CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015 AND 2014

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S/ = Peruvian Sol
US$ = United States dollar

(Free translation from the original in Spanish.)

INDEPENDENT AUDITOR'S REPORT

To the shareholders
Credicorp Ltd.

24 February 2016

We have audited the accompanying consolidated financial statements of **Credicorp Ltd. and subsidiaries**, which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information included in notes 1 to 36.

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 audit 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 Group'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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

24 February 2016
Credicorp Ltd.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Credicorp Ltd. and subsidiaries as at 31 December 2015, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The consolidated of financial position of Credicorp Ltd. and subsidiaries for the year ended 31 December 2014 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years ended 31 December 2014 and 2013, were audited by another firm of auditors whose report, dated 24 February 2015, expressed an unmodified opinion on those statements. Our opinion is not qualified in respect of this matter.

Gaveglio Aparicio y Asociados

Countersigned by

---(partner)
Fernando Gaveglio
Peruvian Certified Public Accountant
Registration No.01-019847

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT DECEMBER 31, 2015 AND 2014

	Note	2015 S/000	2014 S/000
Assets			
Cash and due from banks:	4		
Not-interest bearing		5,013,260	4,752,481
Interest bearing		17,378,484	16,936,985
		22,391,744	21,689,466
Cash collateral, reverse repurchase agreements and securities borrowings	5(a)	11,026,698	5,543,403
Investments:	6(a)		
Trading securities		2,323,096	2,525,970
Available-for-sale investments		17,210,714	13,404,560
Available-for-sale investments pledged as collateral		1,558,207	2,343,436
	6(a)	18,768,921	15,747,996
Held-to-maturity investments		1,683,556	1,131,511
Held-to-maturity investments pledged as collateral		1,898,573	1,536,152
	6(a)	3,582,129	2,667,663
		24,674,146	20,941,629
Loans, net:	7		
Loans, net of unearned income		90,328,499	79,509,360
Allowance for loan losses		(3,840,337)	(2,986,854)
		86,488,162	76,522,506
Financial assets designated at fair value through profit or loss	8	350,328	297,100
Premiums and other policies receivable	9 (a)	648,017	578,296
Accounts receivable from reinsurers and coinsurers	9 (b)	457,189	468,137
Property, furniture and equipment, net	10	1,671,441	1,775,441
Due from customers on acceptances		222,496	167,654
Intangible assets and goodwill, net	11	1,900,697	2,025,174
Other assets	12	5,649,299	3,986,784
Non-current assets classified as held for sale	13	-	838,782
Total assets		155,480,217	134,834,372

	Note	2015 S/000	2014 S/000
Liabilities and equity			
Deposits and obligations:	14		
Non-interest bearing		28,049,070	24,472,602
Interest bearing		60,557,563	52,574,367
		88,606,633	77,046,969
Payables from repurchase agreements and security lendings	5(b)	14,599,750	8,308,470
Due to banks and correspondents	15	7,762,497	9,217,340
Bankers' acceptances outstanding		222,496	167,654
Accounts payable to reinsurers	9(b)	241,847	220,910
Financial liabilities at fair value through profit or loss	3(f)(v)	47,737	397,201
Insurance claims reserves, technical reserves and unearned premiums	16	6,361,627	5,397,059
Bonds and notes issued	17	16,287,962	15,104,593
Other liabilities	12	4,622,098	3,846,955
Liabilities directly associated with non-current assets classified as held for sale	13	-	501,196
Total liabilities		138,752,647	120,208,347
Equity	18		
Equity attributable to Credicorp's equity holders			
Capital stock		1,318,993	1,318,994
Treasury stock		(208,978)	(208,184)
Additional capital		284,171	302,941
Put options and reserves		10,881,678	9,129,547
Other reserves		762,695	1,023,386
Retained earnings		3,089,457	2,412,771
		16,128,016	13,979,455
Non-controlling interest		599,554	646,570
Total equity		16,727,570	14,626,025
Total liabilities and equity		155,480,217	134,834,372

The notes on pages from 8 to 140 are an integral part of these consolidated financial statements.

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Note	2015 S/000	2014 S/000	2013 S/000
Interest and similar income	22	10,022,944	8,600,866	7,086,470
Interest and similar expenses	22	(2,558,050)	(2,191,062)	(2,116,573)
Net interest, similar income and expense		7,464,894	6,409,804	4,969,897
Provision for loan losses, net of recoveries	7(d)	(1,880,898)	(1,715,809)	(1,230,371)
Net interest and similar income after provision for loan losses		5,583,996	4,693,995	3,739,526
Other income				
Banking services commissions	23	2,866,823	2,521,829	2,259,927
Net gain on foreign exchange transactions		773,798	453,405	534,442
Net gain on sale of securities		248,723	220,737	96,228
Other	28	330,074	639,572	441,193
Total other income		4,219,418	3,835,543	3,331,790
Insurance premiums and claims				
Net premiums earned	24	1,733,978	2,189,666	2,142,777
Net claims incurred for life, property, casualty and health insurance contracts	25	(1,031,659)	(1,426,733)	(1,460,461)
Total premiums earned less claims		702,319	762,933	682,316
Other expenses				
Salaries and employee benefits	26	(2,878,318)	(2,673,431)	(2,278,054)
Administrative expenses	27	(1,995,802)	(1,930,483)	(1,738,951)
Depreciation and amortization	10(a) y 11(a)	(400,905)	(433,787)	(328,354)
Impairment loss on goodwill	11(b)	(82,374)	(92,583)	(55,100)
Net impairment loss on available-for-sale investments	6(c)	(43,801)	(7,794)	(3,041)
Net loss on financial assets designated at fair value through profit or loss	8	(33,500)	(4,098)	(18,113)
Other	28	(757,004)	(932,920)	(689,877)
Total other expenses		(6,191,704)	(6,075,096)	(5,111,490)
Income before translation result and income tax		4,314,029	3,217,375	2,642,142
Exchange difference		46,563	172,095	(309,422)
Income tax	19(b)	(1,197,207)	(968,224)	(775,177)
Net profit		3,163,385	2,421,246	1,557,543
Attributable to:				
Equity holders of Credicorp Ltd.		3,092,303	2,387,852	1,538,307
Non-controlling interest		71,082	33,394	19,236
		3,163,385	2,421,246	1,557,543
Net basic and dilutive earnings per share attributable to equity holders of Credicorp Ltd. (in Peruvian Soles):				
Basic	29	38.91	30.04	19.35
Dilutive	29	38.84	29.97	19.31

The notes on pages from 8 to 140 are an integral part of these consolidated financial statements.

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Note	2015 S/000	2014 S/000	2013 S/000
Net profit for the year		3,163,385	2,421,246	1,557,543
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net (loss) gain on investments available for sale	18(d)	(635,744)	197,397	(919,534)
Income tax	18(d)	18,503	6,853	47,828
		(617,241)	204,250	(871,706)
Net movement on cash flow hedges	18(d)	41,069	18,888	122,200
Income tax	18(d)	(1,956)	(1,016)	(16,302)
		39,113	17,872	105,898
Exchange differences on translation of foreign operations	18(d)	270,908	(54,005)	1,023,580
		270,908	(54,005)	1,023,580
Net other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods, net of income tax		(307,220)	168,117	257,772
Total comprehensive income for the year, net of income tax		2,856,165	2,589,363	1,815,315
Attributable to:				
Equity holders of Credicorp Ltd.		2,831,615	2,550,093	1,829,985
Non-controlling interest		24,550	39,270	(14,670)
		2,856,165	2,589,363	1,815,315

The notes on pages from 8 to 140 are an integral part of these consolidated financial statements.

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

		Attributable to equity holders of Credicorp											
							Other reserves						
	Number of Notes 18(a) (In thousands of unit)	Capital Stock S/000	Treasury stock S/000	Additional capital S/000	Reserves S/000	Put options S/000	Available-for-sale investments reserve S/000	Cash flow hedge reserve S/000	Foreign currency translation reserve S/000	Retained earnings S/000	Total S/000	Not-controlling interest S/000	Total Equity S/000
Balances as of January 1, 2013	94,382	1,203,376	(190,307)	275,102	7,063,238	(310,519)	1,714,630	(110,435)	(1,166,988)	2,150,224	10,628,321	503,283	11,131,604
Changes in equity in 2013 -													
Net profit for the year	-	-	-	-	-	-	-	-	-	1,538,307	1,538,307	19,236	1,557,543
Other comprehensive income	-	-	-	-	-	-	(826,525)	105,898	1,012,305	-	291,678	(33,906)	257,772
Total comprehensive income	-	-	-	-	-	-	(826,525)	105,898	1,012,305	1,538,307	1,829,985	(14,670)	1,815,315
Transfer of retained earnings to reserves, Note 18 (c)	-	-	-	-	1,471,562	-	-	-	-	(1,471,562)	-	-	-
Dividend distribution, Note 18(e)	-	-	-	-	-	-	-	-	-	(535,248)	(535,248)	-	(535,248)
Purchase of treasury stock, Note 18(b)	-	-	(2,211)	(62,858)	-	-	-	-	-	-	(65,069)	-	(65,069)
Share-based payments and other, Note 20(b)	-	-	2,661	37,660	4,327	-	-	-	-	-	44,648	-	44,648
Dividends of subsidiaries and other	-	-	-	-	-	-	-	-	-	10,514	10,514	(24,194)	(13,680)
Effect of change in presentation currency, Note 3(c)(ii)	-	115,618	(18,270)	25,666	(270,233)	(29,834)	139,658	(7,398)	-	(36,847)	(81,640)	47,175	(34,465)
Balances at December 31, 2013	94,382	1,318,994	(208,127)	275,570	8,268,894	(340,353)	1,027,763	(11,935)	(154,683)	1,655,388	11,831,511	511,594	12,343,105
Changes in equity in 2014 -													
Profit for the year	-	-	-	-	-	-	-	-	-	2,387,852	2,387,852	33,394	2,421,246
Other comprehensive income	-	-	-	-	-	-	195,852	17,872	(51,483)	-	162,241	5,876	168,117
Total comprehensive income	-	-	-	-	-	-	195,852	17,872	(51,483)	2,387,852	2,550,093	39,270	2,589,363
Transfer of retained earnings to reserves, Note 18(c)	-	-	-	-	1,200,853	-	-	-	-	(1,200,853)	-	-	-
Dividend distribution, Note 18(e)	-	-	-	-	-	-	-	-	-	(429,413)	(429,413)	-	(429,413)
Purchase of treasury stock, Note 18(b)	-	-	(1,772)	(43,850)	-	-	-	-	-	-	(45,622)	-	(45,622)
Share-based payments and other, Note 20(b)	-	-	1,715	71,221	153	-	-	-	-	-	73,089	-	73,089
Dividends of subsidiaries and other	-	-	-	-	-	-	-	-	-	(203)	(203)	(8,715)	(8,918)
Acquisition of a subsidiary - Mibanco, Note 2(a)(i)	-	-	-	-	-	-	-	-	-	-	-	268,042	268,042
Acquisition of non-controlling interest – Mibanco	-	-	-	-	-	-	-	-	-	-	-	(163,621)	(163,621)
Balances at December 31, 2014	94,382	1,318,994	(208,184)	302,941	9,469,900	(340,353)	1,223,615	5,937	(206,166)	2,412,771	13,979,455	646,570	14,626,025
Balances at December 31, 2014	94,382	1,318,994	(208,184)	302,941	9,469,900	(340,353)	1,223,615	5,937	(206,166)	2,412,771	13,979,455	646,570	14,626,025
Changes in equity in 2015 -													
Net profit for the year	-	-	-	-	-	-	-	-	-	3,092,305	3,092,305	71,082	3,163,387
Other comprehensive income	-	-	-	-	-	-	(570,711)	39,113	270,908		(260,691)	(46,532)	(307,223)
Total comprehensive income	-	-	-	-	-	-	(570,711)	39,113	270,908	3,092,305	2,831,614	24,550	2,856,164
Transfer of retained earnings to reserves, Note 18 (c)	-	-	-	-	1,820,483	-	-	-	-	(1,820,483)	-	-	-
Dividend distribution, Note 18(e)	-	-	-	-	-	-	-	-	-	(539,985)	(539,985)	(11,173)	(551,158)
Purchase of treasury stock, Note 18(b)	-	-	(2,452)	(70,516)	-	-	-	-	-	-	(72,968)	-	(72,968)
Share-based payments transactions	-	-	1,658	51,746	9,481	-	-	-	-	-	62,885	-	62,885
Other	-	-	-	-	(77,833)	-	-	-	-	(55,152)	(132,985)	(60,393)	(193,378)
Balances at December 31, 2015	94,382	1,318,994	(208,978)	284,171	11,222,031	(340,353)	652,904	45,050	64,742	3,089,456	16,128,016	599,554	16,727,570

The notes on pages from 8 to 140 are an integral part of these consolidated financial statements.

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Note	2015 S/000	2014 S/000	2013 S/000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax		4,360,593	3,389,470	2,332,720
Income tax		(1,197,207)	(968,224)	(775,177)
Net profit		3,163,386	2,421,246	1,557,543
Adjustment to reconcile net profit with net cash arising from operating activities:				
Provision for loan losses	7(f)	2,052,177	1,914,142	1,370,115
Depreciation and amortization	10(a) y 11(c)	400,905	433,787	328,354
Deferred income tax	13(b)	(117,195)	(252,710)	(29,020)
Adjustment of technical reserves		408,808	445,997	398,190
Impairment loss on available-for-sale investments	6	43,801	7,794	3,041
Net loss (gain) on sales of securities		(248,723)	(220,737)	(96,228)
Impairment loss on goodwill	11(b)	82,374	92,583	55,100
Provision for uncollectability of accounts receivable	12(d)	38,248	70,094	24,089
Net loss (gain) on financial assets designated at fair value through profit and loss	8	33,500	4,098	18,113
Loss on sales of property, furniture and equipment		17,159	12,949	19,900
Exchange difference		(46,563)	(172,095)	309,422
Expense on shared-based compensation plan	26	(73,150)	62,628	61,522
Net changes in assets and liabilities				
Increase (decrease) in assets				
Loans		(7,754,794)	(16,143,237)	(1,332,206)
Investments at fair value with changes to profit and loss		232,293	(1,025,924)	(1,049,331)
Available for sale		(3,163,304)	2,096,582	(978,224)
Other assets		(796,476)	(4,262,689)	(941,993)
Net increase (decrease) in liabilities				
Deposits and obligations		6,105,203	9,514,322	3,726,896
Due to banks, correspondents and other entities		(2,164,131)	2,822,467	(793,220)
Account payables from reverse repurchase agreements and security lending		6,014,423	4,788,153	(1,470,643)
Cash colaterals, receivable from reverse repurchase agreements and security borrowings		(4,585,838)	(4,449,777)	2,519,982
Bonds and notes issued		(1,270,797)	(1,342,704)	521,189
Other liabilities		1,211,378	5,130,788	(369,392)
Income tax paid		(945,178)	(1,028,466)	(631,334)
Net cash flow from operating activities		(1,362,494)	919,291	3,221,865
NET CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiary, net of cash acquired		-	731,813	(57,577)
Revenue for sale of property, furniture and equipment	10	44,524	19,799	24,467
Additions of property, furniture and equipment	10	(214,661)	(301,734)	(537,725)
Additions of intangible assets	11	(276,564)	(246,882)	(298,400)
Held-to-maturity investments		(1,135,744)	(1,990,686)	(14,836)
Net cash flows from investing activities		(1,582,445)	(1,787,690)	(884,071)
NET CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	18(e)	(551,158)	(429,413)	(535,248)
Subordinated bonds and notes issued		666,805	978,217	749,633
Acquisition of Credicorp shares		(14,948)	(45,622)	(67,044)
Acquisition of non-controlling interest		-	(163,621)	-
Net cash flows from financing activities		100,699	339,561	147,341
Acquisition of non-controlling interest				
Net increase (decrease) of cash and cash equivalents before effect of changes in exchange rate		(2,844,240)	(528,838)	2,485,135
Effect of changes in exchange rate of cash and cash equivalents		3,199,642	455,375	(737,424)
Cash and cash equivalents at the beginning of the year		21,689,466	21,762,929	20,015,218
Cash and cash equivalents at the end of the year		22,044,868	21,689,466	21,762,929
Additional information from cash flows				
Interest received		9,987,677	8,406,602	5,701,031
Interest paid		(2,510,247)	(2,124,733)	(2,058,374)
Non-cash flows transactions				
Incorporation of Mibanco net assets, Note 2(a)(i)		-	(595,770)	-

The notes on pages from 8 to 140 are an integral part of these consolidated financial statements.

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31,
2015 AND 2014

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 and its associate Entidad Prestadora de Salud, provides a wide range of financial, insurance 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 Nº156, La Molina, Lima, Peru.

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

The consolidated financial statements as of and for the year ended December 31, 2014 were approved in the General Shareholders’ Meeting held on March 31, 2015. The consolidated financial statements as of and for the year ended December 31, 2015, were approved and authorized to be issued by the Audit Committee and Management on February 24, 2016 and will be submitted for their final 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 AND TRANSFERS

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

i) On February 8, 2014, Credicorp, through its subsidiary Empresa Financiera Edyficar S.A. (hereinafter “Edyficar”), signed an agreement with Grupo ACP Corp S.A.A. to acquire the 60.68 percent of Mibanco, Banco de la Microempresa S.A. (hereinafter “Mibanco”), a local banking entity oriented to micro and small entities sector, for approximately US$179.5 million (equivalent to approximately S/504.8 million) in cash consideration. This transaction was closed, after all authorizations and approvals were obtained, on March 20, 2014, effective date of the purchase and payment.

In addition, as a part of this initial acquisition, on April 8, 2014, Credicorp through its subsidiaries Grupo Crédito S.A. (hereinafter “Grupo Crédito”) and Edyficar acquired 5.00 and 1.5 percent of Mibanco, for approximately S/41.6 and S/12.5 million respectively; from International Finance Corporation, a minority shareholder of Mibanco, (hereinafter “IFC”) at the same terms and conditions of the initial transaction, as a result of a tag-along right executed by IFC included in a shareholder agreement with Group ACP.

Also, in accordance with the acquisition strategy and in compliance with the Peruvian stock exchange requirements, Credicorp, through Edyficar, carried out the following additional acquisitions of the share capital of Mibanco, which were paid in cash:

- In July 2014 Credicorp purchased 18.56 percent for approximately S/153.6 million
- In September 2014 it purchased 1.19 percent for approximately S/10.0 million.

These acquisitions of non-controlling interest performed in July and September were accounted for as equity transactions. As a result, at December 31, 2014 Credicorp held 86.93 percent of Mibanco, for which it have paid approximately S/722.5 million.

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

	Carrying amount S/	Fair value adjustments S/	Fair value recognized in acquisition S/
Assets			
Cash and due from banks	1,290,673	-	1,290,673
Interbank funds	144,605	-	144,605
Available-for-sale investments	530,938	-	530,938
Loans, net	4,047,923	(204,000)	3,843,923
Property, furniture and equipment, net, Note 10 (a)	118,437	26,086	144,523
Deferred income tax asset	36,575	75,732	112,307
Intangible assets, Note 11(a):			
Brand name	-	170,700	170,700
Client relationships	-	84,200	84,200
Core deposits intangibles	-	21,100	21,100
Software	31,838	-	31,838
Other assets	85,085	(2,870)	82,215
Liabilities			
Deposits and obligations and interbank funds	4,463,091	-	4,463,091
Due to banks, correspondent and financial institutions	730,939	11,675	742,614
Bonds	338,187	(11,231)	326,956
Deferred income tax liability	-	96,864	96,864
Provision for sundry risks	2,082	41,921	44,003
Other liabilities	90,591	(2,000)	88,591
Total identifiable net assets at fair value	661,184	33,719	694,903
Non-controlling interest at fair value			(268,042)
Goodwill arising on acquisition, Note 11 (b)			131,999
Total purchase consideration for a 67.18% interest			558,860

The acquisition of Mibanco was recorded using the purchase method, in accordance with IFRS 3, “Business Combinations”, applicable at the date of the transaction. Assets and liabilities were recorded at their estimated fair values at the acquisition dates, including the identified intangible assets unrecorded in Mibanco’s statement of financial position.

Acquisition costs incurred for approximately S/1.0 million were recorded in “Administrative expenses” of the consolidated statements of income.

The Group has elected to measure the non-controlling interests in Mibanco at fair value; which has been estimated by applying an international valuation technique (discounted cash flows). The fair value is based on the following significant inputs that are not observable in the market:

- An assumed discount rate of 13.8 percent.
- A terminal value, calculated based on long-term sustainable growth rates for the industry of 5.0 percent, which has been used to determine income for the future years.
- A reinvestment ratio of 40.0 percent of earnings.

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 intangible assets are determined by discounted future cash flows using the return rates which considers the relative risk of receiving 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 core deposits intangible valuation, the "Cost savings" method was applied, which estimates the fair value of deposits acquired compared with the cost associated to these deposits, discounted to present value at a rate that reflects the opportunity cost of Credicorp regarding the best financing alternative.

- 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 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.

The Group considers these methods are generally accepted for measurement of identifiable intangible assets in business combinations processes.

On March 2, 2015 the business combination between Mibanco and Edyficar's assets and liabilities was made effective. These transactions were entered into at the carrying amount of all assets and liabilities of Edyficar except for operating licenses, mortgages loans of Mivivienda and cash, which continued to be owned by Edyficar.

	Merged Mibanco	**Edyficar/ unmerged balances**
Assets		
Cash and interbank funds	1,558,540	21,037
Investments: At fair value through profit or loss	1,258,184	-
Investments: Available for sale	241,423	-
Loans (net)	6,978,180	5,392
Property, furniture and equipment, net	185,510	-
Other assets	380,471	-
Total assets	10,602,308	26,429
Carried forward:	10,602,308	26,429

	Merged Mibanco	Edyficar/ unmerged balances
Brought forward:	10,602,308	26,429
Liabilities		
Deposits and obligations	5,599,574	-
Due to banks, correspondent and financial institutions	3,220,235	4,988
Securities outstanding	446,874	-
Other liabilities	175,398	8,133
Total liabilities	9,442,081	13,121
Equity		
Capital Stock	481,338	12,875
Additional capital	619,127	125
Reserves	79,176	-
Unrealized earnings	1,725	-
Retained earnings	(21,139)	308
Total equity	1,160,227	13,308
Total liabilities and equity	10,602,308	26,429

At December 31, 2015 as a result of this merger, BCP holds a direct interest of 93.598 percent in the merged entity (Grupo Crédito holds a 1.757 percent) and holds 99.947 percent in Edyficar, an entity that was not merged.

b) On December 30, 2014, Credicorp, through its subsidiary El Pacífico Peruano Suiza Compañía de Seguros y Reasegurados (hereinafter “PPS”) signed an agreement with Banmédica S.A. (hereinafter “Banmédica”) to jointly develop a health care business in Peru, including: medical insurance services, health insurance and health care plan. Based on this agreement, Credicorp lost control of its subsidiary Pacífico EPS, which became an associate. This agreement came into effect on January 1, 2015. See Note 13.

This transaction resulted in profits of S/99MM which is recognized in “Net gain on sale of securities” in the consolidated statement of income.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting principles applied 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 Peruvian Soles (S/), see paragraph (c) below, and values are rounded to the nearest S/thousands, except when otherwise indicated.

The preparation of the consolidated financial statements in accordance 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 because actual results may differ from those determined in accordance with such estimates and assumptions.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The final results could differ from those estimates; however, management expects that the variations, if any, will not have a material impact on the consolidated financial statements. The most significant estimates comprised in the accompanying consolidated financial statements are related to allowance for loan losses, the measurement of investments, the technical reserves for claims and premiums, goodwill impairment, the measurement of the share-based payment transactions and the valuation of derivative financial instruments; also, perform other estimates such as the liabilities for put options held by non-controlling interests in subsidiaries , estimated useful life of intangible assets, property, furniture and equipment and the deferred tax assets and liabilities. The accounting criteria used for each of these estimates is described in this note.

The accounting policies adopted are consistent with those of the previous years, except that:

i) The Group, following the change in its functional currency as described in Note 3(c)(iv) below, has changed its presentation currency as explained in Note 3(c)(v) and, as a result, the comparative consolidated financial statements have been restated; and

ii) The Group has adopted, as applicable, the annual improvements for the 2010-2012 and 2011-2013 cycles, 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:

IFRS 2 – this amendment clarifies the "vesting conditions" and makes a distinction between performance condition and service condition"

IFRS 8 – requires the disclosure of judgement exercised by Management in aggregating operating segments and clarifies that a reconciliation of segment assets is only required if these assets are reported.

b) Basis of consolidation -

Investment in subsidiaries -

The consolidated financial statements comprise the financial statements of Credicorp and its subsidiaries for all the years presented.

Under IFRS 10 all entities over which the Group has control are subsidiaries. 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.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and 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 with 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.

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 (3ab).

Transactions with non-controlling interest -

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction and any resulting difference between the price paid and the amount corresponding to non-controlling shareholders should be recognized directly in the consolidated equity.

Loss of control

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any residual investment retained is recognized at fair value.

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 taken into consideration 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 are subsequently accounted for using the equity method. They are included in "Other assets" in the consolidated statements of financial position; gains resulting from the use of the equity method of accounting are included in "Other income" of the consolidated statements of income.

At December 31, 2015 and 2014 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 shares and its related dividends):

Entity	Activity and country of incorporation	Percentage of interest (direct and indirectly)		Assets		Liabilities		Equity		Net income (loss)	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
		%	%	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Banco de Crédito del Perú and Subsidiaries (BCP) (i)	Banking, Perú	97.68	97.66	136,175,523	116,131,636	123,897,128	106,043,525	12,278,395	10,088,111	2,854,393	1,941,352
Credicorp Capital Ltd. and Subsidiaries (ii)	Capital Markets, Bermuda	100.00	100.00	2,836,708	3,467,344	2,076,788	2,564,527	759,920	902,817	(6,584)	(17,686)
Atlantic Security Holding Corporation and Subsidiaries (iii)	Capital Markets Cayman Islands	100.00	100.00	6,979,153	5,879,420	6,112,699	5,230,839	866,454	648,581	132,654	159,779)
El Pacífico Peruano-Suiza Compañía de Seguros y Reaseguros and Subsidiaries (PPS) (iv)	Insurance, Peru	98.45	98.45	9,325,892	8,653,114	7,418,532	6,763,827	1,907,360	1,889,287	349,503	205,851
Prima AFP S.A. (v)	Private pension Fund administrator, Peru	99.98	99.99	880,844	912,761	296,040	316,799	584,804	595,962	162,083	153,362
Grupo Crédito S.A (vi)	Capital Markets Perú	99.99	99.99	171.269	383.476	225,229	237.042	(53.960)	146.434	24.610	20.878
CCR Inc. (vii)	Special purpose Entity, Bahamas	99.99	99.99	1,677,107	2,064,642	1,711,226	2,114,808	(34,119)	(50,166)	(8,799)	(5,816)

(i) BCP was incorporated in 1889 and its activities are regulated by the Superintendence of Banking, Insurance and AFP (the Peruvian banking, insurance and AFP authority, hereafter “the SBS” for its Spanish acronym). BCP and Subsidiaries hold at December 31, 2015 and 2014, 95.85 percent of the capital stock of Banco de Crédito de Bolivia (BCB), a universal bank operating in Bolivia (Credicorp holds directly an additional 4.07 percent). At December 31, 2015 BCB’s assets, liabilities, equity and net income amounted to approximately S/7,245.6, S/6,665.0, S/580.60 and S/57.38 million, respectively (S/5,245.9, S/4,747.6, S/498.3 and S/68.0 million, respectively at December 31, 2014).

From March 2, 2015, BCP holds a direct interest in Mibanco as a result of the merger between Mibanco and the split-up assets and liabilities of Edyficar. At December 31, 2014 Mibanco was a subsidiary of Financiera Edyficar (See Note 2 a). At December 31, 2015, the assets, liabilities, equity and net income of Mibanco amounted to approximately S/11,055, S/9,708, S/1,347 and S/222 million, respectively. At December 31, 2014 the assets, liabilities, equity and net income of Consolidated Edyficar amount to approximately S/5,296, S/4,232, S/1,064, S/78 million, respectively

(ii) Credicorp Capital Ltd. was established in 2012 to hold the Group’s investment banking activities in Chile, Colombia and Peru.

During 2015 a spin-off from the Grupo Crédito occurred involving the equity interest held by the latter in Credicorp Capital Holding Perú, an entity holding the investments of the companies comprising the Investment Banking group in Peru (Credicorp Capital Sociedad Agente de Bolsa S.A., Credicorp Capital Sociedad Titulizadora S.A.; Credicorp Capital Fondos S.A. Sociedad Administradora de Fondos y Credicorp Capital Services Financieros S.A.) ; afterwards, it was Credicorp Ltda, which contributed this investment in Credicorp Capital Ltd. Such transactions entered into at carrying amounts, do not have effect on the Group’s consolidated financial statements; and no profits or losses were recorded in these transactions.

At December 31, 2015 and 2014 Credicorp Capital Ltd. holds directly and indirectly 97.8 percent in Credicorp Capital Perú. At December 31, 2015 the assets, liabilities, equity and net income of Credicorp Capital Holding Peru and subsidiaries amounted to approximately S/239.9 S/43.8, S/171.8 and S/26.7 million, respectively (S/243.7 S/61.9 S/181.8 and S/21.6 million, respectively, at Decembe 31, 2014).

At December 31, 2015 and 2014, Credicorp maintains directly and directly 60.6 percent in Credicorp Capital Chile (formerly IM Trust) and 51.0 percent in Credicorp Capital Colombia (formerly Correval). At December 31, 2015,the assets, liabilities, equity and net income at December 31, 2014) of IM Trust amounted to approximately S/563.83, S/440.10, S/134.20 and S/21.29 million, respectively (S/788.8, S/662.6, S/126.2 and S/23.3 million, respectively , at December 31, 2014); and those of Correval amounted to approximately S/1,572.62, S/1,446.23, S/125.81 y S/25.45 million, respectively (S/1,883.2, S/1,750.7, S/132.5 and S/30.8 million, respectively, at December 31, 2014).

(iii) 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 activities are private and institutional banking services and trustee administration mostly for BCP Peruvian customers

(iv) PPS provides property, casualty, life, health and personal insurance; its activities are regulated by the SBS. On December 31, 2014 the Group signed an agreement with Banmédica to transfer control of its subsidiary Pacífico EPS, as explained in more detail in Note 13.

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

(vi) Grupo Crédito is a company mainly engaged in investing in listed and not listed securities in Peru. It also holds part of the Group's shares in BCP, Prima AFP S.A and PPS. Grupo Crédito balances are presented net of its investments in such entities.

(vii) CCR Inc. was incorporated in 2001, its main activity is to manage certain loans granted to BCP by foreign financial entities, see Note 17(a)(iii). These loans are collateralized by transactions performed by BCP. At December 31, 2015 and 2014 the negative equity balance resulted from unrealized losses from cash flow hedges derivatives.

c) Foreign exchange -

(i) Functional and presentation currency -

The Bank considers the Peruvian sol as its functional and presentation currency since it reflects the nature of the economic events and relevant circumstances given the fact its major transactions and/operations, such as: lending, borrowing, financial income, financial expenses and a significant percentage of its purchases are agreed in Peruvian soles.

(ii) Transactions and balances in foreign currency -

Foreign currency transactions are those entered into in a currency other than the functional currency. These transactions are initially stated by Group entities at the exchange rates of their corresponding currencies at the date of transaction. Monetary assets and liabilities denominated in foreign currency are adjusted at the exchange rate of the functional currency prevailing at the date of the statement of financial position. Any difference arising from the exchange rate prevailing at the date of each consolidated statement of financial position and the exchange rate initially used in recording transactions are recognized in the consolidated statement of income in the period they occur, in "Exchange differences". Non-monetary assets and liabilities acquired in foreign currency are stated at the exchange rate prevailing at the initial transaction date and are not subsequently adjusted.

(iii) Group entities with functional currency other than presentation currency

Given that Correval, IM Trust, ASB and BCB have a functional currency different from the Peruvian Soles, they were translated into Soles for consolidating purposes in according with IAS 21, as follows:

- Assets and liabilities, at the closing rate prevailing 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 exchange differences were recognized within "Exchange differences" in the consolidated statements of other comprehensive income

(iv) Change in functional currency -

Until December 31, 2013 Credicorp and its subsidiaries operating in Peru determined that their functional and presentation currency was the U.S. Dollar. Due to changes in the economic environment in Peru, where Credicorp's main subsidiaries operate, and in accordance with International Financial Reporting Standards, Management performed a review of the functional currency of Credicorp and its subsidiaries in Peru and it concluded that there has been a change in Credicorp's functional currency from U.S. Dollars to Peruvian Soles, effective since January 1, 2014

The main indicators that the Management considered were:

- Changes in the economic environment of the country where the main subsidiaries operate.

- The gradual increase of loans and deposits, financial income and expenses in Soles.
- The regulatory and competitive factors presented in the Peruvian financial system, which have entrenched the Nuevo Sol against the U.S. Dollar; and,
- General de-dollarization of the Peruvian economy.

This conclusion was discussed and approved by the Board of Directors in its session held on January 22, 2014.

The change in functional currency was performed prospectively starting January 1, 2014. To give effect to this change, balances as of January, 1, 2014, have been translated to Soles as follows in according of IAS 21 “The effect of changes in foreign exchange rates”:

- Assets, liabilities and equity accounts, at the closing rate, as of such date.
- Income and expenses, at the average exchange rate for each month of the year.

As a result of the conversion of balances of the consolidated statements of financial position and the consolidated statements of income, the Group recognized the difference in “Reserves” in consolidated statements of changes in equity.

Correval, IM Trust, Atlantic Security Bank and Banco de Crédito de Bolivia mantained its functional currency (Pesos Colombianos, Pesos Chilenos, U.S. dollars and Bolivianos, respectively) other than Peruvian soles

(v) Change in the presentation currency -

Following the change in functional currency, Credicorp and its subsidiaries, have changed its presentation currency from U.S. dollars to Peruvian soles. The change in presentation currency represents a voluntary change in the Group’s accounting policy, which has been applied retrospectively.

To give effect to the change in presentation currency balances, previous to January, 1, 2014, the consolidated financial statements have been translated to Nuevo Soles as follows according to IAS 21:

- Assets, liabilities and equity accounts, at the closing exchange rate as of such dates.
- Income and expenses, at the average exchange rate for each month of the year:

As a result of the change in presentation currency, the Group recalculated the effect in the consolidated statements of changes in equity related to the “Cumulative Translation Result” – CTA for Credicorp and its subsidiaries with functional currencies different from the new presentation currency in previous years. In this sense, the Group recorded approximately S/1,012.3 million in 2013, which increased “Foreign currency translation reserve” and decreased by the same amount “Reserves” in the consolidated statement of changes in equity.

d) Recognition of income and expenses 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 24 and 25. 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, 2015 and 2014 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 consolidated statements of income.

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 are 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, 2015 and 2014, 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 are 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, 2015 and 2014, 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.

ii) 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.

iii) 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.

iv) 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 “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 claim -

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 “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 and liabilities designated at fair value through profit or loss, which designation is upon initial recognition and on 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 “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 and liabilities through profit or loss upon initial recognition are recorded in “Net gain (loss) 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 “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 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 or 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 “Interest and similar income”. Losses from impairment are recognized in the consolidated statements of income in “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, Note3 (i) and 34.1.

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 subsequently 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 “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 “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 “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.

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 “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.

At December 31, 2015 and 2014 the Group has not recognized any impairment loss on held-to-maturity investments, see policy of impairment of financial assets carried at amortized cost in Note 3(i)(i).

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 (02) years.

At December 31, 2015 and 2014 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 “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 “Interest and similar expenses” of the consolidated statements of income.

As part of this transaction the Group granted assets as collateral. When the counterparty receives securities and has the right to sell or repledge, the Group reclassifies those securities in “Available-for-sale investments pledged as collateral” or “Held-to-maturity investments pledged as collateral”, as appropriate, of the consolidated statements of financial position. Also, when the counterparty receives cash as collateral that will be restricted until the maturity of the contract, the Group reclassifies the cash in " Cash collateral, reverse repurchase agreements and securities borrowings" in the consolidated statement of financial position, which includes accrued interest that is calculated according with the method of the effective interest rate.

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 “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 “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.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to want extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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.

(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 and 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 "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. The determination of what is “significant” or “prolonged” requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

When there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss) is removed from available-for-sale investments 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 the 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 held 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) Investment properties –

Investment properties are held to earn rentals or for capital appreciation or both rather than for: (a) use in the production or supply or goods or services or for administrative purposes; or (b) sale in the ordinary course of business. Property that is being constructed or developed for future use as investment property is recognized at cost before completion.

Investment properties are initially measured at fair value which is the purchase transaction price, unless otherwise indicated. Transaction costs are included in the initial measurement, which includes the purchase price and any other cost directly attributable to the transaction.

For subsequent recognition, an entity shall choose as its accounting policy either the fair value model or the cost model and shall apply that policy to all its investment property. At the date of the consolidated financial statements, the Group have opted for keeping the cost model. Accordingly, investment properties are accounted for at their acquisition cost less accumulated depreciation and the impairment losses, if any.

An entity can opt for recognizing and depreciating separately the components of an investment property or as a single unit for recording and depreciation purposes. The Group recognizes as a single unit each of their investment properties and has estimated a useful life of 33 for purposes of determining depreciation under the straight-line method.

Rental income is recognized as rents are accrued under the related rental agreement; depreciation expenses as well as maintenance expenses and other related expenses are accounted for as maintenance of the rented assets, net within "Other income" in the consolidated statement of income.

m) 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.

n) Business combination -

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 Business Combination, regardless of whether it is an equity instrument or other type of assets.

The acquisition cost is the sum of the consideration paid for the acquisition measured at fair value at the acquisition date and the amount of the share in the non-controlling interest acquired. For each business combination the Group decides whether to measure the non-controlling interest in the acquiree at fair value or at the proportional share in the identifiable net assets of the acquiree.

Acquisition-related costs are recognized as expense and are included within “Administrative expenses” in the consolidated statement of income. When the Group acquires a business, it assesses the financial assets and liabilities assumed for its own classification and denomination under the contractual terms, economic circumstances and prevailing conditions at the date of acquisition. This includes the separation of embedded derivative contracts signed by the acquiree.

The excess of the consideration paid over the fair value of the share any non-controlling interest acquires in the identifiable net assets of the acquiree are recognized as goodwill. If this amount is lower than the fair value of the net assets of the acquiree’s assets, the resulting difference is recognized directly in profit or loss for the year as a bargain purchase.

Any contingency transferred by the acquirer is recognized at fair value at the acquisition date. The contingency classified as an asset or liabilities that is a financial instrument and within the scope of IAS 39 “Financial instruments: Recognition and measurement” are measured at their fair value with changes recognized in the consolidated statement of income or consolidated statement of comprehensive income. If a contingency is not within the scope of IAS 39, it is measured in accordance with IFRS. A contingency that is classified as equity should not be measured again and its subsequent settlement is measured within equity.

The acquisition of a non-controlling interest is recorded directly in equity, any difference between the amount paid and the fair value of the identifiable net assets is recorded as an equity transaction. Accordingly, the Group recognized no additional goodwill after the acquisition of the non-controlling interest and it does not recognize any profit or loss from the disposal of the non-controlling interest.

Equity attributable to the non-controlling interest is shown separately in the consolidated statement of financial position. Profit attributable to the non-controlling interest is shown separately in the consolidated statement of income and consolidated statement of comprehensive income.

In a business combination achieved in stages, the acquirer shall re-measure its ´previously held equity interest in the acquiree at its acquisition-date fair value. The resulting gain or loss is recognized in profit or loss.

o) Intangible assets -

Comprise internally developed and acquired software licenses used by the Group. Acquired software licenses are measured on initial recognition at cost and 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 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:

	Estimated useful lives in years
Client relationship – Mibanco	7
Client relationship – Prima AFP (AFP Unión Vida)	20
Client relationship – IM Trust	22
Client relationship cash, fixed and variable income – Correval	88
Client relationship APT - Correval	10
Client relationship – Edyficar	10
Brand – Mibanco	25
Brand – Correval	5
Brand – IM Trust	5
Fund manager contract – Correval	28
Fund manager contract – IM Trust	11
Core deposits – Mibanco	6
Rights of use – BCP	5
Other	5

Both, the period and the amortization method, for an intangible asset shall be reviewed at least at the end of each period. If the expected useful life differs from previous estimates, the amortization period will be changed to reflect this change. If there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the amortization method shall be amended to reflect these changes. The effects of these changes in the period and the amortization method are prospectively treated as changes in accounting estimates under IAS 8.

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.

p) Goodwill -

Goodwill is the excess of the aggregate of the consideration transferred over the identifiable net assets acquired and liabilities assumed. If the fair value of the net assets acquired exceeds 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 of 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.

q) Impairment of non-financial assets -

The Group assesses, at each reporting date, whether there is an indicator 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 an 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.

r) Non-current assets held for sale -

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the assets are available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, furniture and equipment and intangible assets are not depreciated or amortized once classified as held for sale.
If the Group is committed to a sale plan involving loss of control of a subsidiary, the Group will classify all the assets and liabilities of that subsidiary as held for sale. This is regardless of whether it will retain a non-controlling interest in the former subsidiary after the sale.

Non-current assets classified as held for sale and liabilities classified as held for sale are presented separately from other assets and liabilities, respectively, in the consolidated statements of financial position according to IFRS 5. The Group discloses the major classes of assets and liabilities classified as held for sale separately in Note 13.

Also, when non-current assets held for sale do not represent a separate major line of business or geographical area of operations and they are not part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, nor are a subsidiary acquired exclusively with a view to resale; the non-current assets held for sale are not considered a discontinued operations and they are not excluded from the results of continuing operations and are not presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statements of income.

s) 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.

t) 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 "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 "Banking services commissions" of the consolidated statements of income on a straight line basis over the life of the granted financial guarantee.

u) 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. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

v) Contingencies -

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the 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

w) Income tax -

Income tax is computed based on individual financial statements of Credicorp and by each legal entity of the Group.

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.

The carrying amount of deferred tax assets and liabilities may change even though there is no change in the amount of the related temporary differences. This can result from a change in tax rates or tax laws. In this case, the resulting deferred tax shall be recognized in profit or loss, except to the extent that it relates to items previously recognized outside profit or loss.

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.

x) 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.

y) Share-based payment transactions -

i) Cash-settled transactions -

As explained in Note 20(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 "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.

During 2014, all remaining SARs balance of this plan were executed by the employees, see Note 20(a).

ii) Equity-settled transactions

As explained in Note 20(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 "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 (x) above.

z) Derivative financial instruments and hedge accounting -

Trading -

The Group negotiates derivative financial instruments in order to meet 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 at fair value in the consolidated statements of financial position and subsequently are re-measured at 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.

Hedging -

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.

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

A hedge is considered highly effective if the following conditions are met:

- At the inception of a hedge and in following years, hedge is expected to be highly effective to offset changes in the fair value or cash flows attributable to the hedged risk over the designated period of the hedge; and
- The actual effectiveness of a hedge is within the range of 80-125 per cent

The accounting treatment is determined on the basis of the nature of hedged item and once the hedging qualifying criteria is met.

i) Cash flow hedges -

The effective portion of the gain or loss on the hedging instrument is recognized directly as part of other comprehensive income in “Cash flow hedge 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 forecasted sale occurs.

If the forecasted 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 such reserve until the forecast transaction or firm commitment affects profit or loss. At the same time, the derivative is recorded as a trading derivative.

ii) Fair value hedges -

The change in the fair value of fair value hedges is recognized in “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 the carrying amount of these items, as a result of discontinuation of the hedge, will be amortized through the consolidated statements of income over the remaining life 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.

The hedge relationship is terminated when 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. At the same time, the derivative is recorded as a trading derivative.

iii) Embedded derivatives -

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.

aa) Fair value measurement -

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 34.7(b).

ab) 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 30.

ac) 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 34.8.

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

ad) 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.

Cash collateral pledged as a part of repurchase agreements is presented in "Cash collateral, reverse repurchase agreement and securities borrowings" in the consolidated statement of financial position, see Note 5(a).

Cash collateral on pledged as a part of derivative financial instrument and others are presented in "Other assets" in the consolidated statement of financial position, see Note 12.

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

The Group decided not to early adopt the following standards and interpretations that were issued but not effective as of December 31, 2014:

(i) IFRS 9 "Financial Instruments"

This standard replaces IAS 39, 'Financial Instruments: Recognition and measurement' and modifies certain criteria for the classification and measurement of financial assets and liabilities. Moreover, it modifies the criteria for the recognition of losses for impairment of financial assets, proposing a focus based on a model which seeks to estimate the 'expected loss' of the credit portfolio which will replace the current model of IAS 39, which estimates the provision for impairment of financial assets on the basis of the concept of 'incurred losses'. IFRS 9 also amends the conditions that an entity must comply with in order to apply hedging accounting, seeking to align these conditions more closely with the entity's common risk management practices.

The Group Management does not expect that the changes presented by IFRS 9 will have a material impact on the criteria of classification and measurement of financial assets and liabilities currently applied. The new model of recognition of impairment losses could result in early recognition of losses in the credit portfolio. The Company is yet to assess how its credit impairment provisions may be affected by these new rules.

IFRS 9 is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

(ii) IFRS 15 "Revenue from contracts with customer" -

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all existing revenue recognition guidance, including IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programmes".

IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

(iii) IFRS 16, “Leases” -

On January 13, 2016, IFRS 16, ‘Leases’ (IFRS 16) was issued replacing the current guidance (IAS 17, ‘Leases’ and IFRIC 4, ‘Determining whether an arrangement contains a lease” and other related standards). IFRS 16 introduces a new definition of a lease and a new accounting model that will have a material impact on lessees. As a result of the new accounting treatment, an entity is required to recognize in the statement of financial position, at the inception of the lease, an asset for the right of use of the leased asset and a liability for the obligations to make future contractual payments. At initial recognition, the asset and liability will be measured at the present value of the minimum lease payment under contract. As a result of this change, a large number of leases classified as “operating leases” under the current standards will be shown on the face of the statement of financial position from the inception of the lease

This new accounting model is applicable to all contracts qualifying as leases, excepted for those contracts with an effective period of less than 12 months (considering in that determination the likelihood of contract extension) and lease contracts of assets that are considered immaterial.

The standard applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if IFRS 15, Revenue from Contracts with Customers, is also applied.

The Group is currently evaluating the impact these standards may have on the preparation of its financial statements.

4 CASH AND DUE FROM BANKS

Cash and cash equivalents -

Cash and cash equivalents shown in the consolidated statement of cash flows consist of "cash and deposits with banks" from the consolidated statements of financial position, which include deposits of less than three months, from the acquisition date and cash in hand, time deposits with the Peruvian Central Reserve Bank (BCRP), funds with BCRP and overnights, excluding restricted funds.

	2015 **S/000**	**2014** **S/000**
Cash and clearing (a)	3,821,619	4,370,210
Deposits with Central Reserve Bank of Peru (a)	13,953,839	14,003,756
Deposits with local and foreign banks (b)	4,085,960	3,168,488
Interbank funds	180,031	107,197
Accrued interest	3,419	1,634
Total cash and cash equivalents	22,044,868	21,651,285
Restricted funds	346,876	38,181
Total cash	22,391,744	21,689,466

(a) Cash and clearing and deposits with Peruvian Central Reserve Bank -

These balances consist of the mandatory reserve that Credicorp and Subsidiaries should keep to be able to honor its obligations with the public, which are within the limits established by current legislation. These reserves consist of the following:

	2015 S/000	2014 S/000
Mandatory reserve:		
Deposits with Peruvian Central Reserve Bank	12,783,866	13,562,178
Cash in vaults of Bank and Subsidiaries	3,289,135	3,979,543
Total mandatory reserve	16,073,001	17,541,721
Non-mandatory reserves:		
Ovenight deposits	1,169,973	441,578
Cash	532,484	390,667
Total non-mandatory reserve	1,702,457	832,245
Total	17,775,458	18,373,966

In 2015 BCRP issued circular No 002-2015-BCRP, by which, banks in Peru are allowed to use the cash and clearing balances and deposits with BCRP to secure repos contracts. Over 2015 Credicorp and is subsidiaries used this mechanism to secure repos contracts. At December 31, 2015 the Bank reclassified mandatory reserve deposit balances for S/10,080.8 million to repos transactions (S/3,786.1 million at December 31, 2014). (See note 5(a)).

At December 31, 2015 cash and deposits appropriated to mandatory reserves in local and foreign currency are subject to an implicit rate of 6.5 percent and 30.53 percent, respectively of the total balance of obligations subject to reserve, as required by the BCRP (9.50 percent and 42.86 percent, respectively, at December 31, 2014).

(b) Deposits with local and foreign banks -

Balances credited to local and foreign banks mainly consists of balances in soles and U.S. dollars; are cash in hand and earn interest at market rates. At December 31, 2015 and 2014 Credicorp and its Subsidiaries do not maintain significant deposits with any bank in particular.

5 CASH COLLATERAL, REVERSE REPURCHASE AGREEMENTS AND SECURITIES BORROWINGS AND PAYABLES FROM REPURCHASE AGREEMENTS AND SECURITY LENDINGS

a) This balance consists of the following:

	2015 S/000	2014 S/000
Cash collateral on repurchase agreements and security lendings (i)	10,080,794	3,786,094
Reverse repurchase agreement and security borrowings (ii)	945,904	1,757,309
Total	11,026,698	5,543,403

(i) At December 31, 2015 these balance comprises mainly cash collateral for approximately US$2,955.4 (equivalent to S/10,080.8 million) to secure a borrowing of S/9,463.8 obtained from BCRP. Cash collateral bears interest at an average annual effective interest rate according to market rates. The related liability is presented in “Payables from repurchase agreements and security lending” of the consolidated statements of financial position, see paragraph (c) below.

(ii) Credicorp, mainly through its subsidiaries Credicorp Capital Colombia (formerly Correval) and Credicorp Capital Chile (formerly IM Trust), provides financing to its customers through reverse repurchase agreements and security borrowings, in which a financial instrument serves as collateral. Details of said transactions are as follows:

	Currency	At December 31, 2015 Average interest rate (%)	Up to 3 days S/000	From 3 to 30 days S/000	More than 30 days S/000	Book value S/000	Fair value of underlying Assets S/000	At December 31, 2014 Average interest rate (%)	Up to 3 days S/000	From 3 to 30 days S/000	More than 30 days S/000	Book value S/000	Fair value of underlying assets S/000
Instruments issued by the Colombian Government	Colombian pesos	5.75	-	821,588	-	821,588	821,588	2.88	264,873	1,044,641	357,015	1,666,529	1,662,821
Instruments issued by the Chilean Government	Chilean pesos	0.31	59,025	18,661	1,612	79,298	79,338	0.60	-	-	479	479	477
Other instruments		5.75	-	44,527	491	45,018	45,018	0.81	34,478	55,823	-	90,301	91,128
			59,025	884,776	2,103	945,904	945,944		299,351	1,100,464	357,494	1,757,309	1,754,426

b) Credicorp, via its subsidiaries, obtains financing through "Payables from repurchase agreements and security lendings" by selling financial instruments and committing to repurchase them at future dates, plus interest at a fixed rate. The details of said transactions are as follow:

	Currency	At December 31, 2015 Average interest rate (%)	Up to 3 days S/000	From 3 to 30 days S/000	More than 30 days S/000	Book value S/000	Fair value of underlying assets S/000	At December 31, 2014 Average interest rate (%)	Up to 3 days S/000	From 3 to 30 days S/000	More than 30 days S/000	Book value S/000	Fair value of underlying assets S/000
Instruments issued by the Colombian Government	Colombian pesos	5.75	-	1,277,165	-	1,277,165	1,277,395	4.30	661,909	610,165	-	1,272,074	1,273,176
Instruments issued by then Chilean Government	Chilean pesos	0.28	64,829	10,674	-	75,503	75,546	0.32	23,483	14,934	-	38,417	38,722
Other instruments		6.04	-	69,799	490	70,289	62,193	0.27	54,430	16,940	-	71,370	73,522
Debt instruments (c)			-	-	13,176,793	13,176,793	13,176,793		-	-	6,926,609	6,926,609	7,424,051
			64,829	1,357,638	13,177,283	14,599,750	14,591,927		739,822	642,039	6,926,609	8,308,470	8,809,471

c) At December 31, 2015, 2014 and 2013 the Group has repurchase agreements secured with: (i) cash, see Note 5(a); available-for-sales investments and held-to-maturity investments, see Note 6(b). This item consists of the following:

Counterparties	Currency	At December 31, 2015 Maturity	Book value S/000	Collateral	At December 31, 2014 Maturity	Book value S/000	Collateral
BCRP, Note 5(a)(i)	Soles	May 2016 / Sep 2020	9,329,000	Cash with BCRP	Feb 2015 / Jun 2016	3,566,920	Cash with BCRP
BCRP	Soles	Jan 2016 / Jan 2016	1,283,840	Available-for-sale investments and cash	April 2015 / Jun 2016	1,058,371	Available-for-sale investments and cash
Commerzbank Aktiengesellschaft	U.S. dollar		-		October 2015	669,781	Available-for-sale investments and cash
Nomura International PLC (*)	U.S. dollar	March 2019 / Dec 2019	511,650	Held-to-maturity investments and cash	Nov 2019 / Dec 2019	447,900	Held-to-maturity investments and cash
Natixis S.A.	Soles	August 2017	300,000	Available-for-sale and Held-to-maturity investments	August 2017	300,000	Available-for-sale and Held-to-maturity investments
Credit Suisse Perú	Soles	August 2017	500,000	Held-to-maturity investments and cash	August 2017	300,000	Held-to-maturity investments and cash
Nomura International PLC (**)	U.S. dollar	August 2020	272,880	Held-to-maturity investments and cash	August 2020	238,880	Held-to-maturity investments and cash
Nomura International PLC (***)	U.S. dollar	August 2020	238,770	Held-to-maturity investments	August 2020	209,020	Held-to-maturity investments
Credit Suisse INTL	U.S. dollar	February 2016	156,418	Available-for-sale investments and cash	March 2015	89,145	Available-for-sale investments and cash
Barclays PLC	U.S. dollar	June 2016	275,707	Available-for-sale investments and cash	Feb 2015/Jun 2015	46,592	Available-for-sale investments and cash
Citigroup Global Market Limited	U.S. dollar	August 2020	100,000	Held-to-maturity investments and cash	August 2020-	-	
Pershing	U.S. dollar	January 2016	47,922				
Accrued interest			160,606			-	
			13,176,793			6,926,609	

These transactions accrued interest at fixed and variable rates ranging from 3 and 7.2 percent and from Libor L3M + 0.35% percent and Libor L3M + 0.85% percent, respectively, at December 31, 2015 (from 3.51 percent and 4.70 percent and from Libor 3M+0.35 percent to Libor 6M+1.70 percent, respectively, at December 31, 2014).

Certain repurchase agreements were hedged using interest rate swaps (IRS) and cross-currency swaps (CCS), as detailed below:

(*) At December 31, 2015 the Group holds IRS which were designated as cash flow hedges of certain repurchase agreements at variable rate for a notional amount of US$150 million, equivalent to S/511.7 million (US$150.0 million , equivalent to S/447.9 million, at December 31, 2014). By using these IRS, those repurchase agreements were economically converted to fixed interest rate, see Note 12(b).

(**) At December 31, 2015, the Group maintained repurchase agreement in U.S. dollars at variable rate for a notional amount of US$80 million , equivalent to S/272.9 million , these repurchase agreements were hedged through an IRS, which was designated as cash flow hedge, as a result, this repurchase agreement was economically converted to fixed interest rate to U.S. dollars.

(***) At December 31, 2015 the Group signed a CCS, which was designated as cash flow hedge of a repurchase agreement in U.S. dollars at variable interest rate for a notional amount of US$70 million, equivalent to S/238.8 million. By this CCS, this repurchase agreement was economically converted to Soles at fixed interest rate, see note 12(b).

6 AVAILABLE-FOR-SALE AND HELD-TO-MATURITY INVESTMENTS

a) The balance of available-for-sale investments consists of the following:

	2015				2014			
	Unrealized gross amount				Unrealized gross amount			
	Amortized cost	Profits	Losses (b)	Estimated fair value	Amortized cost	Gains	Losses (b)	Estimated fair value
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Investments at fair value through profit or loss (trading) (i)	-	-	-	2,323,096	-	-	-	2,525,970
Available-for-sale investments								
Corporate, leasing and subordinated bonds (ii)	7,718,213	207,182	(294,504)	7,630,891	6,452,294	301,704	(85,751)	6,668,247
Certificates of deposit BCRP (iii)	4,601,110	727	(8,252)	4,593,585	3,060,435	4,243	(69)	3,064,609
Government Treasury Bonds (iv)	2,698,445	131,055	(89,426)	2,740,074	1,859,718	191,566	(21,838)	2,029,446
Participation in RAL Fund (v)	695,234	-	-	695,234	542,921	-	-	542,921
Restricted mutual funds (vi)	301,948	33,816	-	335,764	149,633	141,171	-	290,804
Securitization instruments (vii)	334,265	946	(10,797)	324,414	437,719	20,460	(3,791)	454,388
Multilateral organization bonds	187,500	5,770	(2,493)	190,777	74,403	5,664	-	80,067
Participation in mutual funds	164,897	3,641	(7,691)	160,847	152,017	13,550	(1,902)	163,665
Certificates of deposit of Banco Central de Bolivia (viii)	152,778	519	(4)	153,293	438,520	8,883	(857)	446,546
Hedge funds	134,631	3,559	(4,996)	133,194	143,403	2,953	(6,086)	140,270
Trading certificates of deposits	123,069	3,310	(79)	126,300	77,290	4,989	(5)	82,274
Mortgage-backed securities (CMO) (ix)	30,909	8,275	(4)	39,180	31,228	7,700	-	38,928
Commercial paper in foreign entities	17,260	-	(9)	17,251	-	-	-	-
Certificates of interest in structured notes	5,176	-	-	5,176	-	-	-	-
U.S, Federal agency bonds	1,276	157	-	1,433	2,444	236	-	2,680
	17,166,711	398,957	(418,255)	17,147,413	13,422,025	703,119	(120,299)	14,004,845
Listed (x)	809,494	669,263	(32,209)	1,446,548	543,515	1,014,043	(31,261)	1,526,297
Non-listed	6,098	1,849	-	7,947	31,916	19,464	(589)	50,791
	815,592	671,112	(32,209)	1,454,495	575,431	1,033,507	(31,850)	1,577,088
Balance before accrued interest	17,982,303	1,070,069	(450,464)	18,601,908	13,997,456	1,736,626	(152,149)	15,581,933
Interest accrued				167,013				166,063
Total				18,768,921				15,747,996

Management has determined that the unrealized losses of available-for-sale investments at December 31, 2015 and 2014 are of temporary nature, considering factors such as intended strategy in relation to the identified security or portfolio, its underlying collateral and credit rating of the issuers. During 2015 as a result of the impairment assessment of its available-for-sale investments, the Group recorded an impairment loss of S/43.8 million (S/7.8 million and S/3.0 million during 2014 and 2013 respectively), which is shown within "Impairment loss on available-for-sale investments" in the consolidated statements of income. Also, Management intends 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.

The movement of available-for-sale investments reserves, net of deferred income tax and non-controlling interest, is shown in note 18(c).

During 2015 the Group has transferred Sovereign bonds issued by the Peruvian Government from the available-for-sale to the held-to-maturity portfolio for a total S/302,584 M. The unrealized earnings stated in equity for these instruments at the time of transfer was estimated to be S/12,858.9 M, of which, S/548.9 M. has been amortized against the statement of income. The amortization for 2015 of the instruments reclassified in 2014 amounted to S/2,427.9M.

At December 31, 2015 and 2014 maturities and the annual market rates of available-for-sale investments are as follows:

Available-for-sale investments	**Maturities**		**Annual effective interest rate**											
	2015	**2014**	**2015**						**2014**					
			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-2016 / Feb-2067	Jan-2015 / Nov-2067	3.56	12.04	0.09	12.00	1.05	9.97	2.19	10.17	0.03	21.29	2.94	7.99
Certificates of deposit BCRP	Jan-2016 / Jun-2017	Jan-2015 / Jun-2016	3.14	4.85	0.27	0.32	-	-	3.32	4.00	-	-	-	-
Government Treasury bonds	Jan- 2016 / Feb-2055	Jan-2015 / Feb-2055	1.61	7.85	0.12	7.61	9.52	10.11	1.57	6.88	0.47	7.95	0.27	7.45
Securitization bonds	Jun-2018 / Sept-2045	Nov-2016 / Sep-2039	5.75	9.91	3.40	10.29	3.00	8.44	2.86	9.17	2.86	9.21	3.00	8.44
Certificates of deposits Banco Central de Bolivia	Jan-2016 / Aug-2016	Jan-2015/ Ago-2016	-	-	-	-	0.50	2.00	-	-	-	-	0.39	5.40
Trading certificates of deposits	Jan-2016 / Feb-2026	Jan-2015 / Feb-2026	1.06	4.62	1.30	1.62	0.20	7.80	3.32	6.75	-	-	0.54	1.00
Multilateral organization	Set-2016 / Feb-2044	Jan-2017 / Jun-2019	3.00	10.39	1.62	2.79	-	-	4.61	4.61	1.48	2.62	-	-
Collaterized mortgage obligations (CMO)	Aug-2020 / Dec- 2036	Aug-2020/ Dic-2036	-	-	2.24	8.28	-	-	-	-	2.86	8.05	-	-
US Government - Agencies and Sponsored enterprises	Aug-2035	Apr-2016/ Ago-2035	-	-	1.62	1.62	-	-	-	-	0.68	1.56	-	-
Instruments issued by Banco Central other countries	Jul-2016 / Jul-2025	-	-	-	2.00	4.78	-	-	-	-	-	-	-	-

(i) At December 31, 2015 the balance includes mainly instruments 14,346 BCRP certificates of deposit (securities issued at discount through public auctions, negotiated in the Peruvian secondary market and settled in Soles) amounting to S/1,412.5 million, governments' treasury bonds for an amount of approximately S/562.4 million, interest in mutual funds and shares for approximately S/4.1 million , and corporate bonds, leases, and subordinated bonds for approximately S/101.8 million (BCRP certificates of deposit, Governments' treasury bonds and interests in mutual funds amounting to S/1,543.3 million , S/395.3 million and S/223.2 million , respectively, at December 31, 2014).

(ii) At December 31, 2015 the most significant individual unrealized losses amounted to approximately S/15.6 million (S/4.8 million, respectively, at December 31, 2014).

(iii) At December 31, 2015 the Group maintains 40,294 BCRP certificates of deposits (31,248 BCRP certificates of deposits at December 31, 2014).

(iv) At December 31, 2015 includes mainly debt instruments issued by the Peruvian Government in Soles for a total of S/1,650.7 million and in U.S. dollars for a total of S/530.4 million , the U.S. Government in U.S Dollars for a total of S/181.2 million and the Colombian Government in U.S., dollars for a total of S/246.7 million (S/1,161.2 million , S/526.2 million, respectively, issued by the Peruvian Government, S/84.0 million issued by the Chilean Government and S/124.4 million issued by the U.S. Government at December 31, 2014).

Certain Governments' treasury bonds were hedged through cross currency swaps (CCS) and interest rate swaps (IRS), as detailed bellow:

i. At December 31, 2015 , certain foreign governments bonds were hedged through CCS for a notional amount of S/405.6 million, see note 12(b); by these CCS, these bonds were economically converted to Soles at fixed rate

ii. At December 31, 2015 certain Peruvian Government, corporate and international financial entities bonds denominated in U.S Dollars at fix interest rate were hedged as a fair value hedges through IRS for a notional amount to S/819.7 million (S/844.0 million at December 31, 2014), see note 12(b); through the IRS these bonds were economically converted to variable interest rates.

(v) Funds totaled approximately S/159.8 million in bolivianos and S/535.4 million in U.S. dollars (S/209.6 million and S/333.3 million respectively at December 31, 2014) 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 in Bolivia.

(vi) 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.

(vii) Asset-backed 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 Accounts receivables with predictable future payments. As of December 31, 2015 and 2014, the balance includes S/39.8 million and S/418.5 million, respectively , of financial instruments issued by Hunt Oil Company (the originator). Additionally, at December 31, 2015 the balance includes S/78.0 million of asset-backed securities issued by Abengoa Transmisión Norte and S/87.9.million issued by Inmuebles Panamericana S.A. The underlying assets are future Accounts receivables from the sale of hydrocarbons extracted in Peru. At those dates, bonds involve semiannual payments until 2025.

(viii) At December 31, 2015 and 2014 certificates of deposits issued by the Central Bank of Bolivia are mainly denominated in Bolivianos.

(ix) Collateralized mortgage obligations correspond to senior tranches (“Senior Tranches”).

(x) At December 31, 2015 the unrealized gains on listed securities arises mainly from shares in Banco de Crédito e Inversiones de Chile (BCI Chile), Edelnor S.A.A., Alicorp S.A.A. and Inversiones Centenario S.A.A. and totaled S/236.1, S/93.0, S/70.6 y S/24.7million, respectively (S/453.4, S/186.2, S/169.2 and S/152.8 million , respectively, at December 31, 2014).

(b) Held-to-maturity Investments consist of the following:

	2015		2014	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	S/000	**S/000**	**S/000**	**S/000**
Peruvian sovereign bonds	2,293,048	2,163,815	2,098,727	2,107,469
Bonds of foreign governments	314,247	293,892	288,023	276,107
Peruvian treasury bonds	759,737	730,035	226,192	223,867
Other (*)	135,550	132,955	-	-
	3,502,582	3,320,697	2,612,942	2,607,443
Accrued interest	79,547	79,547	54,721	54,721
Total	3,582,129	3,400,244	2,667,663	2,662,164

(*) At December 31, 2015 a total of 239 certificates of payment on work progress were obtained (“Reconocimiento Anual de Pago por Adelanto de Obra – CRPAO”) issued by the Government of Peru to finance projects and concessions, this issuance is a mechanism set forth in the concession agreement signed by the Peruvian Governmewnt and the Concessionaire that allows the latter to obtain financing to continue with the committed work. Investment in CRPAOs amounted to S/137 million with maturities from January 2016 to April 2025, bearing interest at an annual effective rate ranging from 2.54 to 6.51 percent.

At December 31, 2015, maturities are between August 2017 and February 2042, accrued interest at an annual effective interest rate between 4.50 and 7.80 percent on bonds denominated in Peruvian soles and between 1.82 and 5.40 percent on bonds in U.S. dollar (at December 31, 2014 they show maturities between August 2017 and February 2042, bearing interest at an effective rate between 3.98 and 6.79 percent on bonds denominated in Peruvian soles and between 2.01 and 3.33 per cent per year on bonds in U.S. dollars).

At December 31, 2015 and 2014 Credicorp Management has determined that the difference between amortized cost and fair value of held-to-maturity investment is temporary in nature and Credicorp has the intention and ability to hold each investment until maturity.

At December 31, 2015 the Group entered into repurchase agreements transactions over corporate, multilateral development banks and governments’ bonds accounted for as available-for-sale investments for an estimated fair value of S/2,015.9 million (S/2,113.0 million at December 31, 2014), the related liability is presented in “Payables from repurchase agreements and security lending” of the consolidated statements of financial position, see Note 5(c)

Also, at December 31, 2015, the Group entered into repurchase agreements transactions over held-to-maturity investments for an estimated fair value of S/1,989.8 million (S/1,525.3 million at December 31, 2014) as described in paragraph above. The related liability is presented in “Payables from repurchase agreements and security lendings” of the consolidated statements of financial position, see note 5(c).

(c) The table below shows the balance of trading, including accrued interest, available-for-sale, held-to-maturity investments, before any accrued interest, by maturity groupings:

	2015		
	Trading	Available for sale	Held to maturity
	S/000	S/000	S/000
Until 3 months	930,745	3,438,580	4,926
From 3 months to 1 year	495,879	2,250,354	14,548
From 1 to 3 years	322,956	2,673,775	803,179
From 3 to 5 year	211,000	1,422,860	1,570,776
Over 5 years	258,056	6,731,968	1,109,153
Without maturity	104,460	2,084,371	-
Total	2,323,096	18,601,908	3,502,582

	2014		
	Trading	Available for sale	Held to maturity
	S/000	S/000	S/000
Up to 3 months	456,234	541,495	-
From 3 months to 1 year	1,240,958	2,725,094	-
From 1 to 3 years	329,226	2,220,743	466,328
From 3 to 5 year	11,729	1,129,479	519,215
Over 5 years	122,961	6,250,374	1,627,399
Without maturity	364,862	2,714,748	-
	2,525,970	15,581,933	2,612,942

7 LOANS, NET

a) This item consists of the following:

	2015	2014
	S/000	S/000
Direct loans -		
Loans	67,034,751	57,438,166
Leasing receivables	9,574,964	9,280,086
Credit card receivables	6,954,298	6,365,981
Discounted notes	1,794,928	1,661,592
Factoring receivables	1,261,516	1,002,893
Advances and overdrafts	75,220	560,743
Refinanced loans	769,309	647,802
Total direct loans	87,464,986	76,957,263
Past due and under legal collection loans	2,311,242	2,009,328
	89,776,228	78,966,591
Add (less) -		
Accrued interest	744,652	659,929
Unearned interest	(192,381)	(117,160)
Total direct loans	90,328,499	79,509,360
Allowance for loan losses (d)(*)	(3,840,337)	(2,986,854)
Total direct loans, net	86,488,162	76,522,506
Indirect loans, note 21(a)	19,004,680	17,319,458

b) Direct loans by class are as follows:

	2015 S/000	2014 S/000
Commercial loans	53,852,207	43,535,399
Residential mortgage loans	13,258,992	12,498,191
Consumer loans	13,878,711	11,647,219
Micro-business loans	8,786,318	11,285,782
Total	89,776,228	78,966,591

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:

2015	Commercial loans S/000	Residential mortgage loans S/000	Micro-business loans S/000	Consumer loans S/000	Total S/000
Beginning balances	**556,270**	**165,138**	**1,124,072**	**1,256,616**	**3,102,096**
Provision, net of recoveries	595,931	(16,786)	671,197	630,556	1,880,898
Recovery of written-off loans	157,790	362	7,333	5,794	171,279
Loan portfolio written-off	(341,067)	(4,936)	(403,993)	(721,326)	(1,471,322)
Exchange differences	91,886	13,635	132,635	111,111	349,267
Ending balances for the period (*)	**1,060,810**	**157,413**	**1,531,244**	**1,282,751**	**4,032,218**

2014	Commercial loans S/000	Residential mortgage loans S/000	Micro-business loans S/000	Consumer loans S/000	Total S/000
Beginning balances	**448,435**	**144,571**	**865,469**	**927,483**	**2,385,958**
Provision, net of recoveries	357,283	4,903	427,214	926,409	1,715,809
Recoveries of written-off loans	65,827	13,029	43,297	76,180	198,333
Loan portfolio written-off	(334,571)	(6,270)	(220,072)	(711,305)	(1,272,218)
Exchange differences	19,296	8,905	8,164	37,849	74,214
Ending balances for the period (*)	556,270	165,138	1,124,072	1,256,616	3,102,096

2013	Commercial loans S/000	Residential mortgage loans S/000	Micro-business loans S/000	Consumer loans S/000	Total S/000
Beginning balances	**392,017**	**133,610**	**648,794**	**724,075**	**1,898,496**
Provision, net of recoveries	256,200	3,516	306,346	664,309	1,230,371
Recoveries of written-off loans	46,381	9,180	30,507	53,676	139,744
Loan portfolio written-off	(260,391)	(4,880)	(171,279)	(553,597)	(990,147)
Exchange differences	(23,988)	(9,635)	(15,780)	(34,492)	(83,895)
Effect of change in presentation currency, Note 3(c)(ii)	38,216	12,780	66,881	73,512	191,389
Ending balances (*)	**448,435**	**144,571**	**865,469**	**927,483**	**2,385,958**

(*) The movement in the allowance for loan losses includes the allowance for direct and indirect loans for approximately S/3,840.3million and S/191.9 million, respectively, at December 31, 2015 (approximately S/2,986.9 million and S/115.2 million and S/2,263.6 million and S/122.3 million , at December 31, 2014 and 2013, respectively). The allowance for indirect loan losses is included in "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, 2015, 2014 and 2013 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) During 2015 and 2014, the Group has not recorded in the consolidated statements of accrued interest on past due for more than 90 days and under legal collection since such interest is recorded until until collected. Interest income that would have been recorded on these loans in accordance with their original contract terms and have not been recognized as income amounts to approximately S/502.4 million, S/415.6 million and S/274.5 million at December 31, 2015, 2014 and 2013, respectively .

g) The table below shows the direct gross loan portfolio at December 31, 2015 and 2014 by maturity based on the remaining period to repayment due date:

	2015 S/000	2014 S/000
Outstanding loans -		
Up to 1 year	29,952,566	35,172,064
From 1 to 3 years	18,575,278	16,885,568
From 3 to 5 years	9,045,440	9,512,569
Over 5 years	29,891,704	15,387,062
	87,464,988	76,957,263
Past due -		
Up to 4 months	810,075	644,136
Over 4 months	485,564	667,659
Under legal collection	1,015,601	697,533
Total	89,776,228	78,966,591

See credit risk analysis in Note 34.1.

8 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group issues unit-linked life insurance contracts whereby the policyholder takes 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 2015, the loss resulting from the difference between cost and estimated fair value for these financial assets amounted to approximately S/33.50 million (loss of S/1.4 million for 2014) and is shown in "Net loss on financial assets designated at fair value through profit or loss" of the consolidated statements of income. The offsetting of this effect is included in gross premiums which are part of "Net premiums earned" of the consolidated statements of income, see Note 24.

9 ACCOUNTS RECEIVABLES AND PAYABLES FROM INSURANCE CONTRACTS

a) As of December 31, 2015 and 2014, "Premiums and other policies receivable" in the consolidated statements of financial position includes balances for approximately S/648.0 million and S/578.3 million , respectively, 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 receivables:	**2015**	**2014**
	S/000	**S/000**
Balances at beginning of period	468,137	578,722
Reported claims of premiums ceded, Note 25	119,894	96,872
Premiums ceded unearned during the year, Note 24 (a)(**)	6,835	(35,351)
Premiums assumed	180,321	30,607
Settled claims of premiums ceded by facultative contracts	(125,156)	(41,934)
Collections and other, net	(192,842)	(160,535)
Transfers to non-current assets classified as held for sale, Note 13	-	(244)
Balances at end of period	457,189	468,137

Accounts receivable as of December 31, 2015 and 2014, include S/142.0 million and S/135.0 million, respectively, which correspond to the unearned portion of the ceded premiums to the reinsurers.

Payables:	**2015**	**2014**
	S/000	**S/000**
Balances at beginning of period	220,910	232,497
Premiums ceded to reinsurers in facultative contracts, Note 24(a) (**)	331,329	314,624
Coinsurance granted	5,999	32,866
Payments and other, net	(316,391)	(359,077)
Balances at end of period	241,847	220,910

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 to reinsurers of automatic contracts (mainly excess of loss) for the years 2015 and 2014 amounted to S/145.6 million and S/143.0 million, respectively, which are included in “Premiums ceded to reinsurers, net” in the consolidated statements of income, see Note 24 (a) (**).

10 PROPERTY, FURNITURE AND EQUIPMENT, NET

a) The movement of property, furniture and equipment and accumulated depreciation, for the years ended December 31, 2015, 2014 and 2013 was as follows:

	Land	Buildings and other constructions	Installations	Furniture and fixtures	Computer hardware	Vehicles and equipment	Work in progress	2015	2014	2013
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Cost										
Balance as of January 1	**379,464**	**1,143,946**	**502,503**	**467,213**	**578,490**	**155,055**	**220,346**	**3,447,017**	**3,251,142**	**2,491,796**
Business combination, Note 2 (a)	-	-	-	-	-	-	-	-	144,523	537,725
Additions	33,352	4,630	5,444	20,745	29,831	7,087	47,337	148,426	301,733	-
Transfers	118	(28,510)	7,551	8,320	27,958	445	(77,201)	(61,319)	-	-
Disposals and other	(14,939)	8,259	(6,268)	(8,705)	(48,531)	(7,197)	(1,301)	(78,682)	(250,382)	(62,546)
Effect of change in presentation currency, Note 3(c)(ii)	-	-	-	-	-	-	-	-	-	284,167
Balances at December 31	397,995	1,128,325	509,230	487,573	587,748	155,390	189,181	3,455,441	3,447,017	3,251,142
Accumulated depreciation –										
Balances at January 1	-	537,976	330,738	265,344	451,144	86,373		1,671,575	1,545,071	1,300,510
Depreciation for the year	-	31,597	37,657	31,774	60,567	16,028		177,623	178,870	148,847
Disposals and other	-	(2,703)	(6,360)	(5,940)	(45,619)	(4,575)	-	(65,197)	(52,366)	(32,929)
Effect of change in presentation currency, Note 3(c)(ii)										128,643
Balances at December 31	-	566,870	362,035	291,178	466,092	97,826		1,784,001	1,671,575	1,545,071
Net book value	397,995	561,455	147,195	196,395	121,656	57,564	189,181	1,671,441	1,775,441	1,706,071

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

During 2014 and 2015 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 and administrative offices. Credicorp's subsidiaries hold insurance contracts over its main assets in accordance with its corporate policies.

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, 2015 and 2014 there is no evidence of impairment of the Group's property, furniture and equipment.

11 INTANGIBLE ASSETS AND GOODWILL, NET

a) Intangibles assets -

The movement of finite useful live intangible assets for the years ended December 31, 2015, 2014 and 2013 is as follows:

Description	Client Relationships (i) S/000	Rights of use S/000	Brand name (ii) S/000	Fund Manager contract (iii) S/000	Core deposits intangible S/000	Software and developments S/000	Other S/000	2015 S/000	2014 S/000	2013 S/000
Cost -										
Balances at January 1	408,365	55,900	275,552	106,077	21,100	1,269,774	192,781	2,329,549	1,976,789	1,553,169
Additions	-	-	-	-	-	159,483	117,081	276,564	246,882	298,400
Business combination, Note 2-a) (i)	-	-	-	-	-	-	-	-	307,838	-
Transfers	-	-	-	-	-	64,745	(68,044)	(3,299)	-	-
Transfers to non-current assets classified as held for sale	-	-	-	-	-	-	-	-	(147,470)	-
Disposals and other	(4,364)	-	(15,931)	(9,353)	-	(39,280)	(21,772)	(90,700)	(54,490)	(32,088)
Effect of change in presentation currency, Note 3(c)(ii)	-	-	-	-	-	-	-	-	-	157,308
Balances at December 31	404,001	55,900	259,621	96,724	21,100	1,454,722	220,046	2,512,114	2,329,549	1,976,789
Accumulated amortization -										
Balances at January 1	139,703	37,235	56,556	5,417	2,638	775,725	26,612	1,043,886	826,286	586,051
Amortization for the year	28,892	11,180	22,071	594	3,036	143,646	9,455	218,874	254,917	179,507
Transfers to non-current assets classified as held for sale	-	-	-	-	-	-	-	-	(26,181)	-
Disposals and other	(5,673)	32	(10,581)	(734)	(477)	3,217	(5,701)	(19,917)	(11,136)	(996)
Effect of change in presentation currency, Note 3(c)(ii)	-	-	-	-	-	-	-	-	-	61,724
Balances at December 31	162,922	48,447	68,046	5,277	5,197	922,588	30,366	1,242,843	1,043,886	826,286
Net book value	241,079	7,453	191,575	91,447	15,903	532,134	189,680	1,269,271	1,285,663	1,150,503

During 2015 and 2014 additions were related to the implementation of a technological platform, which is used for the administration of the insurance segment of the group, and to develop applications related to basic information of clients, implementation of treasury solutions among others.

(i) Client relationships -

This item consists of the following:

	2015	2014
	S/000	S/000
Prima AFP - AFP Unión Vida	124,476	136,827
IM Trust	27,244	29,323
Correval	15,960	19,842
Edyficar	6,974	7,491
Mibanco (Note 2(a)	66,425	75,179
Net book value	241,079	268,662

(ii) Brand name -

This item consists of the following:

	2015	2014
	S/000	S/000
Mibanco (Note 2(a)	159,683	165,579
Correval	18,325	28,743
Edyficar	-	5,442
IM Trust	13,567	19,232
Net book value	191,575	218,996

(iii) Fund manager contract

This item consists of the following:

	2015	2014
	S/000	S/000
Correval	47,791	55,688
IM Trust	43,656	44,972
Net book value	91,447	100,660

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:

	2015	2014
	S/000	S/000
Goodwill -		
IM Trust	37,764	118,788
Edyficar y Mibanco	273,694	273,694
Prima AFP – AFP Unión Vida	124,640	124,640
Correval,	76,393	88,737
Banco de Crédito del Perú	52,359	52,359
El Pacífico Peruano – Suiza Compañía de Seguros y Reaseguros	36,355	36,355
Atlantic Security Holding Corporation	29,795	29,802
Corporación Novasalud Perú S.A. EPS	-	10,464
Willis Corredores de Seguros S.A.	-	4,672
Fiduciaria Colseguros	426	-
Net book value	631,426	739,511

The recoverable amount of all CGU 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.

Balances of goodwill from IMTrust and Correval are impacted by the volatility of the exchange rate of the local currency of the countries in which they operate against the exchange rate of Grupo Credicorp's functional currency.

The following table summarizes the key assumptions used for value in use calculations in 2015 and 2014:

	At December 31, 2015	
Description	**Terminal value growth rate**	**Discount rate**
	%	%
IM Trust	5.25	12.94
Mibanco	5.00	14.94
Prima AFP – AFP Unión Vida	1.20	9.92
Correval	3.80	13.77
Banco de Crédito del Perú	4.70	13.85
El Pacífico Peruano – Suiza Compañía de Seguros y Reaseguros	5.00	10.23
Atlantic Security Bank	2.00	10.97

Description	At December 31, 2014	
	Terminal value growth rate	Discount rate
	%	%
IM Trust	5.25	12.91
Edyficar y Mibanco	5.00	14.45
Prima AFP – AFP Unión Vida	1.40	9.12
Correval	3.80	13.29
Banco de Crédito del Perú	4.70	12.72
El Pacífico Peruano – Suiza Compañía de Seguros y Reaseguros	3.00	10.99
Atlantic Security Bank	2.00	7.07
Willis Corredores de Seguros S.A.	2.00	18.40

Five or ten years of cash flows, depending of the business maturity, were included in the discounted cash flow model as well as payment of dividends. 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 year ended December 31, 2015 the Group recorded a gross impairment loss amounting to S/82.4 million (S/92.6 million and S/55.1 million at December 31, 2014 and 2013, respectively) as a result of the assessment of the recoverable amount of "IM Trust", amounting to 234.3 million (S/306.1 million and S/453.4 million at December 31, 2014 and 2013)), which decreased in relation with prior years given the lower revenues generated against those originally budgeted by Management and for the changes expected in the payment of taxes attributable to the parent company resulting from the tax law reform in Chile.

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 approximately S/15.8 million (S/21.6 million at December 31, 2014); on the other hand, if the rate had dropped 0.5 percent, the impairment would have decreased by approximately S/18.1 million (S/24.6 million at December 31, 2014).

12 OTHER ASSETS AND OTHER LIABILITIES

a) This item consists of the following:

	2015 S/000	2014 S/000
Other assets -		
Financial instruments:		
Receivables	1,660,021	1,022,596
Derivatives receivable, (b)	1,475,516	845,931
Operations in process (c)	109,768	15,029
	3,245,305	1,883,556
Non-financial instruments:		
Investment in associates (e)	630,739	81,274
Deferred income tax asset, note 19 (c)	524,620	472,235
Deferred fees	377,103	550,856
VAT (IGV) tax credit	192,391	454,593
Income tax prepayments, net	220,672	153,169
Seized assets, net	24,666	37,945
Investment properties, net (h)	421,133	313,977
Other	12,670	39,179
	2,403,994	2,103,228
Total	5,649,299	3,986,784
Other liabilities -		
Financial instruments:		
Accounts payable	1,349,002	1,376,739
Derivatives payable (b)	942,521	682,401
Payroll, salaries and other personnel expenses	605,196	492,816
Allowance for indirect loan losses, note 7(d)	191,882	115,242
Put options on non-controlling interest (f)	486,068	416,235
Operations in process (c)	75,415	58,903
	3,650,084	3,142,336
Non-financial instruments:		
Taxes	415,501	265,352
Deferred income tax asset, note 19 (c)	138,886	265,289
Provision for sundry risks (d)	196,261	158,013
Other	221,367	15,965
	972,015	704,619
Total	4,622,099	3,846,955

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 shows at December 31, 2015 and 2014 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 21(a).

	Nota	2015 Assets S/000	2015 Liabilities S/000	2015 Nominal amount S/000	2015 Maturity	2014 Assets S/000	2014 Liabilities S/000	2014 Nominal amount S/000	2014 Maturity	2015 y 2014 Related instruments
Derivatives held for trading (i) -										
Forward exchange contracts		92,132	178,056	11,472,027	Between January 2016 and March 2017	192,032	289,570	17,278,607	Between January 2015 and September 2016	-
Interest rate swaps		56,424	58,587	8,393,724	Between January 2016 and December 2031	55,313	52,724	6,921,378	Between January 2015 and November2024	-
Currency swaps		839,087	625,687	16,586,466	Between January 2016 and December 2025	285,187	272,848	8,554,597	Between January 2015 and December2025	-
Options		10,072	24,371	2,135,684	Between January 2016 and December 2016	15,320	19,280	1,980,405	Between January 2015 and December 2015	-
		997,715	886,701	38,587,901		547,852	634,422	34,734,987		
Derivatives held as hedges -										
Cash flow hedges (ii):										
Interest rate swaps (IRS)	15(a)(i)(***)	354	-	341,100	October 2016	-	-	-	-	Debt to banks
Interest rate swaps (IRS)	15(a)(i)(**)	127	-	102,330	October 2016	153	187	447,900	Between September 2016 and October 2016	Debt to banks
Interest rate swaps (IRS)	15(a)(i)(*)	401	-	341,100	January 2018	14	-	89,580	October 2016	Debt to banks
Interest rate swaps (IRS)	5(c)	3,256	594	511,650	Between March 2019 and December 2019	6,513	27	447,900	Between March 2019 and Dec 2019	Repurchase agreements
Interest rate swaps (IRS)	17(a)(iii)	-	18,604	465,394	Between March 2016 and October 2017	-	42,308	746,539	Between January 2015 and Mar 2016	Secured notes
Cross currency swaps (CCS)	5(c)(***)	47,217	-	238,770	August 2020	7,645	-	209,020	August 2020	Repurchase agreements
Cross currency swaps (CCS)	6(a)(iv)(i)	3,547	17,869	186,411	Between January 2018 and August 2024 -	-	-	-		
Cross currency swaps (CCS)	6(a)(iv)(i)	12,984	13,598	219,217	Between January 2017 and September 2014	4,385	-	25,413	September 2024	Available-for-sale investments
Cross currency swaps and interest rate swaps (CCS and IRS)	5(c)(**)	69,647	-	272,880	August 2020	27,561	-	238,880	August 2020	Repurchase agreements
Fair value hedges:										
Interest rate swaps (IRS)	17(a)	339,435	-	8,331,098	Between September 2020 and April 2023	247,631	-	7,293,069	Between September 2020 and April 2023	Bonds issued
Interest rate swaps (IRS)	6(a)(iv)(ii)	833	5,155	819,677	Between January 2017 and May 2023	4,177	5,457	843,973	Between May 2015 and May 2023	Available-for-sale investments
		477,801	55,820	11,829,627		298,079	47,979	10,342,274		
		1,475,516	942,521	50,417,528		845,931	682,401	45,077,261		

(i) Held-for-trading derivatives 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:

	At December 31, 2015						At December 31, 2014					
	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total	Up to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Forward foreign exchange contracts	54,899	35,983	1,249	-	-	92,131	162,564	21,587	7,881	-	-	192,032
Interest rate swaps	89	1,947	14,990	4,322	35,076	56,424	282	1,082	21,041	4,864	28,044	55,313
Cross currency swaps	220,815	24,947	56,615	306,370	230,340	839,087	64,005	9,049	8,990	51,374	151,769	285,187
Foreign exchange options	6,449	3,624	-	-	-	10,073	10,677	4,643	-	-	-	15,320
Total assets	282,252	66,501	72,854	310,692	265,416	997,715	237,528	36,361	37,912	56,238	179,813	547,852
Forward foreign exchange contracts	121,931	55,135	991	-	-	178,057	224,031	64,447	1,092	-	-	289,570
Interest rate swaps	435	3,379	10,677	7,550	36,546	58,587	1,459	1,534	19,921	1,350	28,460	52,724
Cross currency swaps	17,092	22,097	191,597	287,496	107,405	625,687	35,213	21,016	63,417	51,039	102,163	272,848
Foreign exchange options	12,530	11,840	-	-	-	24,370	12,898	6,382	-	-	-	19,280
Total liabilities	151,988	92,451	203,265	295,046	143,951	886,701	273,601	93,379	84,430	52,389	130,623	634,422

(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:

	At December 31, 2015				
	Up to 1 year	**From 1 to 3 years**	**From 3 to 5 years**	**Over 5 years**	**Total**
	S/000	**S/000**	**S/000**	**S/000**	**S/000**
Cash inflows (assets)	786,445	761,822	1,349,653	114,973	3,012,893
Cash outflows (liabilities)	(807,061)	(779,061)	(1,216,438)	(113,301)	(2,915,861)
Effect on consolidated statement of income	(9,182)	(6,819)	18,544	(1,484)	1,060

	At December 31, 2014				
	Up to 1 year	**From 1 to 3 years**	**From 3 to 5 years**	**Over 5 years**	**Total**
	S/000	**S/000**	**S/000**	**S/000**	**S/000**
Cash inflows (assets)	355,359	987,824	469,331	655,378	2,467,892
Cash outflows (liabilities)	(406,278)	(1,023,455)	(471,256)	(567,705)	(2,468,694)
Consolidated statement of income	(27,425)	(10,806)	7,757	7,232	(23,242)

At December 31, 2015 the accumulated balance of net unrealized loss from the cash flow hedges is included as other comprehensive income in “Cash flow hedge reserves” and results from the current hedges (at December 31, 2015 and 2014, unrealized profit (loss) for approximately S/1.1 million and S/23.2 million, respectively) and hedges revoked (at December 31, 2015 and 2014, unrealized profit for approximately S/20.7 million and S/29.1 million respectively), which is being recognized in the consolidated statements of income over the remaining term of the underlying financial instrument. Also, the transfer of unrealized losses on cash flow hedges to the consolidated statement of income is shown in Note 18(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, 2015, 2014 and 2013 is as follows:

	2015	**2014**	**2013**
	S/000	**S/000**	**S/000**
Balances at beginning of year	158,013	107,174	99,629
Provision, Note 28	38,248	70,094	24,089
Business combination, Note 2(a)	-	44,003	-
Decreases	-	(63,258)	(26,055)
Effect of change in presentation Note 3(c)(ii)	-	-	9,511
Balances at end of period	196,261	158,013	107,174

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) At December 31, 2015, Credicorp's major associate is the investment in Pacífico EPS. (See Note 13).

At December 31, 2014 Credicorp kept an investment in Willis Corredores de Seguros S.A. Throughout of its subsidiary Grupo Crédito, a share purchase agreement was signed with Willis Europe BV, by which the latter acquired the total number of Grupo Crédito's shares in Willis Perú held by Grupo Crédito S.A. for a total of 49.9% of said company.

This transaction involved the payment of US$ 3.5 million on August 18, 2015; the transfer of shares was made effective in that same month and had no material effect on the Group's consolidated financial statements.

(f) Call options of non-controlling interest-

Correval and IM Trust acquisition agreements include put and call options for the remaining non-controlling interest in those entities.

At the date of the initial transactions, the Group recognized financial liabilities relating to put options granted to the non-controlling interest in Correval and IM Trust amounting to US$59.2 million (equivalent to approximately S/165.5 million) and US$60.7 million (equivalent to approximately S/169.7 million), respectively and are recorded within "Put options" in the consolidated statement of changes in equity.

The formula used to calculate this obligation was agreed contractually and is based on the application of some multiples on the average projected net profit for the last eight quarters and the average net equity for the last four quarters preceding the date of each option. The amount resulting from applying the above-mentioned formula is discounted at a market interest rate reflecting the remaining periods and the credit risk relating to such flow. Also, the put and call options are valued using the same formula and minimum amounts of valuation have been set

At December 31, 2015 the new exercise dates of put options for non-controlling shareholders of Correval and IMTrust are: (i) from July 15 to July 23 2016; (ii) from October 15 to October 23, 2016; and (iii) from January 15 to January 23, 2017. Additionally, at December 31, 2015, Credicorp is entitled to exercise its call options from January 24 to January 31, 2017.

In 2015 as a result of the above-mentioned changes, the Group recorded a loss in "Other income and expenses" in the consolidated statement of income for approximately S/9.0 million (S/52.66. million in 2014 and S/0.4 in 2013).

(g) Investment properties -

The movement of cost and accumulated depreciation of investment properties is as follows:

	2015 Own assets Land S/000	Building (b) S/000	Work in progress S/000	Total S/000	2014 Total S/000
Cost					
Balance at January 1	197,737	149,745	3,711	351,193	291,334
Additions (b)	1,032	65,017	188	66,237	74,736
Transfers (c)	7,157	42,984	(3,899)	46,242	601
Sales (d)	-	-	-	-	-
Disposal	-	(1,232)	-	(1,232)	(3,772)
Other	-	-	-	-	(11,705)
Balance at December 31	205,926	256,514	-	462,440	351,194
Accumulated depreciation					
Balance at January 1	-	37,217	-	37,217	32,823
Depreciation for the period, Note 32	-	4,409	-	4,409	4,394
Disposals	-	(319)	-	(319)	-
Balance at December 31	-	41,307	-	41,307	37,217
Total investment properties, net	205,926	215,207	-	421,133	313,977

Property held as investment property are mainly used in rental office; major items of property are the buildings managed by Pacifico Vida. In 2015 the most significant acquisition was a building called “Nissan” Pacifico Vida, in the district of Surquillo.

13 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

From January 1, 2015 by the agreement signed on December 30, 2014, Credicorp, through its subsidiary El Pacífico Peruano Suiza Compañía de Seguros y Reaseguros (hereinafter “PPS) Credicorp lost control over Pacífico EPS, the latter becoming its associate. See note 2(b).

The agreement had two major parts: (a) healthcare plans and medical services in Peru, implemented by Pacífico EPS and (b) For the health insurance business, a line of business of Credicorp, via its subsidiary PPS.

(i) For healthcare plans and medical services, both parties have agreed to develop them in Peru, only and exclusively through Pacífico EPS and its subsidiaries. Therefore, Banmédica contributed to Pacífico EPS, at fair values, their Peruvian subsidiaries Clínica San Felipe S.A. and Laboratorios Roe S.A., plus US$32.0 million in cash to obtain 50 percent interest in the capital stock of Pacífico EPS. As a result of that transaction, Credicorp recorded a gain which was not be significant to the consolidated financial statements taken as a whole.

    Although both parties have the same number of members on the Board, which governs the relevant activities of Pacífico EPS, in case of a tie vote, the Chairman of the Board (who is appointed by Banmédica) has the casting vote. Therefore, in accordance with IFRS, Credicorp transferred the control of Pacífico EPS to Banmédica, which directs the relevant activities of Pacífico EPS. As a result, since January 2015, Pacífico EPS became an associate of Credicorp.

    As of December 31, 2014 under IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” (see Note 3(q)), the assets and liabilities of Pacífico EPS are presented in the captions “Non- current assets classified as held for sale” and “Liabilities directly associated with non-current assets classified as held for sale”, respectively in the consolidated statement of financial position.

At December 31, 2014 the balances of Pacifico EPS's assets and liabilities included within "Non-current assets classified as held for sale" and **"**Liabilities directly associated with assets classified as held for sale**"** are as follows:

	2014 S/000
Non-current assets classified as held for sale -	
Cash and due from banks	73,559
Available-for-sale investments	16,407
Property, furniture and equipment, net, Note 10(a)	185,186
Intangible assets and goodwill, net	312,822
Premiums and other policies receivable	67,902
Accounts receivable from reinsurers and coinsurers, Note 9(b)	244
Other assets:	
Accounts receivable, net	118,577
Others	64,085
Total	838,782
Liabilities directly associated with assets classified as held for sale -	
Due to banks and correspondents	115,558
Insurance claims reserves and payable from healthcare, Note 16(b)	142,800
Insurance technical reserves from healthcare, Note 16(c)	4,543
Other liabilities:	
Account payable	158,329
Deferred income tax	45,413
Payroll, salaries and other personnel expenses	18,964
Provision for sundry risks	12,820
Contributions	1,957
Others	812
Total	501,196

For the year ended December 31, 2014, results of operations of Pacífico EPS included in the consolidated statement of income are as follows:

Income and expenses	2014 S/000
Net premiums earned	754,412
Net services	116,375
Net claims incurred and commission expenses for health insurance contracts	(653,637)
Gross income	217,150
Finance income	1,508
Finance expenses	(9,077)
Others, net	(190,643)
Profit before exchange difference and income tax	18,938
Exchange difference	(1,976)
Income tax	(6,519)
Profit for the year	10,443

The net cash flows of Pacífico EPS for the period ended December 31, 2014, are as follow:

Balances of the statement of cash flows	**2014**
	S/000
Cash flows from operating activities	(265)
Cash flows from investing activities	(21,325)
Cash flows from financing activities	37,379
Net increase in cash and cash equivalents	15,789
Cash and cash equivalents at beginning of year	49,951
Escrow deposits	7,819
Cash and cash equivalents at end of year	73,559

(ii) For the health insurance business, which is part of the business performed by PPS, Banmédica paid US$25.0 million in cash to PPS to obtain 50 percent of the results related to this business line (health insurance business in Peru). The distributable income is held in equal parts (50 percent) and it is determined based on a formula agreed by both parties in the contract.

PPS contributes with the management of the business and Banmédica contributes with the business plan each year, which contains, among others, business strategies in technical, economic, technological and financial terms.

14 DEPOSITS AND OBLIGATIONS

(a) This item consists of the following:

	2015	**2014**
	S/000	**S/000**
Demand deposits	28,499,990	25,158,454
Time deposits (b)	25,999,186	22,907,906
Saving accounts	24,904,565	21,208,831
Severance indemnity deposits	7,183,421	6,848,397
Bank's negotiable certificates	1,720,800	660,376
Total	88,307,962	76,783,964
Interest payable	298,671	263,005
Total	88,606,633	77,046,969

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.

The amounts of not-interest-bearing and interest-bearing deposits and obligations consist of the following:

	2015	2014
	S/000	S/000
Not-interest-bearing-		
In Peru	23,324,797	22,136,141
In other countries	4,724,273	2,336,461
	28,049,070	24,472,602
interest-bearing -		
In Peru	53,630,904	47,547,763
In other countries	6,627,988	4,763,599
	60,258,892	52,311,362
Total	88,307,962	76,783,964

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

	2015	2014
	S/000	S/000
Up to 3 months	14,493,389	14,299,303
From 3 months to 1 year	7,204,555	6,178,717
From 1 to 3 years	2,505,630	1,718,798
From 3 to 5 years	700,663	536,567
Up to 3 months	1,094,949	174,521
Total	25,999,186	22,907,906

As of December 31, 2015 and 2014 Management considers the Group’s deposits and obligations are diversified with no significant concentrations.

At December 31, 2015 and 2014 of the total balance of deposits and obligations in Peru, approximately S/25,213.2 million and S/24,681.5 million are secured by the Peruvian “Fondo de Seguro de Depósitos” (Deposit Insurance Fund). At those dates, maximum coverage recognized by “Fondo de Seguro de Depósitos” totaled S/96,246.0 and S/94,182.0, respectively.

15 DUE TO BANKS AND CORRESPONDENTS

(a) This item consists of the following:

	2015	2014
	S/000	S/000
International funds and others (i)	5,569,602	7,081,100
Promotional credit lines (ii)	1,721,136	1,763,939
Inter-bank funds	446,000	334,800
	7,736,738	9,179,839
Interest payable	25,759	37,501
Total	7,762,497	9,217,340

(i) This item consists of the following:

	2015 S/000	2014 S/000
Bank of New York Mellon NY	477,540	238,880
Canadian Imperial Bank of Commerce TORONTO	426,375	-
Wells Fargo & Co.	392,265	800,248
Comunidad Andina de Fomento - CAF	387,785	429,180
HSBC	377,347	366,163
Bank of America (*)	340,760	-
Deutsche Bank	324,045	-
Sumitomo Mitsui Banking Corp	272,880	373,250
Standard Chartered Bank (**)	245,592	418,040
Corporación Financiera de Desarrollo (COFIDE)	230,072	184,236
Citibank N.A.	226,400	648,400
China Developmen Bank	204,001	357,062
JP Morgan Chase & Co. (***)	170,338	239,152
Bank of Tokyo (***)	170,127	238,880
International Finance Corporation IFC	152,092	165,332
Toronto Dominion Bank	102,431	170,873
Scotiabank Perú S.A.A	100,000	100,000
Responsability Global Microfinance Fund	95,666	118,537
Banco de la Nación	70,000	150,000
Préstamos sindicados	-	444,794
Bank of Montreal Canada	-	232,908
Barclays Bank PLC London	-	225,752
Banco Interamericano de Finanzas	-	100,000
Other below S/100 million	803,886	1,079,413
Total	5,569,602	7,081,100

(*) At December 31, 2015 the loan agreed for US$100.0 million equivalent to S/341.1 million (S/340.8 million net of transaction costs) is hedged with an interest rate swaps (IRS) for an amount equal to the principal and same maturity date, see 12(b); that loan was economically converted to a fixed-rate loan.

(**) At December 31, 2015 a loan amounting to US$30.0 million equivalent to a S/102.3 million is hedged with an interest rate swap (IRS) for an amount equal to the principal and same maturity date, see 12(b); that loan was economically converted to a fixed-rate loan.

(***) Also at December 31, 2015 , loans totaling S/341.1 million (S/340.5 million net of transaction costs|) are hedged with two interest rate swaps (IRS) for an amount equal to the principal and same maturity date, see 12(b); those loans were economically converted to a fixed-rate loan.

At December 31, 2015 loans have maturities between January 2016 and December 2035 (from January 2015 and August 2023 at December 31, 2014) and bear interest at rates ranging from 0.62 to 8.00 percent (from 0.53 to 9.33 percent at December 31, 2014).

(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 August 2016 and December 2035 at annual interest rates are ranging from 6.00 and 7.75 percent (between February 2015 to March 2033 and annual interest rates range from 1.50 to 7.75 percent at December 31, 2014). These credit lines are secured by a loan portfolio totaling S/1,721.1 million and S/1,763.9 million at December 31, 2015 and December 31, 2014, 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) The table below shows maturities of due to banks and correspondents at December 31, 2015 and 2014 based on the remaining period to the maturity date:

	2015 S/000	2014 S/000
Up to 3 months	1,881,200	2,564,914
From 3 months to 1 year	3,055,071	2,710,605
From 1 to 3 years	1,286,206	2,446,952
From 3 to 5 years	329,832	723,548
Over 5 years	1,184,429	733,820
Total	7,736,738	9,179,839

(c) At December 31, 2015 and 2014, lines of credit granted by several local and foreign financial institutions, available for future operating activities amounted to S/7,291.4 million and S/8,845.4 million, respectively.

16 INSURANCE CLAIMS RESERVES, TECHNICAL RESERVES AND PAYABLES FROM HEALTHCARE

(a) This item consists of the following:

	2015			
	Claims reserves		Technical	
	Direct	Assumed	reserves	Total
	S/000	S/000	S/000	S/000
Life insurance	478,960	-	4,755,154	5,234,114
General insurance	335,818	-	582,453	918,271
Health insurance	64,896	-	144,346	209,242
Total	879,674	-	5,481,953	6,361,627

	2014			
	Claims reserves		Technical	
	Direct	Assumed	reserves	Total
	S/000	S/000	S/000	S/000
Life insurance	345,812	-	3,929,027	4,274,839
General insurance	368,266	3,480	561,622	933,368
Health insurance	63,309	-	125,543	188,852
Total	777,387	3,480	4,616,192	5,397,059

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 "Accounts receivable from reinsurers and coinsurers" of the consolidated statements of financial position, see Note 9.

At December 31, 2015 the reserves for direct claims include reserves for IBNR for life, general and health insurance for an amount of S/189.61 S/16.76 and S/45.68 million , respectively (S/139.4, S/11.7 and S/42.2 million , respectively , at December 31, 2014).

During 2015 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, 2015 and 2014.

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, 2015 and 2014 of insurance claims and technical reserves is as follows:

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

	2015			
	Life insurance S/000	**General insurance S/000**	**Health insurance S/000**	**Total S/000**
Beginning balance	345,812	371,746	63,309	780,867
Claims, Note 25	546,645	341,470	263,438	1,151,553
Payments	(423,057)	(416,649)	(266,107)	(1,105,813)
Exchange difference	9,560	39,251	4,256	53,067
Ending balance	478,960	335,818	64,896	879,674

	2014			
	Life insurance S/000	**General insurance S/000**	**Health insurance S/000**	**Total S/000**
Beginning balance	367,434	464,717	157,565	989,716
Claims, Note 25	351,445	337,864	834,296	1,523,605
Payments of claims	(376,292)	(418,369)	(784,924)	(1,579,585)
	-	-	(142,800)	(142,800)
Exchange difference	3,225	(12,466)	(828)	(10,069)
Ending balance	345,812	371,746	63,309	780,867

(c) Technical reserves:

	2015			
	Life insurance S/000	**General insurance S/000**	**Health insurance S/000**	**Total S/000**
Beginning balance	3,929,027	561,622	125,543	4,616,192
Unearned premium and other technical reserves variation, net	663,577	(32,811)	13,728	644,494
Insurance subscriptions	-	-	-	-
Payments	(174,735)	-	-	(174,735)
Exchange difference	337,285	53,642	5,075	396,002
Ending balance	4,755,154	582,453	144,346	5,481,953

	2014			
	Life insurance	General insurance	Health insurance	Total
	S/000	S/000	S/000	S/000
Beginning balance	3,308,578	573,355	113,066	3,994,999
Time course expenses and others	168,911	-	-	168,911
Unearned premium and other technical reserves variation, net	14,778	(8,379)	16,530	22,929
Insurance subscriptions	433,896	-	-	433,896
Payments	(144,245)	-	-	(144,245)
Transfers to liabilities directly Associated with non-current assets classified as held for sale, note 13	-	-	(4,543)	(4,543)
Exchange difference	147,109	(3,354)	490	144,245
Ending balance	3,929,027	561,622	125,543	4,616,192

At December 31, 2015 and 2014 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:

	At December 31, 2015		At December 31, 2014	
Modality	**Mortality table**	**Technical rates**	**Mortality table**	**Technical rates**
Annuities	RV – 2009, B- 2006 and MI – 2006	5.00% - 6.03% in US$ 3.56% in soles VAC 5.03% -5.40% adjusted in US$ 5.54% -6.57% in adjusted soles 2.24 – Soles VAC	RV – 2009, B- 2006 and MI – 2006	1.50% - 3.56% in S/ 4.50% - 6.39% adjusted in S/ 3.50% - 6.03% in US$ 3.50% -5.40% adjusted in US$ 2.18% - 3.55% in S/
Disability and survival (*)	B - 85, B – 85 adjusted, MI – 85, B-2006 and MI-2006	4.12 adjusted dollars 5.53% adjusted soles 3.00% - 3.4407 %	B - 85, B – 85 adjusted, MI – 85, B-2006 and MI-2006	3.00% adjusted in S/ and 5.42% in US$ 3.00% - 4.18% adjusted in US$
Regular life and insurance contracts Unit Linked	CS0 80 adjusted	4.00% - 5.00% in US$	CS0 80 adjusted	4.00% - 5.00% in US$

(*) This item includes retirements for complementary Work Risk Insurance (SCTR the 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, 2015 and 2014, 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:

	At December 31, 2015			At December 31, 2014		
		Variation of the reserve			Variation of the reserve	
Variables	**Amount of the reserve**	**Amount**	**Percentage**	**Amount of the reserve**	**Amount**	**Percentage**
	S/000	**S/000**	%	**S/000**	**S/000**	**%**
Portfolio in S/- Basis amount	516,986			981,168		
Changes in interest rates: + 100 bps	470,508	(46,478)	(8.99)	876,883	(104,285)	(10.63)
Changes in interest rates: - 100 bps	572,606	55,620	10.76	1,108,406	127,238	12.97
Changes in Mortality tables to 105%	510,912	(6,074)	(1.17)	972,021	(9,147)	(0.93)
Changes in Mortality tables to 95%	523,401	6,415	1.24	990,861	9,693	0.99
Portfolio in US$ - Basis amount	1,312,769			1,515,520		
Changes in interest rates: + 100 bps	1,176,417	(136,352)	(10.39)	1,378,153	(137,367)	(9.06)
Changes in interest rates: - 100 bps	1,478,464	165,695	12.62	1,680,010	164,490	10.85
Changes in Mortality tables to 105%	1,300,244	(12,525)	(0.95)	1,498,437	(17,083)	(1.13)
Changes in Mortality tables to 95%	1,326,043	13,274	1.01	1,533,647	18,127	1.20

17 BONDS AND NOTES ISSUED

(a) This item consists of the following:

	Weighted annual interest rate %	Interest payment	Maturity	Issued amount	2015 S/000	2014 S/000
Senior notes - (i)	5.38	Semi-annual	September 2020	US$800,000	2,832,041	2,466,857
Senior notes - (i)(x)	Between 4.25 and 4.75	Semi-annual	Between March 2016 and April 2023	US$700,000	2,489,795	2,141,333
Senior notes - (ii)	4.25	Semi-annual	April 2023	US$350,000	1,246,995	1,096,688
CCR Inc. MMT 100 – Secured notes - (iii)						
2006 Series A Floating rate certificates	Libor 1m + 24 pb	Monthly`	March 2016	US$100,000	4,780	27,730
2008 Series A Fixed rate certificates	6.27	Monthly	June 2015	US$150,000	-	38,374
2008 Series B Floating rate certificates	Libor 1m + 25 pb	Monthly	December 2015	US$150,000	-	82,115
2010 Series B Floating rate certificates	Libor 1m + 57.6 pb	Monthly	March 2016	US$100,000	8,878	51,498
2010 Series C Floating rate certificates	Libor 1m + 44.5 pb	Monthly	July 2017	US$350,000	425,493	561,097
2012 Series s A and B Floating rate certificates	Libor 1m + 22.5 pb	Monthly	July 2017	US$150,000	255,825	373,250
2012 Series C Fixed rate certificates	4.75	Monthly	July 2022	US$315,000	997,717	940,590
					1,692,693	2,074,654
Corporate bonds -						
Second program						
First issuance (Series B)	6.81	Semi-annual	March 2015	S/125,000	-	20,774
First and Second issuance (Series A) - Edyficar	Between 5.47 and 5.50	Semi-annual	Between April 2015 and Jan 2016	S/130,000	66,500	123,078
Third issuance (Series s A y B)	Between 8.47 and 8.50	Quarterly	Between June and July 2018	S/200,000	200,000	194,820
Third program						
First issuance (Series A) - Edyficar	5.28	Semi-annual	November 2016	S/62,108	54,972	55,108
Third issuance (Series B) - Edyficar	5.16	Semi-annual	May 2017	S/50,000	46,200	46,200
First issuance (Series s A y B) - Mibanco	5.39	Semi-annual	Between May and July 2017	S/98,800	51,432	85,425
Second issuance (Series A) - Mibanco	5.34	Semi-annual	April 2015	S/50,000	-	15,596
Fourth issuance (Series s A) - Mibanco	4.78	Semi-annual	December 2017	S/100,000	91,235	95,423
Fifth issuance (Series s A y B) - Mibanco	6.77	Semi-annual	Between January and March 2017	S/84,660	79,225	70,306
Sixth issuance (Series A) - Mibanco	6.56	-	July 2018	S/100,000	87,000	-
Fourth program						
Ninth issuance (Series A)	6.22	Semi-annual	November 2016	S/128,000	127,640	127,564
Tenth issuance (Series s A, B and C)	5.92	Semi-annual	Between December 2021 and November 2022	S/550,000	546,360	536,062
					1,350,564	1,370,356

	Weighted annual interest rate %	Interest payment	Maturity	Issued amount	2015 S/000	2014 S/000
Subordinated notes - (v)	6.13	Semi-annual	April 2027	US$720,000	2,471,995	2,177,213
Subordinated notes – (vi)	6.88	Semi-annual	September 2026	US$350,000	1,230,909	1,024,735
Junior subordinated bonds – (vii)	9.75	Semi-annual	November 2069	US$250,000	873,100	755,036
Subordinated bonds						
First program						
First issuance (Series A)	6.22	Semi-annual	May 2027	S/15,000	15,000	15,000
First issuance (Series A) - PPS	6.97	Quarterly	November 2026	US$60,175	203,828	179,857
First, second and third issuance (Series A) - Edyficar	Between 6.19 and 8.16	Semi-annual	Between October 2021 and December 2022	S/110,000	108,391	109,100
Fourth issuance (Series s A, B, C y D)	Between 6.53 and 8.50	Quarterly Between	February and May 2016	US$113,822	388,074	339,713
Fifth issuance (Series A) - Edyficar	7.75	Semi-annual	July 2024	S/88,009	88,009	88,009
Issuance I – Credit bonds Bolivia	6.95	Annual	August 2028	Bs70,000	34,857	28,622
Issuance II - Credit bonds Bolivia	5.08	Annual	August 2022	Bs137,200	69,696	-
					907,855	760,301
Negotiable certificate of deposit - (vii)	7.45	Semi-annual	October 2022	S/483,280	474,445	477,168
Negotiable certificate of deposit - Mibanco	4.50	Annual	April 2020	S/103,250	8,320	22,838
Negotiable certificate of deposit – Third program - Third issuance (Series C)	4.02	Annual	November 2015	S/103,250	-	99,828
Subordinated negotiable certificates of deposit - (viii)	6.88	Semi-annual	Between November 2021 and September 2026	US$129,080	415,408	367,623
Leasing bonds - First program - (ix)						
Sixth issuance (Series A)	8.72	Quarterly	August 2018	S/100,000	100,000	100,000
					16,094,120	14,934,630
Interest payable					193,842	169,963
Total					16,287,962	15,104,593

During 2014, due to change in functional currency, the Group revoked the corporate bonds hedged. Since 2014, the unrealized loss from the fair value of the derivative will be recorded in the consolidated statements of income over the remaining term of the derivative´s underlying (corporate bonds), see Note 18 (c).

During 2015 the Group held IRS from 2014, which were designated as fair value hedges of certain corporate bonds, subordinated bonds and notes denominated in U.S. Dollars at fix rate; through IRS, these bonds and notes were economically converted to variable interest rate. As of December 31, 2014, these bonds and notes are recorded at fair value and, as result, they recorded a loss amounting to approximately S/227.8 million, which is presented net of the gain in the related derivatives for approximately S/247.6 million in “Interest and similar expenses” in the consolidated statement of income.

(i) The Bank 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 Bank 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, 2015 cash flows of issuances in 2006 with series “A”, in 2008 with series “B” and in 2010 with series "C", which are subject to variable interest rates, have been hedged using IRS for a notional amount of S/465.4 million (S/746.5 million as of December 31, 2014), see Note 12(b); through IRS, such issuances were economically converted to a fix interest rate.

(iv) From April 24, 2022, the Bank will pay a floating interest rate of Libor at 3 months plus 704.3 basis points. Between April 24, 2017 and until April 23, 2022, the Group 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 25, 2022 or at any later date of coupon payment, the Bank will be able to redeem all or part of the bonds without penalty. Payment of principal will take place at the date of maturity of bonds or upon redemption.

(v) From September 16, 2021, the interest rate becomes a floating rate of Libor 3 months plus 770.8 basis points. Between September 16, 2016 and until September 15, 2021, the Group 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, the Group can redeem all or part of the bonds without penalty. Payment of principal will take place at the date of maturity of bonds or upon redemption.

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

This issuance, under the provisions of the SBS, qualifies as “Tier 1” equity in the determination of the regulatory capital (“patrimonio efectivo”) and has no related guarantees

(vii) 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, and on any subsequent date of payment of interest, the Group can redeem 100 percent of the certificates, without penalties.

Payment of principal will take place at the date of maturity of bonds (October 2022) or upon redemption.

(viii) In November 2016, the interest rate will change to a floating interest rate, established as Libor plus 2.79 percent, payments at 3 months. From such date, and on any subsequent date of payment of interest, the Group can redeem 100 percent of the debt, without penalties. Payment of principal will take place at the date of maturity of bonds or upon redemption.

(ix) Leasing bonds are collateralized by the fixed assets financed by the Group.

(x) In June 2014, the Group offered an Exchange to the tenders of senior notes, by which the notes were partially replaced with new notes, at market rate, with the same characteristics of the senior notes indicated in (i) above.

(b) The table below shows the bonds and notes issued, classified by maturity:

	2015 S/000	2014 S/000
Up to 3 months	2,791,495	20,774
From 3 months to 1 year	182,611	292,491
From 1 to 3 years	1,502,942	2,346,681
From 3 to 5 years	3,255,769	294,820
More than 5 years	8,361,303	11,979,864
Total	16,094,120	14,934,630

18 EQUITY

a) Share capital -

At December 31, 2015, 2014 and 2013 a total of 94,382,317 have been issued at US$5 par value each.

b) Treasury stock -

At December 31, 2015 treasury stock comprises the par value of 14,903,833 shares of Credicorp Ltd.(14,894,664 and 14,892,821 shares of Credicorp at December 31, 2014 and 2013, respectively) that owned by Group companies.

During 2015, 2014 and 2013 the Group bought 145,871, 144,898 and 163,000 shares of Credicorp Ltd., respectively , for a total of US$21.7 million (equivalent to S/72.9 million), US$18.6 million (equivalent to S/45.6 million) y US$24.0 million (equivalent to S/65.1 million), respectively .

c) Reserves -

Certain of the Group subsidiaries are required to keep a reserve that equals a percentage of paid-in capital (20, 30 or 50 percent, depending of its activities and county in which manufacturing takes place); this reserve should be constituted with annual transfers of not less than 10 percent of net profits. At December 31, 2015, 2014 and 2013 the balance of reserves approximately amounts to S/2,996.7, S/2,731.7 and S/2,017.2, respectively.

At the Board meetings held on February 25, 2015, February 25, 2014 and February 27, 2013 the decision was made to transfer from "Retained earnings" to "Reserves" S/1,820.0 million , S/1,200.8 million and S/1,471.6 million , respectively.

"Other reserves" include unrealized gains (losses) on Available-for-sale investments and on cash flow hedges, net of deferred income tax and non-controlling interest. Movement was as follows:

	Net unrealized gains (losses): Reserve for available-for-sale investments S/000	Reserve for cash flow hedges S/000	Foreign exchange translation S/000	Total S/000
Balances at January 1, 2013	1,714,630	(110,435)	(1,166,988)	437,207
Decrease in net unrealized gains on Available-for-sale investments	(341,470)	-	-	(341,470)
Transfer of net realized gains on Available-for-sale investments to profit or loss, net of realized loss	(488,096)	- -	-	(488,096)
Transfer of the impairment loss on Available-for-sale investments to profit or loss Note 6(c)	3,041	-	-	3,041
Change from net unrealized gains on cash flow hedges, Note 12(b) (ii)	-	108,130	-	108,130
Transfer of net realized gains on cash flow hedges to profit or loss, Note 12(b) (ii)	-	(2,232)	-	(2,232)
Exchange difference	-	-	1,012,305	1,012,305
Effect of change in presentation currency, Note 3 (c) (iv)	139,658	(7,398)	-	132,260
Balances at December 31, 2013	1,027,763	(11,935)	(154,683)	861,145
Increase in net unrealized gains on Available-for-sale investments	292,418	-	-	292,418
Transfer of net realized gains de Available-for-sale investments to profit or loss, net of realized losses	(104,360)	-	-	(104,360)
Transfer of impairment loss on Available-for-sale investments to profit or loss, Note 6(c)	7,794	-	-	7,794
Change in net unrealized gains on cash flow hedges, Note 12(b) (ii)	-	(38,943)	-	(38,943)
Transfer of net realized losses on cash flow hedges to profit or loss, Note 12(b)(ii)	-	56,815	-	56,815
Exchange difference	-	-	(51,483)	(51,483)
Balances at December 31, 2014	1,223,615	5,937	(206,166)	1,023,386
Decrease in net unrealized gains on Available-for-sale investments	(323,347)	-	-	(323,347)
Transfer of net realized gains on Available-for-sale investments to profit or loss, net of realized losses	(191,717)	-	-	(191,717)
Transfer of impairment loss of Available-for-sale investments to profit or loss, Note 6(c)	(55,647)	-	-	(55,647)
Change from net unrealized losses on cash flow hedges, Note 12(b) (ii)	-	(50,273)	-	(50,273)
Transfer of net realized losses on cash flow hedges to profit or loss, Note 12(b)ii)	-	(11,160)	-	(11,160)
Foreign exchange translation	-	-	270,908	270,908
Balances at December 31, 2015	652,904	45,050	(64,742)	762,696

During 2014, the Group revoked certain cash flow hedge derivatives due to the change in Group functional to Soles, as a result, the net unrealized gain from the fair value of derivatives amounting to S/16.4 million, previously recognized in the consolidated statement of changes in equity will be recognized in the consolidated statement of income over the remaining term of the underlying items.

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; their movements are as follows:

	2015 S/000	2014 S/000	2013 S/000
Available-for-sale investments:			
Unrealized gains (losses) on available-for-sale investments	(323,347)	292,418	(341,470)
Transfer of realized gains on available-for-sale investments to profit or loss, net of realized losses	(191,716)	(104,360)	(488,096)
Transfer of impairment losses on available-for-sale investments to profit or loss	(55,647)	7,794	3,041
Sub total	(570,710)	195,852	(826,525)
Non-controlling interest	(46,532)	8,398	(45,181)
Income tax	(18,503)	(6,853)	(47,828)
	(635,745)	197,397	(919,534)
Cash flow hedge:			
Net (loss) gains on cash flow hedges	50,273	(38,943)	108,130
Transfer of net realized losses (gains) on cash flow hedges to profit or loss	(11,160)	56,815	(2,232)
Sub total	39,113	17,872	105,898
Non-controlling interest	-	-	-
Income tax	1,957	1,016	16,302
	41,070	18,888	122,200
Foreign exchange translation:			
Exchange gains or losses	270,908	(51,483)	1,012,305
Non-controlling interest	-	(2,522)	11,275
	270,908	(54,005)	1,023,580

e) Dividend distribution -

During 2015, 2014 and 2013, Credicorp paid cash dividends, net of the effect of treasury shares, for approximately US$174.4, US$151.5 and US$207.4 million, respectively (equivalent to approximately 540.0, S/429.4 and S/535.2 million , respectively). In this sense, during the years 2015, 2014 and 2013, cash dividend payouts per share totaled US$1.8 US$1.9 and US$2.6, respectively.

In accordance with current Peruvian legislation, there is no restriction for overseas remittance of dividends or the repatriation of foreign investment. At December 31, 2015 dividends paid by the Peruvian subsidiaries to Credicorp are subject to a 6.8 percent withholding tax and but at December 31, 2014 and 2013 the withholding rate was 4.1 percent.

This rate will be progressively increased as follows:

Income tax on profits generated in	**%**
Until 2014	4.1
2015 and 2016	6.8
2017 and 2018	8
From 2019 onwards	9.3

f) Regulatory capital -

At December 31, 2015 and 2014 the regulatory capital requirement (“patrimonio efectivo” in Peru) applicable to Credicorp subsidiaries engaged in financial services and insurance activities in Peru, determined under the provisions of the Peruvian banking and insurance regulator, SBS totals approximately S/18,614,7 million and S/16,377.8 million , respectively . At those dates, the Group’s regulatory requirement exceeds by approximately S/1,834.4 million and S/2,217.5 million, respectively the minimum regulatory capital required by the SBS.

19 TAX SITUATION

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

Until December 31, 2015, Peruvian statutory Income Tax rate is 28 percent on taxable income after calculating the workers’ profit sharing, which is determined using a 5 percent rate. By means of Law No.30296, published on December 31, 2014 income tax rate was reduced as per the following schedule:

Effective for fiscal years	**%**
2015 and 2016	28
2017 and 2018	27
From 2019 onward	26

As a consequence, deferred tax assets and liabilities on temporary differences that are expected to reverse during those years have been measured at such corresponding rates.

The Bolivian statutory Income Tax rate is 25 percent.

Also, the Chilean statutory Income Tax rate to resident legal persons is 21% for 2014. On the other hand, natural or legal persons do not domiciled in Chile are subject to additional tax, which is applied with an overall rate of 35%. It operates in general on the basis of withdrawals and distributions or income remittances abroad, other Chilean source. Affected taxpayers this tax are entitled to a credit of First Category Tax paid by companies on income withdrawn or distributed.

For 2015 and 2016 the tax rate will be 22.5 and 24 percent. In the last quarter of 2016, companies resident in Chile must choose between the “Income Tax attributed system” or “Income Tax partially attributed system” for determining the income tax from the financial year 2017. The Group decided to choose the “Income Tax attributed system”. The additional tax rate has not been changed.

The Colombian statutory income Tax rate is 25%. As of January 1, 2013 is applicable income tax for equity-CREE with a rate of 9% in the first three years and 8% in the following years. In addition, the rate of income tax payable in Colombia amounted to 34%.

Since 2015, the 9% CREE rate will be permanent, leaving aside the 8% reduction would be effective from fiscal 2016. In addition, a surcharge of CREE is created, equivalent to excess of 5% for any amount exceeding US$336,000, which shall be 6% in 2016, 8% in 2017 and 9% in 2018.

ASHC and its Subsidiaries are not subject to taxes in the Cayman Islands or Panama. For the years ended December 31, 2015, 2014 and 2013, 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:

	2015	2014	2013
	%	%	%
Peruvian statutory income tax rate	28.00	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	(0.37)	0.39	0.01
(ii) Non-taxable income, net	(0.17)	(1.95)	(1.95)
(iii) Translation results not considered for tax purposes	-	0.11	6.11
(iv) Effect of change in Peruvian tax rates	-	0.02	-
Effective income tax rate	27.46	28.57	34.17

b) Income tax expense for the years ended December 31, 2015, 2014 and 2013 comprises:

	2015	2014	2013
	S/000	S/000	S/000
Current -			
In Peru	1,217,907	1,188,552	791,054
In other countries	96,495	32,382	13,143
	1,314,402	1,220,934	804,197
Deferred -			
In Peru	22,667	(182,465)	(82,539)
In other countries	(139,862)	(53,819)	53,519
Effect of change in Peruvian tax rates	-	(16,426)	-
	(117,195)	(252,710)	(29,020)
Total	1,197,207	968,224	775,177

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:

	2015	2014
	S/000	S/000
Net deferred income tax asset		
Deferred income tax assets		
Allowance for loan losses, net	490,466	398,929
Valuation of hedged bonds and notes, Note 17(a)	71,367	50,921
Provision for sundry expenses	31,730	41,393
Reserve for sundry risks, net	53,833	22,293
Unrealized loss in valuation on cash flow hedge derivatives	4,774	1,271
Other	97,259	75,285
Deferred income tax liabilities		
Buildings depreciation	(58,361)	(47,085)
Unrealized gain on available-for-sale investments	-	(8,559)
Intangible, net	(98,220)	-
Unrealized gain on hedge derivatives valuations	(36,897)	(6,719)
Gain for difference tax exchange	(20,331)	(39,787)
Other	(11,000)	(15,707)
Total	524,620	472,235
Net deferred income tax liability		
Deferred income tax assets		
Allowance for loan losses, net	-	33,016
Reserve for sundry risks, net	4,486	3,664
Other	42,333	46,030
Deferred income tax liabilities		
Unrealized gains on available-for-sale investments	(20,333)	(155,363)
Intangibles assets, net	(52,712)	(157,806)
Buildings depreciation	(4,749)	(5,547)
Other	(107,911)	(29,283)
Total	(138,886)	(265,289)

At December 31, 2015 , 2014 and 2013, Credicorp and Subsidiaries have recorded deferred income tax balance of S/19.1 million , S/27.8 million and S/87.2 million , respectively ,resulting from unrealized gains and losses on available-for-sale investments and cash flow hedges.

d) The Peruvian Tax Authorities have the right to review and, if necessary, amend the annual income tax returns filed by Peruvian subsidiaries up to four years after their filing date. Income tax returns of the major subsidiaries open for examination by the tax authorities are as follows:

Banco de Crédito del Perú	2011 al 2015
Edyficar	2012 al 2015
Prima AFP	2012 to 2015
Pacífico Peruano Suiza	2012 al 2015
Pacífico Vida	2012 al 2015

At December 31, 2015 Peruvian tax authorities are currently examining the BCP's income tax returns for fiscal 2009 and those fiscal 2011 of Mibanco and Pacifico Peruano Suiza. Also, Bolivian tax authorities are currently examining BCB's income tax returns for fiscal 2013. Additionally, Banco de Crédito del Perú's ESSALUD is undergoing tax audit by Peruvian tax authorities for fiscal 2012.

The Bolivian, Chilean and Colombian tax authorities have the right to review and, if necessary, amend the annual income tax returns filed by the foreign subsidiaries operating in those countries for the last four, three and two fiscal years, respectively, after their filing date. Income tax returns of the subsidiaries below remain to be examined by the respective tax authorities for the following fiscal years:

Banco de Crédito de Bolivia	2010, 2012, 2014, 2015
Correval	2014 and 2015
IM Trust	2013, 2014 and 2015

OperaSince tax regulations are subject to interpretation by the different Tax Authorities where Credicorp's subsidiaries operate, are located, it is not possible to determine at the present date whether any significant additional liabilities may arise from any eventual tax examinations of the Credicorp's subsidiaries. Any resulting unpaid taxes, tax penalties or interests that may arise will be recognized as expenses in the year in which they are determined. However, Management of Credicorp and Subsidiaries and their legal counsel consider that any additional tax assessments would not have a significant impact on the consolidated financial statements as of December 31, December 31, 2015 and 2014.

20 SHARE-BASED COMPENSATION PLANS

a) Stock appreciation rights -

As indicated in Note 3(z) (i), the Group granted Credicorp stock appreciation rights (SARs) to certain employees. During 2014, all SARs were executed by the Group.

The expected life of the SARs was based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflected 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.

At December 31, 2014 all SARs were executed by the Group. The Group assumed the payment of the related income tax on behalf of its employees, which was 30 percent on the benefit.

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

b) Stock awards (“equity-settled transaction”) -

As indicated in Note 3(z) (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 on 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 2015, 2014 and 2013 the Group has granted approximately 129,091,126,150 and 117,562 Credicorp shares, of which 252,378 and 252,689 shares were pending delivery as of December 31, 2015 and 2014, respectively. During those years, the recorded expense amounted to approximately S/73.1 million and S/44.6 million, respectively.

(c) Long-term incentive plan Credicorp Capital Ltda and Subsidiaries

In 2015 an executive retention plan was implemented by which a long-term benefit (3 years) is given, based on certain performance criteria, which is recognized as a liability and an expense year on year. These incentives are based on a formula that takes into account the results of operations of Grupo Credicorp Capital, as a referenced measure, and applying certain adjustments to the accounting profits of the Group companies.

21 OFF-BALANCE SHEET ACCOUNTS

a) This item consists of the following:

	2015 S/000	2014 S/000
Contingent credits - indirect loans (b), Note 7(a)		
Guarantees and standby letters	17,415,674	15,892,731
Import and export letters of credit	1,589,006	1,426,727
	19,004,680	17,319,458
Responsibilities under credit lines agreements (c)	23,002,691	17,061,832

Reference value of operations with derivatives are recorded in off-balance sheet accounts in the committed currency, as shown in note 12 (b).

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) Lines of credit obtained include consumer lines of credit and other consumer loans facilities (credit cards) granted to customers and are cancelable upon related notice to customer.

22 INTEREST AND SIMILAR INCOME AND INTEREST AND SIMILAR EXPENSE

This item consists of the following:

	2015 S/000	2014 S/000	2013 S/000
Interest and similar income			
Interest on loans	8,706,372	7,667,485	6,156,893
Interest on available-for-sale investments	853,365	690,605	723,631
Interest on due from banks	32,818	52,243	93,794
Dividends from available-for-sale investments and trading securities	55,594	60,145	48,576
Interest on trading securities	68,538	70,542	30,922
Net P&L from hedging derivatives instruments and trading	238,855	22,202	-
Other interest and similar income	67,402	37,644	32,654
Total	10,022,944	8,600,866	7,086,470
Interest and similar expense			
Interest on deposits and obligations	(859,797)	(831,350)	(821,160)
Interest on bonds and notes issued	(753,174)	(749,691)	(788,796)
Interest on due to banks and correspondents	(758,396)	(420,617)	(246,222)
Loss from hedging derivatives instruments and trading	(30,917)	-	(63,660)
Other interest and similar expense	(155,766)	(184,404)	(196,735)
Total	(2,558,050)	(2,191,062)	(2,116,573)

23 BANKING SERVICE COMMISSIONS

This item consists of the following:

	2015 S/000	2014 S/000	2013 S/000
Maintenance of accounts, transfers and credit and debit card services	1,350,699	1,236,722	1,180,372
Funds management	476,277	452,956	397,558
Contingent loans fees	214,501	195,565	173,772
Collection services	344,375	262,689	238,955
Commissions for banking services	215,478	117,634	85,018
Brokerage and custody services	70,437	137,159	104,186
Other	195,056	119,104	80,066
Total	2,866,823	2,521,829	2,259,927

24 NET PREMIUMS EARNED

a) This item consists of the following:

	Gross premiums (*)	Premiums ceded to reinsurers- net (**)	Assumed from other companies, net	Net premiums earned	Percentage of assumed net premiums
	S/000	S/000	S/000	S/000	%
2015					
Life insurance	857,576	(36,971)	-	820,605	0.00
Health insurance	388,002	(9,186)	700	379,516	0.18
General insurance	948,177	(423,955)	9,635	533,857	1.80
Total	2,193,755	(470,112)	10,335	1,733,978	0.61
2014					
Life insurance	671,380	(33,626)	-	637,754	0.00
Health insurance	1,078,211	(8,426)	1,114	1,070,899	0.10
General insurance	909,207	(450,964)	22,770	481,013	4.74
Total	2,658,798	(493,016)	23,884	2,189,666	1.09
2013					
Life insurance	786,239	(33,247)	3,209	756,201	0.42
Health insurance	947,481	(10,289)	2,252	939,444	0.24
General insurance	860,616	(427,658)	14,174	447,132	3.17
Total	2,594,336	(471,194)	19,635	2,142,777	0.92

(*) Includes the annual variation of the unearned premiums and other technical reserves. The decrease of net earned premiums is due to the sale of Banmédica. See Note 2(b) and 13.

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

	2015 S/000	2014 S/000	2013 S/000
Premiums ceded for automatic contracts (mainly excess of loss), Note 9(b)	(145,618)	(143,041)	(136,009)
Premiums ceded for facultative contracts, Note 9(b)	(331,329)	(314,624)	(347,378)
Annual variation for unearned premiums ceded reserves, Note 9(b)	6,835	(35,351)	12,193
	(470,112)	(493,016)	(471,194)

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

	2015 S/000	%	2014 S/000	%	2013 S/000	%
Life insurance (i)	857,576	38	671,380	25	786,239	30
Health insurance (ii)	388,002	18	1,078,211	41	947,481	37
General insurance (iii)	948,177	44	909,207	34	860,616	33
Total	2,193,755	100	2,658,798	100	2,594,336	100

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

	2015 S/000	%	2014 S/000	%	2013 S/000	%
Credit Life	343,643	40	271,269	40	212,352	27
Group Life	187,857	22	168,912	25	156,964	20
Retirement, disability and survival (*)	116,251	14	2,344	-	204,108	26
Annuities	16,853	2	10,194	2	5,092	1
Individual life and personal accident (**)	192,972	22	218,661	33	207,723	26
Total life insurance gross premiums	857,576	100	671,380	100	786,239	100

(*) 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 S/348.8 million in 2015 (S/1,052.3 and S/919.6 million in 2014 and 2013 respectively) and represents 89.9 percent of this line of business in 2015 (97.60 y 97.05 percent in 2014 and 2013 respectively), see note 13.

iii) General insurance gross premiums consists of the following:

	2015 S/000	2015 %	2014 S/000	2014 %	2013 S/000	2013 %
Automobile	212,197	22.38	338,378	37.22	306,235	35.58
Fire and allied lines	61,424	6.48	163,984	18.04	148,349	17.24
Technical lines (*)	319,130	33.66	73,683	8.10	81,014	9.41
Third party liability	74,182	7.82	64,462	7.09	60,756	7.06
Aviation	64,380	6.79	47,689	5.25	60,224	7.00
Theft and robbery	73,305	7.73	67,446	7.42	57,314	6.66
Transport	41,815	4.41	48,825	5.37	46,007	5.35
SOAT (Mandatory automobile line)	23,608	2.49	28,381	3.12	31,310	3.64
Marine Hull	21,851	2.30	17,671	1.94	20,923	2.43
Others	56,285	5.94	58,688	6.45	48,484	5.63
Total general insurance gross premiums	948,177	100.00	909,207	100.00	860,616	100.00

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

25 NET CLAIMS INCURRED FOR LIFE, PROPERTY AND CASUALTY AND HEALTH INSURANCE CONTRACTS

This item consists of the following:

	2015 Life insurance S/000	General insurance S/000	Health insurance (*) S/000	Total S/000
Gross claims, Note 16(b)	546,645	341,470	263,438	1,151,553
Ceded claims,	(26,490)	(85,109)	(8,295)	(119,894)
Net insurance claims	520,155	256,361	255,143	1,031,659

	2014 Life insurance S/000	General insurance S/000	Health insurance S/000	Total S/000
Gross claims	351,445	337,864	834,296	1,523,605
Ceded claims	(24,091)	(67,108)	(5,673)	(96,872)
Net insurance claims	327,354	270,756	828,623	1,426,733

	2013 Life insurance S/000	General insurance S/000	Health insurance S/000	Total S/000
Gross claims	478,005	428,314	716,084	1,622,403
Ceded claims	(22,236)	(133,269)	(6,437)	(161,942)
Net insurance claims	455,769	295,045	709,647	1,460,461

26 SALARIES AND EMPLOYEE BENEFITS

This item consists of the following:

	2015 S/000	2014 S/000	2013 S/000
Salaries	1,594,538	1,410,351	1,279,823
Vacations, medical assistance and others	301,478	391,483	285,559
Legal gratifications	221,654	258,146	177,160
Employees' bonds	160,336	147,265	119,564
Workers' profit sharing	230,701	146,304	136,459
Social security	172,909	131,573	121,574
Severance indemnities	123,552	125,681	96,393
Share-based payment plans	73,150	62,628	61,522
Total	2,878,318	2,673,431	2,278,054

27 ADMINISTRATIVE EXPENSES

This item consists of the following:

	2015 S/000	2014 S/000	2013 S/000
Repair and maintenance	387,222	329,018	297,346
Publicity	273,881	268,117	255,111
Rental	214,012	202,323	162,393
Taxes and contributions	249,474	201,782	182,631
Transport and communications	195,118	200,207	177,323
Others (*)	676,095	729,036	664,147
Total	1, 995,802	1,930,483	1,738,951

(*) At December 31, 2015 and 2014 this item includes, among other, insurance expenses, security surveillance expenses, cleaning expenses, notary-public expenses, public services expenses and consulting expenses.

28 OTHER INCOME AND EXPENSES

This item consists of the following:

	2015 S/000	2014 S/000	2013 S/000
Other income			
Income from medical services and sale of medicines	133,828	460,883	344,481
Real estate rental income	30,765	18,522	20,654
Income from sale of seized assets	4,195	1,801	4,427
Recoveries of other accounts receivable and other assets	1,481	3,084	1,251
Other	159,805	155,282	70,380
Total other income	330,074	639,572	441,193

	2015 S/000	2014 S/000	2013 S/000
Other expenses			
Cost of medical services and sale of medicines	222,632	310,164	280,508
Profit (losses) on sale of seized assets	783	-	-
Commissions from insurance activities	231,521	262,692	217,758
Sundry technical insurance expenses	95,857	75,917	68,623
Provision for sundry risks, Note 12(d)	38,248	70,094	24,089
Put option write on non-controlling interests	8,972	52,625	364
Expenses on improvements in building for rent	45,266	38,065	28,999
Provision for other accounts receivables	12,516	12,854	7,566
Other	101,209	110,509	61,970
Total other expenses	757,004	932,920	689,877

29 EARNINGS PER SHARE

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

	2015 S/000	2014 S/000	2013 S/000
Net income attributable to equity holders of Credicorp (in thousands of soles)	3,092,303	2,387,852	1,538,307
Number of shares:			
Ordinary shares, Note 18(a)	94,382,317	94,382,317	94,382,317
Less - treasury shares	(14,894,664)	(14,892,821)	(14,926,038)
Acquisition of treasury shares, net	(6,877)	11,027	28,140
Weighted average number of ordinary shares for basic earnings	79,480,776	79,500,523	79,484,419
Plus - dilution effect - stock awards	128,373	173,536	182,117
Weighted average number of ordinary shares adjusted for the effect of dilution	79,609.149	79,674,059	79,666,536
Basic earnings per share (in Peruvian soles)	38.91	30.04	19.35
Diluted earnings per share (in Peruvian soles)	38.84	29.97	19.31

30 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 comprising 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 care services, and comprehensive intensive care services.

Pension funds

Providing services of private pension fund management to affiliated pensioners.

Investment banking -

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.

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 2015, 2014 and 2013.

(i) The table below presents income and certain asset information regarding the Group's reportable segments (in millions of Peruvian soles) for the years ended 31 December 2015, 2014 and 2013:

	Total Income (*)	Operating income (*)	Allowance for loan losses, net of recoveries	Depreciation and amortization	Impairment of available-for sale assets	Income before exchange difference and income tax	Exchange difference and income tax	Net profit	Capital expenditures intangibles and goodwill	Total assets
2015										
Banking	13,045	7,366	(1,896)	(330)	(31)	3,786	(948)	2,838	347	146,496
Insurance	2,268	702	-	(42)	(13)	410	(60)	350	120	9,326
Pension funds	402	-	-	(19)	-	226	(64)	162	9	881
Investment banking	492	(1)	-	(20)	-	7	(13)	(6)	15	2,837
Eliminations and adjustments	(231)	100	15	10	-	(115)	(66)	(180)	-	(4,060)
Total consolidated	**15,976**	**8,167**	**(1,881)**	**(401)**	**(44)**	**4,314**	**(1,151)**	**3,163**	**491**	**155,480**
2014										
Banking	11,540	6,070	(1,716)	(340)	(8)	2,801	(681)	2,120	381	124,551
Insurance	2,674	1,002	-	(55)	-	232	(27)	206	132	8,653
Pension funds	391	-	-	(21)	-	221	(67)	153	9	913
Investment banking	416	4	-	(18)	- 3	(21)	(18)	27	3,467	
Eliminations and adjustments	(395)	97	-	-	-	(40)	-	(40)	-	(2,750)
Total consolidated	**14,626**	**7,173**	**(1,716)**	**(434)**	**(8)**	**3,217**	**(796)**	**2,421**	**549**	**134,834**
2013										
Banking	9,373	4,516	(1,230)	(279)	-	2,205	(935)	1,271	564	108,487
Insurance	2,943	968	-	(14)	(3)	144	(38)	114	152	7,720
Pension funds	372	-	-	(19)	-	198	(4)	144	8	769
Investment banking	289	53	-	(16)	-	105	(65)	32	112	665
Eliminations and adjustments	(416)	115	-	-	-	(10)	7	(3)	-	(3,547)
Total consolidated	**12,561**	**5,652**	**(1,230)**	**(328)**	**(3)**	**2,642**	**(1,085)**	**1,558**	**836**	**114,094**

(ii) The table below shows (in million soles) a breakdown of the Group's external income, operating income and non-current assets; classified by location of customers and assets, respectively for the years ended December 31, 2015, 2014 and 2013:

	2015			2014			2013		
	Total income (*)	**Operating income (**)**	**Total non-current assets (***)**	**Total income (*)**	**Operating income (**)**	**Total non-current assets (***)**	**Total income (*)**	**Operating income (**)**	**Total non-current assets (***)**
Perú	14,091	7,615	3,819	13,331	6,596	3,607	11,603	5,194	3,083
Panamá	761	38	-	666	109	-	410	22	344
Cayman Islands	490	130	5	304	116	6	271	111	5
Bolivia	487	267	84	414	214	74	328	184	44
Colombia	219	12	175	232	-	203	209	3	240
United States of America	32	17	-	25	16	-	130	23	106
Chile	126	(12)	142	49	25	243	26	-	294
Eliminations and adjustments	(231)	101	(17)	(395)	97	(18)	(416)	115	(25)
Total consolidated	15,975	8,168	4,206	14,626	7,173	4,115	12,561	5,652	4,091

(*) Including 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.

31 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 operations	Percentage of interest 2015, 2014 and 2013
		%
Credicorp Capital Colombia	Colombia	49.00
IM Trust	Chile	39.40

The table below summarizes the financial information of these subsidiaries. This information is based on amounts before inter-company eliminations:

	2015	2014	2013
	S/000	S/000	S/000
Accumulated balances of material non-controlling interest			
Correval	97,655	110,968	121,243
IM Trust	97,027	132,721	136,345
Profit attributable to material non-controlling interest			
Correval	8,266	11,099	5,794
IM Trust	(15,013)	(15,153)	(7,281)

	2015		2014		2013	
	Correval	IM rust	Correval	IM Trust	Correval	IM Trust
	S/000	S/000	S/000	S/000	S/000	S/000
Operating revenue	204,128	112,753	230,148	26,946	338,690	82,189
Operating expenses	(172,653)	(175,646)	(194,867)	(96,129)	(317,696)	(121,756)
Profit before income tax	31,475	(62,893)	35,281	(69,183)	20,994	(39,567)
Income tax	(13,120)	(5,713)	(13,105)	(3,724)	(6,340)	(2,466)
Net profit (loss) for the year	18,355	(68,606)	22,176	(72,907)	14,654	(42,033)
Attributable to non-controlling interest	8,266	(15,013)	11,099	(15,153)	5,794	(7,281)

(*) Correval 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.

	2015		2014		2013	
	Correval	IM rust	Correval	IM Trust	Correval	IM Trust
	S/000	S/000	S/000	S/000	S/000	S/000
Summarized statement of financial position						
Assets						
Cash collateral, reverse repurchase agreements and securities borrowings	824,876	79,298	1,674,527	58,311	870,183	104,677
Trading securities, investments available - for - sale and investments available - for - sale pledged as collateral	647,539	65,728	146,378	131,011	123,275	57,653
Other assets	271,077	638,886	264,226	872,202	301,169	619,037

	2015		2014		2013	
	Correval	IM rust	Correval	IM Trust	Correval	IM Trust
	S/000	S/000	S/000	S/000	S/000	S/000
Liabilities and equity						
Payables from repurchase agreements and security lendings	1,347,455	98,159	1,274,771	107,090	753,150	97,998
Financial liabilities designated at fair value through profit or loss	-	-	397,201	-	116,035	-
Other liabilities	128,955	435,571	116,346	610,352	109,913	304,800
Total equity	267,082	250,182	296,813	344,082	315,529	378,569
Summarized statement of cash flows						
Operating activities	120,944	76,534	960	25,530	35,778	9,549
Investment activities	(5,784)	(27,757)	(778,016)	(4,233)	(1,885,455)	45,063
Financing activities	-	(98,866)	503,959	(621)	-	(36,985)
Net increase (decrease) in cash and cash equivalents	115,160	(50,089)	(273,097)	20,676	(1,849,677)	17,627

Credicorp 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 34.8 in relation to those.

32 TRANSACTIONS WITH RELATED PARTIES

a) The Group’s consolidated financial statements at December 31, 2015 and 2014 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 table below shows the main transactions with related parties as of December 31, 2015 and 2014:

	2015	2014
	S/000	S/000
Direct loans	1,536,749	1,240,841
Available-for-sale investments and trading securities	368,438	203,227
Deposits	285,763	72,985
Contingent credits	234,287	177,408
Interest income related to loans – income	63,821	31,614
Interest expense related to deposits - expense	11,649	7,143
Other income	6,523	5,775
Derivatives at fair value	2,499	904

c) All transactions with related parties are made in accordance with normal market conditions available to other customers. At December 31, direct loans to related companies are secured by collaterals, had maturities between January 2016 and October 2023 at an annual average interest rate of 7.07 percent (at December 31, 2014 they had maturities between January 2015 and October 2022 and bore and annual average interest rate of 6.57 percent). Also, at December 31, 2015 and 2014 , the Group maintains an allowance for loan losses to related parties amounting to S/2.7 million and S/1.2 million, respectively .

d) At December 31, 2015 and 2014, 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. At December 31, 2015 and 2014, direct loans to employees, directors and key Management amounted to S/784.2 and S/774.2 million, respectively; they are repaid monthly and earn interest at market rates.

There are no loans to the Group's directors and key personnel that may have been secured with shares of Credicorp's or any of its Subsidiaries'.

e) The Group's key executives' compensation (including the related income taxes assumed by the Group) as of December 31, 2015, 2014 and 2013 was as follows:

	2015 S/000	2014 S/000	2013 S/000
Salaries	24,587	15,168	22,697
Directors' compensations	6,692	5,457	5,138
Total	31,279	20,625	27,835

Also, key executives compensation includes share based payments as explained in more detail in Note 20. SARs valuation for the years 2014 and 2013 resulted in income totaling S/1.4 million and expense totaling S/2.6 million, respectively. Over 2014 SARs were executed for a total S/23.8 million.

Additionally, approximately S/16.1 million of stock awards vested over 2015 (S/15.1 million and S/15.7 million over 2014 and 2013, respectively). The related executives' income tax is assumed by the Group.

f) At December 31, 2015 and 2014 the Group holds interests in different mutual funds and hedge funds managed by certain Group's Subsidiaries; those interests are classified as trading securities or available-for-sale investments. The detail is the following:

	2015 S/000	2014 S/000
Held-for-trading and available-for-sale investments		
Mutual funds - U.S. dollars	11,067	18,912
Mutual funds - Bolivianos	59,024	40,599
Mutual funds - Chilean pesos	-	1,810
Total	70,091	61,321

33 FINANCIAL INSTRUMENTS CLASSIFICATION

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

	At December 31, 2015							At December 31, 2014						
	Financial assets and liabilities							financial assets and liabilities						
	measured at fair value							measured at fair value						
	Held for trading or hedging	Designated at inception	Loans and receivables	Investments available for-sale	Investments held-to-maturity	Liabilities at amortized cost	Total	Help for trading or hedging	Designated at inception	Loans and receivables	Investments available for-sale	Investments held-to-maturity	Liabilities at amortized cost	Total
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Assets														
Cash and due from banks	-	-	22,391,744	-	-	-	22,391,744	-	-	21,689,466	-	-	-	21,689,466
Cash collateral, reverse repurchase agreements and securities borrowings	-	-	11,026,698	-	-	-	11,026,698	-	-	5,543,403	-	-	-	5,543,403
Trading securities	2,323,096	-	-	-	-	-	2,323,096	2,525,970	-	-	-	-	-	2,525,970
Available-for-sale investments	-	-	-	18,768,921	-	-	18,768,921	-	-	-	15,747,996	-	-	15,747,996
Held-to-maturity Investments	-	-	-	-	3,582,129	-	3,582,129	-	-	-	-	2,667,663	-	2,667,663
Loans, net	-	-	86,488,162	-	-	-	86,488,162	-	-	76,522,506	-	-	-	76,522,506
Financial assets designated at fair value through profit or loss		350,328	-	-	-	-	350,328		297,100	-	-	-	-	297,100
Premiums and other policies receivable	-	-	648,017	-	-	-	648,017	-	-	578,296	-	-	-	578,296
Accounts receivable from reinsurers and coinsurers	-	-	457,189	-	-	-	457,189	-	-	468,137	-	-	-	468,137
Due from customers on acceptances	-	-	222,496	-	-	-	222,496	-	-	167,654	-	-	-	167,654
Other assets, Note 12	1,475,516	-	1,769,789	-	-	-	3,245,305	845,931	-	1,037,625	-	-	-	1,883,556
	3,798,612	350,328	123,004,095	18,768,921	3,582,129		149,504,085	3,371,901	297,100	106,007,087	15,747,996	2,667,663	-	128,091,747
Liabilities														
Deposits and obligations	-	-	-	-	-	88,606,633	88,606,633	-	-	-	-	-	77,046,969	77,046,969
Payables from repurchase agreements and security lendings	-	-	-	-	-	14,599,750	14,599,750		-	-	-	-	8,308,470	8,308,470
Due to banks and correspondents	-	-	-	-	-	7,762,497	7,762,497	-	-	-	-	-	9,217,340	9,217,340
Bankers' acceptances outstanding	-	-	-	-	-	222,496	222,496	-	-	-	-	-	167,654	167,654
Financial liabilities designated at fair value through profit or loss		47,737	-	-	-	-	47,737	-	397,201	-	-	-	-	397,201
Accounts payable to reinsurers and coinsurers	-	-	-	-	-	241,847	241,847	-	-	-	-	-	220,910	220,910
Bonds and notes issued	8,535,401	-	-	-	-	7,752,561	16,287,962	7,349,760	-	-	-	-	7,754,833	15,104,593
Other liabilities, Note 12	942,521	-	-	-	-	2,843,131	3,785,652	682,401	416,235	-	-	-	2,043,700	3,142,336
	9,477,922	47,737	-	-	-	122,028,915	131,554,574	8,429,362	416,235	-	-	-	104,759,876	113,605,473

34 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, under its trading strategies 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 below:

(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 encourages a risk management culture within the Group, it oversees the corporate internal control in place, ensures performance of the compliance function in the Group and approves the Group's risk appetite and tolerance.

Board of Group Companies -

The Board of each of the Group companies is responsible for risk management at each subsidiary and approval of the policies and guidelines for risk management. Each subsidiary's Board sets an organization culture that promotes risk management within the Subsidiary, oversees the corporate internal control in place, and ensures performance of the compliance function in a given subsidiary. Additionally, it is charged with approving the risk appetite and tolerance of each subsidiary as well as the business objectives and plans; securing an adequate solvency position and establishing an adequate system of incentives that promotes adequate entity-wide risk management practices.

(ii) Risk management Committee -

It represents the Board of Credicorp in risk management decision-making. This Committee establishes the policies for monitoring the risk appetite and tolerance at the subsidiary level; the degree of exposure to a given risk, solvency rates, risk management performance metrics and other corporate measures to control, monitor and mitigate risks and overseeing the internal control system in place.

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 relating to the risks being managed:

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 Committees mainly consists of the Chief Risk Executive, the Manager of the Credit Division and the Manager of the Risk Management Area, as appropriate.

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 the market risk and liquidity risk, 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 principally consists of the Chief Risk Executive, the Manager of the Risk Management Area, the Market Risk Manager, the Manager of the Treasury Risk Area and the Manager of the Treasury Division.

Operational Risk Committee -

The Operational Risk Committee of Credicorp 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 Internal Audit Division, the Manager of the Operational Risk Management Department and Insurance Management 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 Group's Board of Directors.

The Chief Risk Office is divided into the following areas:

Credit Division -

The Credit Division is responsible for ensuring the quality of the Wholesale loan portfolio is consistent with the Group's risk strategy and appetite on the basis of an effective management of the lending process relying on well-defined lending policies and highly trained personnel with best lending practices.

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 consists of the following units: the Credit Risk and Corporate Management Department, Market Risk Management Department, the Operational Risk Management and Insurance Risk Management Department, Internal Validation and Risk Management Methodology and Modelling.

Retail portfolio risk division -

This division is charged with making sure of the quality of the retail portfolio and the development of credit policies that are consistent with the overall guidelines and policies set by the Board.

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.

(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 and Compliance Division -

The Internal Audit and Compliance division is charged with: i) monitoring on an ongoing basis the effectiveness of the risk management function at Credicorp, verifying compliance with laws and regulations, as well as the policies, objectives and guidelines set by the Board of Directors; ii) assessing the sufficiency and level of integration of the Credicorp's systems of information and databases; and iii) making sure independence is maintained by the different functions within the risk management and business units.

The Compliance division is responsible for making sure applicable laws and regulations and internal Code of Ethics are adhere to.

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, and the carrying amount of equity and debt instruments.

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 relevant risk areas. 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) Risk appetite -

At the several subsidiaries of the Group, the related Boards approve, on an annual basis, the risk appetite framework to set the maximum level of risk that an organization is willing to take in seeking to accomplish its primary and secondary business objectives.

Primary objectives are intended to preserve the strategic pillars of an organization, such as solvency, liquidity, reward and growth, performance stability and balanced structure.
Secondary objectives are intended to monitor on a qualitative and quantitative basis the various risks to which the Group is exposed as well as defining tolerance threshold of each of those risks as a way to adhere to the risk profile set by the Board and as a way to anticipate any risk focus on a more granular basis.

Risk appetite is reflected in the following:

Risk appetite statement: by which general principles are made explicit as well as the qualitative aspects to complete the Bank’s risk strategy; on that basis, the target risk profile is defined.

Metrics scorecard: showing in a metrics scorecard the principles and the target risk profile stated in the risk appetite statement. Limits: a way to keep control over the risk-taking process within the established risk tolerance set by the Board. It also helps determining accountability for the risk-taking process and providing concrete guidelines underlying the target risk profile.

e) 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.

34.1 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 Accounts receivablesfrom 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 arises from derivative financial instruments showing positive fair values.

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 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.
- For reverse repurchase agreements and security borrowings, collateral is securities.

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 of seized assets in an orderly manner. The proceeds are used to reduce or repay the outstanding claim. In general, the Group does not use seized assets for its own business.

(ii) Derivatives -

The amount subject to credit risk is limited to the current and potential fair value of instruments that are favorable to the Group (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 total credits 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. With respect to derivatives agreed with non-financial customers, collaterals have been granted to secure the overall amount; with respect to financial counterparties, collaterals granted are those required under the clearing provisions issued by the International Swaps and Derivatives Association Inc. (ISDA) of the local framework agreement.

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 34(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.

To better identify risk, the bank has internal credit scoring models, which have been prepared and implemented for the main business segments. Each model is related to a defined group of scoring bands. Clients who are inside a band are characterized by having a similar risk level (within the band); however, they are different compared to the other band. For retail clients, these scoring models are highly related to management (admission, follow-up, campaigns, etc.) from different portfolios. On the other hand, for non-retail clients this related to ratings, which are usually the support to make credit decisions in admission, follow-up and price allocation, etc.

The Group has a Credit Division, which establishes the overall credit policies for each and all the businesses in which the Group decides to take part. These 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, 2015 and 2014, before the effect of mitigation through any collateral, is the book value of each class of financial assets indicated in Note 34.7(a), 34.7(b) and the contingent credits detailed in Note 21(a).

The 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 and securities portfolio.

c) Credit risk management for loans -

Additional to the rating bands and scoring of the internal models of each of the Group companies, Credicorp conducts a quantitative and qualitative analysis of each customer, their financial condition and the conditions of the market in which those customers operate; for that purposes it classifies its loan portfolio into one of five risk categories, depending upon the degree of risk of default 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 are classified as Class A, 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 are classified as 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 classified 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 classified as 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 allowance for impairment losses 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
(iii) Impaired loans, those past due loans of clients classified as substandard, doubtful or loss; presented net of the a for loan losses for each of the loan classifications:

	At December 31, 2015						At December 31, 2014					
	Commercial loans	Residential mortgage loans	Micro-business loans	Consumer loans	Total		Commercial loans	Residential mortgage loans	Micro-business loans	Consumer loans	Total	
	S/000	S/000	S/000	S/000	S/000	%	S/000	S/000	S/000	S/000	S/000	%
Neither past due nor impaired -												
Normal	49,198,021	11,958,633	8,137,474	12,553,293	81,847,421	96	40,540,117	11,335,191	9,654,666	10,387,559	71,917,533	95
Potential problem	1,653,639	81,878	180,037	99,826	2,015,380	2	1,086,153	71,163	323,716	88,763	1,569,795	2
Past due but not impaired -												
Normal	1,161,140	461,084	7,244	387,063	2,016,532	2	1,137,640	539,651	209,940	450,570	2,337,801	3
Potential problem	114,639	97,316	18,055	21,690	251,700	0	48,022	64,518	10,539	8,171	131,250	-
Impaired -												
Substandard	375,798	162,571	103,644	224,751	866,764	1	171,472	115,151	251,835	197,630	736,088	1
Doubtful	545,594	196,524	133,386	376,816	1,252,320	1	255,275	150,814	323,782	324,670	1,054,541	1
Loss	803,376	300,986	206,478	215,272	1,526,112	2	296,720	221,703	511,304	189,856	1,219,583	2
Gross	53,852,207	13,258,992	8,786,318	13,878,711	89,776,228	104	43,535,399	12,498,191	11,285,782	11,647,219	78,966,591	104
Less: Allowance for Loan losses	1,864,000	468,310	719,264	788,763	3,840,337	4	623,559	140,217	1,094,300	1,128,778	2,986,854	4
Total, net	51,998,207	12,790,682	8,067,054	13,089,948	85,935,891	100	42,911,840	12,357,974	10,191,482	10,518,441	75,979,737	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.

At December 31, 2015 and 2014 renegotiated loans amounted to approximately S/769.1 million and S/647.8 million, respectively, of which S/678.4 million and S/190.4 million are classified as neither past due nor impaired, S/17.39 million and S/28.7 million past due but not impaired, and S/73.4 million and S/428.7 million as 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:

	At December 31, 2015					At December 31, 2014				
	Commercial loans	Residential mortgage loans	Micro-business loans	Consumer loans	Total	Commercial loans	Residential mortgage loans	Micro-business loans	Consumer loans	Total
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Impaired loans	1,724,768	660,081	443,508	816,839	3,645,196	723,467	487,668	1,086,921	712,156	3,010,212
Fair value of collateral	1,197,707	530,910	20,433	169,570	1,918,620	184,991	368,945	165,382	75,128	794,446
Allowance for loan losses	362,197	82,166	20,602	74,401	539,366	378,668	78,641	695,154	461,591	1,614,054

On the other hand, the breakdown of loans classified by maturity are described as follows, under the following criteria:

(i) Current loans comprise those loans with no current indicators of delinquency and related to customers ranked as normal and with potential problems

(ii) Loans current but impaired, comprising those direct loans with no current indicators of delinquency but related to customers ranked as substandard, doubtful or loss.

(iii) Loans with delays in payment of one day or more but which are not past due under our internal policies, comprising those direct loans related to customers ranked as normal, with potential problems, substandard, doubtful or loss.

(iv) Internally overdue loans that are past due under our internal policies related to customers ranked as normal, with potential problems, substandard, doubtful or loss

	At December 31, 2015						At December 31, 2014					
	Current loans S/000	Current but impaired S/000	Loans with delays in payments of one day or more but not internal overdue loans S/000	Internal overdue loans S/000	Total S/000	Total past due under IFRS 7 S/000	Current loans S/000	Current but impaired S/000	Loans with delays in payments of one day or more but not internal overdue loans S/000	Internal overdue loans S/000	Total S/000	Total past due under IFRS 7 S/000
Neither past due nor impaired	83,862,801	-	-	-	83,862,801	-	73,487,328	-	-	-	73,487,328	-
Normal	81,847,421	-	-	-	81,847,421	-	71,917,533	-	-	-	71,917,533	-
Potential problems	2,015,380	-	-	-	2,015,380	-	1,569,795	-	-	-	1,569,795	-
Past due but not impaired	-	-	2,186,059	82,172	2,268,231	2,268,231	-	-	2,283,020	186,031	2,469,051	2,469,051
Normal	-	-	1,982,230	34,301	2,016,531	2,016,531	-	-	2,239,131	98,669	2,337,801	2,337,801
Potential problems	-	-	203,829	47,871	251,700	251,700	-	-	43,889	87,362	131,250	131,250
Impaired debt	-	801,236	614,889	2,229,071	3,645,196	2,843,960	-	608,715	578,200	1,823,297	3,010,212	2,401,497
Substandard	-	306,060	344,975	215,729	866,764	560,704	-	264,627	217,256	254,205	736,088	471,461
Doubtful	-	411,973	204,355	635,992	1,252,320	840,347	-	277,888	213,991	562,662	1,054,541	776,653
Loss	-	83,203	65,559	1,377,350	1,526,112	1,442,909	-	66,200	146,953	1,006,430	1,219,583	1,153,383
Total	83,862,801	801,236	2,800,948	2,311,243	89,776,228	5,112,191	3,487,328	608,715	2,861,220	2,009,328	78,966,591	4,870,548

The sum of items: loans with delays in payment form first day and the internal past due loans reflect the entire amount of “past due” loans in accordance with IFRS 7.

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

	As of December 31, 2015					As of December 31, 2014				
	Current (A)	Current but Impaired (B)	Loans with delay in payments of one day or more but not internal overdue loans (C)	Internal overdue loans (D)	Total (A) + (B) + (C) + (D)	Current (A)	Current but Impaired (B)	Loans with delay in payments of one day or more but not internal overdue loans (C)	Internal overdue loans(*) (D)	Total (A) + (B) + (C) + (D)
Commercial loans	50,851,660	355,639	1,352,772	1,292,136	53,852,207	41,626,270	222,559	1,065,800	620,770	43,535,399
Residential mortgage loans	12,040,511	191,184	716,919	310,378	13,258,992	11,406,354	79,262	786,818	225,758	12,498,191
Consumer loans	12,653,119	240,030	608,443	377,119	13,878,711	10,476,322	116,610	730,641	323,647	11,647,219
Micro-business loans	8,317,511	14,382	122,814	331,610	8,786,318	9,978,382	190,284	277,961	839,154	11,285,782
	83,862,801	801,236	2,800,948	2,311,243	89,776,228	73,487,328	608,715	2,861,220	2,009,328	78,966,591

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 investments -

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. The following table shows the analysis of the risk-rating of available-for-sale and held-to-maturity investments referred to above:

	At December 31, 2015		At December 31, 2014	
	S/000	%	S/000	%
Instruments rated in Peru:				
AAA	1,342,437	5.4	1,204,825	5.7
AA- a AA+	984,969	4.0	728,244	3.5
A- a A+	3,582,234	14.5	40,118	0.2
BBB- a BBB+	1,053,774	4.3	21,724	0.1
BB- a BB+	59,005	0.2	7,205	0.0
Lower than +B	89,378	0.4	73,725	0.4
Unrated				
BCRP certificates of deposit	6,006,110	24.3	4,607,896	22.0
Valores cotizados y no cotizados	735,641	3.0	907,834	4.3
Restricted mutual funds	335,764	1.4	325,673	1.6
Mutual funds	128,777	0.5	313,370	1.5
Other instruments	43,559	0.2	15,401	0.1
Subtotal	14,361,648	58.2	8,246,015	39.4
Instruments rated abroad:				
AAA	821,482	3.3	260,091	1.2
AA- a AA+	443,522	1.8	265,633	1.3
A- a A+	2,064,134	8.4	4,819,062	23.0
BBB- a BBB+	3,654,183	14.8	4,224,718	20.2
BB- a BB+	1,102,256	4.5	702,629	3.3
Lower than B+	174,542	0.7	245,175	1.2
Unrated				
BCRP certificates of deposit	809,766	3.3	809,966	3.9
Certificates of deposit of Banco Central de Bolivia	154,404	0.6	563,914	2.7
Participations of RAL Funds	694,915	2.8	542,921	2.6
Mutual funds	36,179	0.1	27,068	0.1
Hedge funds	133,194	0.5	140,270	0.7
Other instruments	223,922	0.9	94,167	0.4
Subtotal	10,312,498	41.8	12,695,614	60.6
Total	24,674,146	100.0	20,941,629	100.0

f) Concentration of financial instruments exposed to credit risk -

As of December 31, 2015 and 2014 financial instruments with exposure to credit risk were distributed considering the following economic sectors:

	2015						2014					
	Designated at fair value through profit for loss						Designated at fair value through profit for loss					
	Held for trading and hedging	At inception	Loans and receivables	Investments available for-sale	Investments held - to - maturity	Total	Held for trading and hedging	At inception	Loans and receivables	Investments available for-sale	Investments held - to - maturity	Total
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Central Reserve Bank of Peru	1,618,619	-	24,036,302	4,593,586	-	30,248,507	1,556,221	-	14,033,756	3,064,609	-	18,654,586
Serivicios Financial services	1,305,929	255,630	10,990,139	6,021,800	-	18,573,498	869,614	164,714	14,314,710	3,985,885	-	19,334,923
Manufacturing	28,211	8,423	13,035,603	1,437,064	-	14,509,301	20,233	7,759	13,204,935	590,303	-	13,823,230
Mortgage loans	-	-	12,765,981	-	-	12,765,981	-	-	11,485,390	-	-	
	11,485,390											
Consumer loans	-	-	11,282,568	-	-	11,282,568	-	-	9,224,855	-	-	9,224,855
Micro-business loans	-	-	10,825,304	-	-	10,825,304	-	-	4,533,523	-	-	4,533,523
Commerce	48,881	-	9,815,475	212,512	-	10,076,868	83,966	5,731	12,430,077	390,484	-	12,910,258
Government and public administration	425,392	1,767	370,372	2,213,647	3,582,129	6,593,307	275,066	3.844	33,813	3,029,352	2,667,663	6,009,738
Electricity, gas and water	62,141	40,265	4,258,699	1,745,564	-	6,106,669	131,116	47,318	3,820,245	2,082,256	-	6,080,935
Community services	-	-	4,391,748	-	-	4,391,748	-	-	3,249,994	19,078	-	3,269,072
Communications, storage and transportation	9,366	5,043	2,997,811	890,635	-	3,902,855	62,810	10,338	3,633,298	737,687	-	4,444,133
Mining	55,497	21,665	2,644,951	372,092	-	3,094,205	29,260	27,568	2,453,380	399,571	-	2,909,779
Construction	69,160	17,534	1,888,732	357,016	-	2,332,442	58,661	22,040	1,850,176	595,202	-	2,526,079
Agriculture	13,636	-	1,870,989	469	-	1,885,094	8,241	1,308	1,709,690	17,446	-	1,736,685
Insurance	24,812	-	1,488,533	342,235	-		1,855,580	4,707	-	1,335,890	343,236	-
		1,683,833										
Education, health and other services	24,982	-	1,171,341	216,423	-	1,412,746	12,580	-	1,025,985	136,057	-	1,174,622
Real Estate and Leasing	34,500	-	520,687	236,558	-	791,745	6,911	6,480	5,000,779	98,555	-	5,112,725
Fishing	18,054	-	407,193	-	-	425,247	6,022	-	419,066	-	-	425,088
Other	59,432	-	8,577,503	129,320	-	8,766,255	246,493	-	2,247,525	258,275	-	2,752,293
Total	3,798,612	350,327	123,339,931	18,768,921	3,582,129	149,839,920		3,371,901	297,100	106,007,087	15,747,996	2,667,663
	128,091,747											

As of December 31, 2015 and 2014 financial instruments with exposure to credit risk were distributed by the following geographical areas:

	2015					
	Financial asset at fair value through profit for loss					
	Held for trading and hedging	**Designated at inception**	**Loans and receivables**	**Investments available for-sale**	**Investments held - to - maturity**	**Total**
	S/000	**S/000**	**S/000**	**S/000**	**S/000**	**S/000**
Perú	2,071,143	139,095	108,531,535	11,218,896	3,263,286	125,223,955
United States of America	276,401	171,933	3,755,619	2,912,022	-	7,115,975
Bolivia	5	-	6,018,849	1,074,722	-	7,093,576
Colombia	732,145	-	433,495	881,482	152,109	2,199,231
Panama	-	-	2,033,384	52,281	-	2,085,665
Chile	107,477	4,482	906,869	1,042,183	-	2,061,011
Brazil	-	-	98,177	229,489	130,453	458,119
México	171	4,484	1,449	318,221	36,281	360,606
Canadá	279	-	30,169	61,193	-	91,641
Europe:						
United Kingdom	529,910	-	629,965	111,450	-	1,271,325
Other Europe	3,249	-		278,151	-	281,400
France	77,752	-	83,134	67,423	-	228,309
Spain	78	-	99,002	10,680	-	109,760
Switzerland	-	-	40,702	35,822	-	76,524
The Netherlands	-	-		48,737	-	48,737
Other	2	30,333	677,582	426,169	-	1,134,086
Total	3,798,612	350,327	123,339,931	18,768,921	3,582,129	149,839,920

	2014					
	Financial asset at fair value through profit for loss					
	Held for trading and hedging	Designated at inception	Loans and receivables	Investments available for-sale	Investments held - to - maturity	Total
	S/000	S/000	S/000	S/000	S/000	S/000
Peru	2,092,885	154,530	95,489,516	8,374,559	2,375,619	108,487,109
United States of America	157,694	65,360	2,801,184	2,580,525	-	5,604,763
Colombia	410,094	-	2,162,650	639,718	138,799	3,351,261
Bolivia	2,378	-	477,691	1,108,542	-	1,588,611
Chile	139,276	-	254,122	1,139,271	-	1,532,669
Brazil	114,418	2,293	191	523,583	119,920	760,405
Europe:						
United Kingdom	367,290	-	28,583	174,753	-	570,626
Switzerland	260	-	322	31,441	-	32,023
France	51,593	-	98	90,197	-	141,888
Luxembourg	-	62,094	-	158,405	-	220,499
Spain	3,364	-	113,646	12,724	-	129,734
The Netherlands	-	-	-	69,322	-	69,322
Other in Europe	10,517	-	71,695	52,861	-	135,073
Mexico	3	4,838	12,409	230,664	33,325	281,239
Other	22,129	7,985	4,594,980	561,431	-	5,186,525
Total	3,371,901	297,100	106,007,087	15,747,996	2,667,663	128,091,747

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, Accounts 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;
- Accounts 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:

Description	Gross amounts recognized financial assets	Gross amounts of recognized financial liabilities and offset in the the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statements of financial position	Related amounts not offset in the consolidated statement of financial position: Financial instruments	Related amounts not offset in the consolidated statement of financial position: Cash collateral received	Net amount
	As of December 31, 2015					
	S/000	S/000	S/000	S/000	S/000	S/000
Derivatives	1,416,602	-	1,416,602	(160,428)	(80,687)	1,175,487
Cash collateral and reverse repurchase agreements and securities borrowings	9,663,139	-	9,663,139	(1,907,347)	-	7,755,792
Available-for-sale and held-to-maturity investments pledged as collateral	3,442,429	-	3,442,429	(3,402,315)	-	40,114
Total	14,522,170	-	14,522,170	(5,470,090)	(80,687)	8,971,393

Description	As of December 31, 2014					
				Related amounts not offset in the consolidated statement of financial position		
	Gross amounts recognized financial assets	Gross amounts of recognized financial liabilities and offset in the the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statements of financial position	Financial instruments	Cash collateral received	Net amount
	S/000	S/000	S/000	S/000	S/000	S/000
Derivatives	845,931	-	845,931	(247,948)	(17,456)	580,527
Cash collateral and reverse repurchase agreements and securities borrowings	5,543,403	-	5,543,403	(826,408)	-	4,726,995
Available-for-sale and held-to-maturity investments pledged as collateral	3,879,588	-	3,879,588	(3,863,551)	-	16,037
Total	10,268,922	-	10,268,922	(4,937,907)	(17,456)	5,313,559

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

	As of December 31, 2015					
				Related amounts not offset in the consolidated statement of financial position		
Description	Gross amounts recognized financial assets	Gross amounts of recognized financial liabilities and offset in the the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statements of financial position	Financial instruments	Cash collateral received	Net amount
	S/000	S/000	S/000	S/000	S/000	S/000
Derivatives	878,005	-	878,005	(160,428)	(211,482)	506,096
Payables from repurchase agreements and security lendings	12,180,785	-	12,180,785	(8,824,400)	(3,240,823)	115,562
Total	13,058,790	-	13,058,790	(8,984,828)	(3,452,305)	621,658

Description	As of December 31, 2014 Gross amounts recognized financial assets S/000	Gross amounts of recognized financial liabilities and offset in the the consolidated statement of financial position S/000	Net amounts of financial assets presented in the consolidated statements of financial position S/000	Related amounts not offset in the consolidated statement of financial position: Financial instruments S/000	Cash collateral received S/000	Net amount S/000
Derivatives	682,401	-	682,401	(247,948)	(81,428)	353,025
Payables from repurchase agreements and security lendings	8,308,470	-	8,308,470	(4,186,097)	(3,786,094)	336,279
Total	8,990,871	-	8,990,871	(4,434,045)	(3,867,522)	689,304

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.
- Cash collateral and reverse repurchase agreements and security borrowing and payables from repurchase agreements and security lendings are measured at amortized cost.
- Financial liabilities 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 (presented in other assets Note 12(b)), cash collateral and reverse repurchase agreement and security borrowing and payables from repurchase agreements and security; are financial instruments not in scope of offsetting disclosure.

34.2. 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 faces are managed through Value at Risk (VaR) historical simulation techniques; while non-trading portfolios (Trading book) 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).

VaR limits and consumptions are set on the basis of risk appetite and trading strategy of each subsidiary. The assessment of past movements has been based on historical one-year data and 127 market risk factors, which are composed as follows: 21 market curves, 91 stock prices, 9 mutual funds values, 2 volatility series and 4 survival probability curves. 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.

VaR results are used to generate economic capital estimates by market risk, which are periodically monitored and are part of the overall risk appetite of each subsidiary.

In VaR calculation, the foreign exchange effect is not included because it is measured in the net monetary position, see Note 34.2 (b)(ii).

Due to its higher volatility of the soles rate differential in the market derivatives in relation with the U.S. dollar in the derivative market and an increase in related positions affected by this differential, the Credicorp´s VaR showed an increase over 2015. Nevertheless, VaR kept constant within the risk appetite limits set by the Risk Management of each subsidiary.

As of December 31, 2015 and 2014 the Group's VaR by type of asset is as follows:

	2015 S/000	2014 S/000
Equity investments	12,282	8,358
Debt Investments	7,088	7,970
Swaps	13,769	4,160
Forwards	102,967	22,941
Options	12,708	717
Diversification effect	(27,997)	(19,834)
Consolidated VaR by type of asset	120,817	24,312

As of December 31, 2015 and 2014, the Group's VaR by risk type is as follows:

	2015 S/000	2014 S/000
Interest rate risk	111,941	24,590
Price risk	12,288	8,358
Volatility risk	287	92
Diversification effect	(3,701)	(8,728)
Consolidated VaR by risk type	120,815	24,312

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 -

The ALM-related interest rate risk arises from eventual changes in interest rates that may adversely affect the expected gains or market value of financial assets and liabilities reported on the balance sheet (fair value of financial instruments). The Group accepts the exposure to the interest rate risk that may affect their fair value as well as the cash flow risk of future assets and liabilities.
The risk committee sets the guidelines regarding the level of unmatched repricing of interest rates that can be tolerated, which is periodically monitored through ALM.

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

In this regard, Group companies that are exposed to the interest rate risk are those that have yields based on interest, such as credits, investments and technical reserves. Interest rate risk management inn BCP Peru, BCP Bolivia, MiBanco, Atlantic Security Bank and Pacífico Grupo Asegurador is carried out performing a repricing gap analysis, sensitivity analysis of the profit margin (GER) and sensitivity analysis of the net economic value (VEN). These calculations consider parallel rate shocks of +- 300 pbs and +-100 pbs and stress scenarios.

Repricing gap -

The repricing gap analysis is intended to measure the interest rate risk exposure when the bank's interest-sensitive liabilities exceed its interest-sensitive assets. By this analysis, management can identify the tranches in which the interest rate variations may have a potential impact.

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

	As of December 31, 2015						
	Up to 1 month	**1 to 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Non-interest bearing**	**Total**
	S/000	**S/000**	**S/000**	**S/000**	**S/000**	**S/000**	**S/000**
Assets							
Cash and due from banks							
Cash collateral, reverse repurchase agreements and securities borrowings	10,799,728	1,730,819	2,448,242	14,175,954	85,441	4,178,258	33,418,442
Investments	1,934,173	2,008,297	2,877,428	7,755,585	7,772,084	2,326,579	24,674,146
Loans, net	9,926,677	15,596,640	21,901,169	29,102,306	9,961,370	-	86,488,162
Financial assets designated at fair value through profit or loss	-	-	-	-	-	350,328	350,328
Premiums and other policies Accounts receivables	552,802	72,447	22,768	-	-	-	648,017
Accounts receivable from reinsurers and coinsurers	81,384	210,658	142,317	22,830	-	-	457,189
Other assets	-	-	-	-	-	9,443,933	9,443,933
Total assets	23,294,764	19,618,861	27,391,924	51,056,675	17,818,895	16,299,098	155,480,217
Liabilities							
Deposits and obligations	26,822,026	6,712,587	11,968,763	36,154,007	3,811,820	3,137,430	88,606,633
Payables from repurchase agreements and security lending	338,118	733,836	1,234,728	4,583,834	721,701	14,922,526	22,584,743
Due to banks and correspondents	53,175	159,216	26,083	3,373	-	-	241,847
Technical, insurance claims reserves and reserves for unearned premiums	61,112	359,162	5,187,653	753,700	-	-	6,361,627
Financial liabilities at fair value through profit or loss	-	-	-	-	-	47,737	47,737
Bonds and notes issued	40,572	838,309	376,105	6,050,486	8,433,804	548,686	16,287,962
Other liabilities	29,328	15,328	10,327	78,423	314,331	4,174,361	4,622,098
Equity						16,727,570	16,727,570
Total liabilities and equity	27,344,331	8,818,438	18,803,659	47,623,823	13,281,656	39,558,310	155,480,217
Off-balance-sheet accounts							
Derivative financial assets	230,741	2,077,128	390,901	3,247,496	5,753,166	-	11,699,432
Derivative financial liabilities	1,541,589	4,366,304	2,928,785	2,132,295	730,458	-	11,609,115
	(1,310,848)	(2,289,176)	(2,537,884)	1,115,201	5,022,708	-	90,317
Marginal gap	(5,410,415)	8,511,248	6,050,380	4,548,052	9,559,948	(23,259,213)	-
Accumulated gap	(5,410,415)	3,100,833	9,151,213	13,699,265	23,259,213	-	-

	As of December 31, 2014						
	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Assets							
Cash and due from banks	16,358,372	358,152	154,005	66,456	-	4,752,481	21,689,466
Cash collateral, reverse repurchase agreements and securities borrowings	3,614,909	987,494	941,000	-	-	-	5,543,403
Investments	1,527,716	1,333,238	2,714,090	4,519,851	7,670,357	3,176,377	20,941,629
Loans, net	9,631,619	12,992,378	19,327,405	25,950,939	8,427,967	192,198	76,522,506
Financial assets designated at fair value through profit or loss	-	-	-	-	-	297,100	297,100
Premiums and other policies receivables	-	-	-	-	-	578,296	578,296
Accounts receivable from reinsurers and coinsurers	-	-	-	-	-	468,137	468,137
Other assets	-	-	-	-	-	8,793,835	8,793,835
Total assets	31,132,616	15,671,262	23,136,500	30,537,246	16,098,324	18,258,424	134,834,372
Liabilities							
Deposits and obligations	1,271,691	7,016,884	13,170,837	27,484,056	3,630,899	24,472,602	77,046,969
Payables from repurchase agreements and security lendings	1,554,739	370,895	4,966,344	1,416,492	-	-	8,308,470
Due to banks and correspondents	52,698	2,099,478	2,505,689	2,955,196	1,173,627	430,652	9,217,340
Accounts payable to reinsurers and coinsurers	-	-	-	-	-	220,910	220,910
Technical, insurance claims reserves and reserves for unearned premiums	72,995	29,173	111,204	441,168	1,122,184	3,620,335	5,397,059
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	397,201	397,201
Bonds and notes issued	10,166	22,283	107,284	4,208,590	10,586,308	169,962	15,104,593
Other liabilities	-	-	-	-	-	4,515,805	4,515,805
Equity	-	-	-	-	-	14,626,025	14,626,025
Total liabilities and equity	2,962,289	9,538,713	20,861,358	36,505,502	16,513,018	48,453,492	134,834,372
Off-Balance sheet items							
Derivatives assets	426,817	1,724,532	297,406	-	7,893,519	-	10,342,274
Derivatives liabilities	1,356,238	3,835,727	2,381,439	1,226,936	1,541,934	-	10,342,274
	(929,421)	(2,111,195)	(2,084,033)	(1,226,936)	6,351,585	-	-
Marginal gap	27,240,906	4,021,354	191,109	(7,195,192)	5,936,891	(30,195,068)	-
Accumulated gap	27,240,906	31,262,260	31,453,369	24,258,177	30,195,068	-	-

Sensitivity to changes in interest rates –

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

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, 2015 and 2014, including the effect of derivatives instruments. The sensitivity of Net Economic Value is calculated by revaluing interest rate from available-for-sale fixed income 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. In managing the interest rate risk, no distinction is made by accounting category of the investments comprising the ALM Book, including instruments classified as available for sales and held to maturity investments.
The results of the sensitivity analysis regarding changes in interest rates at December 31, 2015 and 2014 are shown below:

	At December 31, 2015					
Currency	**Changes is basis points**		**Sensitivity of financial margin S/000**		**Sensitivity of economic value S/000**	
As of December 31, 2015						
Soles	+/-	50	-/+	32,781	-/+	76,190
Soles	+/-	75	-/+	49,172	-/+	114,284
Soles	+/-	100	-/+	65,563	-/+	152,379
Soles	+/-	150	-/+	98,344	-/+	228,569
U.S. Dollar	+/-	50	+/-	4,978	-/+	17,645
U.S. Dollar	+/-	75	+/-	7,467	-/+	26,468
U.S. Dollar	+/-	100	+/-	9,956	-/+	35,291
U.S. Dollar	+/-	150	+/-	14,934	-/+	52,936
As of December 2014						
Soles	+/-	50	-/+	26,524	-/+	184,565
Soles	+/-	75	-/+	39,786	-/+	276,847
Soles	+/-	100	-/+	53,048	-/+	369,130
Soles	+/-	150	-/+	79,573	-/+	553,694
U.S. Dollar	+/-	50	+/-	40,268	-/+	317,960
U.S. Dollar	+/-	75	+/-	60,402	-/+	476,941
U.S. Dollar	+/-	100	+/-	80,536	-/+	635,921
U.S. Dollar	+/-	150	+/-	120,804	-/+	953,881

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, 2015 and 2014 is presented below.

Market price sensitivity	**Change in market prices**	**2015**	**2014**
	%	**S/000**	**S/000**
Equity securities	+/-10	149,449	157,709
Equity securities	+/-25	363,023	394,272
Equity securities	+/-30	436,348	473,126
Mutual funds	+/-10	16,085	16,367
Mutual funds	+/-25	40,212	40,916
Mutual funds	+/-30	48,254	49,100
Hedge funds	+/-10	13,319	14,027
Hedge funds	+/-25	33,299	35,068
Hedge funds	+/-30	39,958	42,081

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, 2015 and 2014, the Group's assets and liabilities by currencies were as follows:

	2015				2014			
	Soles	U.S. Dollars	Other currencies	Total	Soles	U.S. Dollars	Other currencies	Total
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Monetary assets -								
Cash and due from banks	2,629,447	18,133,335	1,628,962	22,391,744	3,858,953	17,062,695	767,818	21,689,466
Cash collateral, reverse repurchase agreements and securities borrowings	-	10,080,794	945,904	11,026,698	-	3,786,094	1,757,309	5,543,403
Trading securities	1,437,617	199,438	686,042	2,323,097	2,057,616	266,874	201,480	2,525,970
Available-for-sale investments	7,835,615	8,924,280	629,409	17,389,304	5,360,864	6,664,918	1,007,466	13,033,248
Held-to-maturity investments	2,872,865	709,264	-	3,582,129	2,146,065	521,598	-	2,667,663
Loans, net	51,525,096	30,358,072	4,604,993	86,488,161	39,785,150	33,326,754	3,410,602	76,522,506
Financial assets at fair value through profit or loss	52,369	297,959	-	350,328	94,043	203,057	-	297,100
Other assets	1,626,686	2,059,415	509,557	4,195,658	1,104,492	1,106,148	887,003	3,097,643
	67,979,695	70,762,557	9,004,867	147,747,119	54,407,183	62,938,138	8,031,678	125,376,999
Monetary liabilities -								
Deposits and obligations	(36,446,886)	(45,696,802)	(6,462,945)	(88,606,633)	(35,484,242)	(37,022,996)	(4,539,731)	(77,046,969)
Payables from repurchase agreements and security lendings	(11,673,446)	(1,503,347)	(1,422,957)	(14,599,750)	(5,225,291)	(1,772,688)	(1,310,491)	(8,308,470)
Due to bank and correspondents	(2,379,021)	(5,184,659)	(198,817)	(7,762,497)	(3,093,872)	(5,848,343)	(275,125)	(9,217,340)
Financial liabilities designated at fair value through profit or loss	-	(47,737)	-	(47,737)	-	-	(397,201)	(397,201)
Insurance claims reserves and technical reserves not general	(2,699,351)	(3,661,014)	(1,263)	(6,361,628)	(2,137,497)	(3,259,562)	-	(5,397,059)
Bonds and notes issued	(2,171,074)	(14,010,489)	(106,399)	(16.287,962)	(2,220,670)	(12,850,747)	(33,176)	(15,104,593)
Other liabilities	(2,942,934)	(1,510,666)	(632,842)	(5,086,442)	(1,748,432)	(1,047,848)	(734,620)	(3,530,900)
	(58,312,712)	(71,614,714)	(8,825,223)	(138,752,649)	(49,910,004)	(61,802,184)	(7,290,344)	(119,002,532)
	9,666,983	(852,157)	179,644	8,994,470	4,497,179	1,135,954	741,334	6,374,467
Forwards position, net	6,011,253	(6,707,587)	696,334	-	3,209,468	(3,155,171)	(54,297)	-
Currency swaps position, net	(9,997,505)	10,084,091	(86,586)	-	(1,988,707)	2,534,394	(545,687)	-
Cross currency swaps position, net	-	-	-	-	(422,487)	447,901	(25,414)	-
Options, net	543,066	(543,066)	-	-	(93,536)	93,536	-	-
Net monetary position	6,223,797	1,981,281	789,392	8,994,470	5,201,917	1,056,614	115,936	6,374,467

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 Soles (since 2014 considering its change in functional currency, before it was measure in U.S. Dollars), so if the net foreign exchange position (e.g. U.S. Dollar) is an asset, any depreciation of Soles 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.

As of December 31, 2015, the Group's net foreign exchange balance is the sum of its positive open non-Soles positions (net long position) less the sum of its negative open non-Soles positions (net short position); as of December 31, 2014, the Group's net foreign exchange balance is the sum of its positive open non-U.S. Dollar positions (net long position) less the sum of its negative open non-U.S. Dollar positions (net short position). 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 U.S. Dollar, the currency to which the Group had significant exposure as of December 31, 2015 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 Soles (the 2014 functional currency), 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**	**2015**	**2014**
	%	**S/000**	**S/000**
Devaluation -			
U.S. Dollar	5	(94,347)	(50,315)
U.S. Dollar	10	(180,116)	(96,056)
Revaluation -			
U.S. Dollar	5	104,278	55,611
U.S. Dollar	10	220,142	117,402

34.3 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.

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

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

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

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

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

Investment banking:

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

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

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

	As of December 31, 2015					
	Up to a month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
	S/000	S/000	S/000	S/000	S/000	S/000
Financial assets	22,863,507	16,732,722	32,113,631	64,324,012	28,285,740	164,319,613
Financial liabilities by type -						
Deposits and obligations	24,803,628	6,769,967	14,412,392	8,642,270	7,912,781	62,541,038
Payables from reverse purchase agreements and security lendings	2,044,405	601,157	66,228	354,907	(1,895,542)	1,171,155
Due to banks and correspondents	1,943,152	1,824,040	2,844,324	7,478,398	477,988	14,567,902
Accounts payable to reinsurer and and coinsurers	64,094	191,906	31,439	4,067	-	291,906
Financial liabilities designated at fair value through profit or loss	47,737	-	-	-	-	47,737
Technical, insurance claims reserves and reserves for unearned premiums	61,060	358,853	5,183,184	753,050	-	6,356,147
Bonds and notes issued	148,918	889,843	1,008,926	8,138,841	8,515,914	18,702,442
Other liabilities	1,905,886	123,416	142,551	660,548	3,086,181	5,918,582
Total liabilities	31,018,880	10,759,182	23,689,044	26,032,081	18,097,322	109,596,909
Derivatives financial liabilities (*)-						
Contractual amounts receivable (Inflows	990,499	766,469	1,509,604	2,218,047	318,060	5,802,678
Contractual amounts payable (outflows)	1,036,265	754,503	1,466,475	2,058,000	294,818	5,610,061
Total liabilities	(45,767)	11,966	43,130	160,047	23,242	192,618

	As of December 31, 2014					
	Up to a month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
	S/000	S/000	S/000	S/000	S/000	S/000
Financial assets	21,216,540	12,832,368	29,961,466	50,360,931	35,868,412	150,239,717
Financial liabilities by type -						
Deposits and obligations	23,422,345	7,416,780	12,879,007	27,947,257	5,993,574	77,658,963
Payables from reverse purchase agreements and security lendings	971,365	230,099	3,622,265	1,542,577	1,967,900	8,334,206
Due to banks and correspondents	583,598	1,719,443	3,361,913	3,924,247	1,081,657	10,670,858
Accounts payable to reinsurer and and coinsurers	48,981	125,155	32,774	14,000	-	220,910
Financial liabilities designated at fair value through profit or loss	397,201	-	-	-	-	397,201
Technical, insurance claims reserves and reserves for unearned premiums	153,171	816,700	459,026	1,280,688	2,603,915	5,313,500
Bonds and notes issued	74,051	159,325	663,854	6,031,830	10,019,202	16,948,262
Other liabilities	955,128	95,752	229,712	9,340	2,115,203	3,405,135
Total liabilities	26,605,840	10,563,254	21,248,551	40,749,939	23,781,451	122,949,035
Derivatives financial liabilities (*)-						
Contractual amounts receivable (Inflows	26,623	55,027	389,599	829,865	129,207	1,430,321
Contractual amounts payable (outflows)	30,308	61,336	413,609	845,919	127,287	1,478,459
Total liabilities	3,685	6,309	24,010	16,054	(1,920)	48,138

(*) Including derivatives contracts designated for hedge accounting.

34.4 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.

34.5 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 performed a sensitivity analysis of the technical reserve estimates, Note 16(c).

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

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

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

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.

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.

34.6 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 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, 2015 and 2014, the minimum requirement is 10.0 percent. Also, by means of SBS Resolution No.8425- 2011 dated July 2011 the SBS requires an additional effective equity per economic cycle, concentration risk, market concentration risk, interest rate risk and other risks. Peruvian financial entities have a 5-year-term from July 2011 to adequate their total effective equity to the requested level.

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.

As of December 31, 2015 and 2014, the regulatory capital for the subsidiaries engaged in financial and insurance activities amounted to approximately S/18,615 million and S/16,378 million, respectively. The regulatory capital has been determined in accordance with SBS regulations in force as of such dates. Under the SBS regulations, the Group's regulatory capital exceeds in approximately S/2,214 million the minimum regulatory capital required as of December 31, 2015 (approximately S/2,218 million as of December 31, 2014)

34.7 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:

		As of December 31, 2015				As of December 31, 2014			
	Note	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Financial assets									
Derivative finnacial instruments:									
Forward foreign exchange		-	92,132	-	92,132	-	192,032	-	192,032
Interest rate swaps		-	470,477	-	470,477	-	319,083	-	319,083
Cross currency swaps		-	63,748	-	63,748	-	34,309	-	34,309
Currency swaps		-	839,087	-	839,087	-	285,187	-	285,187
Options		-	10,072	-	10,072	-	15,320	-	15,320
	12(b)		1,475,516		1,475,516	-	845,931	-	845,931
Trading securities		805,256	1,513,814	4,094	2,323,164	634,248	1,891,722	-	2,525,970
Financial assets at fair value through profit or	8(a)	260,435	89,893	-	350,328	234,239	62,861	-	297,100
Available-for-sale investments:									
Debt instruments									
Certificates of deposit BCRP		-	4,593,586	-	4,593,586	-	3,064,609	-	3,064,609
Corporate bonds, leases and subordinated		3,574,627	4,031,865	92,304	7,698,796	3,909,027	2,827,805	16,523	6,753,355
Government treasury bonds		1,987,849	814,614	-	2,802,463	1,452,198	1,057,569	-	2,509,767
Mutual funds		54,709	335,764	106,153	496,626	15,485	444,093	29,784	489,362
Other instruments		141,743	798,566	87,824	1,028,133	113,995	1,099,548	140,271	1,353,814
Equity instruments		1,320,114	715,170	114,033	2,149,317	1,285,270	244,430	47,389	1,577,089
	6(a)	7,079,042	11,289,565	400,314	18,768,921	6,775,975	8,738,054	233,967	15,747,996
Total financial assets		8,144,733	14,368,787	404,409	22,917,929	7,644,462	10,692,637	233,967	18,571,066

	Note	At December 31, 2015 Level 1	Level 2	Level 3	Total	At December 31, 2014 Level 1	Level 2	Level 3	Total
		S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Financial liabilities									
Derivatives financial instruments									
Interest rate swaps		-	82,940	-	82,940	-	289,570	-	289,570
Foreign exchange forwards		-	178,056	-	178,056	-	100,703	-	100,703
Foreign currency swaps		-	31,467	-	31,467	-	-	-	-
Currency swaps		-	625,687	-	625,687	-	272,848	-	272,848
Options		-	24,371	-	24,371	-	19,280	-	19,280
	12(b)	-	942,521	-	942,521	-	682,401	-	682,401
Bonds and notes issued at fair value		-	8,535,401	-	8,535,401	-	7,349,760	-	7,349,760
Financial liabilities at fair value through profit or loss		-	47,737	-	47,737	391,434	5,767	-	397,201
Put options of non-controlling interest	2 (c)	-	-	93,273	93,273	-	-	416,235	416,235
Total financial liabilities		-	9,525,659	93,273	9,618,932	391,434	8,037,928	416,235	8,845,597

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 include the Group's own credit risk in the fair value of derivatives (that is the risk that the Group might default on its contractual obligations), using the same methodology as for CVA.

As of December 31, 2015, derivatives Accounts receivables and payables amounted to S/1,475.5 million and S/942.5 million, respectively, see Note 12(b), generating CVA and DVA adjustments for approximately S/24.4 million and S/7.3 million, respectively. The net impact of both items in the consolidated statements of income amounted to S/25.2 million. As of December 31, 2014, derivatives Accounts receivables and payables amounted to S/845.9 million and S/682.4 million, respectively, see Note 12(b), generating CVA and DVA adjustments for approximately S/21.1 million and S/8.2, respectively. Also, the net impact of both items in the consolidated statements of income amounted to S/21.1 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.

In this regard, no significant differences were noted between the estimated fair values and the respective carrying amounts.

As of December 31, 2015 and 2014 the net unrealized gain of Level 3 financial instruments amounted to S/50.5 million and S/23.4 million, respectively. During 2015 and 2014, changes in the carrying amount of Level 3 financial instruments have not been significant since there were no purchases, issuances, settlements or any other significant movements or transfers from level 3 to Level 1 or Level 2 or vice versa. Also, there have been no transfer between Level 1 and Level 2.

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:

	As of December 31, 2015					As of December 31, 2014				
	Level 1	Level 2	Level 3	Fair value	Book value	Level 1	Level 2	Level 3	Fair value	Book value
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Assets										
Cash and due from banks	-	22,391,744	-	22,391,744	22,391,744	-	21,689,466	-	21,689,466	21,689,466
Cash collateral, reverse repurchase	-	11,026,698	-	11,026,698	11,026,698	-	5,543,403	-	5,543,403	5,543,403
Held-to-maturity investments	3,659,197	-	-	3,659,197	3,582,129	2,662,164	-	-	2,662,164	2,667,663
Loans, net	-	105,132,492	-	105,132,492	105,132,492	-	76,537,019	-	76,537,019	76,522,506
Premiums and other policies receivable	-	648,017	-	648,017	648,017	-	578,296	-	578,296	578,296
Accounts receivable from reinsurers and coinsurers	-	457,189	-	457,189	457,189	-	468,137	-	468,137	468,137
Bank acceptances	-	222,496	-	222,496	222,496	-	167,654	-	167,654	167,654
Otros activos	-	1,769,789	-	1,769,789	1,769,789	-	1,037,625	-	1,037,625	1,037,625
Total	3,659,197	141,648,425	-	145,307,622	145,230,554	2,662,164	106,021,600	-	108,683,764	108,674,750
Liabilities										
Deposits and obligations	-	88,606,633	-	88,606,633	88,606,633	-	77,046,969	-	77,046,969	77,046,969
Payables from repurchase agreements	-	14,599,750	-	14,599,750	14,599,750	-	8,308,470	-	8,308,470	8,308,470
Due to banks and correspondents and other entities	-	12,357,513	-	12,357,513	7,762,497	-	12,663,019	-	12,663,019	9,217,340
Bank acceptances	-	222,496	-	222,496	222,496	-	167,654	-	167,654	167,654
Payable to reinsurers and coinsurers	-	241,847	-	241,847	241,847	-	220,910	-	220,910	220,910
Bond and notes issued	-	8,125,918	-	8,125,918	7,752,561	-	7,772,669	-	7,772,669	7,754,833
Other liabilities	-	2,843,131	-	2,843,131	2,843,131	-	2,043,700	-	2,043,700	2,043,700
Total	-	126,997,288	-	126,997,288	122,028,915	-	108,223,391	-	108,223,391	104,759,876

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, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these loans. As of December 31, 2015 and 2014, 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.

34.8 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, 2015 and 2014, the assigned value of the financial assets under administration (in millions of Peruvian soles) is as follows:

	2015	2014
Pension funds	39,009	36,416
Investment funds	14,361	15,478
Equity managed	16,477	17,388
Total	69,847	69,282

35 COMMITMENTS AND CONTINGENCIES

Legal claim contingencies -

(i) Madoff Trustee Litigations -

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$120.0 million (“the Complaint”), equivalent to approximately S/409.5 million, 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 money 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.

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$78.0 million (equivalent to approximately S/266.1 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 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$115.0 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 (BVI litigation) 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. On April 16, 2014, the Privy Council of Great Britain delivered a judgment with respect to the pending BVI litigation, finding that Fairfield could not recover.

As of December 31, 2015, 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.

36 SUBSEQUENT EVENT

On December 30, 2015 the Executive Committee of Board of Directors of Banco de Crédito del Perú approved, unanimously by all attending directors, the sale of total number of shares (14,121 shares) held by the Bank in Banco de Crédito de Bolivia (BCB) to Inversiones Credicorp Bolivia S.A.(ICBSA). However, at the reporting date the next steps to be followed and timing of transfer are being evaluated, as well as the obtaining the required authorization of the Bolivian regulators.

Also, as part of this corporate reorganization, Grupo Crédito S.A., a subsidiary of Credicorp Ltd. and a Company with a direct interest in the Bank of 84.96%; will perform a capital contribution in Bolivianos, equivalent to US$163 million to ICBSA. The capital contributed will be used to purchase shares in BCB.

This reorganization has no impact on the consolidated financial statements.

Nº 0046958

Colegio de Contadores Públicos de Lima

AV. AREQUIPA Nº 998 Y AV. ALEJANDRO TIRADO Nº 181 - SANTA BEATRIZ - LIMA
TELEF.: 433-3171 / 618-9292 / 651-8512 / 651-8513

R.U.C. 20106620106

Nº 45704

Constancia de Habilitación

La Decana y el Director Secretario del Colegio de Contadores Públicos de Lima, que suscriben, declaran que en base a los registros de la institución, se ha verificado que

GAVEGLIO, APARICIO Y ASOCIADOS SOCIEDAD CIVIL DE RESPONSABILIDAD LIMITADA

MATRICULA : S0041

FECHA DE COLEGIATURA : 11/08/1969

Se encuentra, hábil a la fecha, para el ejercicio de las funciones profesionales que le faculta la Ley Nº 13253 y su modificatoria Ley Nº 28951 y conforme al Estatuto y Reglamento Interno de este Colegio; en fe de lo cual y a solicitud de parte, se le extiende la presente constancia para los efectos y usos que estime conveniente. Esta constancia tiene vigencia hasta el 31/03/2016

Lima, 09 de Marzo de 2015

Elsa R. Ugarte V.

CPCC Elsa Rosario Ugarte Vásquez
Decana

Penadillo C.

CPCC Moisés Manuel Penadillo Castro
Director Secretario

www.ccpl.com.pe

Verifique su validez en: www.ccpl.org.pe

Comprobante de Pago: ....

Verifique la validez del comprobante de pago en: www.sunat.gob.pe