are deferred and amortized on a straight line basis over the term of the coverage of the related insurance contracts.

Insurance contract liabilities

(i) Life insurance contracts liabilities

Life insurance liabilities are recognized when contracts are entered into.

The technical reserves for retirement, disability and survival annuities are determined as the sum of the discounted value of expected future pensions to be paid during a defined or non-defined period, computed upon the basis of mortality tables and discount interest rates. Individual life (including unit linked policies) technical reserves are determined as the sum of the discounted value of expected future benefits, administration expenses, policyholder options and guarantees and investment income, less the discounted value of the expected theoretical premiums that would be required to meet the future cash outflows. Furthermore, the technical reserves for life insurance contracts comprise the provision for unearned premiums and unexpired risks.

The technical reserves for retirement, disability and survival annuities and individual life insurance contracts are based on assumptions established at the time the contract was issued. Current assumptions are used to update the interest accrued for unit linked insurance contracts.

Life insurance claims reserves include reserves for reported claims and an estimate of the incurred but non-reported claims to the Group (hereinafter "IBNR"). IBNR reserves as of December 31, 2013 and 2012, were determined on the basis of the Chain Ladder methodology (a generally accepted actuarial method), whereby the weighted average of past claim development is projected into the future; the projection is based on the ratios of cumulative past claims. Adjustments to the liabilities at each reporting date are recorded in the consolidated statements of income. 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. As of December 31, 2013 and 2012, Management determined that the liabilities were adequate and; therefore, it has not recorded any additional life insurance liability.

(ii) Non-life insurance contract liabilities (which comprises general and healthcare insurance)
Non-life insurance contract liabilities are recognized when contracts are entered into.

Claims reserves 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. IBNR are estimated and included in the provision (liabilities). IBNR reserves as of December 31, 2013 and 2012, 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.

Technical reserves for non-life insurance contracts comprise the provision for unearned premiums which 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 an existing liability adequacy test as laid out under IFRS 4 to determine whether there is any overall excess of expected claims over unearned premiums. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognized in the consolidated statements of income by setting up a provision for liability adequacy. As of December 31, 2013 and 2012, Management determined that the liabilities were adequate; therefore, it has not recorded any additional non-life insurance liabilities.

Income recognition

(i) Gross premiums

Life insurance contracts

Gross recurring premiums on life contracts are recognized as revenue when due from policyholder. For single premium business, revenue is recognized on the date on which the policy is effective.

Non-life insurance contracts

Gross non-life insurance direct and assumed premiums comprise the total premiums written and are recognized at the contract inception as a receivable. At the same time, it is recorded a reserve for unearned premiums which represents premiums for risks that have not yet expired. Unearned premiums are recognized into income over the contract period which is also the coverage and risk period.

(ii) Fees and commission income

Unit linked insurance contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognized as revenue in the consolidated statements of income when due.

(iii) Income from medical services and sale of medicines (those not categorized as healthcare insurance)

Income from medical services is recognized in the date the service is provided. -

Income from the sale of medicines is recognized when the significant risks and rewards of ownership of the medicines have passed to the buyer, usually on delivery of the medicines.

Income from medical services and sale of medicines is recorded in the caption "Other income" of the consolidated statements of income.

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, survival and disability claims are recorded on the basis of notifications received. Annuities payments are recorded when due.

General and health insurance claims includes all claims occurring during the year, whether reported or not, 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 premiums

Comprise the total premiums payable for the whole coverage provided by contracts entered in the period and are recognized on the date on which the policy incepts. Unearned reinsurance premiums are deferred over the term of the underlying insurance contract.

(iii) Reinsurance claims

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

(iv) Cost of medical services and sale of medicines (those not categorized as healthcare insurance)

Cost of medical services is recorded when incurred.

Cost of sale of medicines, which is the cost of acquisition of the medicines, is recorded when medicines are delivered, simultaneously with the recognition of income for the corresponding sale.

Cost of medical services and sale of medicines are recorded in the caption "Other expense" of the consolidated statements of income.

(f) Financial Instruments: Initial recognition and subsequent measurement -

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument or another entity.

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; held-to-maturity 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, for example the date that the Group commits to purchase or sell the asset. Derivatives are recognized on a trade date basis.

(i) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss include 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 financial instrument 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 upon initial recognition are recorded in the caption "Net gain on financial assets designated at fair value through profit and loss" of the consolidated statements of income. Interest earned is accrued in the consolidated statements of income in the caption "Interest and similar income" or "interest and similar expenses", 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.

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 statements of income in the caption "Interest and similar income". Losses from impairment are recognized in the consolidated statements of income in the caption "Provision for loan losses, net of recoveries".

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 loans. The allowance for loan losses is established based in an internal risk classification and considering any guarantees and collaterals received, Note 3(i) and 32.1.

(iii) Available-for-sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at a fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

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 non-controlling interest, until the investment is derecognized, at which time the cumulative gain or loss is recognized in the consolidated statements of income in the caption "Net gain on sale of securities", or determined to be impaired, at which time the impaired amount is recognized in the consolidated statements of income in the caption "Impairment loss on available–for–sale investments" and removed from the available-for-sale reserve.

Interest and similar income earned are recognized in the consolidated statements of income in the caption "Interest and similar income". Interest earned is reported as interest income using the effective interest rate method 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.

The Group evaluates whether its ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the Management has the ability and intention to hold such assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest rate.

During the years 2013 and 2012, the Group did not reclassify any of its available-for- sale financial investments.

(iv) Held-to-maturity financial investments

Held-to-maturity financial investments are non–derivative financial assets with fixed or determinable payments and fixed maturities, which Credicorp has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortized cost using the effective interest rate less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the caption "Interest and similar income" of the consolidated statements of income. The losses arising from impairment of such investments are recognized in the consolidated statements of income.

As of December, 31, 2013 and 2012, the Group has not recognized any impairment loss on held-to-maturity investments.

If the Group were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Group would be prohibited from classifying any financial asset as held-to-maturity during the following two years.

As of December, 31, 2013 and 2012, the Group did not sell or reclassify any of its held-to-maturity investments.

(v) Repurchase and reverse repurchase agreements and security lending and borrowing transactions

Securities sold under agreements to repurchase at a specified future date are not derecognized from the consolidated statements of financial position as the Group retains substantially all of the risks and rewards of ownership. The cash received is recognized as an asset with a corresponding obligation to return it, including accrued interest, as a liability in the caption "Payables from repurchase agreements and security lendings", reflecting the transaction's economic substance as a loan to the Group. The difference between the sale and repurchase price is treated as interest expense and is accrued over the life of the agreement using the effective interest rate and is recognized in the caption "Interest and similar expenses" of the consolidated statements of income.

When the counterparty has the right to sell or repledge the securities, the Group reclassifies those securities in the caption "Investments available-for-sale pledged as collateral" or "Investments held-to-maturity pledged as collateral", as appropriate, of the consolidated statements of financial position.

Conversely, securities purchased under agreements to resell at a specified future date are not recognized in the consolidated statements of financial position. The consideration paid, including accrued interest, is recorded in the caption "Receivables from reverse repurchase agreements and security borrowings" of the consolidated statements of financial position, reflecting the transaction's economic substance as a loan by the Group. The difference between the purchase and resale price is recorded in the caption "Interest and similar income" of the consolidated statements of income and is accrued over the life of the agreement using the effective interest rate.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale in the consolidated statements of financial position caption "Financial liabilities designated at fair value through profit or loss" and measured at fair value, with any gains or losses included in the consolidated statements of income caption "Net gain on sale of securities".

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

(vi) Put and call options over non-controlling interest

Put options granted to non-controlling interests give rise to a financial liability for the present value of the redemption amount. When the financial liability is recognized initially, the present value of the amount payable upon exercise of the option is recorded in equity. All subsequent changes in the carrying amount of the liability, due to a re-measurement of the present value of the amount payable on exercise, are recognized in the consolidated statements of income.

Call options are initially recognized as a financial asset at their fair value, with any subsequent changes in their fair value recognized in profit or loss. If the call options are exercised, the fair value of the option at that date is included as part of the cost of the acquisition of the non-controlling interest. If the call options lap unexercised, any carrying amount for the call option is expensed in profit or loss.

Put and call options do not give the Group present access to the benefits associated with the ownership interest.

(vii) Other financial liabilities

After initial measurement other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost includes any issuance discount or premium and directly attributable transaction costs that are an integral part of the effective interest rate.

(g) Derecognition of financial assets and 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 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 exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability; difference between the carrying amount of the original financial liability and the consideration paid is recognized in the consolidated statements of income

(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 whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), 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 are as follows:

(i) Financial assets carried at amortized cost

For loans, receivables and held-to-maturity investments that are carried at amortized cost, the Group first assesses whether impairment exists individually 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.

The amount of any impairment loss identified is measured as the difference between the asset's 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 statements of income. A loan, together with the associated allowance, is written off when classified as loss, is fully provisioned and there is real and verifiable evidence that the loan is irrecoverable and collection efforts concluded without success, impossibility of foreclosures or all collateral has been realized or has been transferred to the Group. If in any 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 loan is later recovered, the recovery is recognized in the consolidated statements of income, as a credit to the caption "Provision for loan losses, net of recoveries".

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 collective assessment of impairment, financial assets are grouped considering the Group's internal credit grading system, which considers credit risk characteristics; for example: asset type, industry, geographical location, collateral type and past-due status and other relevant factors.

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 its fair value below 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 investments available-for-sale reserve of the consolidated statements of changes in equity and recognized in the consolidated statements of income. Impairment losses on equity investments are not reversed through the consolidated statements of income; 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. 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 statements of income. 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 similar income" of the consolidated statements of 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 statements of income, the impairment loss is reversed through the consolidated statements of income.

(iii) Renegotiated loans

When a loan is modified, it is no longer considered as past due but it maintains its previous classification as impaired or not impaired. If the debtor complies with the new agreement during the following six months, and an analysis of its payment capacity supports a new improved risk classification, it is classified as not impaired. If subsequent to the loan modification the debtor fails to comply with the new agreement, it is considered as impaired and past due.

(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 even if that right is not explicitly specified in an arrangement.

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 banking 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 future 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 rate method, which reflects a constant periodic rate of return.

(k) Property, furniture and equipment -

Property, furniture and equipment are stated at historical acquisition cost less accumulated depreciation and impairment losses, 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 statements of income; 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 is calculated using the straight-line method over the estimated useful lives, which are as follows:

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

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of income.

Asset's residual value, useful life and the selected depreciation method are periodically reviewed to ensure that they are consistent with current 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 statements of income.

(m) Business combination -
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in the caption "Administrative expenses" of the consolidated statements of income.

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognized either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Acquisition of non-controlling interest is recorded directly in equity; the difference between the amount paid and the share of the net assets acquired is a debit or credit to equity. Therefore, no additional goodwill is recorded upon purchase of non-controlling interest nor a gain or loss is recognized upon disposal of a non-controlling interest.

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

(n) 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 subsidiaries 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 relationship – Prima AFP (AFP Unión Vida)	20
Client relationship – IM Trust	22
Client relationship – Correval	8 and 10
Client relationship – Edyficar	10
Client relationship – Private hospitals	2, 3 and 14
Brand name – Correval	25
Brand name – Private hospitals	30
Brand name – Edyficar	20
Brand name – IM Trust	25
Fund manager contract – Correval	28
Fund manager contract – IM Trust	11
Licenses – Private hospitals	35
Rights of use – BCP	5
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 statements of income when the asset is derecognized.

(o) Goodwill -

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated financial of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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

(p) Impairment of non-financial assets -

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For non-financial assets, excluding goodwill, an assessment is made at each reporting date 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.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income.

(q) 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.

(r) Financial guarantees -
In the ordinary course of business, the Group issues financial guarantees, such as letters of credit, guarantees and acceptances. Financial guarantees are initially recognized at fair value (which is equivalent at that moment to the fee received) in the caption "Other liabilities" of the consolidated statements of financial position. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognized less, when appropriate, cumulative amortization recognized in the consolidated statements of income, 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 statements of income. The fee received is recognized in the caption "Banking services commissions" of the consolidated statements of income on a straight line basis over the life of the granted financial guarantee.

(s) 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 employee benefits" of the consolidated statements of income. Unpaid contributions are recorded as a liability.

(t) 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 consolidated statements of income 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 specific risks of the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(u) Contingencies -
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in notes, unless the probability of an outflow of resources is remote. Contingent assets are not recorded in the financial statements; they are disclosed if it is probable that an inflow of economic benefits will be realized.

(v) Income tax -
Income tax is computed based on individual financial statements of Credicorp and each one of its Subsidiaries.

Deferred income tax 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.

(w) 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.

(x) Share-based payment transactions -

(i) Cash-settled transactions

As explained in Note 19(a), until 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" of the consolidated statements of income.

When the price or terms of the SARs are modified, any additional expense is recorded in the consolidated statements of income.

(ii) Equity-settled transactions
As explained in Note 19(b), since 2009 a new supplementary remuneration plan was implemented to replace the SARs plan (see (i) above).

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 employee benefits" of the consolidated statements of income.

When the terms of an equity-settled award are modified, the minimum expense recognized 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 (w) above.

(y) Derivative financial instruments and hedge accounting -
Trading -
The Group negotiates derivative financial instruments in order to satisfy client's needs. The Group may also take positions with the expectation of profiting from favorable movements in prices, rates or indexes.

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 statements of income.

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 a change 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, as follows:

(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 caption "Cash flow hedges reserve", while any ineffective portion is recognized immediately in the consolidated statements of income.

Amounts recognized as other comprehensive income are transferred to the consolidated statements of income 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.

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 statements of income. 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 fair value hedges is recognized in the caption "Interest and similar income" or "Interest and similar expenses" of the consolidated statements of income. 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 recognized in the consolidated statements of income.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value of these items, as a result of discontinuation of the hedge, will be amortized through the consolidated statements of income over the remaining term of the hedge. Amortization may begin as soon as an adjustment exists and 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 hedged item is derecognized, the unamortized fair value is recognized immediately in the consolidated statements of income.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortized cost, the difference between the carrying value of the hedged item on termination and the face value is amortized over the remaining term of the original hedge using the effective interest rate. If the hedged item is derecognized, the unamortized fair value adjustment is recognized immediately in the consolidated statements of income.

(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 Linked". These instruments have been classified at inception by the Group as "Financial instruments at fair value though profit or loss", see Note 3(f)(i), and Note 8.

(z) Fair value measurement -

Policy applicable from 1 January 2013 -

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. Also, the fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized at fair value in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Also, fair values of financial instruments measured at amortized cost are disclosed in note 32.7(b).

Policy applicable until December 31, 2012 -
The Group considered “Fair value” as the amount for which an asset could be exchange, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction on the measurement date.

When available, the Group measured the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm’s length basis.

If a market for a financial instrument was not active, then the Group would have established fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognized in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

(aa) 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 in 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 28.

(ab) 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 32.8.

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

(ac) Cash and cash equivalents -
For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise balances of cash and non-restricted balances with central banks, overnight deposits, time deposits and amounts due from banks with original maturities of three months or less, excluding restricted balances.

(ad) Reclassifications -
When it is necessary, 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 made in the consolidated financial statements as of December 31, 2012, are not significant considering the consolidated financial statements as whole.

(ae) 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 of December 31, 2013:

- IAS 32 "Financial instruments: Presentation – Offsetting financial assets and financial liabilities (amendment)"
  Effective for annual periods beginning on or after January 1, 2014. The amendment clarifies the meaning of currently has a legally enforceable right to set-off and criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting.

  Furthermore, this amendment clarifies that in order to offset two or more financial instruments, entities must currently have a right of set-off that cannot be contingent on a future event, and must be legally enforceable in all of the following circumstances: (i) the normal course of business; (ii) an event of default; and (iii) an event of insolvency or bankruptcy of the entity or any of the counterparties.

- IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting – (amendment)"
  Effective for annual periods beginning on or after January 1, 2014. These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criterias.

- IFRS 9 "Financial Instruments"
  IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. IFRS 9 (2013) introduces new requirements for hedge accounting that align it more closing with risk management. The requirements also establish a more principles-based approach to hedge accounting and address inconsistencies and weaknesses in the hedge accounting model in IAS 39. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets. The mandatory effective date of IFRS 9 is not specified but will be determined when the outstanding phases are finalized. However, application of IFRS 9 is permitted.

- Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27)
  These amendments are effective for annual periods beginning on or after 1 January 2014 and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

- IFRIC 21 "Levies"
  It is effective for annual periods beginning on or after 1 January 2014. This interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

- Improvements to IFRS (cycles 2010-2012 y 2011-2013)
  The IASB issued improvements to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 2" Share-based Payment ", IFRS 3" Business Combinations ", IFRS 8" Operating Segments ", IFRS 13" Fair value Measurement", IAS 16" Property, plant and Equipment ", IAS 24"Related Party Disclosures", IAS 38" intangible Assets "and IAS 40" investment Property ", effective for annual periods beginning on or after 1 July 2014.

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

4. Cash and due from banks

This item is made up as follows:

	2013 US$(000)	2012 US$(000)
Cash and clearing	1,260,757	953,354
Deposits in Peruvian Central Bank – BCRP	5,593,654	6,205,611
Deposits in banks	930,298	686,115
	7,784,709	7,845,080
Accrued interest	1,670	4,025
Total	7,786,379	7,849,105

As of December 31, 2013 and 2012, cash and due from banks includes approximately US$6,127.5 and US$6,396.4 million, respectively, mainly from 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 and in Nuevos Soles that exceeds the minimum legal reserve. As of December 31, 2013, the excess in U.S. Dollars amounts approximately to US$3,087.0 million and bear interest at an annual average interest rate of 0.04 percent (US$3,257.4 million and annual average interest rate of 0.10 percent, as of December 31, 2012), while the excess in Nuevos Soles amounts approximately to S/.1,901.3 million, equivalent to US$680.3 million, and bear interest in Nuevos Soles at an annual average interest rate of 1.25 percent (S/.2,953.7 million, equivalent to US$1,158.3 million, and annual average interest rate of 1.75 percent, as of December 31, 2012).

Deposits in local and foreign banks correspond principally to balances in nuevos soles and U.S. Dollars. All deposits are unrestricted and earn interest at market rates. As of December 31, 2013 and 2012, Credicorp does not have significant deposits in any specific financial institution.

5. Repurchase and reverse repurchase agreements and security lendings and borrowings

(a) Credicorp, principally through its subsidiaries, Correval and IM Trust, provides financing to its customers through "Receivables from reverse repurchase agreements and security borrowings", in which a financial instrument serves as collateral. The details of said transactions were the following:

	As of December 31, 2013						As of December 31, 2012					
	Average interest rate (%)	Up to 3 days US$(000)	From 3 to 30 days US$(000)	More than 30 days US$(000)	Total US$(000)	Fair value of underlying assets US$(000)	Average interest rate (%)	Up to 3 days US$(000)	From 3 to 30 days US$(000)	More than 30 days US$(000)	Total US$(000)	Fair value of underlying assets US$(000)
Instruments issued by the Colombian Government	3.38	290,588	2,507	-	293,095	280,256	4.58	506,354	566,381	-	1,072,735	1,074,712
Instruments issued by the Chilean Government	0.44	-	11,099	-	11,099	11,099	0.53	50,653	-	-	50,653	50,708
Other instruments	2.24	20,563	61,839	4,684	87,086	89,338	5.24	14,892	61,420	518	76,830	77,049
		311,151	75,445	4,684	391,280	380,693		571,899	627,801	518	1,200,218	1,202,469

(b) Credicorp, through its subsidiaries, obtains financing through "Payables from repurchase agreements and security lending" by selling financial instruments and committing to repurchase them at future dates, plus interest at a prefixed rate. As of December 31, 2013 and 2012, the details of said transactions were the following:

	As of December 31, 2013						As of December 31, 2012					
	Average interest rate (%)	Up to 3 days US$(000)	From 3 to 30 days US$(000)	More than 30 days US$(000)	Total US$(000)	Fair value of underlying assets US$(000)	Average interest rate (%)	Up to 3 days US$(000)	From 3 to 30 days US$(000)	More than 30 days US$(000)	Total US$(000)	Fair value of underlying assets US$(000)
Instruments issued by the Colombian Government	4.32	240,024	10,402	-	250,426	246,281	4.28	417,980	565,083	-	983,063	991,808
Instruments issued by the Chilean Government	0.39	11,099	-	-	11,099	11,099	0.51	46,872	-	-	46,872	46,920
Other instruments	1.64	27,125	25,116	-	52,241	55,362	3.09	30,925	36,498	762	68,185	71,133
Debt Instruments (*)		339,760	-	605,979	945,739	956,486		-	-	780,221	780,221	832,114
		618,008	35,518	605,979	1,259,505	1,269,228		495,777	601,581	780,983	1,878,341	1,941,975

(*) Includes repurchase agreements in which the Group has pledged as collateral cash, see Note 12(e), available-for-sale investments and held-to-maturity investments, see Note 6(q). This item is made up as follows:

	Maturity		Book value	
	2013	2012	2013 US$(000)	2012 US$(000)
Banco Central de Reserva del Perú	Jan-2014	-	339,760	-
Commerzbank Aktiengesellschaft	Oct-2015	Oct-2015	223,679	225,000
Nomura International PLC, Note12(b)	Mar-2019 / Aug-2020	Mar-2019 / Aug-2020	200,000	200,000
Deutsche Bank AG, London Branch	May-2014	May-2014	107,334	117,647
Barclays PLC	Mar-2014 / Aug-2014	Jun-2013/Dec-2013	28,797	226,664
Credit Suisse INTL	May-2014	-	23,513	-
Merrill Lynch International	Feb-2014 / Jun-2014	-	22,656	-
Other	-	Jan-2013	-	10,910
			945,739	780,221

These repurchase agreements accrued interest at fixed rate and variable rate between 1.10 and 4.80 percent and between Libor 3M+0.35 percent and Libor 6M+1.38 percent, respectively (between 0.66 and 4.30 percent and between Libor 3M+0.35 percent and Libor 6M+1.38 percent, respectively, as of December 31, 2012).

Likewise, as of December 31, 2013 and 2012, the Group has hedged through Interest Rate Swaps (IRS), which were designated as cash flow hedge of certain repurchase agreements at variable rate for a notional amount of US$200 million, see Note 12(b); as a result, these repurchase agreements were economically converted to fix interest rate.

6. Investments

(a) Investments at fair value through profit or loss and available for sale are made up as follows:

	2013				2012			
		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)
Investments at fair value through profit or loss (trading) – (e)	-	-	-	536,689	-	-	-	176,751
Investments available-for-sale								
Corporate, leasing and subordinated bonds (f)	2,092,518	65,569	(46,282)	2,111,805	1,907,688	156,680	(2,155)	2,062,213
BCRP certificates of deposit (g)	1,904,727	477	(245)	1,904,959	2,964,473	1,024	(184)	2,965,313
Governments' treasury bonds (h)	931,624	60,720	(18,455)	973,889	613,107	128,026	(356)	740,777
Assets back securities (i)	291,047	16,636	(2,656)	305,027	271,692	33,008	(187)	304,513
Participation in RAL's funds (j)	125,777	-	-	125,777	78,751	-	-	78,751
Central Bank of Bolivia certificates of deposit (k)	116,680	140	(18)	116,802	159,312	785	-	160,097
Restricted mutual funds (l)	66,099	37,862	-	103,961	62,640	37,108	-	99,748
Participations in mutual funds	72,472	5,670	(699)	77,443	141,250	6,812	(157)	147,905
Bonds of multilateral development banks	55,234	3,682	(738)	58,178	70,935	6,737	-	77,672
Negotiable certificates of deposit	33,128	3,364	(2)	36,490	35,358	5,269	-	40,627
Hedge funds	31,384	2,028	(667)	32,745	22,283	3,307	(540)	25,050
Collateralized mortgage obligations (CMO) (m)	12,956	2,379	-	15,335	17,984	2,867	-	20,851
US Government – Agencies and Sponsored Enterprises	8,598	719	(43)	9,274	11,969	1,418	-	13,387
	5,742,244	199,246	(69,805)	5,871,685	6,357,442	383,041	(3,579)	6,736,904
Listed securities (n)	191,754	389,398	(7,708)	573,444	151,245	462,111	(2,762)	610,594
Not-listed securities	11,750	3,375	(449)	14,676	12,247	1,436	(215)	13,468
	203,504	392,773	(8,157)	588,120	163,492	463,547	(2,977)	624,062
Balances before accrued interest	5,945,748	592,019	(77,962)	6,459,805	6,520,934	846,588	(6,556)	7,360,966
Accrued interest				55,691				50,729
Balance of available-for-sale investments				6,515,496				7,411,695

(b) Credicorp's Management has determined that the unrealized losses of investments available-for-sale as of December 31, 2013 and 2012 are of temporary nature, considered factors such as intended strategy in relation to the identified security or portfolio, its underlying collateral and credit rating of the issuers. Also, 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.

(c) During the year 2013, as a result of the impairment assessment of its investments available-for-sale, the Group recorded an impairment amounting to US$1.1 million (US$0.1 million and US$1.0 million during 2012 and 2011, respectively), which is presented in the caption "Impairment loss on available-for-sale investments" of the consolidated statements of income.

The movement of available-for-sale investments reserves, net of deferred income tax and non-controlling interest, is presented in Note 17(c).

(d) As of December 31, 2013 and 2012, the maturities and the annual market rates of the investments available for sale are as follows:

Investments available-for-sale	Maturity		Annual effective interest rates											
	2013	2012	2013						2012					
			S/.		US$		Other currencies		S/.		US$		Other currencies	
			Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %
Corporate, leasing and subordinated bonds	Jan-2014 / Nov-2067	Jan-2013 / Nov-2067	2.45	10.73	0.03	20.76	3.10	6.25	2.84	8.07	0.05	21.10	1.49	5.78
BCRP certificates of deposit	Jan-2014 / May-2015	Jan-2013 / May-2014	3.54	4.11	0.15	0.15	-	-	3.76	4.09	-	-	-	-
Governments' treasury bonds	Jan-2014 / Nov-2050	Jan-2013 / Nov-2050	2.07	7.15	0.11	6.25	0.62	3.19	2.67	3.80	0.07	5.82	0.57	0.57
Assets back securities	May-2014 / Sep-2039	Mar-2013 / May-2032	4.04	9.26	1.83	8.35	5.37	8.44	0.61	4.40	1.90	5.42	6.94	8.44
Central Bank of Bolivia certificates of deposit	Jan-2014 / Oct-2014	Jan-2013 / Mar-2014	-	-	-	-	0.93	3.66	-	-	-	-	-	2.80
Bonds of multilateral development banks	Oct-2014/ Jun- 2019	May-2013 / Jun-2022	4.97	5.37	1.98	6.78	-	-	0.32	0.34	0.20	3.28	-	-
Certificates of deposit	Jan-2014 / Mar-2029	Mar-2013 / Mar-2019	1.03	6.87	2.92	2.92	-	-	0.02	5.40	3.08	3.08	1.10	1.20
Collateralized mortgage obligations (CMO)	Feb-2014 / May-2036	Oct-2013 / May-2036	-	-	1.98	8.72	-	-	-	-	0.95	8.95	-	-
US Government – Agencies and sponsored enterprises	Jul-2014 / Jun-2043	Jul-2014 / Oct-2041	-	-	0.21	4.52	-	-	-	-	0.31	3.41	-	-

(e) As of December 31,2013, the balance includes mainly 9,776 BCRP certificates of deposit (securities issued at discount through public auctions, negotiated in the Peruvian secondary market and settled in Nuevos Soles) amounting to US$348.1 million, governments' treasury bonds for an amount of US$63.0 million and Exchange-Traded Funds (ETF) for an amount of US$60.2 million (Governments' treasury bonds, participation in mutual funds and corporate bonds amount to US$53.0 million, US$38.5 million and US$ 30.8 million, respectively, as of December 31, 2012).

(f) The unrealized losses on these investments as of December 31, 2013, corresponded to 343 items of which the highest individual unrealized loss amounts to approximately US$3.2 million (88 items and US$0.3 million, respectively, as of December 31, 2012).

(g) As of December 31, 2013, the Group maintains 53,778 BCRP certificates of deposit (77,267 BCRP certificates of deposit as of December 31, 2012).

(h) As of December 31, 2013, includes mainly debt instruments issued by the Peruvian Government in Nuevos Soles for an amount of US$630,3 million, in U.S. Dollars for an amount of US$138.3 million and in Euros for an amount of US$53.8, the Colombian Government in U.S. Dollars for US$79.8 million and the U.S. Government in U.S Dollars for US$48.7 million (US$371.9 million, US$176.9 million and US$44.5, respectively, issued by the Peruvian Government, US$79.9 million issued by the Colombia Government and US$39.1 million issued by the U.S. Government, as of December 31, 2012).

As of December 31, 2013, the Group maintains cross currency swaps ("CCS") designated as cash flow hedges of certain fix bonds denominated in Nuevos Soles and Euros issued by the Peruvian Government for a notional amount of US$126.6 million (US$ 124.8 million as of December, 31, 2012), see note 12(b); through CCS these bonds were economically converted to U.S. Dollars at fix rate.

(i) Assets back securities are secured by a specified pool of underlying assets and are mainly traded in the Peruvian over-the-counter market. Pools of underlying assets are made up of receivables with predictable future payments. As of December 31, 2013 and 2012, the balance includes US$99.1 million and US$124.4 million, respectively of financial instruments issued by Hunt Oil Company (the originator). The underlying assets are future receivables from the sale of hydrocarbons extracted in Peru. At those dates, the bonds have semiannual payments until 2025.

(j) These funds amount approximately to US$39.1 million in Bolivianos and US$86.6 million in U.S. Dollars, (US$35.6 million and US$43.2 million, respectively, as of December 31, 2012) and comprise investments made by the Group in the Central Bank of Bolivia as collateral for deposits received from the public. These funds have restrictions for their use and are required to all banks established in Bolivia.

(k) As of December 31, 2013 and 2012, certificates of deposits issued by the Central Bank of Bolivia are mainly denominated in Bolivianos.

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

(m) Collaterized mortgage obligations correspond to senior tranches.

(n) As of December 31, 2013, the unrealized gains on listed securities arises mainly from shares in Banco de Crédito e Inversiones de Chile (BCI Chile), Alicorp S.A.A., Inversiones Centenario S.A.A. and Edelnor S.A.A., which amounted to US$161.0, US$97.0, US$54.3 and US$52.2 million, respectively (US$208.4, US$98.3, US$66.1 and US$54.3 million, respectively, as of December 31, 2012).

(o) As of December 31, 2013, the Group maintains interest rate swaps, which were designated as fair value hedges of fix rate bonds denominated in U.S. Dollars issued by the Peruvian Government, corporate and international financial entities, for a notional amount of US$330.7 million (US$53.5 million as of December 31, 2012), see Note 12(b); through the interest rate swaps these bonds were economically converted to variable interest rate.

(p) Investments held-to-maturity is as follows:

	2013 US$(000)	2012 US$(000)
Bonds of foreign governments	100,708	104,879
Peruvian sovereign bonds	95,494	106,955
Peruvian treasury bonds	41,694	43,288
	237,896	255,122
Accrued interest	4,314	4,541
Total	242,210	259,663

As of December 31, 2013 and 2012, the fair value of held-to-maturity investments amounts to US$229.3 and US$262.5 million, respectively, with maturities between March 2019 and August 2020 and August 2020. At those dates, investments bear interest at an annual effective interest rate of 3.80 percent for bonds issued in Nuevos Soles and between 1.55 and 1.96 percent for bonds issued in U.S. Dollars.

Credicorp's Management has determined that the difference between amortized cost and fair value of investment held-to-maturity is of temporary nature, due to the risk category of the investments (Brasil and Colombia are rated "BBB" and Mexico and Peru are rated "BBB+") and Credicorp's intent and ability to hold each investment until its maturity.

(q) As of December 31, 2013, the Group entered into Repo transactions over corporate, multilateral development banks and governments' bonds accounted for as investments available-for-sale for an estimated fair value of US$756.9 million (US$501.0 million as of December 31, 2012); the related liability is presented in the caption "Payables from repurchase agreements and security lending" of the consolidated statements of financial position, see Notes 5(b)(*) and 12(e).

Also, as of December 31, 2013, the Group entered into Repo transactions over investments held-to-maturity for an estimated fair value US$229.3 (US$ 262.5 million as of December 31, 2012) as described in (p) above. The related liability is presented in the caption "Payables from repurchase agreements and security lendings" of the consolidated statements of financial position, see Notes 5(b).

(r) Investments at fair value through profit or loss (trading), available-for-sale and held-to-maturity classified by contractual maturity are as follows:

	2013		
	Trading US$(000)	**Available-for-sale** US$(000)	**Held-to-maturity** US$(000)
Up to 3 months	50,887	981,362	-
From 3 months to 1 year	279,355	1,297,320	-
From 1 to 3 years	54,857	527,695	-
From 3 to 5 years	4,319	657,913	-
Over 5 years	59,306	2,066,597	237,896
Without maturity	87,965	928,918	-
Total	536,689	6,459,805	237,896

	2012		
	Trading US$(000)	**Available-for-sale** US$(000)	**Held-to-maturity** US$(000)
Up to 3 months	2,017	1,166,594	-
From 3 months to 1 year	19,882	1,716,156	-
From 1 to 3 years	8,993	1,009,905	-
From 3 to 5 years	7,152	457,729	-
Over 5 years	59,766	2,035,066	255,122
Without maturity	78,941	975,516	-
Total	176,751	7,360,966	255,122

7. Loans, net

(a) This item is made up as follows:

	2013 US$(000)	2012 US$(000)
Direct loans -		
Loans	15,941,433	14,593,949
Leasing receivables	3,072,970	2,967,852
Credit card receivables	2,224,679	2,311,329
Discounted notes	536,508	557,328
Factoring receivables	297,604	326,497
Advances and overdrafts	163,395	55,881
Refinanced loans	133,035	142,207
Past due and under legal collection loans	514,223	372,431
	22,883,847	21,327,474
Add (less) -		
Accrued interest	170,645	159,716
Unearned interest	(26,969)	(15,546)
Allowance for loan losses (d)(*)	(809,892)	(699,022)
Total direct loans, net	22,217,631	20,772,622
Indirect loans, Note 20(a)	4,664,319	4,520,107

(b) Loans by class are as follows:

	2013 US$(000)	2012 US$(000)
Commercial loans	13,147,336	12,040,452
Residential mortgage loans	3,839,223	3,485,487
Consumer loans	3,079,643	2,965,277
Micro-business loans	2,817,645	2,836,258
Total	22,883,847	21,327,474

(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:

	2013				
	Commercial loans US$(000)	Residential mortgage loans US$(000)	Micro-business loans US$(000)	Consumer loans US$(000)	Total US$(000)
Beginning balances	153,732	52,396	254,429	283,951	744,508
Provision	94,445	1,296	112,931	244,890	453,562
Recoveries of written-off loans	17,098	3,384	11,246	19,787	51,515
Loan portfolio written-off	(95,990)	(1,799)	(63,140)	(204,077)	(365,006)
Translation result	(8,843)	(3,552)	(5,817)	(12,715)	(30,927)
Ending balances (*)	160,442	51,725	309,649	331,836	853,652

	2012				
	Commercial loans US$(000)	Residential mortgage loans US$(000)	Micro-business loans US$(000)	Consumer loans US$(000)	Total US$(000)
Beginning balances	121,715	46,745	186,074	203,652	558,186
Provision	45,725	1,746	138,175	192,195	377,841
Recoveries of written-off loans	15,626	3,196	9,546	17,933	46,301
Loan portfolio written-off	(31,111)	(559)	(79,657)	(134,462)	(245,789)
Translation result	1,777	1,268	291	4,633	7,969
Ending balances (*)	153,732	52,396	254,429	283,951	744,508

	2011				
	Commercial loans US$(000)	Residential mortgage loans US$(000)	Micro-business loans US$(000)	Consumer loans US$(000)	Total US$(000)
Beginning balances	113,565	42,224	139,089	153,719	448,597
Provision	28,149	2,042	64,672	120,035	214,898
Recoveries of written-off loans	12,380	2,794	10,949	15,319	41,442
Loan portfolio written-off	(34,443)	(1,265)	(30,462)	(89,239)	(155,409)
Translation result	2,064	950	1,826	3,818	8,658
Ending balances (*)	121,715	46,745	186,074	203,652	558,186

(*) The movement in the allowance for loan losses includes the allowance for direct and indirect loans for approximately US$ 809.9 million and US$ 43.8 million, respectively, as of December 31, 2013 (approximately US$699.0 million and US$45.5 million; and US$519.7 million and US$38.5 million, as of December 31, 2012 and 2011, respectively). The allowance for indirect loan losses is included in the caption "Other liabilities" of the consolidated statements of financial position, Note 12(a).

In Management's opinion, the allowance for loan losses recorded as of December 31, 2013, 2012 and 2011 has been established in accordance with IAS 39 and is sufficient to cover incurred losses on the loan portfolio.

(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) For the years 2013 and 2012, the Group has not recorded in the consolidated statements of income interest on past due for more than 90 days and under legal collection because of such interest is excluded from interest income until collected. Interest income that would have been recorded for these loans in accordance with their original contract terms and have not been recognize as income amounts to approximately US$98.2 million, US$72.2 million and US$49.8 million as of December 31, 2013, 2012 and 2011, respectively.

(g) As of December 31,2012, the Group has hedged through "Cross Currency Swap" a group of assets (loans) at fixed rate and denominated in Nuevos Soles for a notional amount of US$3.8 million, see Note 12(b); as a result, these loans were economically converted to US$ Dollars at fixed exchange rate. During December 2013, the Group carried out the early settlement of CCS's rights; as a result, no significant results were recorded in the consolidated statement of income.

(h) As of December 31, 2013 and 2012, the direct gross loan portfolio classified by maturity, based on the remaining period to repayment date is as follows:

	2013 US$(000)	2012 US$(000)
Outstanding loans -		
Up to 1 year	10,511,918	9,264,448
From 1 to 3 years	4,689,248	4,582,346
From 3 to 5 years	2,702,960	2,642,616
Over 5 years	4,465,498	4,465,633
Past due loans -		
Up to 4 months	214,779	148,709
Over 4 months	181,423	100,338
Under legal collection	118,021	123,384
Total	22,883,847	21,327,474

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

(a) This item is made up as follows:

	2013 US$(000)	2012 US$(000)
Unit linked financial assets (b)	87,575	74,323
Indexed certificates (c)	19,701	32,815
	107,276	107,138

(b) The Group issues unit linked life insurance contracts 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 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 2013, the loss resulting from the difference between cost and estimated fair value for these financial assets amounted to approximately US$5.0 million (gain of US$6.8 million for the year 2012) and is presented in the caption "Net loss on financial assets designated at fair value through profit or loss" of the consolidated statements of income ("Net gain on financial assets designated at fair value through profit or loss" for the year 2012). The offsetting of this effect is included in gross premiums which are part of the caption "Net premiums earned" of the consolidated statements of income, see Note 23.

(c) In connection with the liabilities that result from Credicorp's stock appreciation rights (SARs), (Note 19(a)), BCP signed several contracts with Citigroup Global Markets Holdings Inc., Citigroup Capital Limited, Citigroup Capital Market Inc. (collectively hereinafter "Citigroup") and Credit Agricole Corporate and Investment Bank (hereinafter "Calyon").

These contracts consist of the purchase of certificates indexed to the performance of Credicorp Ltd. (BAP) shares, in the form of "warrants" issued by Citigroup and Calyon, with the same number of Credicorp Ltd. shares. These certificates will be settled totally or partially at any moment exclusively in cash with maturity until 2014.

As of December 31, 2013 and 2012, the Group had 144,914 and 214,914 certificates at a total cost of US$9.9 million and US$13.5 million, respectively (US$68.6 and US$63.0 per certificate as of December 31, 2013 and 2012, respectively). During the years 2013 and 2012, the Group settled 70,000 and 141,000 certificates, respectively.

For the year 2013, the net loss generated by the indexed certificates is comprised by the loss arising from their valuation, approximately US$7.9 million (gain of US$1.4 million for the year 2012), plus the gain resulting from their settlement, approximately US$6.2 million (gain of US$10.1 million for the year 2012), and has been recorded in the caption "Net loss on financial assets designated at fair value through profit or loss" of the consolidated statements of income ("Net gain on financial assets designated at fair value through profit or loss" for the year 2012).

9. **Receivable and payable accounts from insurance contracts**

(a) As of December 31, 2013 and 2012, the caption "Premiums and other policies receivable" of the consolidated statements of financial position 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	**2013** US$(000)	**2012** US$(000)
Beginning balances	167,460	151,080
Reported claims of premiums ceded, Note 24	59,698	62,508
Premiums ceded unearned during the year, Note 23(a) (**)	4,495	597
Premiums assumed	18,923	14,722
Settled claims of premiums ceded by facultative contracts	18,697	26,094
Collections and other, net	(62,217)	(87,541)
Ending balances	207,056	167,460

Accounts receivable as of December 31, 2013 and 2012, include US$61.0 million and US$56.5 million, respectively, which correspond to the unearned portion of the ceded premiums to the reinsurers.

Accounts payable	**2013** US$(000)	**2012** US$(000)
Beginning balances	68,536	75,366
Premiums ceded to reinsurers in facultative contracts, Note 23(a) (**)	128,057	101,023
Coinsurance granted	2,983	4,462
Payments and other, net	(116,393)	(112,315)
Ending balances	83,183	68,536

Accounts payable to reinsurers are primarily related to the proportional facultative contracts (on an individual basis) 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 automatic contracts (mainly excess of loss) for the years 2013 and 2012 amount to US$50.1 million and U$52.2 million, respectively, in which are included in the caption "Premiums ceded to reinsurers, net" of the consolidated statements of income, see Note 23(a) (**).

10. Property, furniture and equipment, net

(a) The movement of property, furniture and equipment and accumulated depreciation, for the years ended December 31, 2013 and 2012, 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$(000)	2013 US$(000)	2012 US$(000)
Cost -									
Balance as of January 1	133,698	391,363	151,071	131,092	192,318	55,729	45,748	1,101,019	943,565
Additions	65,065	9,930	4,632	12,845	15,918	11,706	78,130	198,226	162,217
Business acquisitions, Note 2(a)	-	-	-	-	-	-	-	-	21,763
Transfers	3,405	15,549	11,139	6,609	4,987	(259)	(41,430)	-	-
Sales, disposals and other	(4,600)	(102)	(1,513)	(3,229)	(8,081)	(5,532)	-	(23,057)	(26,526)
Balance as of December 31	197,568	416,740	165,329	147,317	205,142	61,644	82,448	1,276,188	1,101,019
Accumulated depreciation -									
Balance as of January 1	-	178,780	98,242	74,820	132,214	26,664	-	510,720	471,132
Depreciation for the year	-	10,945	10,427	8,597	19,040	5,862	-	54,871	53,432
Business acquisitions, Note 2(a)	-	-	-	-	-	-	-	-	3,199
Sales, disposals and other	-	(92)	(973)	(1,494)	(7,206)	(2,374)	-	(12,139)	(17,043)
Balance as of December 31	-	189,633	107,696	81,923	144,048	30,152	-	553,452	510,720
Net book value	197,568	227,107	57,633	65,394	61,094	31,492	82,448	722,736	590,299

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

(c) During 2013 and 2012 the Group, as part of its annual infrastructure investing, has made cash disbursements related mainly to the acquisition, construction and implementation of new agencies for its banking segment, and the refurbishment and conditioning of several agencies. Credicorp's subsidiaries hold insurance contracts over its main assets in accordance with its corporate policies.

(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, 2013 and 2012 there is no evidence of impairment of the Group's property, furniture and equipment.

11. Intangibles assets and goodwill, net

(a) Intangible assets –

The movement of finite useful live intangible assets for the years ended December 31, 2013 and 2012, is as follows:

Description	Client relationships (i) US$(000)	Rights of use US$(000)	Brand name (ii) US$(000)	Fund Manager Contract (iii) US$(000)	Software and developments US$(000)	Other US$(000)	2013 US$(000)	2012 US$(000)
Cost -								
Balance as of January 1	125,350	20,000	52,949	46,753	300,967	63,067	609,086	443,063
Additions	-	-	-	-	57,705	52,297	110,002	63,630
Business acquisitions 2(a)	-	-	-	-	-	-	-	105,543
Transfers	-	-	-	-	39,332	(39,332)	-	-
Disposals and other	(418)	709	2,695	(2,566)	(15,403)	3,154	(11,829)	(3,150)
Balance as of December 31	124,932	20,709	55,644	44,187	382,601	79,186	707,259	609,086
Accumulated amortization -								
Balance as of January 1	30,700	5,333	4,453	-	178,052	11,286	229,824	176,615
Amortization for the year	7,578	4,065	3,676	2,420	47,969	465	66,173	55,078
Disposals and other	(97)	-	2,443	(564)	(2,149)	-	(367)	(1,869)
Balance as of December 31	38,181	9,398	10,572	1,856	223,872	11,751	295,630	229,824
Net book value	86,751	11,311	45,072	42,331	158,729	67,435	411,629	379,262

During 2013, additions were related to the implementation of a technological platform, which is used for the administration of the insurance segment, and to develop applications related to customer and business care center in order to enhance the operationally of banking segment, among others. During 2012, additions were related to implementation and development of several IT projects (Implementation of treasury solutions, windows system, CRM for wholesale banking, basic information of clients, among others).

(i) Client relationships -

This item is made up as follows:

	2013 US$(000)	2012 US$(000)
Prima AFP – AFP Unión Vida	56,848	61,267
IM Trust	11,733	13,728
Correval	8,776	11,010
Edyficar	3,781	4,438
Private hospitals	5,613	4,207
Book value, net	86,751	94,650

(ii) Brand name -

This item is made up as follows:

	2013 US$(000)	2012 US$(000)
Correval	12,994	14,087
Private hospitals	13,034	14,043
Edyficar	10,370	11,028
IM Trust	8,674	9,338
Book value, net	45,072	48,496

(iii) Fund manager contract -

This item is made up as follows:

	2013 US$(000)	2012 US$(000)
Correval	24,709	27,173
IM Trust	17,622	19,580
Book value, net	42,331	46,753

Management has assessed at each reporting date that there was no indication that client relationships, rights of use, brand name, fund manager contract and software and developments may be impaired.

(b) Goodwill -

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

	2013 US$(000)	2012 US$(000)
Goodwill -		
IM Trust, Note 2(a)	80,681	109,948
Private hospitals, Notes 2(a) and 2(b)	69,350	86,825
Edyficar	50,696	50,696
Prima AFP – AFP Unión Vida	44,594	44,594
Correval, Note 2(a)	36,106	39,376
Banco de Crédito del Perú	18,733	18,733
El Pacífico Peruano – Suiza Compañía de Seguros y Reaseguros	13,007	13,007
Atlantic Security Holding Corporation	10,660	10,660
Corporación Novasalud Perú S.A. EPS	3,744	3,744
Willis Corredores de Seguros S.A.	1,748	2,784
Book value, net	329,319	380,367

The recoverable amount of all CGUs has been determined based on value in use calculations, determined by discounting the future cash flows expected to be generated from the continuing use of the CGU.

The following table summarizes the key assumptions used for value in use calculations in 2013 and 2012:

	As of December 31, 2013	
Description	Terminal value growth rate %	Discount rate %
IM Trust	5.25	12.02
Private hospitals	2.95	9.95
Edyficar	4.00	12.70
Prima AFP – AFP Unión Vida	1.80	9.03
Correval	3.80	12.96
Banco de Crédito del Perú	4.00	12.27
El Pacífico Peruano – Suiza Compañía de Seguros y Reaseguros	2.00	10.90
Atlantic Security Bank	2.00	8.13
Willis Corredores de Seguros S.A.	2.00	18.40

Description	As of December 31, 2012 Terminal value growth rate %	 Discount rate %
IM Trust	4.90	10.34
Private hospitals	3.50	7.97
Edyficar	3.00	9.41
Prima AFP – Unión Vida	1.20	7.82
Correval	3.80	9.36
Banco de Crédito del Perú	3.00	10.53
El Pacífico Peruano – Suiza Compañía de Seguros y Reaseguros	2.50	9.94
Atlantic Security Bank	3.00	4.84
Willis Corredores de Seguros S.A.	2.50	11.40

Five years of cash flows were included in the discounted cash flow model. The growth rate estimates are based on past performance and management's expectations of market development. A long-term growth rate into perpetuity has been determined taking into account forecasts included in industry reports.

Discount rates represent the current market assessment of the risks specific to each CGU. The discount rate is derived from the capital asset pricing model (CAPM). The cost of equity is derived from the expected return on investment by the Group's investors, specific risk incorporated by applying individual comparable beta factors adjusted by the debt structure of each CGU and country and market risk specific premiums to each CGU. The beta factors are evaluated annually based on publicly available market data.

For the period ended December 31, 2013, the Group recorded a gross impairment loss amounting to US$19.3 million for IM Trust as a result of the assessment of the recoverable amount of IM Trust's CGU, which amounts to US$162.2 million and its declines this year due to lower generated revenues in comparison to revenues originally budgeted by the Management. In addition, the Group recorded a gross impairment loss amounting to US$1.0 million for Willis Corredores de Seguros S.A.

During 2013, the total gross impairment recorded by the Group is presented in the caption "Impairment loss on Goodwill" of the consolidated statements of income (During 2012, there was no impairment in the recorded goodwill).

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions would not cause the recoverable amount of all CGU to decline below the carrying amount.

Thereon, the most critical assumption for calculating the goodwill impairment of IM Trust is the corresponding to the discount rate. In this sense, if the rate had risen 0.5 percent, the impairment would have increased by approximatelyUS$12.2 million; on the other hand, if the rate had dropped 0.5 percent, the impairment would have decreased by approximately US$13.9 million.

12. Other assets and other liabilities

(a) These items are made up as follows:

	2013 US$(000)	2012 US$(000)
Other assets		
Financial instruments		
Accounts receivable	221,044	248,963
Derivatives receivable (b)	165,236	159,364
Cash collateral on repurchase agreements and others (e)	65,025	68,680
Operations in process (c)	7,587	20,368
	458,892	497,375
Non-financial instruments		
Value added tax credit	211,875	261,757
Deferred income tax asset, Note 18(c)	121,905	144,508
Income tax prepayments, net	72,061	102,260
Prepaid expenses	119,991	105,915
Deferred fees	53,028	49,875
Investments in associates	22,781	29,725
Seized assets, net	8,982	10,405
Other	9,826	15,970
	620,449	720,415
Total	1,079,341	1,217,790
Other liabilities		
Financial instruments:		
Accounts payable	380,218	360,152
Payroll, salaries and other personnel expenses	153,962	196,556
Derivatives payable (b)	154,316	166,158
Put options written on non-controlling interest, Note 2(c)	121,906	121,772
Allowance for indirect loan losses, Note 7(d)	43,759	45,486
Operations in process (c)	16,272	32,210
Account payable for acquisition of subsidiary, Note 2(a)	-	20,643
	870,433	942,977
Non-financial instruments		
Deferred income tax liability, Note 18(c)	126,550	168,499
Contributions	34,995	9,245
Provision for sundry risks (d)	38,345	39,070
Other	68	3,158
	199,958	219,972
Total	1,070,391	1,162,949

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

The table below presents as of December 31, 2013 and 2012, the fair value of derivative financial instruments, recorded as an asset or a liability, together with their notional amounts and maturities. 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, see Note 20(a).

		2013				2012				2013 and 2012
	Note	Assets US$(000)	Liabilities US$(000)	Notional amount US$(000)	Maturity	Assets US$(000)	Liabilities US$(000)	Notional amount US$(000)	Maturity	Hedged instrument
Derivatives held for trading (i) -										
Forward exchange contracts		62,946	45,338	5,646,115	Between January 2014 and September 2018	74,955	59,379	5,831,227	Between January 2013 and October 2014	-
Interest rate swaps		21,645	16,773	2,047,635	Between March 2014 and August 2024	30,028	29,387	1,310,895	Between January 2013 and December 2022	-
Currency swaps		34,058	49,571	1,956,601	Between January 2014 and December2023	26,931	16,975	588,839	Between March 2013 and September 2022	-
Options		2,613	8,702	477,162	Between January and December 2014	433	423	95,288	Between January and July 2013	-
		121,262	120,384	10,127,513		132,347	106,164	7,826,249		
Derivatives held as hedges -										
Cash flow hedges (ii):										
Interest rate swaps (IRS)	5(b)(*)	9,122	-	200,000	Between March 2019 and August 2020	-	662	200,000	Between March 2019 and August 2020	Repurchase agreements
Interest rate swaps (IRS)	14(a)(i)(*)	413	757	300,000	Between March 2014 and September 2016	-	2,774	383,333	Between April 2013 and March 2014	Due to banks
Interest rate swaps (IRS)	16(a)(iii)	-	27,186	376,724	Between January 2014 and March 2016	-	46,388	505,722	Between January 2013 and March 2016	Secured notes issued
Cross currency swaps (CCS)	6(h)	11,011	2,045	126,573	Between October 2014 and August 2020	-	3,001	124,827	Between October 2014 and August 2020	Investments available-for-sale
Cross currency swaps (CCS)	7(g)	-	-	-	-	-	210	3,824	Between March 2013 and November 2020	Loans
Cross currency swaps (CCS)	16(a)(v)	11,664	-	120,162	October 2014	15,915	-	128,855	October 2014	Bonds issued
Cross currency swaps and interest rate swaps (CCS and IRS)	16(a)(iv)	1,242	788	32,709	Between March 2014 and March 2015	11,102	2,028	60,118	Between March 2013 and March 2015	Bonds issued
Fair value hedges:										
Interest rate swaps (IRS)	6(o)	10,522	3,156	330,748	Between March 2014 and September 2023	-	4,931	53,515	Between May 2013 and June 2019	Investments available-for-sale
		43,974	33,932	1,486,916		27,017	59,994	1,460,194		
		165,236	154,316	11,614,429		159,364	166,158	9,286,443		

(i) Derivatives held for trading are principally negotiated to satisfy client's needs. The Group may also take positions with the expectation of profiting from favorable movements in prices or rates. Also, this caption includes any derivatives which do not comply with IAS 39 hedging accounting requirements. Fair value of derivatives held for trading classified by contractual maturity is as follows:

	As of December 31, 2013						As of December 31, 2012					
	Up to 3 months US$(000)	From 3 months to 1 year US$(000)	From 1 to 3 years US$(000)	From 3 to 5 years US$(000)	Over 5 years US$(000)	Total US$(000)	Up to 3 months US$(000)	From 3 months to 1 year US$(000)	From 1 to 3 years US$(000)	From 3 to 5 years US$(000)	Over 5 years US$(000)	Total US$(000)
Forward exchange contracts	29,190	32,682	1,037	38	-	62,947	53,710	18,687	2,558	-	-	74,955
Interest rate swap	1,115	201	765	11,428	8,135	21,644	-	91	2,299	15,806	11,832	30,028
Currency swap	120	4,368	17,701	1,078	10,791	34,058	1,836	1,135	19,742	954	3,264	26,931
Options	1,110	1,503	-	-	-	2,613	335	98	-	-	-	433
Total assets	31,535	38,754	19,503	12,544	18,926	121,262	55,881	20,011	24,599	16,760	15,096	132,347

	As of December 31, 2013						As of December 31, 2012					
	Up to 3 months US$(000)	From 3 months to 1 year US$(000)	From 1 to 3 years US$(000)	From 3 to 5 years US$(000)	Over 5 years US$(000)	Total US$(000)	Up to 3 months US$(000)	From 3 months to 1 year US$(000)	From 1 to 3 years US$(000)	From 3 to 5 years US$(000)	Over 5 years US$(000)	Total US$(000)
Forward exchange contracts	35,490	8,980	868	-	-	45,338	27,744	31,175	460	-	-	59,379
Interest rate swap	109	805	2,231	10,192	3,436	16,773	19	93	3,293	15,828	10,154	29,387
Currency swap	24	2,922	12,084	16,592	17,949	49,571	-	18	12,288	927	3,742	16,975
Options	7,791	911	-	-	-	8,702	299	124	-	-	-	423
Total liabilities	43,414	13,618	15,183	26,784	21,385	120,384	28,062	31,410	16,041	16,755	13,896	106,164

(ii) The Group is exposed to variability in future interest cash flows on assets and liabilities in foreign currency and/or which bear interest variable rates. The Group uses derivatives financial instruments as cash flow hedges to cover these risks.

A schedule indicating the periods when the current cash flow hedges are expected to occur and affect the consolidated statement of income, net of the deferred income tax is presented below:

	As of December 31, 2013				
	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)	Total US$(000)
Cash outflows (liabilities)	437,882	248,610	16,165	242,763	945,420
Consolidated statement of income	(16,844)	(14,647)	3,702	13,920	(13,869)

	As of December 31, 2012				
	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)	Total US$(000)
Cash outflows (liabilities)	382,825	513,977	30,644	273,605	1,201,051
Consolidated statement of income	(22,394)	(30,640)	6,535	(5,913)	(52,412)

As of December 31, 2013, the accumulated balance of unrealized loss on cash flow hedges recorded as other comprehensive income in the caption "Cash flow hedges reserve", results from the current hedges (unrealized loss for approximately US$13.9 million) and the hedge designated jointly through a "Cross Currency Swap" and an "Interest Rate Swap", which were terminated in October 2009 (unrealized gain for approximately US$6.6 million) which is being recognized over the maturity of the underlying financial instrument. Likewise, the transfer of net unrealized loss on cash flow hedges to the consolidated statements of income is presented in Note 17(c).

(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 December 31, 2013, 2012 and 2011 is as follows:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Beginning balance	39,070	29,009	19,425
Provision, Note 26	8,880	12,942	10,661
Business acquisition , Note 2(a) and (b)	-	7,339	4,044
Decreases	(9,605)	(10,220)	(5,121)
Ending balance	38,345	39,070	29,009

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 legal claims against the Group which have not been provided for, in Management's and its legal advisor's opinion, they will not have a material effect on the Group's consolidated financial statements.

(e) As of December 31, 2013, it corresponds mainly to restricted funds related to repurchase agreements and derivative financial instruments amount to US$40.7 million and US$11.5 million, respectively (US$68.7 million related to repurchase agreements as of December 31, 2012), see Note 5(b)(*).

13. Deposits and obligations

(a) This item is made up as follows:

	2013 US$(000)	2012 US$(000)
Demand deposits	7,947,070	8,065,131
Saving deposits	6,352,154	6,084,078
Time deposits (c)	7,519,664	7,415,710
Severance indemnity deposits	2,403,948	2,232,492
Bank's negotiable certificates	171,625	167,542
	24,394,461	23,964,953
Interest payable	80,164	75,467
Total	24,474,625	24,040,420

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

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

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

	2013 US$(000)	2012 US$(000)
Non-interest		
In Peru	5,641,589	5,767,705
In other countries	937,717	855,660
	6,579,306	6,623,365
Interest bearing		
In Peru	16,434,223	16,033,766
In other countries	1,380,932	1,307,822
	17,815,155	17,341,588
Total	24,394,461	23,964,953

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

	2013 US$(000)	2012 US$(000)
Up to 3 months	5,559,147	5,218,466
From 3 months to 1 year	1,437,603	1,757,737
From 1 to 3 years	246,222	221,231
From 3 to 5 years	226,692	168,268
More than 5 years	50,000	50,008
Total	7,519,664	7,415,710

As of December 31, 2013 and 2012, in Management's opinion, the Group's deposits and obligations are diversified with no significant concentrations.

As of December 31, 2013 and 2012, approximately US$7,750.9 million and US$7,560.0 million, respectively, of the deposits and obligations balances, are covered by the Peruvian "Fondo de Seguro de Depósitos" (Deposit Insurance Fund). At those dates, the "Fondo de Seguro de Depósitos" covered up to US$33,139.5 and US$35,771.0, respectively.

14. Due to banks and correspondents

(a) This item is made up as follows:

	2013 US$(000)	2012 US$(000)
International funds and others (i)	1,922,262	2,226,341
Promotional credit lines (ii)	463,917	332,687
Inter-bank funds	170,304	117,599
	2,556,483	2,676,627
Interest payable	9,888	9,634
Total	2,566,371	2,686,261

(i) This item is made up as follows:

	2013 US$(000)	2012 US$(000)
Syndicated loans (*)	298,745	381,101
Corporación Andina de Fomento – CAF (**)	204,651	85,000
Standard Chartered Bank	190,518	140,335
Wells Fargo & Co.	150,000	78,000
China Development Bank	149,350	149,122
Banco de la Nación	125,223	47,059
Citibank N.A.	109,830	105,390
Cobank Nat. Bank	86,324	116,338
Commerzbank A.G	71,588	29,910
Bank of New York Mellon	60,000	99,000
Deutsche Bank A.G	55,571	154,161
Internacional Finance Corporation - IFC	40,072	-
Mercantil Commerzbank Miami	39,900	-
Bank of America N.A.	16,600	110,000
JP Morgan Chase Bank	-	130,068
Toronto Dominion Bank	-	98,000
Sumitomo Mitsui Banking Corp.	-	90,000
Banco Latinoamericano de Comercio Exterior	-	60,000
Other less than US$35 million	323,890	352,857
Total (***)	1,922,262	2,226,341

(*) As of December 31, 2013, the balance includes two syndicated loans obtained from foreign financial entities in March 2013 and March 2011 amounting to US$150.0 million each loan, with maturity in September 2016 and March 2014, respectively, with interest payments semester at Libor 6m+1.75 percent in both loans. Likewise, as of December 31, 2013, the syndicated loans amounting to US$300 million, which are subject to variable interest rate risk, were hedged through IRS with the same notional and maturities, see Note 12(b); as a result, the loans were economically converted to fix interest rate.

As of December 31, 2012, the balance includes two syndicated loans obtained from foreign financial entities in March 2011 and October 2010 amounting to US$150.0 million and US$233.3 million, respectively, with maturity in March 2014 and October 2013, respectively, with interest payments semester at Libor 6m+1.75 percent in both loans. Likewise, as of December 31, 2012, the syndicated loans amounting to US$383.3 million, which are subject to variable interest rate risk, were hedged through IRS with the same notional and maturities, see Note 12(b); as a result, the loans were economically converted to fix interest rate.

(**) As of December 31, 2013, the balance includes mainly three loans obtained in November 2013, February 2013 and October 2012 amounting to US$70.0 million, US$45.0 million and US$85.0 million, respectively, with maturities during the year 2014 (one loan amounting to US$85.0 million as of December 31, 2012).

(***) As of December 31, 2013, the loans have maturities between January 2014 and October 2022 (between January 2013 and October 2022 as of December 31, 2012) and accrued annual interests at rates that ranged between 0.53 and 9.50 percent (between 0.50 and 10.0 percent as of December 31, 2012).

(ii) Promotional credit lines represent loans granted by Corporación Financiera de Desarrollo and Fondo de Cooperación para el Desarrollo Social (COFIDE and FONCODES for their Spanish acronym, respectively) to promote the development of Peru, they have maturities between June 2014 and December 2035 and their annual interest rates are between 5.50 and 7.75 percent (between May 2013 and December 2035 and annual interest rate between 6.00 and 7.75 percent as of December 31, 2012). These credit lines are secured by a loan portfolio amounting to US$463.9 and US$332.7 million as of December 31, 2013 and 2012, respectively.

Some due to banks and correspondents 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 dates of the consolidated financial statements.

(b) As of December 31, 2013 and 2012, maturities of due to banks and correspondents are shown below, based on the remaining period to the repayment date:

	2013 US$(000)	2012 US$(000)
Up to 3 months	688,846	898,085
From 3 months to 1 year	892,620	872,282
From 1 to 3 years	606,781	377,932
From 3 to 5 years	65,516	254,938
More than 5 years	302,720	273,390
Total	2,556,483	2,676,627

(c) As of December 31, 2013 and 2012, credit lines granted by several local and foreign financial institutions, available for future operating activities amounted to US$2,848.3 million and US$2,891.7 million, respectively.

15. Insurance claims reserves and technical reserves

(a) This item is made up as follows:

	2013			
	Claims reserves		Technical reserves	Total
	Direct US$(000)	Assumed US$(000)	US$(000)	US$(000)
Life insurance	131,260	201	1,183,749	1,315,210
General insurance	152,772	13,495	205,136	371,403
Health insurance	56,374	-	40,453	96,827
Total	340,406	13,696	1,429,338	1,783,440

	2012			
	Claims reserves		Technical reserves	Total
	Direct US$(000)	Assumed US$(000)	US$(000)	US$(000)
Life insurance	129,260	-	1,067,727	1,196,987
General insurance	116,913	15,487	189,267	321,667
Health insurance	54,848	8	41,489	96,345
Total	301,021	15,495	1,298,483	1,614,999

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.

Insurance claims and technical reserves corresponding to the reinsurers and coinsurers are shown as ceded claims, which are presented in the caption "Accounts receivable from reinsurers and coinsurers" of the consolidated statements of financial position, see note 9.

As of December 31, 2013, the reserves for direct claims include reserves for IBNR for life, general and health insurance for an amount of US$38.8, US$5.8 and US$33.0 million, respectively (US$44.4, US$1.2 and US$28.9 million, respectively, as of December 31, 2012).

During 2013 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. Retrospective analysis indicates that the amounts accrued are adequate and the Management believes that the estimated IBNR reserve is sufficient to cover any liability as of December 31, 2013 and 2012.

Technical reserves comprise reserves for future benefit obligation under its in-force life, annuities and accident insurance policies and the unearned premium reserves in respect of the portion of premiums written that is allocable to the unexpired portion of the related policy periods for general and health insurance products.

The movement for the years ended December 31, 2013 and 2012 of insurance claims and technical reserves is as follows:

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

	2013			
	Life insurance US$(000)	**General insurance** US$(000)	**Health insurance** US$(000)	**Total** US$(000)
Beginning balances	129,260	132,400	54,856	316,516
Claims, Note 24	176,211	157,893	263,976	598,080
Payments	(161,546)	(123,574)	(257,690)	(542,810)
Translation result	(12,464)	(452)	(4,768)	(17,684)
Ending balances	131,461	166,267	56,374	354,102

	2012			
	Life insurance US$(000)	General insurance US$(000)	Health insurance US$(000)	Total US$(000)
Beginning balances	100,940	113,037	44,725	258,702
Claims, Note 24	166,249	140,747	220,972	527,968
Payments	(124,735)	(121,206)	(214,133)	(460,074)
Translation result	(13,194)	(178)	3,292	(10,080)
Ending balances	129,260	132,400	54,856	316,516

(c) Technical reserves:

	2013			
	Life insurance US$(000)	General insurance US$(000)	Health insurance US$(000)	Total US$(000)
Beginning balances	1,067,727	189,267	41,489	1,298,483
Time course expenses and other	42,381	-	-	42,381
Unearned premium and other technical reserves variation, net	7,622	14,954	2,171	24,747
Insurance subscriptions	114,518	-	-	114,518
Payments	(44,131)	-	-	(44,131)
Translation result	(4,368)	915	(3,207)	(6,660)
Ending balances	1,183,749	205,136	40,453	1,429,338

	2012			
	Life insurance US$(000)	General insurance US$(000)	Health insurance US$(000)	Total US$(000)
Beginning balances	901,175	186,470	31,951	1,119,596
Time course expenses and other	34,541	-	-	34,541
Unearned premium and other technical reserves variation, net	11,233	2,375	8,362	21,970
Insurance subscriptions	168,641	-	-	168,641
Payments	(41,765)	-	-	(41,765)
Translation result	(6,098)	422	1,176	(4,500)
Ending balances	1,067,727	189,267	41,489	1,298,483

As of December 31, 2013 and 2012, no additional reserves were needed as a result of the liability adequacy test. The main assumptions used in estimation of retirement, disability and survival annuities and individual life (included unit linked insurance contracts) reserves as of those dates, were the following:

	As of December 31, 2013		As of December 31, 2012	
Modality	Mortality table	Technical rates	Mortality table	Technical rates
Annuities	RV – 2009, B- 2006 and MI - 2006	3.50% - 6.03% in US$ 3.50% -5.13% in adjusted US$ 1.50% - 3.56% in S/. 4.50% - 5.61% in adjusted S/.	RV – 2009, B- 2006 and MI - 2006	3.50% - 6.03% in US$ 3.50% -5.13% in adjusted US$ 1.50% - 3.56% in S/. 4.50% - 5.59% in adjusted S/. 1.24% - 3.00% in S/.
Disability and survival (*)	B - 85, B – 85 adjusted, MI – 85	2.30% y 3.00% in S/. 4.77% in adjusted en S/. and 3.53% - 3.62% in adjusted US$	B - 85, B – 85 adjusted, MI – 85	4.54% - 4.55% in adjusted S/. and 3.53% - 3.62% in adjusted in US$
Individual life insurance contracts (included unit linked insurance contracts)	CSO 80 adjusted	4.00% - 5.00% in US$	CSO 80 adjustable	4.00% - 5.00% in US$

(*) This item includes retirements for complementary Work Risk Insurance (SCTR by its Spanish acronym)

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, 2013 and 2012, 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 contracts included in retirement, disability and survival annuities contracts of +/- 100 bps of the interest rates and of +/- 5 bps of the mortality factors, being the results as follows:

	As of December 31, 2013			As of December 31, 2012		
		Variation of the reserve			Variation of the reserve	
Variables	Amount of the reserve US$(000)	Amount US$(000)	Percentage %	Amount of the reserve US$(000)	Amount US$(000)	Percentage %
Portfolio in S/. - Basis amount	547,030			500,730		
Changes in interest rates: + 100 bps	576,303	(70,727)	(21.98)	453,897	(46,832)	(9.35)
Changes in interest rates: - 100 bps	733,758	86,728	27.18	556,975	56,245	11.23
Changes in Mortality tables to 105%	641,135	(5,895)	(1.58)	495,485	(5,245)	(1.05)
Changes in Mortality tables to 95%	653,274	6,244	1.67	506,263	5,533	1.11
Portfolio in U.S. Dollars - Basis amount	508,192			389,364		
Changes in interest rates: + 100 bps	461,291	(46,901)	(20.81)	346,051	(43,313)	(11.12)
Changes in interest rates: - 100 bps	564,462	56,269	25.47	442,560	53,196	13.66
Changes in Mortality tables to 105%	502,613	(5,549)	(2.16)	385,906	(3,459)	(0.89)
Changes in Mortality tables to 95%	514,048	5,856	2.29	393,027	3,662	(0.94)

16. **Bonds and notes issued**

(a) This item is made up as follows:

	Weighted annual interest rate %	Interest payment	Maturity	Issued amount (000)	2013 US$(000)	2012 US$(000)
Senior Notes – (i)	5.38	Semi-annual	September 2020	US$800,000	795,115	790,446
Senior Notes – (i)	Between 4.25 y 4.75	Semi-annual	Between March 2016 and April 2023	US$700,000	697,361	694,037
Senior Notes – (ii)	4.25	Semi-annual	April 2023	US$350,000	343,709	-
CCR Inc. MMT 100 – Secured notes – (iii)						
2006 Series A Floating Rate Certificates	Libor 1m + 24 bps	Monthly	March 2016	US$100,000	16,274	22,364
2008 Series A Fixed Rate Certificates	6.27	Monthly	June 2015	US$150,000	41,207	66,173
2008 Series B Floating Rate Certificates	Libor 1m + 25 bps	Monthly	December 2015	US$150,000	57,500	87,112
2010 Series B Floating Rate Certificates	Libor 1m + 57.6 bps	Monthly	March 2016	US$100,000	30,223	41,399
2010 Series C Floating Rate Certificates	Libor 1m + 44.5 bps	Monthly	July 2017	US$350,000	238,704	279,247
2010 Series D Floating Rate Certificates	Libor 1m + 36.1 bps	Monthly	July 2014	US$150,000	23,987	66,896
2012 Series A y B Floating Rate Certificates	Libor 1m + 22.5 bps	Monthly	July 2017	US$150,000	150,000	148,976
2012 Series C Fixed Rate Certificates	4.75	Monthly	July 2022	US$315,000	315,000	312,785
					872,895	1,024,952
Corporate bonds – (iv)						
First program						
Tenth issuance Series B	8.00	Quarterly	March 2013	S/.10,000	-	3,922
Second program						
First issuance (Series A y B)	6.83	Semi-annual	Between December 2014 and March 2015	S/.275,000	40,250	80,045
First and second issuance (Series A) – Edyficar	5.49	Semi-annual	Between April 2015 and January 2016	S/.130,000	44,156	49,411
Third issuance (Series A and B)	7.72	Quarterly	Between June and July 2018	S/.200,000	70,434	76,302
Third program						
First issuance (Series A) - Edyficar	5.28	Semi-annual	November 2016	S/.62,108	19,717	-
Fourth Program						
Fourth issuance (Series A, B, C y D)	6.41	Semi-annual	Between July and December 2014	S/.233,414	62,349	70,360
Fifth issuance (Series A)	5.31	Semi-annual	September 2013	S/.50,000	-	19,608
Eight issuance (Series A)	3.75	Semi-annual	January 2014	US$91,000	87,997	89,000
Ninth issuance (Series A)	6.22	Semi-annual	November 2016	S/.128,000	45,764	49,957
Tenth issuance (Series A, B and C)	5.92	Semi-annual	Between December 2021 and November 2022	S/.550,000	191,605	210,298
BCP Emisiones Latam 1 S.A. (First issuance - Series A) – (v)	4.00	Semi-annual	October 2014	Ch UF 2,700	119,967	128,490
					682,239	777,393

	Weighted annual interest rate	Interest payment	Maturity	Issued amount (000)	2013 US$(000)	2012 US$(000)
	%					
Subordinated notes - (vi)	6.13	Semi-annual	April 2027	US$520,000	530,404	348,015
Subordinated notes – (vii)	6.88	Semi-annual	September 2026	US$350,000	322,943	327,708
Junior subordinated bonds – (viii)	9.75	Semi-annual	November 2069	US$250,000	224,006	223,374
Subordinated bonds						
First issuance (Series A)	6.22	Semi-annual	May 2027	S/.15,000	5,367	5,882
First issuance (Series A) – PPS	6.97	Quarterly	November 2026	US$60,175	55,203	55,174
First, second and third issuance (Series A) – Edyficar	7.44	Semi-annual	Between October 2021 and December 2022	S/.110,000	38,899	43,137
Fourth issuance (Series A, B, C y D)	7.82	Quarterly	Between February and May 2016	US$113,822	98,822	98,789
First issuance – Second program (Series A y B)	5.75	Semi-annual	Between September and October 2013	US$20,000	-	8,078
Issuance I – Credit bonds Bolivia	6.25	Annual	August 2028	US$70,000	10,319	-
					208,610	211,060
Negotiable certificate of deposit – (ix)	7.45	Semi-annual	October 2022	S/.483,280	169,188	177,386
Subordinated negotiable certificates of deposit - (x)	6.88	Semi-annual	Between November 2021 and September 2026	US$129,080	119,924	119,239
Leasing bonds - First program – (xi)						
Sixth issuance (Series A)	8.72	Quarterly	August 2018	S/.100,000	35,778	39,216
					5,002,172	4,732,826
Interest payable					54,543	50,562
Total					5,056,715	4,783,388

(i) BCP can redeem in whole or in a part these notes at any time, with the penalty of the payment of an interest rate equivalent to the American Treasury plus 40 basis points. Payment of principal will take place at the date of maturity or redemption.

(ii) The Group can redeem in whole or in a part these notes at any time, with the penalty of the payment of an interest rate equivalent to the American Treasury plus 50 basis points. Payment of principal will take place at the date of maturity or redemption.

(iii) 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 ("SWIFT") 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.

As of December 31, 2013, cash flows of issuances in 2006 with series "A", in 2008 with series "B" and in 2010 with series "B", "C" and D", which are subject to variable interest rates, have been hedged through interest rate swaps (IRS) for a notional amounting to US$376.7 million (US$505.7 million as of December 31, 2012), see Note 12(b); through IRS, such issuances were economically converted to fix interest rate.

(iv) As of December 31, 2013 and 2012, the Group has hedged through CCS and IRS, the first issue (Series "A" y "B") of the second program of corporate bonds issued in Peruvian currency for a notional amount of US$32.7 million and US$60.1 million, respectively, subject to foreign exchange and variable interest risks, see Note 12(b); as a result, these bonds were economically converted to US$ Dollars at fixed rate.

(v) This issuance is denominated in "Chilean Unidades de Fomento – UF" for 2.7 million. The Group can redeem 100 of the bonds only if the legal reserve funds legislation and the tax law, related to income tax and value added tax change in Peru, Panama or Chile. These debts, subject to foreign exchange risk, has been hedged through CCS for a notional amount equal to the principal and with the same maturity, see Note 12(b); as a result, these bonds were economically converted to U.S. Dollars.

(vi) From April 24, 2022, the interest rate becomes a variable rate of Libor 3 months plus 704.3 basis points. Between April 24, 2017 and until April 23, 2022, BCP may redeem all or part of the subordinated notes with the penalty of the payment of an interest equivalent to the American Treasury plus 50 basis points. Additionally, from April 24, 2022 or at any later date of coupon payment, BCP can redeem all or part of the bonds without penalty. Payment of principal will take place at the date of maturity or redemption.

In April 2013, the Group, through its branch located in Panamá, extended the issuance of its subordinated bonds for an amount of US$350.0 million in the international market, with the same terms of the issuance offered in April 2012 for an amount of US$170.0 million.

(vii) From September 16, 2021, the interest rate becomes a variable rate of Libor 3 months plus 770.8 basis points. Between September 16, 2016 and until September 15, 2021, BCP may redeem all or part of the bonds, with the penalty of the payment of an interest equivalent to the American Treasury plus 50 basis points. Additionally, from September 16, 2021 or at any later date of coupon payment, BCP can redeem all or part of the bonds without penalty. Payment of principal will take place at the date of maturity or redemption.

(viii) In November 2019, interest rate will be Libor 3 months plus 816.7 basis points. On that date and on any interest payment date BCP can redeem 100 percent of the bonds without penalty. Payment of principal will take place at the date of maturity or redemption.

This issuance, as authorized by SBS qualifies as equity of first level (Tier 1) in the determination of regulatory capital and does not have guarantees.

(ix) In October 2017, interest rate will be the average of at least three valuations on the market interest rate for sovereign bonds issued by the Peruvian Government (with maturity on 2037), plus 150 basis points, with semiannual payments. From such date, BCP can redeem 100 percent of the certificates, without penalties. Payment of principal will take place at the date of maturity or redemption.

(x) In November 2016, the interest rate will change to a floating interest rate, established as Libor plus 2.79 percent, with semi-annual payments. From such date, BCP can redeem 100 percent of the debt, without penalties. Payment of principal will take place at the date of maturity or redemption.

(xi) The leasing bonds are collateralized by the fixed assets financed by the Group.

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

	2013 US$(000)	2012 US$(000)
Up to 3 months	87,997	44,573
From 3 months to 1 year	224,192	169,750
From 1 to 3 years	739,348	770,808
From 3 to 5 years	494,917	1,211,711
More than 5 years	3,455,718	2,535,984
Total	5,002,172	4,732,826

17. Equity

(a) Share capital -

As of December 31, 2013, 2012 and 2011, 94,382,317 shares of capital stock were issued at US$5 per share.

(b) Treasury stock -

As of December 31, 2013, treasury stock comprises the par value of 14,892,821 Credicorp's shares (14,926,038 and 14,974,957 Credicorp's shares as of December 31, 2012 and 2011, respectively) owned by the Group's companies.

During 2013, 2012 and 2011, the Group purchased 163,000, 144,494 and 169,658 shares of Credicorp Ltd., respectively, for an amount of US$24.0 million, US$18.6 million and US$17.5 million, respectively.

The difference between their acquisition cost of US$229.9 million and their par value of US$74.5 million (as of December 31, 2012 and 2011 acquisition cost of US$220.8 million and of US$217.8 million, respectively and their par value of US$74.6 million and US$74.9 million, respectively) is presented as a reduction of "Capital surplus".

(c) Reserves -

Some of the Group's subsidiaries are required to establish a reserve equivalent to a certain percentage of their paid-in capital (20, 30 or 50 percent, depending on their activity and country of incorporation) through annual transfers of 10 percent of their net income. As of December 31, 2013, 2012 and 2011, these reserves amounted to approximately US$721.7, US$620.3 and US$461.9 million, respectively.

The Board of Director's meetings held on February 27, 2013, February 22, 2012 and February 23, 2011 agreed to transfer from "Retained earnings" to "Reserves" US$570.2 million, US$517.4 million and US$407.8 million, respectively.

The caption "Other reserves" includes the unrealized net gain (loss) from available-for-sale investments and from derivatives instruments used as cash flow hedges, net of deferred income tax and non-controlling interest. Its movement is as follows:

	Unrealized net gain (loss) of:			
	Available-for-sale investments reserve US$(000)	Cash flow hedges reserve US$(000)	Foreign currency translation reserve US$(000)	Total US$(000)
Balances as of January 1, 2011	423,747	(57,026)	-	366,721
Net unrealized gain from available-for-sale investments	6,330	-	-	6,330
Transfer of net realized gain from investments available-for-sale to the consolidated statements of income, net of realized loss	(35,760)	-	-	(35,760)
Transfer of impairment on investment available-for-sale to the consolidated statements of income, Note 6(c)	1,025	-	-	1,025
Net unrealized loss from cash flow hedges	-	(23,578)	-	(23,578)
Transfer of net realized loss from cash flow hedges to the consolidated statements of income	-	25,430	-	25,430
Balances as of December 31, 2011	395,342	(55,174)	-	340,168
Net unrealized gain from available-for-sale investments	321,492	-	-	321,492
Transfer of net realized gain from investments available-for-sale to the consolidated statements of income, net of realized loss	(44,511)	-	-	(44,511)
Transfer of impairment on investment available-for-sale to the consolidated statements of income, Note 6(c)	81	-	-	81
Net unrealized loss from cash flow hedges, Note12(b)(ii)	-	(8,548)	-	(8,548)
Transfer of net realized loss from cash flow hedges to the consolidated statements of income, Note 12(b)(ii)	-	20,414	-	20,414
Foreign currency translation	-	-	8,171	8,171
Balances as of December 31, 2012	672,404	(43,308)	8,171	637,267
Net unrealized loss from available-for-sale investments	(125,879)	-	-	(125,879)
Transfer of net realized gain from investments available-for-sale to the consolidated statements of income, net of realized loss	(179,931)	-	-	(179,931)
Transfer of impairment on investment available-for-sale to the consolidated statements of income, Note 6(c)	1,121	-	-	1,121
Net unrealized gain from cash flow hedges, Note12(b)(ii)	-	39,861	-	39,861
Transfer of net realized gain from cash flow hedges to the consolidated statements of income, Note 12(b)(ii)	-	(823)	-	(823)
Foreign currency translation	-	-	(25,265)	(25,265)
Balances as of December 31, 2013	367,715	(4,270)	(17,094)	346,351

(d) Components of other comprehensive income -

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

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Available-for-sale investments:			
Net unrealized (loss) gain from available-for-sale investments	(125,879)	321,492	6,330
Transfer of realized gain from investments available-for-sale to the consolidated statements of income, net of realized loss	(179,931)	(44,511)	(35,760)
Transfer of impairment on investment available-for-sale to consolidated statements of income	1,121	81	1,025
Sub total	(304,689)	277,062	(28,405)
Non-controlling interest	(7,496)	914	4,842
Income tax	(17,631)	21,342	(29,605)
	(329,816)	299,318	(53,168)
Cash flow hedges:			
Net unrealized gain (loss) from cash flow hedges	39,861	(8,548)	(23,578)
Transfer of net realized (gain) loss from cash flow hedges to the consolidated statements of income	(823)	20,414	25,430
Sub total	39,038	11,866	1,852
Non-controlling interest	-	72	(272)
Income tax	6,183	165	(1,412)
	45,221	12,103	168
Foreign currency translation reserve:			
Exchange differences on translation of foreign operations	(25,265)	8,171	-
Non-controlling interest	(5,003)	91	-
	(30,268)	8,262	-

(e) Dividend distribution -

During the years 2013, 2012 and 2011, Credicorp paid cash dividends, net of the effect of treasury shares, for approximately US$207.4, US$183.4 and US$155.5 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, 2013 and 2012, the regulatory capital for Credicorp's subsidiaries engaged in financial and insurance activities in Peru calculated following SBS regulations amounted to approximately US$4,828.4 and US$3,975.6 million, respectively. At those dates, the consolidated regulatory capital for Credicorp exceeds by approximately US$759.4 million and US$357.5 million, respectively, the minimum regulatory consolidated capital required by the SBS.

18. Taxes

(a) Credicorp is not subject to income tax or any taxes on capital gains, equity or property. Credicorp's subsidiaries are subject to corporate taxation on income depending on their country of incorporation. The Peruvian statutory Income Tax rate is 30 percent on taxable income after calculating the workers' profit sharing, which is determined using a 5 percent rate.

The Bolivian, Chilean and Colombian statutory Income Tax rate are 25, 35 and 33 percent, respectively.

ASHC and its Subsidiaries are not subject to taxes in the Cayman Islands or Panama. For the years ended December 31, 2013, 2012 and 2011, no taxable income was generated from their 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:

	2013 %	2012 %	2011 %
Peruvian statutory income tax rate	30.00	30.00	30.00
Increase (decrease) in the statutory tax rate due to:			
(i) Increase (Decrease) arising from net income of subsidiaries not domiciled in Peru	0.01	0.60	(0.91)
(ii) Non-taxable income, net	(1.95)	(3.94)	(4.49)
(iii) Translation results not considered for tax purposes	6.11	(2.92)	(2.07)
Effective income tax rate	34.17	23.74	22.53

(b) Income tax expense as of December 31, 2013, 2012 and 2011 comprises:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Current -			
In Peru	291,613	259,367	217,726
In other countries	4,845	8,524	1,839
	296,458	267,891	219,565
Deferred -			
In Peru	(30,427)	(5,797)	(13,513)
In other countries	19,729	(10,511)	4,456
	(10,698)	(16,308)	(9,057)
Total	285,760	251,583	210,508

The deferred income tax has been calculated on all temporary differences considering the income tax rates effective where Credicorp's subsidiaries are located.

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

	2013 US$(000)	2012 US$(000)
Net deferred income tax asset		
Deferred assets		
Allowance for loan losses, net	104,174	99,405
Provision for sundry expenses	9,707	10,949
Reserve for sundry risks, net	5,733	8,000
Share-based compensation rights provision	3,246	3,437
Unrealized loss on hedge derivatives valuations	1,583	4,074
Other	27,812	43,771
Deferred liabilities		
Buildings depreciation	(11,571)	(4,159)
Unrealized gain on available-for-sale investments	(3,713)	(5,284)
Indexed certificates	(3,403)	(6,033)
Unrealized gain on hedge derivatives valuations	(3,100)	(6,033)
Gain for difference tax exchange	(1,677)	(1,444)
Other	(6,886)	(2,175)
Total	121,905	144,508
Net deferred income tax liability		
Deferred assets		
Allowance for loan losses, net	1,550	597
Reserve for sundry risks, net	1,537	1,472
Other	11,515	1,530

	2013 US$(000)	2012 US$(000)
Deferred liabilities		
Unrealized gains on available-for-sale investments	(67,225)	(96,432)
Intangibles assets, net	(54,941)	(52,403)
Buildings depreciation	(6,837)	(7,767)
Other	(12,149)	(15,496)
Total	(126,550)	(168,499)

As of December 31, 2013, 2012 and 2011, Credicorp and its subsidiaries have recorded a deferred income tax amounting to US$31.2, US$29.9 and US$31.0 million, respectively, related unrealized gains and losses on investments available for sale and cash flow hedges. Likewise, the recognized deferred tax liability arising from the Group's acquisitions, see Notes 2(a) and 2(b), amounted to US$29.7 million of December 31, 2012.

(d) The Peruvian Tax Authority has the right to review and, if necessary, amend the annual income tax returns of the Peruvian subsidiaries up to four years after their filing. Income tax returns of the main subsidiaries not yet reviewed by the Peruvian Tax Authority are the following:

Banco de Crédito del Perú	2009 to 2013
Edyficar	2009, 2010, 2012 and 2013
Prima AFP	2010, 2012 and 2013
Pacífico Peruano Suiza	2009, 2012 and 2013
Pacífico EPS	2010 to 2013
Pacífico Vida	2010 to 2013

As of December 31, 2013, the Peruvian Tax Authority is reviewing the 2011 income tax returns of Edyficar.

The Bolivian, Chilean and Colombian Tax Authority has the right to review and, if necessary, amend the annual income tax returns of the foreign subsidiaries up to four, three and two years, respectively, after their filing, respectively. Income tax returns of the main subsidiaries not yet reviewed by the Foregin Tax Authority are the following:

Banco de Crédito de Bolivia	2009 to 2013
Credicorp Capital Colombia	2013
IM Trust	2012 and 2013

Since tax regulations are subject to interpretation by the different Tax Authorities where Credicorp's subsidiaries are located it is not possible to determine up to date whether the reviews will generate additional liabilities for Credicorp's subsidiaries. Therefore, any unpaid tax, penalties or interests that might result from said reviews will be expensed in the year in which they are determined. Nevertheless, Management of Credicorp and its Subsidiaries and their legal advisors consider that any additional tax assessments would not have a significant impact on the consolidated financial statements as of December 31, 2013 and 2012.

19. Share-based compensation plans

(a) Stock appreciation rights -

As indicated in Note 3(x)(i), the Group granted Credicorp stock appreciation rights (SARs) to certain employees. As of December 31, 2013 and 2012, all SARs had vested and they can be executed up to April, 2014.

Credicorp's Management has estimated the SARs' fair value as of December 31, 2013 and 2012, using the binomial option pricing model, considering the following market information:

Key assumptions	2013	2012
Expected volatility	30.17%	37.23%
Risk free interest rate	1.19%	3.08%
Expected lifetime	0.25 años	1.21 years
Quoted price of Credicorp shares at year-end	US$132.73	US$146.56

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, 2013 and 2012 is as follows:

	2013			2012		
	Outstanding	Vested		Outstanding	Vested	
	Number	Number	Amount US$(000)	Number	Number	Amount US$(000)
Balance as of January 1	132,694	132,694	16,652	243,223	243,223	22,088
Exercised	(31,251)	(31,251)	(3,926)	(110,529)	(110,529)	(12,750)
Increase (decrease) in fair value	-	-	(1,272)	-	-	7,314
Balance as of December 31	101,443	101,443	11,454	132,694	132,694	16,652

The Group assumes the payment of the related income tax on behalf of its employees, which corresponds to 30 percent of the benefit.

The liability recorded for this plan, including the above mentioned income tax, is included in the caption "Other liabilities – Payroll taxes, salaries and other personnel expenses" of the consolidated statements of financial position, Note 12(a), and the related expense in the caption "Salaries and employees benefits" of the consolidated statements of income.

As explained in Note 8(c), the Group has certificates linked to the yield of Credicorp's shares.

(b) Stock awards ("equity-settled transaction") -
As indicated in Note 3(x)(ii), on March or April of each year (the "grant date"), the Group grants Credicorp shares ("stock awards") to certain employees. Shares granted vest 33.3 percent in each one of the subsequent three years. The Group assumes the payment of the related income tax on behalf of its employees, which corresponds to 30 percent of the benefit.

The fair value of stock awards granted is 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.

During 2013, 2012 and 2011, the Group has granted approximately 117,562, 144,494 and 165,343 Credicorp' shares, of which 269,006 and 311,275 shares were included pending delivery as of December 31, 2013 and 2012. During those years, the recorded expense amounted to approximately US$18.6 million, US$16.9 million and US$15.7 million, respectively.

20. Off-balance sheet accounts

(a) This item is made up as follows:

	2013 US$(000)	2012 US$(000)
Contingent credits - indirect loans (b), Note 7(a)		
Guarantees and standby letters	4,074,195	3,933,834
Import and export letters of credit	590,124	586,273
	4,664,319	4,520,107
Derivatives, Note 12(b)		
Held for trading:		
Forward currency contracts - buy	3,138,378	3,216,504
Forward currency contracts – sell	2,507,737	2,614,723
Interest rate swaps	2,047,635	1,310,895
Currency swaps	1,956,601	588,839
Options	477,162	95,288
Held as hedges:		
Cash flow hedges:		
Interest rate swaps	876,724	1,089,055
Cross currency swaps	246,735	257,506
Cross currency swaps and interest rate swaps	32,709	60,118
Fair value hedges:		
Interest rate swap	330,748	53,515
	11,614,429	9,286,443
Responsibilities under credit lines agreements (c)	4,222,898	4,008,572
Total	20,501,646	17,815,122

(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 7(a)), including the requirement to obtain collateral when it is deemed necessary.

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

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

21. Interest and similar income and Interest and similar expense

These items are made up as follow:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Interest and similar income			
Interest on loans	2,269,667	1,948,472	1,533,351
Interest on investments available-for-sale	266,758	268,408	223,809
Interest on due from banks	34,576	40,844	42,886
Dividends from investments available-for-sale and trading securities	17,907	16,354	15,321
Interest on trading securities	11,399	6,378	3,900
Other interest and similar income	12,038	29,985	18,497
Total	2,612,345	2,310,441	1,837,764
Interest and similar expense			
Interest on deposits and obligations	(302,711)	(284,827)	(217,322)
Interest on bonds and notes issued	(284,591)	(242,266)	(186,743)
Interest on due to banks and correspondents	(90,767)	(82,776)	(64,369)
Loss from hedging derivatives instruments	(29,657)	(27,666)	(34,922)
Other interest and similar expense	(72,524)	(56,111)	(28,244)
Total	(780,250)	(693,646)	(531,600)

During the years 2013, 2012 and 2011, the interest income accrued on impaired financial instruments recognized in the consolidated statements of income amounted to US$12.7, US$11.5 and US$7.8 million, respectively.

22. Banking services commissions

This item is made up as follows:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Maintenance of accounts, transfers and credit and debit card services	435,130	336,779	288,493
Funds management	146,555	177,189	147,470
Contingent loans fees	64,059	60,616	52,162
Collection services	88,088	69,747	57,036
Commissions for banking services	31,341	23,256	28,249
Brokerage and custody services	38,407	19,756	8,737
Other	29,516	50,078	25,696
Total	833,096	737,421	607,843

23. **Net premiums earned**

(a) 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 %
2013					
Life insurance	289,838	(12,256)	1,183	278,765	0.42
Health insurance	349,278	(3,793)	830	346,315	0.24
General insurance	317,256	(157,651)	5,225	164,830	3.17
Total	956,372	(173,700)	7,238	789,910	0.92
2012					
Life insurance	255,938	(11,026)	137	245,049	0.06
Health insurance	294,111	(2,854)	202	291,459	0.07
General insurance	302,252	(138,718)	4,163	167,697	2.48
Total	852,301	(152,598)	4,502	704,205	0.64
2011					
Life insurance	200,468	(8,633)	-	191,835	-
Health insurance	236,512	(3,195)	2,338	235,655	1.00
General insurance	258,274	(117,975)	6,634	146,933	4.51
Total	695,254	(129,803)	8,972	574,423	1.56

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

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

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Premiums ceded for automatic contracts (mainly excess of loss), Note 9(b)	(50,138)	(52,172)	(40,255)
Premiums ceded for facultative contracts, Note 9(b)	(128,057)	(101,023)	(98,639)
Annual variation for unearned premiums ceded reserves, Note 9(b)	4,495	597	9,091
	(173,700)	(152,598)	(129,803)

(b) Gross premiums earned by insurance type and its participation over total gross premiums are described below:

	2013		2012		2011	
	US$(000)	%	US$(000)	%	US$(000)	%
Life insurance (i)	289,838	30.31	255,938	30.03	200,468	28.83
Health insurance (ii)	349,278	36.52	294,111	34.51	236,512	34.02
General insurance (iii)	317,256	33.17	302,252	35.46	258,274	37.15
Total	956,372	100.00	852,301	100.00	695,254	100.00

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

	2013		2012		2011	
	US$(000)	%	US$(000)	%	US$(000)	%
Credit Life	78,281	27.01	60,364	23.59	43,328	21.61
Group Life	57,863	19.96	51,465	20.11	42,382	21.14
Retirement, disability and survival (*)	75,242	25.96	79,814	31.18	54,746	27.31
Annuities	1,877	0.65	5,623	2.20	5,159	2.58
Individual life and personal accident (**)	76,575	26.42	58,672	22.92	54,853	27.36
Total life insurance gross premiums	289,838	100.00	255,938	100.00	200,468	100.00

(*) This item includes retirements for complementary Work Risk Insurance (SCTR by its Spanish acronym)

(**) This item includes unit linked insurance contracts.

(ii) Health insurance gross premiums includes medical assistance which amounts to US$339.0 million in 2013 (US$287.3 and US$231.1 million in 2012 and 2011, respectively) and represents 97.05 percent in this business line in the year 2013 (97.67 and 97.71 percent in the years 2012 and 2011, respectively).

(iii) The breakdown of General insurance gross premiums earned is as follows:

	2013		2012		2011	
	US$(000)	%	US$(000)	%	US$(000)	%
Automobile	112,890	35.58	95,847	31.71	85,567	33.13
Fire and allied lines	54,687	17.24	72,624	24.03	50,490	19.55
Technical lines (*)	29,865	9.41	28,933	9.57	26,138	10.12
Third party liability	22,397	7.06	20,073	6.64	20,719	8.02
Aviation	22,201	7.00	17,727	5.86	17,377	6.73
Theft and robbery	21,128	6.66	17,258	5.71	13,054	5.06
Transport	16,960	5.35	16,736	5.54	14,217	5.50
SOAT (Mandatory automobile line)	11,542	3.64	11,303	3.74	11,160	4.32
Marine Hull	7,713	2.43	7,306	2.42	6,684	2.59
Others	17,873	5.63	14,445	4.78	12,868	4.98
Total general insurance gross premiums	317,256	100.00	302,252	100.00	258,274	100.00

(*) Technical lines include Contractual All Risk (CAR), Machinery breakdown, Erection All Risk (EAR), Electronic equipment (EE), Construction equipment All Risk (TREC).

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

This item is made up as follows:

	2013			
	Life insurance US$(000)	General insurance US$(000)	Health insurance US$(000)	Total US$(000)
Gross claims, Note 15(b)	176,211	157,893	263,976	598,080
Ceded claims, Note 9(b)	(8,197)	(49,128)	(2,373)	(59,698)
Net insurance claims	168,014	108,765	261,603	538,382

	2012			
	Life insurance US$(000)	General insurance US$(000)	Health insurance US$(000)	Total US$(000)
Gross claims, Note 15(b)	166,249	140,747	220,972	527,968
Ceded claims, Note 9(b)	(6,284)	(55,125)	(1,099)	(62,508)
Net insurance claims	159,965	85,622	219,873	465,460

	2011			
	Life insurance US$(000)	General insurance US$(000)	Health insurance US$(000)	Total US$(000)
Gross claims	123,194	93,314	189,878	406,386
Ceded claims	(4,515)	(22,602)	(1,510)	(28,627)
Net insurance claims	118,679	70,712	188,368	377,759

25. Salaries and employee benefits

This item is made up as follows:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Salaries	471,792	370,947	278,054
Vacations, medical assistance and others	105,268	122,067	89,866
Employees' bonds	44,076	61,687	52,814
Legal gratifications	65,308	67,087	56,159
Workers' profit sharing	50,304	52,740	46,275
Social security	44,817	41,973	35,432
Severance indemnities	35,534	37,574	30,091
Share-based payment plans	22,679	26,659	7,014
Total	839,778	780,734	595,705

26. Other income and expenses

These items are made up as follow:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Other income			
Income from medical services and sale of medicines	126,989	67,918	11,442
Real estate rental income	7,614	6,564	5,672
Income from sale of seized assets	1,632	2,976	4,089
Recoveries of other accounts receivable and other assets	461	668	658
Other	25,945	8,448	8,513
Total other income	162,641	86,574	30,374
Other expenses			
Commissions from insurance activities	80,274	68,428	48,847
Cost of medical services and sale of medicines	103,406	60,452	7,693
Sundry technical insurance expenses	25,297	27,684	29,292
Expenses on improvements in building for rent	10,690	6,081	5,072
Provision for sundry risks, Note 12(d)	8,880	12,942	10,661
Provision for other accounts receivables	2,789	1,343	1,649
Other	22,979	11,120	6,326
Total other expenses	254,315	188,050	109,540

27. Earnings per share

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

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Net income attributable to equity holders of Credicorp (in thousands of U.S. Dollars)	567,078	788,778	709,272
Number of shares:			
Ordinary shares, Note 17(a)	94,382,317	94,382,317	94,382,317
Less - treasury shares	(14,926,038)	(14,974,957)	(14,941,833)
Acquisition of treasury shares, net	28,140	28,903	(24,843)
Weighted average number of ordinary shares for basic earnings	79,484,419	79,436,263	79,415,641
Plus - effect of dilution from stock awards	182,117	211,720	247,204
Weighted average number of ordinary shares adjusted for the effect of dilution	79,666,536	79,647,983	79,662,845
Basic earnings per share (in U.S. Dollars)	7.13	9.93	8.93
Diluted earnings per share (in U.S. Dollars)	7.12	9.90	8.90

28. Operating segments

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

Banking -
Principally handling loans, credit facilities, deposits and current accounts.

Insurance -
Principally granting property, transportation, marine hull, automobile, life, health and pension fund underwriting insurance. Private hospitals operations are also included under this operating segment, said operations are specialized in providing health and wellness programs, primary and specialized ambulatory services, and comprehensive acute care services.

Pension funds -
Providing private pension fund management services to individuals.

Investment banking –
Providing brokerage and securities and investment management services to a diversified client base, including corporations, institutional investors, governments and endowments. Also, it includes the structuring and placement of primary market issuances and the execution and trading of secondary market transactions. In addition, offers securitization structuring to corporate entities and manages mutual funds.

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 the years 2013, 2012 and 2011.

(i) The following table presents income and certain asset information regarding the Group's reportable segments (in millions of U.S. Dollars) for the years ended 31 December 2013, 2012 and 2011:

	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
2013													
Banking	3,302	161	(161)	3,302	1,707	(454)	(103)	-	809	(342)	467	208	37,584
Insurance	1,085	59	(59)	1,085	357	-	(5)	(1)	53	(14)	42	56	2,762
Pension funds	137	-	-	137	-	-	(7)	-	73	(20)	53	3	275
Investment banking	106	23	(23)	106	20	-	(6)	-	39	(24)	12	41	238
Total consolidated	4,630	243	(243)	4,630	2,084	(454)	(121)	(1)	974	(400)	574	308	40,859
2012													
Banking	3,062	140	(140)	3,062	1,558	(378)	(87)	-	786	(151)	632	202	36,227
Insurance	827	33	(33)	827	261	-	(11)	-	98	-	97	66	2,616
Pension funds	118	1	(1)	118	-	-	(9)	-	55	(18)	41	-	249
Investment banking	128	1	(1)	128	37	-	(2)	-	46	(8)	38	274	1,705
Total consolidated	4,135	175	(175)	4,135	1,856	(378)	(109)	-	985	(177)	808	542	40,797
2011													
Banking	2,419	125	(125)	2,419	1,224	(215)	(77)	(1)	725	(146)	571	144	28,338
Insurance	682	37	(37)	682	279	-	(8)	-	90	(2)	89	133	2,101
Pension funds	106	-	-	106	-	-	(9)	-	52	(15)	37	2	239
Investment banking	44	1	(1)	44	-	-	-	-	29	(10)	27	-	36
Total consolidated	3,251	163	(163)	3,251	1,503	(215)	(94)	(1)	896	(173)	724	279	30,714

(ii) The following tables presents (in millions of U.S. Dollars) the distribution of the Group's external income, operating income, and non-current assets allocated based on the location of the customer and its assets, respectively for the years ended 31 December 2013, 2012 and 2011:

	2013			2012			2011		
	Total income (*)	Operating income (**)	Non-current assets (***)	Total income (*)	Operating income (**)	Non-current assets (***)	Total income (*)	Operating income (**)	Non-current assets (***)
Peru	4,124	1,957	1,094	3,554	1,698	909	3,019	1,423	719
Panama	151	8	123	255	8	123	50	8	155
Cayman Islands	100	41	2	91	35	-	69	16	-
Bolivia	121	68	16	105	60	16	91	42	17
Colombia	77	1	86	67	37	109	-	-	-
United States of America	48	9	38	17	15	5	17	13	35
Chile	9	-	105	46	3	188	5	1	-
Total consolidated	4,630	2,084	1,464	4,135	1,856	1,350	3,251	1,503	926

(*) Includes total interest and similar 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.

29. Subsidiaries with material non-controlling interest

The following tables summarize the information of subsidiaries that have material non-controlling interest.

Proportion of equity interest held by non-controlling interests:

Entity	Country of incorporation and operation	Percentage of participation 2013 and 2012
		%
Credicorp Capital Colombia	Colombia	49.0
IM Trust	Chile	39.4

	2013 US$(000)	2012 US$(000)
Accumulated balances of material non-controlling interest		
Credicorp Capital Colombia	44,695	42,522
IM Trust	50,262	61,718
Profit attributable to material non-controlling interest		
Credicorp Capital Colombia	2,136	2,301
IM Trust	(2,684)	2,114

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations:

	2013		2012	
Summarized statements of income	**Credicorp Capital Colombia (*)** US$(000)	**IM Trust (*)** US$(000)	**Credicorp Capital Colombia (*)** US$(000)	**IM Trust(*)** US$(000)
Revenue	124,854	30,298	50,414	17,615
Expenses	(117,115)	(44,884)	(42,949)	(12,702)
Profit before income tax	7,739	(14,586)	7,465	4,913
Income tax	(2,337)	(909)	(1,360)	88
Profit for the year	5,402	(15,495)	6,105	5,001
Attributable to non-controlling interest	2,136	(2,684)	2,301	2,114

(*) Credicorp Capital Colombia and IM Trust are controlled by the Group through its subsidiaries BCP Colombia and BCP Chile. In this sense, BCP Colombia and Chile had recorded the intangibles, goodwill and non-controlling interest identified as a consequence of the acquisition of such subsidiaries.

Summarized statement of financial position	As of December 31, 2013 Credicorp Capital Colombia US$(000)	As of December 31, 2013 IM Trust US$(000)	As of December 31, 2012 Credicorp Capital Colombia US$(000)	As of December 31, 2012 IM Trust US$(000)
Assets				
Receivables from reverse repurchase agreements and security borrowings	320,783	38,588	1,093,503	89,033
Investments at fair value through profit or loss and available-for-sale.	45,444	21,253	46,997	22,780
Other assets	111,022	228,201	114,262	272,387
Liabilities and equity				
Payables from repurchase agreements and security lendings.	277,640	36,126	1,011,980	86,140
Financial liabilities at fair value through profit or loss	42,775	-	80,084	16,040
Other liabilities	40,518	112,361	44,951	106,566
Net equity	116,316	139,555	117,747	175,454

Summarized statements of cash flows	As of December 31, 2013 Credicorp Capital Colombia US$(000)	As of December 31, 2013 IM Trust US$(000)	As of December 31, 2012 Credicorp Capital Colombia US$(000)	As of December 31, 2012 IM Trust US$(000)
Operating activities	13,189	3,520	7,491	(10,653)
Investing activities	(695,051)	16,612	381,581	7,409
Financing activities	-	(13,634)	(8,122)	(13,411)
Net increase in cash and cash equivalents	(681,862)	6,498	380,950	(16,655)

Credicorp Ltd. and its subsidiaries render management services for investment funds and trusts whose assets are not included in its consolidated financial statements. Management has analyzed the nature of investments funds and trust and concluded that none of them qualifies as a structured entity in accordance with the established by IFRS 12 "Disclosure of Interests in Other Entities", so it has not been necessary to incorporate additional disclosures as indicated in Note 32.8 in relation to those.

30. Transactions with related parties

(a) The Group's consolidated financial statements as of December 31, 2013 and 2012 include transactions with related companies, the Board of Directors, the Group's key executives (defined as the Management of Credicorp) 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, 2013 and 2012:

	2013 US$(000)	2012 US$(000)
Direct loans	367,062	448,353
Investments available-for-sale and trading securities	106,837	171,025
Deposits	97,835	237,610
Contingent credits	50,673	52,556
Interest income related to loans – income	9,297	7,851
Interest expense related to deposits - expense	2,541	6,651
Other income	3,446	2,136
Derivatives at fair value	128	(1,833)

(c) All transactions with related parties are made in accordance with normal market conditions available to other customers. As of December 31, 2013, direct loans to related companies are secured by collaterals, had maturities between January 2014 and July 2021 and accrued an annual average interest rate of 8.43 percent (as of December 31, 2012, had maturities between January 2013 and August 2022 and accrued an annual average interest rate of 7.76 percent). Likewise, as of December 31, 2013 and 2012, the Group maintained an allowance for loan losses to related parties amounting to US$0.2 million and US$0.7 million, respectively.

(d) As of December 31, 2013 and 2012, 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, 2013 and 2012, direct loans to employees, directors and key Management amounted to US$265.5 and US$247.2 million, respectively; said loans 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, 2013, 2012 and 2011, comprised the following:

	2013 US$(000)	2012 US$(000)	2011 US$(000)
Salaries	8,367	8,060	6,672
Directors' compensations	1,894	2,214	2,181
Total	10,261	10,274	8,853

Also, key executives compensation includes share based payments as explained in more detail in Note 19. SARs valuation for the years 2013, 2012 and 2011 resulted in an expense amounting to US$1.0 million, an expense amounting to US$5.3 million and an income amounting to US$5.8 million, respectively. During 2013, there were no executed SARs (approximately US$8.9 million and US$25.5 million of SARs were executed during 2012 and 2011, respectively, which corresponding to vested SARs in prior years. Likewise, approximately US$5.6 million of stock awards vested in the year 2013 (US$5.6 million and US$4.9 million during 2012 and 2011, respectively. The related executives' income tax is assumed by the Group.

(f) As of December 31, 2013 and 2012, the Group has participations in different mutual funds and hedge funds managed by certain Group's Subsidiaries; said participations are classified as trading securities or Investments available-for-sale. The detail is the following:

	2013 US$(000)	2012 US$(000)
Trading and available-for-sale investments -		
Mutual funds – U.S. Dollars	28,798	78,738
Mutual funds – Bolivianos	10,259	4,251
Mutual funds – Nuevos Soles	6,012	81,137
Mutual funds – Pesos Chilenos	1,811	4,498
Total	46,880	168,624

31. 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, 2013							As of December 31, 2012						
	Financial assets and liabilities designated at fair value							Financial assets and liabilities designated at fair value						
	Held for trading or hedging	At inception	Loans and receivables	Investments available-for-sale	Investments held-to-maturity	Liabilities at amortized cost	Total	Held for trading or hedging	At inception	Loans and receivables	Investments available-for-sale	Investments held-to-maturity	Liabilities at amortized cost	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Assets														
Cash and due from banks	-	-	7,786,379	-	-	-	7,786,379	-	-	7,849,105	-	-	-	7,849,105
Receivables from reverse repurchase agreements and security borrowings	-	-	391,280	-	-	-	391,280	-	-	1,200,218	-	-	-	1,200,218
Trading securities	536,689	-	-	-	-	-	536,689	176,751	-	-	-	-	-	176,751
Investments available-for-sale	-	-	-	6,515,496	-	-	6,515,496	-	-	-	7,411,695	-	-	7,411,695
Investments held-to-maturity	-	-	-	-	242,210	-	242,210	-	-	-	-	259,663	-	259,663
Loans, net	-	-	22,217,631	-	-	-	22,217,631	-	-	20,772,622	-	-	-	20,772,622
Financial assets designated at fair value through profit or loss	-	107,276	-	-	-	-	107,276	-	107,138	-	-	-	-	107,138
Premiums and other policies receivable	-	-	206,100	-	-	-	206,100	-	-	183,983	-	-	-	183,983
Accounts receivable from reinsurers and coinsurers	-	-	207,056	-	-	-	207,056	-	-	167,460	-	-	-	167,460
Due from customers on acceptances	-	-	67,688	-	-	-	67,688	-	-	100,768	-	-	-	100,768
Other assets, Note 12	165,236	-	293,656	-	-	-	458,892	159,364	-	338,011	-	-	-	497,375
	701,925	107,276	31,169,790	6,515,496	242,210	-	38,736,697	336,115	107,138	30,612,167	7,411,695	259,663	-	38,726,778
Liabilities														
Deposits and obligations	-	-	-	-	-	24,474,625	24,474,625	-	-	-	-	-	24,040,420	24,040,420
Payables from repurchase agreements and security lendings	-	-	-	-	-	1,259,505	1,259,505	-	-	-	-	-	1,878,341	1,878,341
Due to banks and correspondents	-	-	-	-	-	2,566,371	2,566,371	-	-	-	-	-	2,686,261	2,686,261
Bankers' acceptances outstanding	-	-	-	-	-	67,688	67,688	-	-	-	-	-	100,768	100,768
Financial liabilities designated at fair value through profit or loss	42,774	-	-	-	-	-	42,774	96,124	-	-	-	-	-	96,124
Accounts payable to reinsurers and coinsurers	-	-	-	-	-	83,183	83,183	-	-	-	-	-	68,536	68,536
Bonds and notes issued	-	-	-	-	-	5,056,715	5,056,715	-	-	-	-	-	4,783,388	4,783,388
Other liabilities, Note 12	154,316	121,906	-	-	-	594,211	870,433	166,158	121,772	-	-	-	655,047	942,977
	197,090	121,906	-	-	-	34,102,298	34,421,294	262,282	121,772	-	-	-	34,212,761	34,596,815

32. Financial risk management

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, currencies 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 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 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.

In addition, in order to effectively manage all the risks, the Risk Management Committee is divided into the following tactical committees which report on a monthly basis all changes or issues in the managed risks:

Credit Risk Committee -
The Credit Risk Committee is responsible of reviewing the tolerance level, limits of exposure, the objective, guidelines and policies for managing credit risk, the delegation of authority and the supervision and establishment of autonomy for taking credit risks and the metrics for measuring performance incorporating risk variables. Also, it is responsible of approving the methodologies, models, parameters, scenarios, processes, stress tests and manuals to identify, measure, treat, monitor, control and report all the market risks to which the Group is exposed. Furthermore, it proposes the approval of any changes to the functions described above and reports any finding to the Risk Management Committee.

The Credit Risk Committee is mainly composed by the Chief Risk Executive, the Manager of the Credit Division and the Manager of the Risk Management Area.

Treasury and ALM Risk Committee -
The Treasury and ALM Risk Committee is responsible of reviewing the tolerance level, limits of exposure, the objective, guidelines and policies for managing market risks, the delegation of authority and the supervision and establishment of autonomy for taking market risks, and the metrics for measuring performance incorporating risk variables. Also, it is responsible of approving the methodologies, models, parameters, processes and manuals to identify, measure, treat, monitor, control and report all the market risks to which the Group is exposed. Furthermore, it proposes the approval of any changes of the functions described above and reports any finding to the Risk Management Committee.

The Treasury and ALM Risk Committee is mainly composed by the Chief Risk Executive, the Manager of the Risk Management Area, the Manager of the Treasury Risk Area and the Manager of the Treasury Division.

Operational Risk Committee -
The Operational Risk Committee is responsible of reviewing the tolerance level, limits of exposure, the objective, guidelines and policies for managing operational risks and the mechanisms for implementing corrective actions. Also, it is responsible of approving: (i) the standard methodology for measuring operational risks, (ii) the taxonomy of operational risks and controls and (iii) all the critical processes of the Group. Furthermore, it proposes the approval of any changes to the functions described above and reports any finding to the Risk Management Committee.

The Credit Risk Committee is mainly composed by the Chief Risk Executive, the Manager of the Risk Management Area, the Manager of the Operational Risk Management Department, the Manager of the Internal Audit Division.

(iii) Chief Risk Office

The Chief Risk Office is responsible for Implementing policies, procedures, methodologies and actions to identify, measure, monitor, mitigate, report and control the different types of risks to which the Group is exposed. Also, it participates in the design and definition of the strategic plans of the business units to ensure that they are framed within the risk appetite metrics approved by the Board of Directors.

The Chief Risk Office is divided into the following areas:

Risk Management Area

The Risk Management Area is responsible of ensuring that policies and risk management policies established by the Board of Directors are complied with and monitored. The Risk Management Area is composed by the Credit Risk Management Department, Market Risk Management Department, the Operational Risk Management Department and the Insurance Risk Management Department.

Treasury Risk Area

The Treasury Risk Area is responsible of planning, coordinating and monitoring the compliance of the Treasury Division with risk measurement methodologies and limits approved by the Risk Management Committee. Also, it is responsible to assess the effectiveness of hedge derivatives and the valuation of investments.

Consumer and Micro-business Risk Area

The Consumer and Micro-business Risk Area is responsible of ensuring the quality of the retail loans portfolio and of developing credit standards in line with the guidelines and risk levels defined by the Board of Directors.

(iv) Treasury Division

Treasury Division 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 and derivative portfolios, assuming the related liquidity, interest rate and exchange rate risks under the policies and limits currently effective.

(v) Internal Audit Division

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.

(b) Risk measurement and reporting systems -
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 any risks. This information is presented and explained to the Board of Directors, the Risk Management Committee, the Audit 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 Treasury Risk Area. The effectiveness of all the hedge relationships is monitored 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.

32.1. Credit risk -

(a) The Group takes on exposure to credit risk, which is the risk that counterparty causes a financial loss by failing to discharge an obligation. Credit risk is the most important risk for the Group's business; therefore, Management carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and receivables from security borrowings, 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 (indirect loans), which expose the Group to similar risks to loans (direct loans); they are both mitigated by the same control processes and policies. Likewise, credit risk arising from derivative financial instruments is, at any time, limited to those with positive 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 frequent reviews. 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 collateral for loans granted. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The main types of collateral obtained are as follows:

- For reverse repurchase agreements and security borrowings, collateral is securities.
- For loans and advances, collaterals include, among others, mortgages over residential properties; liens over business assets such as premises, inventory and accounts receivable; and liens over financial instruments such as debt securities and equities.

- For longer-term finance and lending to corporate entities, collateral includes revolving individual credit facilities. Loans to micro entrepreneurs 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 assets back 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 off 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 own business.

(ii) Derivatives

The Group maintains strict control limits on net open derivative positions (for example, 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 (for example, an asset when fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional amount 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 equity is made in the expectation of a corresponding receipt in cash, securities or equity. 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 Group's risk management structure, see Note 32(a), there is a Credit Risk Management Department 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 three directors, the Chief Executive Officer, the Chief Financial Officer, the Deputy Chief Executive Officer, the Chief Risk Officer, the Risk Management Department Manager, Central Manager Retail Banking, Central Manager Wholesale Banking, the Credit Division Manager and the Internal Audit Division Manager as an observer. Each of the financial indicators prepared by the Risk Management Department are analyzed by this committee on a monthly 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. Said credit policies are set forth based on the guidelines established by the Board of Directors and keeping in mind the statutory financial laws and regulations. It's main activities are: establish the client credit standards and guidelines (evaluation, authorization and control); follow the guidelines established by the Board of Directors and General Management, as well as those established by governmental regulatory bodies; 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; monitor credit-granting activities within the different autonomous bodies, among others.

(b) The maximum exposure to credit risk as of December 31, 2013 and 2012, before the effect of mitigation through any collateral, is the book value of each class of financial assets indicated in Note 32.7(a), 32.7(b) and the contingent credits detailed in Note 20(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:

- 99 percent of the gross loan portfolio is categorized in the top two grades of the internal rating system as of December 31, 2013 (98 percent as of December 31, 2012);

- 97 percent of the loan portfolio is considered to be neither past due nor impaired as of December 31, 2013 (96 percent as of December 31, 2012);

- 80 percent of the investments have at least investment credit rating (BBB- or higher) or are debt securities issued by BCRP (unrated) as of December 31, 2013 (80.5 percent as of December 31, 2012);

- 76.5 percent of securities received as collateral in reverse repurchase agreements and security borrowings have investment credit rating (BBB- or higher) or are debt securities issued by the Colombian and Chilean Governments as of December 31, 2013 (93.6 percent as of December 31, 2012); and

- 12.0 percent and 71.8 percent of the cash and due from banks represent amounts deposited in the Group's vaults or in the BCRP, respectively, as of December 31, 2013 (8.7 percent and 79.1 percent, respectively, as of December 31, 2012).

(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 categories used are: (i) normal - A, (ii) potential problems - B, (iii) substandard - C, (iv) doubtful - D and (v) loss - E, which 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 and micro-business 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 and micro-business 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 60 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 and micro-business loans 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 61 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 and micro-business 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 (Class E): Commercial loans 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 and micro-business 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 classifications.

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

- Individually assessed allowance -
  The Group determines the appropriate allowance 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 its performance once a financial difficulty has arisen, projected cash flows and the expected payout should bankruptcy happens, the availability of other financial support, including the realizable value of collateral, and the timing of the expected cash flows.

  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 -
  Allowance requirements are assessed collectively for losses on loans and advances that are not individually significant (including consumer, micro-business 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).

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 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. 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 Management to ensure alignment with the Group's overall policy.

The methodology includes three estimation scenarios: base, upper threshold and lower threshold. These scenarios are generated by modifying some assumptions, such as collateral recovery values and adverse effects due to changes in the political and economic environments. The process to select the best estimate within the range is based on management´s best judgment, complemented by historical loss experience and the Company's strategy (e.g. penetration in new segments).

Impairment losses are evaluated at each reporting date as to whether there is any objective evidence that a financial asset or group of assets is impaired.

Financial guarantees and letter of credit (indirect loans) 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, if deemed necessary.

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 legal procedures have been completed. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the consolidated statements of income.

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 classifications:

	As of December 31, 2013						As of December 31, 2012					
	Commercial loans US$(000)	Residential mortgage loans US$(000)	Micro-business loans US$(000)	Consumer loans US$(000)	Total US$(000)	%	Commercial loans US$(000)	Residential mortgage loans US$(000)	Micro-business loans US$(000)	Consumer loans US$(000)	Total US$(000)	%
Neither past due nor impaired -												
Normal	12,394,618	3,491,641	2,381,449	2,593,756	20,861,464	95	11,281,391	3,157,356	2,485,593	2,418,751	19,343,091	94
Potential problem	240,639	19,598	93,073	25,194	378,504	2	222,686	17,922	61,862	23,458	325,928	2
Past due but not impaired -												
Normal	324,114	179,120	89,829	212,448	805,511	4	423,698	197,393	71,221	246,657	938,969	4
Potential problem	19,843	19,491	6,657	1,802	47,793	-	7,447	14,696	16,433	48,006	86,582	-
Impaired -												
Substandard	64,623	37,135	61,740	77,316	240,814	1	38,263	26,993	56,224	71,130	192,610	1
Doubtful	53,816	39,738	72,167	112,998	278,719	1	32,794	30,403	57,968	111,003	232,168	1
Loss	49,683	52,500	112,730	56,129	271,042	1	34,173	40,724	86,957	46,272	208,126	1
Gross	13,147,336	3,839,223	2,817,645	3,079,643	22,883,847	104	12,040,452	3,485,487	2,836,258	2,965,277	21,327,474	103
Less: Allowance for loan losses	116,724	51,725	309,607	331,836	809,892	4	108,246	52,396	254,429	283,951	699,022	3
Total, net	13,030,612	3,787,498	2,508,038	2,747,807	22,073,955	100	11,932,206	3,433,091	2,581,829	2,681,326	20,628,452	100

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

As of December 31, 2013 and 2012, renegotiated loans amounted to approximately US$133.0 million and US$142.2 million, respectively, of which US$39.1 million and US$35.2 million, respectively, are classified as neither past due nor impaired, US$5.9 and US$13.7 million past due but not impaired, and US$88.0 and US$93.3 million impaired but not past due, respectively.

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, 2013					As of December 31, 2012				
	Commercial loans US$(000)	Residential mortgage loans US$(000)	Micro-business loans US$(000)	Consumer loans US$(000)	Total US$(000)	Commercial loans US$(000)	Residential mortgage loans US$(000)	Micro-business loans US$(000)	Consumer loans US$(000)	Total US$(000)
Impaired loans	168,122	129,373	246,637	246,443	790,575	105,230	98,120	201,149	228,405	632,904
Fair value of collateral	63,706	81,806	51,722	30,817	228,051	33,866	64,399	42,927	18,800	159,992
Allowance for loan losses	80,425	27,184	190,390	154,727	452,726	50,293	22,284	114,477	149,934	336,988

(d) Credit risk management on reverse repurchase agreements and security borrowings -

Most of these operations are performed by Credicorp Capital Colombia and IM Trust. The Group has implemented credit limits for each counterparty and most of the transactions are collaterized with investment grade financial instruments issued by Colombian and Chilean entities and financial instruments issued by the Colombian and Chilean Governments.

(e) Credit risk management on investments in trading securities, available-for-sale and held-to-maturity -

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 used are those provided by the three most prestigious Peruvian rating agencies (authorized by the Peruvian government regulator) and for investments traded abroad, the risk-ratings used are those provided by the three most prestigious international rating agencies. In the event any subsidiary uses a risk-rating prepared by any other risk rating agency, such risk-ratings will be standardized with those provided by the afore-mentioned institutions for consolidation purposes.

The following table shows the analysis of the risk-rating of investments at fair value through profit or loss (trading) available-for-sale and held-to-maturity, provided by the institutions referred to above:

	As of December 31, 2013		As of December 31, 2012	
	US$(000)	%	US$(000)	%
Instruments rated in Peru:				
AAA	408,002	5.6	485,331	6.2
AA- to AA+	233,578	3.2	179,566	2.3
A- to A+	8,242	0.1	17,536	0.2
BBB-to BBB+	15,994	0.2	-	-
BB- to BB+	6,534	0.1	-	-
Lower than +B	700	0.1	-	-
Unrated				
BCRP certificates of deposit	2,253,016	30.9	2,965,313	37.8
Listed and non-listed securities	344,190	4.7	331,014	4.2
Restricted mutual funds	103,961	1.4	99,748	1.3
Mutual funds	37,851	0.5	153,501	2.0
Other instruments	17,977	0.2	12,795	0.1
Subtotal	3,430,045	47.0	4,244,804	54.1
Instruments rated abroad:				
AAA	61,461	0.8	82,748	1.1
AA- to AA+	142,587	2.0	104,578	1.3
A- to A+	428,418	5.9	510,447	6.5
BBB- to BBB+	2,279,717	31.3	1,968,572	25.1
BB- to BB+	210,637	2.9	151,942	1.9
Lower than B+	90,098	1.2	81,843	1.0
Unrated				
Listed and non-listed securities	263,425	3.6	319,454	4.1
Central Bank of Bolivia certificates of deposit	116,802	1.6	161,674	2.1
Participation in RAL's funds	125,777	1.7	78,751	1.0
Mutual funds	47,901	0.7	35,234	0.4
Hedge funds	32,745	0.4	25,050	0.3
Other instruments	64,782	0.9	83,012	1.1
Subtotal	3,864,350	53.0	3,603,305	45.9
Total	7,294,395	100.0	7,848,109	100.0

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

As of December 31, 2013 and 2012, financial instruments with exposure to credit risk were distributed considering the following economic sectors:

	2013						2012					
	Designated at fair value through profit for loss						Designated at fair value through profit for loss					
	Held for trading and hedging US$(000)	At inception US$(000)	Loans and receivables US$(000)	Investments available-for-sale US$(000)	Investments held-to-maturity 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)	Investments held-to-maturity US$(000)	Total US$(000)
Central Reserve Bank of Perú	348,057	-	5,593,654	1,904,959	-	7,846,670	-	-	6,205,611	2,965,313	-	9,170,924
Financial services	260,890	69,544	3,463,438	1,547,511	-	5,341,383	238,529	67,774	3,748,522	1,837,776	-	5,892,601
Manufacturing	1,561	8,146	3,727,696	250,337	-	3,987,740	3,438	10,799	2,884,945	445,694	-	3,344,876
Mortgage loans	-	-	3,405,489	-	-	3,405,489	-	-	3,405,050	-	-	3,405,050
Consumer loans	-	-	3,077,356	-	-	3,077,356	-	-	2,768,860	-	-	2,768,860
Micro-business loans	-	-	1,460,208	-	-	1,460,208	-	-	2,669,882	-		2,669,882
Commerce	13,389	2,860	3,261,222	96,668	-	3,374,139	7,343	1,244	2,204,924	64,517	-	2,278,028
Electricity, gas and water	13,628	10,163	1,053,177	694,538	-	1,771,506	22,588	9,089	1,301,228	509,344	-	1,842,249
Government and public administration	38,808	2,838	20,525	1,291,032	242,210	1,595,413	38,095	923	21,125	1,003,341	259,663	1,323,147
Leaseholds and real estate activities	488	-	1,265,370	21,465	-	1,287,323	853	-	1,212,116	80,112	-	1,293,081
Communications, storage and transportation	8,192	2,832	871,433	242,543	-	1,125,000	1,137	2,325	724,846	289,094	-	1,017,402
Mining	3,974	10,421	1,038,771	155,258	-	1,208,424	4,370	13,271	734,003	111,071	-	862,715
Community services	-	-	886,893	5,416	-	892,309	-	-	816,744	-	-	816,744
Construction	4,716	346	473,403	186,889	-	665,354	5,438	1,653	478,389	25,894	-	511,374
Agriculture	1,847	-	484,529	10,341	-	496,717	1,878	-	431,794	1,032	-	434,704
Education, health and other services	781	-	290,782	38,335	-	329,898	1,902	-	229,441	28,407	-	259,750
Insurance	18	-	242,119	2,245	-	244,382	-	-	242,045	711	-	242,756
Fishing	510	-	205,692	-	-	206,202	939	-	197,810	-	-	198,749
Other	5,066	126	348,033	67,959	-	421,184	9,605	60	334,832	49,389	-	393,886
Total	701,925	107,276	31,169,790	6,515,496	242,210	38,736,697	336,115	107,138	30,612,167	7,411,695	259,663	38,726,778

As of December 31, 2013 and 2012, the financial instruments with exposure to credit risk were distributed by the following geographical areas:

	2013					
	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)	Investments held-to-maturity US$(000)	Total US$(000)
Peru	485,232	48,236	27,727,555	4,162,598	140,155	32,563,776
United States of America	76,423	26,471	156,385	947,971	-	1,207,250
Colombia	45,254	-	341,625	206,008	48,337	641,224
Bolivia	148	-	1,334,325	276,984	-	1,611,457
Chile	18,831	-	29,251	389,138	-	437,220
Brazil	6,865	-	10,228	187,577	42,041	246,711
Europe:						
United Kingdom	53,961	-	473	44,095	-	98,529
Switzerland	11	-	97	7,974	-	8,082
France	1,575	9,121	-	17,712	-	28,408
Luxembourg	-	21,848	-	2,232	-	24,080
Spain	-	-	4,978	2,100	-	7,078
Netherlands	-	-	-	-	-	-
Other Europe	-	-	43,396	-	-	43,396
Mexico	7,899	1,600	6,441	64,173	11,677	91,790
Multilateral development banks	-	-	-	-	-	-
Other	5,726	-	1,515,036	206,934	-	1,727,696
Total	701,925	107,276	31,169,790	6,515,496	242,210	38,736,697

	2012					
	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)	Investments held-to-maturity US$(000)	Total US$(000)
Peru	135,021	39,499	27,416,622	5,059,738	153,438	32,804,318
United States of America	42,771	32,101	521,118	901,518	-	1,497,508
Colombia	74,323	-	1,193,428	147,887	50,155	1,465,793
Bolivia	154	-	1,068,992	260,712	-	1,329,858
Chile	24,914	-	191,711	394,783	-	611,408
Brazil	-	1,059	25,451	156,801	43,885	227,196
Europe:						
United Kingdom	33,127	-	57,623	71,636	-	162,386
Switzerland	3,028	-	15,499	6,834	-	25,361
France	3,155	20,545	273	19,937	-	43,910
Luxembourg	-	11,594	-	25,590	-	37,184
Spain	-	-	15,525	21,449	-	36,974
Netherlands	-	-	43	24,820	-	24,863
Other Europe	529	-	16,884	11,304	-	28,717
Mexico	-	353	10,097	59,891	12,185	82,526
Multilateral development banks	-	64	-	78,287	-	78,351
Other	19,093	1,923	78,901	170,508	-	270,425
Total	336,115	107,138	30,612,167	7,411,695	259,663	38,726,778

(g) Offsetting financial assets and liabilities

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

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

The similar agreements include derivative clearing agreements, master repurchase agreements, and master securities lending agreements. Similar financial instruments include derivatives, receivables from reverse repurchase agreements and security borrowings, payables from repurchase agreements and security lendings and other financial assets and liabilities. Financial instruments such as loans and deposits are not disclosed in the tables below unless they are offset in the statement of financial position.

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

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

- Derivatives;
- Receivables from reverse repurchase agreements and security borrowings;
- Payables from repurchase agreements and security lendings; and
- Other financial assets and liabilities

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

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

As of December 31, 2013

Description	Gross amounts of recognized financial assets US$(000)	Gross amounts of recognized financial liabilities and offset in the consolidated statement of financial position US$(000)	Net amounts of financial assets presented in the consolidated statement of financial position US$(000)	Related amounts not offset in the consolidated statement of financial position: Financial instruments (including non-cash collateral) US$(000)	Related amounts not offset in the consolidated statement of financial position: Cash collateral received US$(000)	Net amount US$(000)
Derivatives	86,589	-	86,589	(82,059)	-	4,530
Receivables from reverse repurchase agreements and security borrowings	391,280	-	391,280	(345,851)	-	45,429
Total	477,869		477,869	(427,910)	-	49,959

As of December 31, 2012

Description	Gross amounts of recognized financial assets US$(000)	Gross amounts of recognized financial liabilities and offset in the consolidated statement of financial position US$(000)	Net amounts of financial assets presented in the consolidated statement of financial position US$(000)	Related amounts not offset in the consolidated statement of financial position: Financial instruments (including non-cash collateral) US$(000)	Related amounts not offset in the consolidated statement of financial position: Cash collateral received US$(000)	Net amount US$(000)
Derivatives	39,648	-	39,648	(31,003)	-	8,645
Receivables from reverse repurchase agreements and security borrowings	778,194	-	778,194	(725,709)	-	52,485
Other financial assets	-	-	-	-	-	-
Total	817,842	-	817,842	(756,712)		61,130

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	As of December 31, 2013					
				Related amounts not offset in the consolidated statement of financial position		
Description	**Gross amounts of recognized financial liabilities** US$(000)	**Gross amounts of recognized financial assets and offset in the statement of financial position** US$(000)	**Net amounts of financial liabilities presented in the statement of financial position** US$(000)	**Financial instruments (including non-cash collateral)** US$(000)	**Cash collateral pledged** US$(000)	**Net amount** US$(000)
Derivatives	91,855	-	91,855	(82,059)	(9,796)	-
Payables from repurchase agreements and security lendings	1,259,505	-	1,259,505	(1,259,505)	-	-
Financial liabilities designated at fair value through profit or loss	42,775	-	42,775	-	-	42,775
Total	1,394,135	-	1,394,135	(1,341,564)	(9,796)	42,775

	As of December 31, 2012					
				Related amounts not offset in the consolidated statement of financial position		
Description	**Gross amounts of recognized financial liabilities** US$(000)	**Gross amounts of recognized financial assets and offset in the statement of financial position** US$(000)	**Net amounts of financial liabilities presented in the statement of financial position** US$(000)	**Financial instruments (including non-cash collateral)** US$(000)	**Cash collateral pledged** US$(000)	**Net amount** US$(000)
Derivatives	39,938	-	39,938	(31,003)	-	8,935
Payables from repurchase agreements and security lendings	1,488,228	-	1,488,228	(1,488,228)	-	-
Other financial liabilities	102,586	-	102,586	-	-	102,586
Total	1,630,752	-	1,630,752	(1,519,231)	-	111,521

The gross amounts of financial assets and liabilities and their net amounts disclosed in the above tables have been measured in the statement of financial position on the following basis:

- Derivative assets and liabilities are measured at fair value.
- Receivable from reverse repurchase agreements and security borrowing and payables from repurchase agreements and security lendings are measured at amortized cost.
- Financial liabilities designated at fair value through profit or loss are measured at fair value.

The different between the carrying amount in statement of financial portion and the amounts presented in the tables above for derivatives (predented in other assets note 12(b)), receivables from reverse repurchase agreement and security borrowing, payables from repurchase agreements and security lending and financial liabilities designated at fair value through profit or loss; are financial instruments not in scope of offsetting disclosure.

32.2. 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).

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

(a) Trading Book –

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

(i) Value at Risk (VaR) -

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

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

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

The time horizon used to calculate VaR is one day; however, the one-day VAR is amplified to a 10-day time frame and calculated multiplying the one-day VaR times the square root of 10. This adjustment will be exact only if the changes in the portfolio in the following days have a normal distribution identical and independent; otherwise, the VAR to 10 days will be an approximation.

The assessment of past movements has been based on historical one-year data and 109 market risk factors, which are composed as follows: 23 market curves, 75 stock prices, 10 mutual funds values and one volatility series. The Group applies these historical changes in rates directly to its current positions (a method known as historical simulation). The Management believes the market risk factors incorporated into its VaR model are adequate to measure the market risk to which the Group's trading book is exposed.

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

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

In VaR calculation, the foreign exchange effect is not included because it is measured in the net monetary position, see note 32.2 (b)(ii).

As of December 31, 2013 and 2012, the Group's VaR by type of asset is as follows:

	2013 US$(000)	2012 US$(000)
Equity investments	7,109	2,759
Debt Investments	5,903	2,311
Swaps	8,328	309
Forwards	2,231	1,871
Options	346	49
Diversification effect	(14,498)	(4,962)
Consolidated VaR by asset type	9,419	2,337

As of December 31, 2013 and 2012, the Group's VaR by risk type is as follows:

	2013 US$(000)	2012 US$(000)
Interest rate risk	10,754	2,787
Price risk	7,109	2,759
Volatility risk	23	1
Diversification effect	(8,467)	(3,210)
Consolidated VaR by risk type	9,419	2,337

(b) ALM Book –

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 rate 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 flows 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 flows risks. The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored by the Market Risk Management 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, 2013						
	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	6,048,240	121,845	59,543	-	-	1,556,751	7,786,379
Receivables from reverse repurchase agreements and security borrowings	386,596	4,684	-	-	-	-	391,280
Investments	756,186	790,907	1,359,104	1,107,858	1,881,378	1,398,962	7,294,395
Loans, net	2,661,045	5,719,867	4,641,367	5,792,230	3,403,122	-	22,217,631
Financial assets designated at fair value through profit or loss	-	-	11,240	2,525	9,098	84,413	107,276
Premiums and other policies receivables	-	-	-	-	-	206,100	206,100
Accounts receivable from reinsurers and coinsurers	-	-	-	-	-	207,056	207,056
Other assets	-	-	-	-	-	2,610,713	2,610,713
Total assets	9,852,067	6,637,303	6,071,254	6,902,613	5,293,598	6,063,995	40,820,830
Liabilities							
Deposits and obligations	5,593,590	1,578,532	8,576,570	1,998,320	148,307	6,579,306	24,474,625
Payables from repurchase agreements and security lending	648,919	222,829	387,757	-	-	-	1,259,505
Due to banks and correspondents	147,080	570,699	913,453	654,662	270,589	9,888	2,566,371
Accounts payable to reinsurers and coinsurers	-	-	-	-	-	83,183	83,183
Technical, insurance claims reserves and reserves for unearned premiums	33,708	27,716	83,098	396,078	800,671	442,169	1,783,440
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	42,774	42,774
Bonds and notes issued	92,730	7,277	88,812	884,087	3,065,230	918,579	5,056,715
Other liabilities	-	-	-	-	-	1,138,079	1,138,079
Equity	-	-	-	-	-	4,416,138	4,416,138
Total liabilities and equity	6,516,027	2,407,053	10,049,690	3,933,147	4,284,797	13,630,116	40,820,830
Off-Balance sheet items							
Derivatives assets	219,070	824,270	332,467	6,415	104,694	-	1,486,916
Derivatives liabilities	4,990	224,260	228,974	416,515	612,177	-	1,486,916
	214,080	600,010	103,493	(410,100)	(507,483)	-	-
Marginal gap	3,550,120	4,830,260	(3,874,943)	2,559,366	501,318	(7,566,121)	-
Accumulated gap	3,550,120	8,380,380	4,505,437	7,064,803	7,566,121	-	-

	As of December 31, 2012						
	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	6,600,786	32,762	49,288	19,312	-	1,146,957	7,849,105
Receivables from reverse repurchase agreements and security borrowings	1,199,700	518	-	-	-	-	1,200,218
Investments	328,426	1,284,701	1,908,865	1,307,115	1,890,216	1,128,786	7,848,109
Loans, net	2,573,312	5,835,736	4,258,041	5,152,617	2,952,916	-	20,772,622
Financial assets designated at fair value through profit or loss	740	4	2,817	5,082	11,412	87,083	107,138
Premiums and other policies receivables	-	-	-	-	-	183,983	183,983
Accounts receivable from reinsurers and coinsurers	-	-	-	-	-	167,460	167,460
Other assets	-	-	-	-	-	2,668,486	2,668,486
Total assets	10,702,964	7,153,721	6,219,011	6,484,126	4,854,544	5,382,755	40,797,121
Liabilities							
Deposits and obligations	6,587,944	1,218,407	7,824,254	1,666,669	119,781	6,623,365	24,040,420
Payables from repurchase agreements and security lendings	1,097,358	438,336	342,647	-	-	-	1,878,341
Due to banks and correspondents	393,509	657,401	755,063	600,868	269,786	9,634	2,686,261
Accounts payable to reinsurers and coinsurers	-	-	-	-	-	68,536	68,536
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	96,124	96,124
Technical, insurance claims reserves and reserves for unearned premiums	28,244	27,358	80,366	359,231	701,489	418,311	1,614,999
Bonds and notes issued	645,994	14,607	53,114	1,412,375	2,648,566	8,732	4,783,388
Other liabilities	-	-	-	-	-	1,263,717	1,263,717
Equity	-	-	-	-	-	4,365,335	4,365,335
Total liabilities and equity	8,753,049	2,356,109	9,055,444	4,039,143	3,739,622	12,853,754	40,797,121
Off-Balance sheet items							
Derivatives assets	365,338	448,243	236,937	311,622	98,054	-	1,460,194
Derivatives liabilities	173,992	305,055	262,070	533,902	185,175	-	1,460,194
	191,346	143,188	(25,133)	(222,280)	(87,121)	-	-
Marginal gap	2,141,261	4,940,800	(2,861,566)	2,222,703	1,027,801	(7,470,999)	-
Accumulated gap	2,141,261	7,082,061	4,220,495	6,443,198	7,470,999	-	-

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 statements of income and consolidated statements of comprehensive income; before income tax and non-controlling interest.

The sensitivity of the consolidated statements of income is the effect of the assumed changes in interest rates on the net interest income before income tax and non-controlling interest for one year, based on the floating rate of non-trading financial assets and financial liabilities held at December 31, 2013 and 2012, including the effect of derivatives instruments. The sensitivity of the consolidated statement of comprehensive income is calculated by revaluing interest rate from fixed income available-for-sale and held to maturity financial assets, before income tax and non-controlling interest, including the effect of any associated hedges, and derivatives instruments designated as cash flow hedges, as of December 31, 2013 and 2012 for the effects of the assumed changes in interest rates:

	As of December 31, 2013					
Currency	Changes in basis points		Sensitivity of net income US$(000)		Sensitivity of comprehensive income US$(000)	
U.S. Dollar	+/-	50	+/-	18,064	-/+	67,473
U.S. Dollar	+/-	75	+/-	27,096	-/+	101,210
U.S. Dollar	+/-	100	+/-	36,128	-/+	134,947
U.S. Dollar	+/-	150	+/-	54,192	-/+	202,420
Peruvian Currency	+/-	50	-/+	229	-/+	56,082
Peruvian Currency	+/-	75	-/+	343	-/+	84,122
Peruvian Currency	+/-	100	-/+	457	-/+	112,163
Peruvian Currency	+/-	150	-/+	686	-/+	168,245

	As of December 31, 2012					
Currency	Changes in basis points		Sensitivity of net income US$(000)		Sensitivity of comprehensive income US$(000)	
U.S. Dollar	+/-	50	+/-	26,026	-/+	87,437
U.S. Dollar	+/-	75	+/-	39,039	-/+	131,155
U.S. Dollar	+/-	100	+/-	52,052	-/+	174,874
U.S. Dollar	+/-	150	+/-	78,079	-/+	262,310
Peruvian Currency	+/-	50	-/+	505	-/+	59,708
Peruvian Currency	+/-	75	-/+	757	-/+	89,561
Peruvian Currency	+/-	100	-/+	1,009	-/+	119,415
Peruvian Currency	+/-	150	-/+	1,514	-/+	179,123

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.

Equity securities, mutual funds and hedge funds are not considered as part of the investment securities for interest rate sensitivity calculation purposes; however, a 10, 25 and 30 percent of changes in market prices is conducted to these price-sensitivity securities and the effect on expected unrealized gain or loss in comprehensive income, before income tax, as of December 31, 2013 and 2012 is presented below:

Market price sensitivity	**Changes in market prices** %	**2013** US$(000)	**2012** US$(000)
Equity securities	+/-10	58,812	62,406
Equity securities	+/-25	147,030	156,016
Equity securities	+/-30	176,436	187,219
Mutual funds	+/-10	7,744	14,791
Mutual funds	+/-25	19,361	36,976
Mutual funds	+/-30	23,233	44,372
Hedge funds	+/-10	3,275	2,505
Hedge funds	+/-25	8,186	6,263
Hedge funds	+/-30	9,824	7,515

Commitments in liabilities at fair value (short sales) are related to fixed income and equity financial instruments, and have maturities of one month or less, therefore, the Group expects minimal price fluctuations. As a result, the Group is not subject to significant price risk on these financial liabilities.

(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, 2013 and 2012, the Group's assets and liabilities by currencies were as follows:

	2013				2012			
	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	5,634,815	1,921,686	229,878	7,786,379	4,864,941	2,811,102	173,062	7,849,105
Receivables from reverse repurchase agreements and security borrowings	-	-	391,280	391,280	7,500	-	1,192,718	1,200,218
Trading securities	87,530	391,160	57,999	536,689	70,406	36,557	69,788	176,751
Available-for-sale investments (*)	2,521,568	2,840,411	224,589	5,586,568	2,450,382	4,032,827	153,594	6,636,803
Held-to-maturity investments	144,334	97,876	-	242,210	150,097	109,566	-	259,663
Loans, net	10,950,242	10,378,654	888,735	22,217,631	11,338,280	8,731,467	702,875	20,772,622
Financial assets designated at fair value through profit or loss	78,424	28,852	-	107,276	78,218	28,920	-	107,138
Other assets	240,340	128,944	570,452	939,736	255,313	573,289	120,984	949,586
	19,657,253	15,787,583	2,362,933	37,807,769	19,215,137	16,323,728	2,413,021	37,951,886
Monetary liabilities -								
Deposits and obligations	(11,940,251)	(11,397,001)	(1,137,373)	(24,474,625)	(10,839,721)	(12,299,579)	(901,120)	(24,040,420)
Payables from repurchase agreements and security lendings	(534,144)	(447,722)	(277,639)	(1,259,505)	(651,664)	(117,647)	(1,109,030)	(1,878,341)
Due to bank and correspondents	(1,458,199)	(939,365)	(168,807)	(2,566,371)	(1,835,540)	(652,240)	(198,481)	(2,686,261)
Financial liabilities designated at fair value through profit or loss	-	-	(42,774)	(42,774)	-	-	(96,124)	(96,124)
Insurance claims reserves and technical reserves	(1,111,821)	(671,619)	-	(1,783,440)	(1,032,693)	(582,306)	-	(1,614,999)
Bonds and notes issued	(4,306,641)	(739,765)	(10,309)	(5,056,715)	(3,818,484)	(835,663)	(129,241)	(4,783,388)
Other liabilities	(305,187)	(594,211)	(121,906)	(1,021,304)	(429,226)	(567,015)	(116,040)	(1,112,281)
	(19,656,243)	(14,789,683)	(1,758,808)	(36,204,734)	(18,607,328)	(15,054,450)	(2,550,036)	(36,211,814)
	1,010	997,900	604,125	1,603,035	607,809	1,269,278	(137,015)	1,740,072
Forwards position, net	585,733	(601,486)	15,753	-	(575,212)	318,871	256,341	-
Currency swaps position, net	(25,771)	(42,794)	68,565	-	(37,466)	65,782	(28,316)	-
Cross currency swaps position, net	(213,498)	213,498	-	-	(60,322)	(28,872)	89,194	-
Options, net	(110,500)	110,500	-	-	18,279	(18,279)	-	-
Net monetary position	236,974	677,618	688,443	1,603,035	(46,912)	1,606,780	180,204	1,740,072

(*) As of December 31, 2013 and 2012, the equity investment as available-for-sale amounted to US$928.9 and US$774.9 million, respectively.

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 statements of income.

The Group's net foreign exchange balance is the sum of its positive open non-U.S. Dollars 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 statements of income. 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, 2013 and 2012 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 statements of income, before income tax. A negative amount in the table reflects a potential net reduction in consolidated statements of income, while a positive amount reflects a net potential increase:

Sensitivity Analysis	**Change in currency rates** %	**2013** US$(000)	**2012** US$(000)
Devaluation -			
Peruvian Currency	5	(32,268)	(76,513)
Peruvian Currency	10	(61,602)	(146,071)
Revaluation -			
Peruvian Currency	5	35,664	84,567
Peruvian Currency	10	75,291	178,531

32.3. 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, among others, its available cash resources from overnight deposits, current accounts, maturing deposits, loans draw-downs, guarantees and other calls. 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 the Market Risk Management 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.

A maturity mismatch, long-term illiquid assets against short-term liabilities, exposes the 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, 2013						As of December 31, 2012					
	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)
Financial liabilities by type -												
Deposits and obligations	7,605,164	1,807,590	12,756,534	2,097,185	353,502	24,619,975	7,909,590	1,337,516	12,894,069	1,907,363	155,544	24,204,082
Payables from repurchase agreements and security lendings	654,740	21,893	180,898	301,957	125,000	1,284,488	1,224,514	101,272	84,784	282,156	209,184	1,901,910
Due to banks and correspondents	426,012	460,857	1,197,228	1,466,517	325,000	3,875,614	442,018	500,526	752,393	1,221,451	267,081	3,183,469
Accounts payable to reinsurer and coinsurers	23,267	40,467	11,619	7,569	261	83,183	11,980	34,229	18,998	3,329	-	68,536
Financial liabilities designated at fair value through profit or loss	42,774	-	-	-	-	42,774	96,124	-	-	-	-	96,124
Technical, insurance claims reserves and reserves for unearned premiums	133,116	182,926	225,307	414,908	827,183	1,783,440	70,287	194,062	256,621	387,062	706,967	1,614,999
Bonds and notes issued	106,842	58,337	274,722	1,710,346	3,537,383	5,687,630	10,050	75,857	209,579	2,154,331	2,802,397	5,252,214
Other liabilities	234,819	31,679	60,223	117,521	391,034	835,276	392,202	79,881	356,077	4,495	7,104	839,759
Total liabilities	9,226,734	2,603,749	14,706,531	6,116,003	5,559,363	38,212,380	10,156,765	2,323,343	14,572,521	5,960,187	4,148,277	37,161,093
Derivatives financial liabilities (*) -												
Contractual amounts receivable (Inflow)	11,769	184,744	164,181	306,313	9,268	676,275	10,400	26,795	361,279	655,422	57,097	1,110,993
Contractual amounts payable (outflow)	13,217	188,541	177,111	322,379	10,184	711,432	12,303	31,177	379,321	690,764	59,437	1,173,002
Total liabilities	1,448	3,797	12,930	16,066	916	35,157	1,903	4,382	18,042	35,342	2,340	62,009

(*) Included derivatives contracts designated as hedge accounting.

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, 2013						As of December 31, 2012					
	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 (indirect loans)	440,551	1,379,691	2,107,538	590,718	234,036	4,752,534	461,974	1,327,976	1,727,667	734,937	267,553	4,520,107

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

32.4. 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.

32.5 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. 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

The main risks that the Group is exposed are mortality, morbidity, longevity, investment return, expense incurred 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 insurable risks, 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.

For contracts when death 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.

For retirement, survival and disability annuities 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 15(c).

Non-life insurance contracts (general insurance and healthcare)
The Group principally issues the following types of general insurance contracts: automobile, fire and allied and technical lines and healthcare. 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. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. Also, the Group actively manages and promptly pursues claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

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

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 statements of income and consolidated statements of comprehensive income of the insurance activity, before income tax:

	As of December 31, 2013					
Currency	**Changes in basis points**		**Sensitivity of net income** US$(000)		**Sensitivity of comprehensive income** US$(000)	
U.S. Dollar	+/-	50	-/+	238	-/+	24,052
U.S. Dollar	+/-	75	-/+	357	-/+	36,078
U.S. Dollar	+/-	100	-/+	475	-/+	48,105
U.S. Dollar	+/-	150	-/+	713	-/+	72,157
Peruvian Currency	+/-	50	+/-	62	-/+	8,878
Peruvian Currency	+/-	75	+/-	93	-/+	13,317
Peruvian Currency	+/-	100	+/-	124	-/+	17,756
Peruvian Currency	+/-	150	+/-	186	-/+	26,634

	As of December 31, 2012					
Currency	**Changes in basis points**		**Sensitivity of net income** US$(000)		**Sensitivity of comprehensive income** US$(000)	
U.S. Dollar	+/-	50	-/+	129	-/+	26,571
U.S. Dollar	+/-	75	-/+	194	-/+	39,857
U.S. Dollar	+/-	100	-/+	259	-/+	53,144
U.S. Dollar	+/-	150	-/+	388	-/+	79,715
Peruvian Currency	+/-	50	+/-	68	-/+	9,734
Peruvian Currency	+/-	75	+/-	102	-/+	14,601
Peruvian Currency	+/-	100	+/-	136	-/+	19,468
Peruvian Currency	+/-	150	+/-	204	-/+	29,202

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 insurance claims reserves and technical reserves by their remaining contractual maturities, including future interest payments, is presented in Note 32.3.

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 32.3.

Unit linked liabilities are payable 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 contracts whereby the policyholder bears the investment risk on the financial assets held in the Company's investment portfolio as the policy benefits are directly linked to the value of the assets in the portfolio. Therefore, the Group has no material credit risk on unit linked financial assets.

32.6. 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 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.

Considering the Banking Law and Legislative Decree N° 1028, the regulatory capital must be equal to or more than 10 percent of total risk weighted assets and contingent operations, represented by the sum of: the regulatory capital requirement for market risk multiplied by 10, the regulatory capital requirement for operational risk multiplied by 10 and the weighted assets and contingent credits by credit risk. This calculation must include all balance sheet exposures or assets in local or foreign currency. As of December 31, 2013 and 2012, the minimum requirement is 10.0 percent.

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 are computable to determinate the Group's regulatory capital, see Note 16(a)(vii).

As of December 31, 2013 and 2012, the regulatory capital for the subsidiaries engaged in financial and insurance activities amounted to approximately US$4,828.4 and US$3,975.6 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$759.4 million the minimum regulatory capital required as of December 31, 2013 (approximately US$357.5 million as of December 31, 2012).

On July 20, 2011, SBS issued Resolution N° 8425 - 2011which states that an entity must determine an additional regulatory capital. In this sense, Peruvian financial institutions must develop a process to assess the adequacy of its regulatory capital in relation with their risk profile, which must follow the methodology described in said resolution. The additional regulatory capital will be equal to the amount of regulatory capital requirements calculated for each of the following components: economic cycle, concentration risk, market concentration risk, interest rates risk, among others. Peruvian financial institutions have a term of five years from July 2012 to adequate their regulatory capital to the new requirements.

Considering the excess of regulatory capital held by the Group as of December 31. 2013 and 2012 in the Management's opinion, the Group has complied with the requirements set forth in such resolution.

32.7. Fair values -

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

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

December 31, 2013	Note	Level 1 US$(000)	Level 2 US$(000)	Level 3 US$(000)	Total US$(000)
Financial assets					
Derivative financial instruments:					
Forward exchange contracts		-	62,946	-	62,946
Interest rate swaps		-	41,702	-	41,702
Cross currency swaps		-	23,917	-	23,917
Currency swaps		-	34,058	-	34,058
Options		-	2,613	-	2,613
	12(b)	-	165,236	-	165,236
Trading securities		155,253	381,436	-	536,689
Financial assets designated at fair value through profit or loss	8(a)	70,653	36,623	-	107,276
Investments available-for-sale:					
Debt securities					
BCRP Certificates of deposit		-	1,904,959	-	1,904,959
Corporate, leasing and subordinated bonds		1,204,459	929,274	5,534	2,139,267
Government's treasury bonds		688,838	304,699	-	993,537
Other instruments		61,060	777,523	51,031	889,614
Equity securities		573,443	2,019	12,657	588,119
	6(a)	2,527,800	3,918,474	69,222	6,515,496
Total financial assets		2,753,706	4,501,769	69,222	7,324,697
Financial liabilities					
Derivative financial instruments:					
Interest rate swaps		-	48,660	-	48,660
Forward exchange contracts		-	45,338	-	45,338
Cross Currency Swaps		-	2,045	-	2,045
Currency swaps		-	49,571	-	49,571
Options		-	8,702	-	8,702
	12(b)	-	154,316	-	154,316
Financial liabilities at fair value through profit or loss		9,351	33,423	-	42,774
Put option over non-controlling interest, Note 2(c)		-	-	121,906	121,906
Total financial liabilities		9,351	187,739	121,906	318,996

December 31, 2012	Note	Level 1 US$(000)	Level 2 US$(000)	Level 3 US$(000)	Total US$(000)
Financial assets					
Derivative financial instruments:					
Forward exchange contracts		-	74,955	-	74,955
Interest rate swaps		-	30,028	-	30,028
Cross currency swaps		-	27,017	-	27,017
Currency swaps		-	26,931	-	26,931
Options		-	433	-	433
	12(b)	-	159,364	-	159,364
Trading securities		176,751	-	-	176,751
Financial assets designated at fair value through profit or loss	8(a)	90,126	17,012	-	107,138
Investments available-for-sale:					
Debt securities					
BCRP Certificates of deposit		-	2,965,324	-	2,965,324
Corporate, leasing and subordinated bonds		821,174	1,281,065	12,872	2,115,111
Government's treasury bonds		658,351	90,244	-	748,595
Other instruments		77,371	856,939	24,293	958,603
Equity securities		610,594	5,884	7,584	624,062
	6(a)	2,167,490	5,199,456	44,749	7,411,695
Total financial assets		2,434,367	5,375,832	44,749	7,854,948
Financial liabilities					
Derivative financial instruments:					
Forward exchange contracts		-	59,379	-	59,379
Interest rate swaps		-	86,170	-	86,170
Currency swaps		-	16,975	-	16,975
Cross currency swaps		-	3,211	-	3,211
Options		-	423	-	423
	12(b)	-	166,158	-	166,158
Financial liabilities at fair value through profit or loss		16,040	80,084	-	96,124
Put option over non-controlling interest, Note 2(c)		-	-	121,772	121,772
Total financial liabilities		16,040	246,242	121,772	384,054

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

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

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

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

  A credit valuation adjustment (CVA) is applied to the "Over-The-Counter" derivative exposures to take into account the counterparty's risk of default when measuring the fair value of the derivative. CVA is the mark-to market cost of protection required to hedge credit risk from counterparties in this type of derivatives portfolio. CVA is calculated by multiplying the probability of default (PD), the loss given default (LGD) and the expected exposure (EE) at the time of default.

  Credicorp calculates EE using a Monte Carlo simulation at a counterparty level. The model inputs include market values from current market data and model parameters implied from quoted market prices. These are updated at each measurement date. Collateral and netting arrangements are taken into account where applicable. PDs and LGDs are derived from a credit spread simulation based on a deterministic model or a Monte-Carlo model that incorporates rating migration and market observable data where available.

  A debit valuation adjustment (DVA) is applied to incorporate the Group's own credit risk in the fair value of derivatives (that is the risk that the Group might default on its contractual obligations), using the same methodology as for CVA.

  As of December 31, 2013, derivatives receivables and payables amounted to US$165.2 million and US$154.3 million, respectively, see Note 12(b), generating CVA and DVA adjustments for approximately US$3.4 million and US$1.2 million, respectively. Also, the net impact of both concepts in the consolidated statements of income amounted to US$3.4 million.

- Valuation of debt securities available for sale classified as level 2
  Valuation of BCRP certificates of deposit, corporate, leasing, subordinated bonds and Government's treasury bonds are measured calculating their Net Present Values (NPV) through discounted cash flows, using appropriate and relevant zero coupon rate curves to discount cash flows in its respective currency and considering observable current market transactions. Other debt instruments are measured using valuation techniques based on assumptions supported by prices from observable current market transactions, obtained via pricing services. Nevertheless, when prices have not been determined in an active market, fair values are based on broker quotes and assets that are valued using models whereby the majority of assumptions are market observable.

Financial instruments included in the Level 3 category are those that are measured using valuation techniques 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.

Fair value of corporate, leasing and subordinated bonds, included in level 3, is estimated considering a possible change in interest rate within a range between 75 and 125 basis points; nevertheless, such change would not affect significantly the fair value of these instruments as of December 31, 2013.

Also, fair value of put options over non-controlling interest, included in level 3, is estimated considering a possible change in interest rate within a range between 50 and 150 basis points; nonetheless, such change would not affect significantly the fair value of these instruments as of December 31, 2013.

As of December 31, 2013 and 2012, the net unrealized gain of Level 3 financial instruments amounts to US$6.7 million and US$6.6 million, respectively. During 2013 and 2012, the changes in the value of level 3 financial instruments have not been significant; as result, there were not significant purchases, issues, settlements, results or other movements; neither transfers from Level 3 to Level 1 and Level 2 or viceversa.

(b) Financial instruments not measured at fair value -
Set out below is the disclosure of the comparison between the carrying amounts and fair values of the financial instruments, which are not measured at fair value, presented in the consolidated statements of financial position by level of the fair value hierarchy:

December 31, 2013	Level 1 US$(000)	Level 2 US$(000)	Level 3 US$(000)	Fair value US$(000)	Book value US$(000)
Assets					
Cash and due from banks	-	7,849,105	-	7,849,105	7,849,105
Receivables from reverse repurchase agreements and security borrowings	-	391,280	-	391,280	391,280
Investments held-to-maturity	229,306	-	-	229,306	242,210
Loans, net	-	22,223,491	-	22,223,491	22,217,631
Premiums and other policies receivable	-	206,100	-	206,100	206,100
Accounts receivable from reinsurers and coinsurers	-	207,056	-	207,056	207,056
Due from customers on acceptances	-	67,688	-	67,688	67,688
Other assets	-	293,656	-	293,656	293,656
Total	229,306	31,238,376	-	31,467,682	31,474,726
Liabilities					
Deposits and obligations	-	24,474,625	-	24,474,625	24,474,625
Payables from repurchase agreements and security lendings	-	1,259,505	-	1,259,505	1,259,505
Due to banks and correspondents	-	3,623,845	-	3,623,845	2,566,371
Bankers' acceptances outstanding	-	67,688	-	67,688	67,688
Accounts payable to reinsurers and coinsurers	-	83,183	-	83,183	83,183
Bonds and notes issued	-	5,185,882	-	5,185,882	5,057,420
Other liabilities	-	716,117	-	716,117	716,117
Total	-	35,410,845	-	35,410,845	34,224,909

December 31, 2012	Level 1 US$(000)	Level 2 US$(000)	Level 3 US$(000)	Fair Value US$(000)	Book value US$(000)
Assets					
Cash and due from banks	-	7,849,105	-	7,849,105	7,849,105
Receivables from reverse repurchase agreements and security borrowings	-	1,200,218	-	1,200,218	1,200,218
Investments held-to-maturity	262,565		-	262,565	259,663
Loans, net	-	20,777,432	-	20,777,432	20,772,622
Premiums and other policies receivable	-	183,983	-	183,983	183,983
Accounts receivable from reinsurers and coinsurers	-	167,460	-	167,460	167,460
Due from customers on acceptances	-	100,768	-	100,768	100,768
Other assets	-	338,011	-	338,011	338,011
Total	262,565	30,616,977	-	30,879,542	30,871,830
Liabilities					
Deposits and obligations	-	24,040,420	-	24,040,420	24,040,420
Payables from repurchase agreements and security lendings	-	1,878,341	-	1,878,341	1,878,341
Due to banks and correspondents	-	2,613,368	-	2,613,368	2,686,261
Bankers' acceptances outstanding	-	100,768	-	100,768	100,768
Accounts payable to reinsurers and coinsurers	-	68,536	-	68,536	68,536
Bonds and notes issued	-	5,190,989	-	5,190,989	4,783,388
Other liabilities	-	776,819	-	776,819	776,819
Total	-	34,669,241	-	34,669,241	34,334,533

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) Long-term fixed-rate and variable-rate loans are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these loans. As of December 31, 2013 and 2012, the carrying amounts of loans, net of allowances, were not materially different from their calculated fair values.

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

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

32.8. Fiduciary activities, management of funds and pension funds -

The Group provides custody, trustee, investment management and advisory services to third parties; therefore, the Group makes allocations and purchase and sale decisions in relation to a wide range of financial instruments. Assets that are held in a fiduciary capacity are not included in these 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, 2013 and 2012, the assigned value of the financial assets under administration (in millions of U.S. Dollars) is as follows:

	2013	2012
Pension funds	11,583.6	11,846.8
Investments funds	5,558.9	5,340.3
Equity managed	4,798.9	4,959.0
Total	21,941.4	22,146.1

33. Commitments and contingencies

Legal claim contingencies –

(i) Madoff Trustee Litigation -

On September 22, 2011, the Trustee for the liquidations of Bermard L. Madoff Investment Securities LLC (BLMIS), and the substantively consolidated state of Bermard L. Madoff ("the Madoff Trustee") filed a complaint against Credicorp's subsidiary Atlantic Security Bank (ASB) in U.S. Bankruptcy Court Southern District of New York, for an amount of approximately US$120 million ("the Complaint"), which corresponds to the funds that ASB managed in Atlantic US Blue Chip Fund and that were redeemed between the end of 2004 and the beginning of 2005 from Fairfield Sentry Limited in Liquidation (hereafter "Fairfield"), a feeder fund that invested in BLMIS.

The Complaint further alleges that the Madoff Trustee filed an adversary proceeding against Fairfield, seeking to avoid and recover the initial transfers of monies from BLMIS to Fairfield; that on June 7 and 10, 2011, the Bankruptcy Court approved a settlement among the Madoff Trustee, Fairfield and others; and that the Madoff Trustee is entitled to recover the sums sought from ASB as "subsequent transfers" of "avoided transfers" from BLMIS to Fairfield that Fairfield subsequently transferred to ASB. The Madoff Trustee has filed similar actions against other alleged "subsequent transferees" that invested in Fairfield and its sister entities which, in turn, invested and redeemed funds from BLMIS.

Initially, ASB counsel and the Trustee agreed that ASB had until April 24, 2013 to move, answer or otherwise respond to the Complaint. However, subsequently ASB counsel and the Trustee agreed to extend the time until July 16, 2014.

Management believes that ASB has substantial defenses against the Madoff Trustee's claims alleged in the Complaint and intends to contest these claims vigorously. Management considers, among other substantial defenses, that the Complaint considers only the amounts withdrawn, without taking into account the amounts invested in Fairfield. Furthermore, ASB after redeeming said funds from Fairfield, re-invested them in BLMIS through another vehicle, resulted in a net loss in the funds that ASB managed on behalf of its clients for approximately US$78 million as of December, 2008.

(ii) Fairfield Liquidator Litigation -
On April 13, 2012, Fairfield and its representative, Kenneth Krys (the "Fairfield Liquidator"), filed an adversary proceeding against ASB pursuant to Chapter 15 of the U.S. Bankruptcy Code, in the U.S Bankruptcy Court for the Southern District of New York, styled as Fairfield Sentry Limited (In Liquidation) v. Atlantic Security Bank, Adv. Pro. N° 12-01550 (BRL) (Bankr. S.D.N.Y.) ("Fairfield v. ASB Adversary Proceeding"). The complaint sought to recover the amount of approximately US$115 million, reflecting ASB's redemptions of certain investments in Fairfield, together with investment returns thereon. These are essentially the same moneys that Madoff Trustee seeks to recover in the Madoff Litigation described above.

Thereafter, the Fairfield v. ASB Adversary Proceeding was procedurally consolidated by the Bankruptcy Court with other adversary actions by the Fairfield Liquidator against former investors in Fairfield. Pursuant to that consolidation, and by stipulation of the parties, the Bankruptcy Court's previously entered stay of all proceedings in the Fairfield Liquidator adversary actions (except for the filing of amended complaints) in light of the pending litigation in the British Virgin Island courts calling into question the Fairfield Liquidator's ability to seek recovery of funds invested with and redeemed from Fairfield, was applied in the Fairfield v. ASB Adversary Proceeding, thereby indefinitely extending ASB's time to answer or move until the stay is lifted. On January 14, 2013, the Fairfield Liquidator filed an Amended Complaint in the Fairfield v. ASB Adversary Proceeding seeking the same amount of recovery as in the original complaint but adding additional allegations and causes of action. As of December 31, 2013, the Bankruptcy Court stay remains in effect, and ASB's time to answer or move remains stayed indefinitely pending further order of the Bankruptcy Court.

Management believes that ASB has substantial defenses against the Fairfield Liquidator's claims alleged in the Amended Complaint and intends to contest these claims vigorously.

34. Subsequent events

(a) Change in functional currency -

Items included in the financial statements of each subsidiary of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Until December 31, 2013, Credicorp Ltd. and its subsidiaries operating in Peru (see note 3 (b)), determined that its functional currency is the U.S. Dollar, that is the currency that best reflects the economic environment as well as the facts and circumstances relevant to such subsidiaries.

Due to changes in the economic environment in which the Group's main subsidiary, BCP operates, and in accordance with International Financial Reporting Standards, Management conducted a review of the functional currency of Credicorp Ltd. and its subsidiaries in Peru, concluding that there has been a change in the functional currency from U.S. Dollars to Nuevos Soles effective January 1, 2014. The main indicators that the Management has considered are: (i) changes in the economic environment of the country where its main subsidiary (BCP) operates; (ii) the gradual increase of loans and deposits in Nuevos Soles and the financial income and expenses; and (iii) the regulatory and competitive factors presented in the Peruvian financial system, which have entrenched the Nuevo Sol against the U.S. Dollar.

As result, starting 2014 the assets, liabilities, income and expenses as well as cash generated by Credicorp Ltd. and its Peruvian subsidiaries will be predominantly in Nuevos Soles and the trend is to continue to grow the importance of such currency.

The prevalence of the Nuevo Sol in the Peruvian economy has been driven in late 2013 with banking and financial regulations that promote the predominance of the Nuevo Sol. This is reinforced by the recognition of the Peruvian economy as a stable economy in the long term that has been confirmed in late 2013.

This conclusion was discussed and approved by the Board of Directors meeting held on January 22, 2014 and will be reported for ratification at the General Shareholders' Meeting to be held in March 2014, whereby the functional currency of Credicorp Ltd., effective January 1, 2014, will be the Nuevo Sol.

The change in functional and presentation currency was performed prospectively starting January 1, 2014. As of December 31, 2014, for comparative purposes, would been translated to Nuevo Soles following the methodology of IAS 21 considering the Nuevo Sol as the presentation currency.

(b) Acquisition of Mibanco, Banco de la Microempresa S.A. -

On February 8, 2014, Empresa Financiera Edyficar S.A., a subsidiary of Credicorp Ltd., signed an agreement with Grupo ACP CORP. S.A.A. to acquire 60.68 percent of Mibanco, Banco de la Microempresa S.A., a local bank oriented to micro and small entities sector, for an amount of approximately US$179.5 million.

Payment shall be made no later than March 28, 2014, however, this period will be automatically extended for two (2) additional months if the parties do not obtain, at such date, the approval of the sale by the SBS.

As of December 31, 2013, Mibanco's assets, liabilities, equity and net income, published by SBS (unaudited), amounted to US$2,138.0 million, US$1,903.1 million, US$234.9 million and US$12.6 million, respectively.

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