Credicorp Ltd. and Subsidiaries

Consolidated financial statements as of December 31, 2014 and 2013 together with the independent auditor's report

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Content

Paredes, Zaldívar, Burga & Asociados
Sociedad Civil de Responsabilidad Limitada

Independent auditor's report

To the shareholders and Board of Directors of Credicorp Ltd.

We have audited the accompanying consolidated financial statements of Credicorp Ltd. and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, the opening consolidated statement of financial position as of January 1, 2013, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each year ended December 31, 2014, 2013 and 2012, respectively, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

Independent auditor’s report (continued)

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Credicorp Ltd. and Subsidiaries as of December 31, 2014, December 31, 2013 and January 1, 2013, and its consolidated financial performance and its cash flows for each year ended December 31, 2014, 2013 and 2012, in accordance with International Financial Reporting Standards.

Lima, Peru,
February 24, 2015

Paredes, Zaldívar, Burga & Asociados

Countersigned by:

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

Credicorp Ltd. and Subsidiaries

Consolidated statements of financial position

As of December 31, 2014 and 2013 and as of January 01, 2013

	Note	2014 S/.(000)	2013 S/.(000)	01.01.2013 S/.(000)
Assets				
Cash and due from banks:	4			
Non-interest bearing		4,752,481	4,351,119	2,924,740
Interest bearing		16,936,985	17,411,810	17,090,478
		21,689,466	21,762,929	20,015,218
Cash collateral, reverse repurchase agreements and securities borrowings	5(a)	5,543,403	1,207,515	3,235,690
Investments:				
Trading securities	6(a)	2,525,970	1,500,046	450,715
Investments available-for-sale		13,404,560	15,873,537	17,622,609
Investments available-for-sale pledged as collateral		2,343,436	2,337,274	1,277,213
	6(a)	15,747,996	18,210,811	18,899,822
Investments held-to-maturity		1,131,511	-	-
Investments held-to-maturity pledged as collateral		1,536,152	676,977	662,141
	6(o)	2,667,663	676,977	662,141
Loans, net:	7			
Loans, net of unearned income		79,509,360	64,361,927	54,752,692
Allowance for loan losses		(2,986,854)	(2,263,648)	(1,782,506)
		76,522,506	62,098,279	52,970,186
Financial assets designated at fair value through profit or loss	8	297,100	299,836	273,202
Premiums and other policies receivable	9(a)	578,296	576,050	469,157
Accounts receivable from reinsurers and coinsurers	9(b)	468,137	578,722	427,023
Property, furniture and equipment, net	10	2,089,418	2,020,047	1,505,262
Due from customers on acceptances		167,654	189,188	256,958
Intangible assets and goodwill, net	11	2,025,174	2,070,950	1,937,054
Other assets	12	3,672,807	2,902,870	2,930,231
Non-current assets classified as held for sale	13	838,782	-	-
Total assets		134,834,372	114,094,220	104,032,659

	Note	2014 S/.(000)	2013 S/.(000)	01.01.2013 S/.(000)
Liabilities and equity				
Deposits and obligations:	14			
Non-interest bearing		24,472,602	18,389,160	16,889,581
Interest bearing		52,574,367	50,017,417	44,413,490
		77,046,969	68,406,577	61,303,071
Payables from repurchase agreements and security lendings	5(b)	8,308,470	3,520,317	4,789,770
Due to banks and correspondents	15	9,217,340	7,173,007	6,849,966
Bankers' acceptances outstanding		167,654	189,188	256,958
Accounts payable to reinsurers and coinsurers	9(b)	220,910	232,497	174,767
Financial liabilities designated at fair value through profit or loss	3(f)(v)	397,201	119,553	245,116
Insurance claims reserves, technical reserves and payables from healthcare	16	5,397,059	4,984,715	4,118,247
Bonds and notes issued	17	15,104,593	14,133,518	12,197,639
Other liabilities	12	3,846,955	2,991,743	2,965,521
Liabilities directly associated with non-current assets classified as held for sale	13	501,196	-	.
Total liabilities		120,208,347	101,751,115	92,901,055
Equity	18			
Capital and reserves attributable to Credicorp's equity holders:				
Capital stock		1,318,994	1,318,994	1,203,376
Treasury stock		(208,184)	(208,127)	(190,307)
Capital surplus		302,941	275,570	275,102
Reserves and put options		9,129,547	7,928,541	6,752,719
Other reserves		1,023,386	861,145	437,207
Retained earnings		2,412,771	1,655,388	2,150,224
		13,979,455	11,831,511	10,628,321
Non-controlling interest		646,570	511,594	503,283
Total equity		14,626,025	12,343,105	11,131,604
Total liabilities and equity		134,834,372	114,094,220	104,032,659

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

Credicorp Ltd. and Subsidiaries

Consolidated statements of income

For the years ended December 31, 2014, 2013 and 2012

	Note	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Interest and similar income	22	8,600,866	7,086,470	6,091,575
Interest and similar expenses	22	(2,191,062)	(2,116,573)	(1,828,827)
Net interest and similar income		6,409,804	4,969,897	4,262,748
Provision for loan losses, net of recoveries	7(d)	(1,715,809)	(1,230,371)	(996,194)
Net interest and similar income after provision for loan losses		4,693,995	3,739,526	3,266,554
Other income				
Banking services commissions	23	2,521,829	2,259,927	1,944,242
Net gain on foreign exchange transactions		453,405	534,442	467,912
Net gain on sale of securities		220,737	96,228	267,000
Net gain on financial assets designated at fair value through profit or loss	8	-	-	48,507
Other	28	639,572	441,193	228,256
Total other income		3,835,543	3,331,790	2,955,917
Insurance premiums and claims				
Net premiums earned	24	2,189,666	2,142,777	1,856,666
Net claims incurred for life, property, casualty and health insurance contracts	25	(1,426,733)	(1,460,461)	(1,227,204)
Total premiums earned less claims		762,933	682,316	629,462
Other expenses				
Salaries and employee benefits	26	(2,673,431)	(2,278,054)	(2,058,438)
Administrative expenses	27	(1,930,483)	(1,738,951)	(1,415,103)
Depreciation and amortization	10(a) and 11(a)	(433,787)	(328,354)	(286,091)
Impairment loss on goodwill	11(b)	(92,583)	(55,100)	-
Impairment loss on available-for-sale investments	6(c)	(7,794)	(3,041)	(214)
Net loss on financial assets designated at fair value through profit or loss	8	(4,098)	(18,113)	-
Other	28	(932,920)	(689,877)	(495,802)
Total other expenses		(6,075,096)	(5,111,490)	(4,255,648)
Income before translation result and income tax		3,217,375	2,642,142	2,596,285
Translation result		172,095	(309,422)	197,949
Income tax	19(b)	(968,224)	(775,177)	(663,309)
Profit for the year		2,421,246	1,557,543	2,130,925

Consolidated statements of income (continued)

	Note	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Attributable to:				
Equity holders of Credicorp Ltd.		2,387,852	1,538,307	2,079,647
Non-controlling interest		33,394	19,236	51,278
		2,421,246	1,557,543	2,130,925
Earnings per share attributable to equity holders of Credicorp Ltd. (in Nuevos Soles):				
Basic	29	30.04	19.35	26.18
Diluted	29	29.27	19.31	26.11

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

Credicorp Ltd. and Subsidiaries

Consolidated statements of comprehensive income

For the years ended December 31, 2014, 2013 and 2012

	Note	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Profit for the year		2,421,246	1,557,543	2,130,925
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net gain (loss) on investments available for sale	18(d)	197,397	(919,534)	795,590
Income tax	18(d)	6,853	47,828	(56,269)
		204,250	(871,706)	739,321
Net movement on cash flow hedges	18(d)	18,888	122,200	31,910
Income tax	18(d)	(1,016)	(16,302)	(435)
		17,872	105,898	31,475
Exchange differences on translation of foreign operations	18(d)	(54,005)	1,023,580	(561,503)
		(54,005)	1,023,580	(561,503)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods, net of income tax		168,117	257,772	209,293
Total comprehensive income for the year, net of income tax		2,589,363	1,815,315	2,340,218
Attributable to:				
Equity holders of Credicorp Ltd.		2,550,093	1,829,985	2,286,100
Non-controlling interest		39,270	(14,670)	54,118
		2,589,363	1,815,315	2,340,218

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

Consolidated statements of changes in equity

For the years ended December 31, 2014, 2013 and 2012

		Attributable to Credicorp's equity holders											
							Other reserves						
	Number of shares issued, Notes 18(a) and 29	Capital stock	Treasury stock	Capital surplus	Reserves	Put options	Available-for-sale investments reserve	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	(In thousands of units)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Balances as of January 1, 2012	94,382	1,272,275	(201,868)	299,647	5,460,526	-	1,065,842	(148,749)	(611,670)	2,019,071	9,155,074	180,203	9,335,277
Changes in equity for 2012 -													
Profit for the year	-	-	-	-	-	-	-	-	-	2,079,647	2,079,647	51,278	2,130,925
Other comprehensive income	-	-	-	-	-	-	730,486	31,285	(555,318)	-	206,453	2,840	209,293
Total comprehensive income	-	-	-	-	-	-	730,486	31,285	(555,318)	2,079,647	2,286,100	54,118	2,340,218
Transfer of retained earnings to reserves, Note 18(c)	-	-	-	-	1,386,619	-	-	-	-	(1,386,619)	-	-	-
Cash dividends, Note 18(e)	-	-	-	-	-	-	-	-	-	(491,649)	(491,649)	-	(491,649)
Purchase of treasury stock, Note 18(b)	-	-	(1,904)	(47,062)	-	-	-	-	-	-	(48,966)	-	(48,966)
Share-based payments transactions, Note 20(b)	-	-	2,555	38,462	3,665	-	-	-	-	-	44,682	-	44,682
Acquisitions of subsidiaries, Note 2(b)	-	-	-		-	-	-	-	-	-	-	280,000	280,000
Put options over non-controlling interest, Note 2(c)	-	-	-	-	-	(321,057)	-	-	-	-	(321,057)	-	(321,057)
Purchase of non-controlling interest	-	-	-	-	-	-	-	-	-	(15,772)	(15,772)	(2,017)	(17,789)
Dividends of subsidiaries and other	-	-	-	-	-	-	-	-	-	(2,312)	(2,312)	11,817	9,505
Effect of change in presentation currency, Note 3(c)(ii)	-	(68,899)	10,910	(15,945)	212,428	10,538	(81,698)	7,029	-	(52,142)	22,221	(20,838)	1,383
Balances as of December 31, 2012	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 for 2013 -													
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)	-	-	-
Cash dividends, 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 transactions, 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 functional and 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 as of 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

Consolidated statements of changes in equity (continued)

		Attributable to Credicorp's equity holders											
							Other reserves						
	Number of shares issued, Notes 18(a) and 29 (In thousands of units)	Capital stock S/.(000)	Treasury stock S/.(000)	Capital surplus 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)	Non-controlling interest S/.(000)	Total equity S/.(000)
Balances as of 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 for 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)	-	-	-
Cash dividends, 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 transactions, 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 subsidiary - Mibanco, see Note 2(a)(i)	-	-	-	-	-	-	-	-	-	-	-	268,042	268,042
Purchase of non-controlling interest – Mibanco	-	-	-	-	-	-	-	-	-	-	-	(163,621)	(163,621)
Balances as of 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

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

Credicorp Ltd. and Subsidiaries

Consolidated statements of cash flows

For the years ended December 2014, 2013 and 2012

	Note	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Cash flows from operating activities				
Profit for the year		2,421,246	1,557,543	2,130,925
Add (deduct)				
Provision for loan losses	7(d)	1,715,809	1,230,371	996,194
Depreciation and amortization	10(a) and 11(a)	433,787	328,354	286,091
Provision for sundry risks	12(d)	70,094	24,089	34,122
Deferred income tax	19(b)	(252,710)	(29,020)	(42,997)
Net gain on sales of securities		(220,737)	(96,228)	(267,000)
Impairment loss on available-for-sale investments	6(c)	7,794	3,041	214
Impairment loss on goodwill	11(b)	92,583	55,100	-
Net loss (gain) on financial assets designated at fair value through profit and loss	8	4,098	18,113	(48,507)
Gain on sales of property, furniture and equipment		12,949	19,900	21,754
Translation result		(172,095)	309,422	(197,949)
Expense on shared-based compensation plan	26	62,628	61,522	70,288
(Sale) purchase of trading securities, net		(1,025,924)	(1,049,331)	408,693
Net changes in assets and liabilities				
Increase in loans		(15,944,904)	(1,192,462)	(14,159,835)
Increase in other assets		(6,253,375)	(956,829)	(1,596,496)
Increase in deposits and obligations		9,514,322	3,726,896	18,113,384
Increase (decrease) in due to banks and correspondents		2,822,467	(793,220)	1,042,315
Increase (decrease) in payables from repurchase agreements and security lendings		4,788,153	(1,470,643)	4,152,270
Increase (decrease) in receivables from reverse repurchase agreements and security borrowings		(4,449,777)	2,519,982	(3,060,556)
Increase (decrease) in other liabilities		4,548,319	(602,536)	1,851,288
Net cash (used in) provided by operating activities		(1,825,273)	3,664,064	9,734,198

Consolidated statements of cash flows (continued)

	Note	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Cash flows from investing activities				
Acquisition of subsidiary, net of cash acquired	2(a)	731,813	(57,577)	(492,023)
Net sale (purchase) of investments available-for-sale		2,096,582	(978,224)	(4,433,960)
Purchase of property, furniture and equipment	10(a)	(301,734)	(537,725)	(427,692)
Purchase of intangible assets	11(a)	(246,882)	(298,400)	(167,763)
Sales of property, furniture and equipment		19,799	24,467	57,638
Net cash provided by (used in) investing activities		2,299,578	(1,847,459)	(5,463,800)
Cash flows from financing activities				
Issuance of bonds and notes		835,037	2,353,075	2,585,310
Redemption and payments of bonds and notes		(1,199,524)	(1,082,253)	(1,411,160)
Acquisition of Credicorp's shares		(45,622)	(67,044)	(47,359)
Cash dividends	18(e)	(429,413)	(535,248)	(491,649)
Purchase of non-controlling interest		(163,621)	-	(15,254)
Net cash (used in) provided by financing activities		(1,003,143)	668,530	619,888
(Net decrease) net increase in cash and cash equivalents		(528,838)	2,485,135	4,890,286
Translation gain (loss) on cash and cash equivalents		455,375	(737,424)	289,216
Cash and cash equivalents at the beginning of the year		21,762,929	20,015,218	14,835,716
Cash and cash equivalents at the end of the year		21,689,466	21,762,929	20,015,218
Supplementary cash flows information:				
Cash paid during the year for -				
Interest		2,102,549	2,092,343	1,765,945
Income tax		1,028,466	631,334	1,195,464
Cash received during the year for -				
Interest		8,388,315	7,049,754	5,956,832
Non-cash flows transactions -				
Incorporation of Mibanco net assets	2(a)(i)	(595,770)	-	-

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

1. **Operations**

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

Credicorp Ltd., through its banking and non-banking subsidiaries, provides a wide range of financial, 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 in the Lima and New York stock exchanges.

The consolidated financial statements as of and for the year ended December 31, 2013 were approved in the General Shareholders' meeting held on March 31, 2014. The accompanying consolidated financial statements as of and for the year ended December 31, 2014, were approved by the Audit Committee and Management on February 24, 2015 and will be submitted for their approval by the Board of Directors and the General Shareholders' Meeting that will occur within the period established by law; in Management's opinion, they will be approved without modifications.

2. **Acquisitions and disposals**

(a) Acquisition and disposal in 2014 -

(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 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.

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

	Book Value S/.(000)	Fair value adjustments S/.(000)	Fair value recognized on acquisition S/.(000)
Assets			
Cash and due from banks	1,290,673	-	1,290,673
Interbank funds	144,605	-	144,605
Investments available-for-sale	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	-	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			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 included in the caption "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 rate of return that considers the relative risk of achieving the cash flows and the time value of money.

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

- For core deposits 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.

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

Also, following an acquisition strategy and in compliance with legal requirements in the Peruvian stock exchange Credicorp, through Edyficar, performed the following additional purchases of Mibanco's capital stock in cash:

- On July 2014 acquired 18.56 percent for approximately S/.153.6 million.
- On September 2014 acquired 1.19 percent for approximately S/.10.0 million.

These acquisitions of non-controlling interest were recorded as an equity transaction.

Considering these acquisitions, as of December 31, 2014, Credicorp holds 86.93 percent of Mibanco and paid in total for approximately S/.722.5 million.

From the effective date of acquisition (March 20, 2014) to December 31, 2014, the contribution of Mibanco in interest and similar income was S/.675.7 million. If the combination had taken place at the beginning of the year, the interest and similar income for the Group would have been S/.8,814.9million (an increase of S/.236.2 million). For the year 2014, the income before income tax of Mibanco is insignificant for the consolidated statements of income of the Group.

(ii) On December 30, 2014, Credicorp, through its subsidiary El Pacífico Peruano Suiza Compañía de Seguros y Reaseguros (hereinafter PPS), signed an agreement with Banmédica S.A. (hereinafter Banmédica) to develop together the healthcare business in Peru, including: medical services, health insurance and health plans. Due to this agreement, Credicorp will lose the control over its subsidiary Pacífico EPS, becoming it in an associate entity. The agreement is effective since January 1, 2015. See more details in Note 13.

(b) Acquisitions in 2012 -

On April 27, 2012, Credicorp, through its subsidiary BCP, acquired 51 percent of Credicorp Capital Colombia (formerly Correval S.A. Sociedad Comisionista de Bolsa, hereinafter "Correval"), an investment banking entity established in Bogota, Colombia, for approximately US$72.3 million (equivalent to approximately S/.191.0 million) in cash consideration.

On July 31, 2012, Credicorp, through its subsidiary BCP, acquired 60.6 percent of IM Trust S.A. Corredores de Bolsa (hereinafter "IM Trust"), an investment banking entity established in Santiago, Chile, for approximately US$131.5 million (equivalent to approximately S/.349.1 million), of which US$110.9 million (equivalent to approximately S/.291.6 million) were paid in cash consideration at the acquisitions date and US$20.6 (equivalent to approximately S/.57.5 million) were paid in cash in July 2013.

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

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

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

Entity	Acquisition date	Activity	Percentage of participation %	Cash consideration S/.(000)
Clínica Belén S.A.	October, 2012	Private hospital	97.48	43,056
Centro Odontológico Americano	April, 2012	Dental center	80.00	20,222
Prosemedic S.A.	April, 2012	Sale of medical products	80.00	16,640
Clínica Sánchez Ferrer S.A. and Inversiones Masfe S.R.L	January, 2012	Private hospital	83.17 and 99.99	11,748
Bio Pap Service S.A.C	September, 2012	Laboratory	75.00	9,571
Total				101,237

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

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

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

	Book Value			Fair value adjustments			Fair value recognized on acquisition			
	Correval S/.(000)	IM Trust S/.(000)	Private hospitals S/.(000)	Correval S/.(000)	IM Trust S/.(000)	Private Hospitals S/.(000)	Correval S/.(000)	IM Trust S/.(000)	Private Hospitals S/.(000)	Total fair value recognized on acquisition S/.(000)
Assets										
Cash	11,996	61,125	3,032	-	-	-	11,996	61,126	3,032	76,154
Accounts receivables, net	30,634	274	12,083	-	-	-	30,634	274	12,083	42,991
Cash collateral, reverse repurchase agreements and securities borrowings	1,072,743	122,212	-	-	-	-	1,072,743	122,212	-	1,194,955
Investments	122,554	49,796	-	-	-	-	122,554	49,796	-	172,350
Property, furniture and equipment, net, Note 10(a)	4,688	13,038	34,270	-	-	-	4,688	13,038	31,219	48,945
Intangible assets, Note 11(a):										-
Licenses	-	-	-	-	-	5,009	-	-	5,009	5,009
Brand name	-	-	-	40,099	26,410	11,392	40,099	26,410	11,392	77,901
Client relationships	-	-	-	31,449	36,026	-	31,449	36,026	-	67,475
Fund manager contract	-	-	-	71,769	51,133	-	76,751	51,133	-	127,884
Other assets	7,403	137,896	13,467	7,256	12,094	3,072	14,659	149,990	16,539	181,188
Liabilities										
Payables from repurchase agreements and security lendings	903,293	122,842	-	-	-	-	903,293	122,842	-	1,026,135
Financial liabilities at fair value through profit or loss	164,763	-	-	-	-	-	164,763	-	-	164,763
Other liabilities	73,175	138,592	34,161	7,256	12,094	-	80,430	150,686	34,162	265,278
Deferred income tax liability	-	2,033	11	47,294	22,714	8,798	47,294	24,747	8,809	80,850
Total identifiable net assets at fair value	108,787	120,875	28,680	96,023	90,855	10,675	209,793	211,730	36,303	457,826
Non-controlling interest							(118,138)	(156,020)	(6,059)	(280,217)
Goodwill arising on acquisition							103,996	287,104	68,545	459,645
Total purchase consideration							195,651	342,814	98,789	637,254

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

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

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

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

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

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

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

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

As at the date of the initial transaction, the Group recognized financial liabilities related to put options granted to non-controlling interest of Correval and IM Trust amounted to US$59.2 million (equivalent to S/.156.0 million) and US$62.6 million (equivalent to S/.165.0 million), respectively, and are included in the caption "Put options" in the consolidated statements of changes in equity.

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

Until December 31, 2013, the put options could be exercised by non-controlling interest for a period of three months after the second year (from April 27, 2014) and fourth year (from April 27, 2016) of acquisition in the case of Correval and for a period of five days after the 48th (from July 1, 2016), 51st (from October 1, 2016) and 54th (from January 1, 2017) month of acquisition, respectively, in the case of IM Trust. Likewise, as of December 31, 2013, Credicorp Ltd. can exercise its call options for a period of three months from July 27, 2016 (if non-controlling interests do not exercise their put options until July 26, 2016) in the case of Correval and between the 20th and 24th business day of January 2017 (if non-controlling interests do not exercise their put options until 5th business day of January 2017) in the case of IM Trust.

During 2014, the agreements have been changed in order to have the same exercise dates, multiples used and financial information used to compute these multiples (for both Correval and IM trust).

As of December 31, 2014, the new exercise dates of the put options for non-controlling interest holders of both Correval and IM Trust are: (i) between July 15, and July 23, 2016; (ii) between October 15, and October 23, 2016; and (iii) between January 15, and January 23, 2017. Likewise, as of December 31, 2014, Credicorp can exercise its call options between January 24 and 31 of 2017.

As a result of the changes explained above, the Group recognized a loss for approximately US$17.6 million (equivalent to S/.52.6 million) in the caption "Other income and expenses" of the consolidated statements of income.

As of December 31, 2014, financial liabilities related to put options granted to non-controlling interest of Correval and IM Trust amounted to approximately US$68.6 million (equivalent to S/.204.8 million) and US$70.8 million (equivalent to S/.211.4 million), respectively (US$57.1 million, equivalent to S/.159.6 million and US$64.8, equivalent to S/.181.1 million, respectively, as of December 31, 2013) and are included in the caption "Other liabilities" of the consolidated statements of financial position, see Note 12(a).

3. **Significant accounting policies**

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

(a) Basis of presentation and use of estimates -

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

The consolidated financial statements have been prepared on a historical cost basis, except for trading securities, available-for-sale investments, derivative financial instruments, share-based payments, financial assets and liabilities designated at fair value through profit or loss that have been measured at fair value.

The consolidated financial statements are presented in Peruvian Nuevos 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 conformity with IFRS requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of significant events in notes to the consolidated financial statements.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The final results could differ from those estimates; however, management expects that the variations, if any, will not have a material effect on the consolidated financial statements. The most significant estimates comprised in the accompanying consolidated financial statements are related to the computation of the allowance for loan losses, the measurement of investments, the 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 items 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)(i) below, has changed its presentation currency as explained in Note 3(c)(ii) and, as a result, the comparative consolidated financial statements have been restated; and

(ii) The Group has adopted those new IFRS and revised IAS mandatory for years beginning on or after January 1, 2014, 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:

- IAS 32 "Offsetting Financial Assets and Financial Liabilities" - Amendments to IAS 32
  These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. Furthermore, this amendment clarifies that in order to offset two or more financial instruments, entities must currently have a right of set-off that cannot be contingent on a future event, and must be legally enforceable in all of the following circumstances: (i) the normal course of business; (ii) an event of default; and (iii) an event of insolvency or bankruptcy of the entity or any of the counterparties.

- IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting" – Amendments to IAS 39
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required.

- Investment Entities - Amendments to IFRS 10 "Consolidated financial statements", IFRS 12 "Disclosure of Interests in other Entities" and IAS 27 "Separate Financial Statements"
  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

- IFRIC 21 "Levies"
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21.

- Improvements to IFRS (cycles 2010-2012 y 2011-2013)
  The IASB issued improvements to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IFRS 13" Fair value Measurement". These amendments are effective for periods beginning at January 1, 2014. The amendment to IFRS 1 clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied

consistently throughout the periods presented in the entity's first IFRS financial statements. The amendment to IFRS 13 clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

(b) Basis of consolidation -

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

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

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 having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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 investment retained is recognized at fair value.

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

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

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

The Group's investments in its associates are recognized initially at cost and then are accounted for using the equity method. Also, the Group does not have significant investments in associates; therefore, they are included in the caption "Other assets" in the consolidated statements of financial position; gains resulting from the use of the equity method of accounting are included in the caption "Other income" of the consolidated statements of income.

As of December 31, 2014 and 2013, the following entities comprise the Group (individual financial statements data is presented in accordance with IFRS and before eliminations for consolidation purposes, except for the elimination of Credicorp's treasury stock and its related dividends):

Entity	Activity and country of incorporation	Percentage of participation (direct and indirect)		Assets		Liabilities		Equity		Net income (loss)	
		2014 %	2013 %	2014 S/.(000)	2013 S/.(000)	2014 S/.(000)	2013 S/.(000)	2014 S/.(000)	2013 S/.(000)	2014 S/.(000)	2013 S/.(000)
Banco de Crédito del Perú and Subsidiaries (BCP) (i)	Banking, Peru	97.66	97.66	116,131,636	98,490,129	106,043,525	90,165,071	10,088,111	8,325,058	1,941,352	1,259,573
Credicorp Capital Ltd. and Subsidiaries (ii)	Investment banking, Bermuda	100.00	100.00	3,223,604	2,176,905	2,502,644	1,441,865	720,960	735,040	(39,313)	(12,392)
Credicorp Capital Perú S.A.A. and Subsidiaries (iii)	Investment banking, Peru	97.69	97.69	243,740	246,983	61,883	79,409	181,857	167,574	21,627	9,248
Atlantic Security Holding Corporation and Subsidiaries (iv)	Investment banking, Caimán	100.00	100.00	5,879,420	5,162,852	5,230,839	4,542,630	648,581	620,222	159,779	140,249
El Pacífico Peruano-Suiza Compañía de Seguros y Reaseguros and Subsidiaries (PPS) (v)	Insurance, Peru	98.45	98.45	8,653,114	7,720,025	6,763,827	6,215,186	1,889,287	1,504,839	205,851	89,779
Prima AFP S.A. (vi)	Pension funds, Peru	99.99	99.99	912,761	815,676	316,799	315,167	595,962	500,509	153,362	137,799
Grupo Crédito (vii)	Investment banking, Peru	99.99	99.99	936,702	1,049,609	38,685	245,700	898,017	803,909	9.983	8,965
CCR Inc. (viii)	Special purposes entity, Bahamas	99.99	99.99	2,064,642	2,433,310	2,114,808	2,509,099	(50,166)	(75,789)	(5,816)	1,850
BCP Emisiones Latam 1 S.A. (ix)	Special purposes entity, Chile	100.00	100.00	1,391	340,392	53	338,961	1,338	1,431	180	49
Cobranzas y Recuperos S.A.C. (formerly Tarjeta Naranja Perú S.A.C.) (x)	Financial, Peru	100.00	76.00	32,993	53,524	16,000	13,536	16,993	39,988	(23,608)	(37,904)

(i) BCP was incorporated in 1889 and its activities are supervised by the Superintendence of Banking, Insurance and AFP (the Peruvian banking, insurance and AFP authority, hereafter "the SBS" for its Spanish acronym). BCP and Subsidiaries hold as of December 31, 2014 and 2013, 95.90 percent of the capital stock of Banco de Crédito de Bolivia (BCB), a universal bank operating in Bolivia (Credicorp holds directly an additional 4.10 percent). As of December 31, 2014, BCB's assets, liabilities, equity and net income amounted to approximately S/.5,245.9, S/.4,747.6, S/.498.3 and S/.68.0 million, respectively (S/.4,711.8, S/.4,294.2, S/.417.6 and S/.47.5 million, respectively, as of December 31, 2013).

(ii) Credicorp Capital Ltd. was established in 2012 to hold the Group's investment banking activities in Chile, Colombia and Peru. As explained in more detail in Note 2(b), during 2012, BCP acquired Correval and IM Trust; later, in November 2012 and June 2013, BCP transferred its shares of IM Trust and Correval, respectively, to Credicorp Capital Ltd. Such transfers do not have effect on the Group's consolidated financial statements and no gain or losses were recorded in these transactions. As of December 31, 2014 and 2013, Credicorp Capital Ltd. holds directly and indirectly 60.6 percent of IM Trust and 51.0 percent of Correval. As of December 31, 2014, IM Trust's assets, liabilities, equity and net income amounted to approximately S/.788.8, S/.662.6, S/.126.2 and S/.23.3 million, respectively (S/.463.4, S/.339.3, S/.124.1 and S/.13.0 million, respectively, as of December 31, 2013) and Correval's assets, liabilities, equity and net income amounted to approximately S/.1,883.2, S/.1,750.7, S/.132.5 and S/.30.8 million, respectively (S/.1,095.9, S/.957.8, S/.138.1 and S/.16.3 million, respectively, as of December 31, 2013). Likewise, the Shareholder's meeting held on September 11, 2013, agreed to increase the share capital of Credicorp Capital Ltd for an amount of US$3.9 million (equivalent to S/.10.9 million), by the delivery of the 100 percent of the share value of Credicorp Securities Inc. in which Credicorp Ltd. maintained control. Credicorp Securities Inc. is incorporated in the United States of America and provides securities brokerage services, mainly to retail customers in Latin America.

(iii) Credicorp Capital Perú S.A.A. was incorporated in April 2012 through the split of an equity block of BCP; such split resulted in a reduction of BCP's assets, liabilities and equity for an amount of approximately S/.198.8, S/.60.8 and S/.138.0 million, respectively. Assets transferred included Credibolsa S.A.B., Credititulos S.T. and Credifondos S.A.F.M. The equity block split did not have effect in the accompanying consolidated financial statements. Likewise, the Shareholder's meeting held on September 5, 2013, agreed change the name of Credibolsa S.A.B., Credititulos S.T., Credifondos S.A.F.M to Credicorp Capital Sociedad Agente de Bolsa S.A., Credicorp Capital Sociedad Titulizadora S.A. y Credicorp Capital Fondos S.A. Sociedad Administradora de Fondos, respectively.

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

(v) PPS provides property, casualty, life, health and personal insurance; its activities are supervised by the SBS. During 2014, the Group did not acquired any PPS shares owned by non-controlling interest (during 2013, the Group acquired 0.674 percent of PPS shares). Through its subsidiary Pacífico S.A. Entidad Prestadora de Salud (EPS) it also provides a wide range of health services in Peru; as explained in more detail in Note 2(b), during 2012, EPS acquired several Peruvian entities specialized in providing health care services. On December 30, 2014, the Group has signed an agreement with Banmédica to transfer the control of its subsidiary Pacífico EPS, as explained in more detail in Note 13.

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

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

(viii) CCR Inc. was incorporated in 2001, its main activity is to manage certain loans granted to BCP by foreign financial entities, see Note 17(a)(iii). These loans are collateralized by transactions performed by BCP. As of December 31, 2014 and 2013, the negative equity is generated by unrealized losses from cash flow hedges derivatives.

(ix) BCP Emisiones Latam 1 S.A. was incorporated in 2009 through which the Group issued corporate bonds, see Note 17(a)(v).

(x) Cobranzas y Recuperos S.A.C. was incorporated in 2011. During 2014, Grupo Crédito acquired from Tarjeta Naranja S.A. (Argentina) the remaining 24.0 percent of the capital stock of Cobranzas y Recuperos S.A.C. and it will continue to support its operations.

(c) Foreign currency -

(i) Change in functional currency -

Until December 31, 2013, Credicorp and its subsidiaries operating in Peru, except for private hospitals, determined that its 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, the Management conducted a review of the functional currency of Credicorp and its subsidiaries in Peru and it conclude that there has been a change in Credicorp's functional currency from U.S. Dollars to Nuevos 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 Nuevos 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 Nuevos 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 the caption "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, Dólares y Bolivianos, respectivamente) different from the Nuevos Soles.

(ii) Change in presentation currency -
Following the change in functional currency, Credicorp and its subsidiaries, have changed its presentation currency from U.S. Dollars to Nuevos Soles. The change in presentation currency represents a voluntary change in 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 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 increase the caption "Foreign currency translation reserve" and decrease for the same amount the caption "Reserves" in the consolidated statement of changes in equity (approximately S/.555.3 million and S/.611.7 million in 2012 and 2011, respectively, both of which reduce the caption "Foreign currency translation reserve" and increase the caption "Reserves").

In accordance with IAS 1, the Group has presented an opening consolidated statement of financial position as of January 1, 2013, which is the beginning of the preceding period following the change of its presentation currency (i.e. the period prior to the consolidated statement of financial position as of December 31, 2013), but does not include notes to the third consolidated statement of financial position presented as allowed by IAS 1.

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

Due to Correval, IM Trust, ASB and BCB have a functional currency different from the Nuevos Soles, they were translated to Nuevos Soles for consolidating purposes, previous to January, 1, 2014, as explained in 3(c)(ii) above. Starting January 1, 2014, they were translated to Nuevos Soles for consolidating purposes in according of IAS 21, as follows:

- Assets and liabilities, at the closing rate at the date of each consolidated statement of financial position.
- Income and expense, at the average exchange rate for each month of the year.

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

(d) Income and expense recognition from banking activities -
Interest income and expense for all interest-bearing financial instruments, including those related to financial instruments classified as held for trading or designated at fair value through profit or loss, are recognized within "Interest and similar income" and "Interest and similar expenses" in the consolidated statements of income using the effective interest rate method, which is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

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

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

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

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

(e) Insurance activities -
Accounting policies for insurance activities
For the adoption of IFRS 4 "Insurance contracts", Management concluded that USGAAP used as of December 31, 2004 was the relevant framework to be used, as permitted by IFRS 4.

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

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

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

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

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims and ceded premiums associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

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

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

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

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

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance, see Notes 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, 2014 and 2013 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, 2014 and 2013, 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, 2014 and 2013, Management determined that the liabilities were adequate; therefore, it has not recorded any additional non-life insurance liabilities.

Income recognition

(i) Gross premiums

Life insurance contracts

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

Non-life insurance contracts

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

(ii) Fees and commission income

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

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

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

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

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

Benefits, claims and expenses recognition

(i) Gross benefits and claims

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

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

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

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

(iv) Cost of medical services and sale of medicines (those not categorized as healthcare insurance)
Cost of medical services is recorded when incurred.

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

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

(f) Financial Instruments: Initial recognition and subsequent measurement -
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument or another entity.

The Group classifies its financial instruments in one of the categories defined by IAS 39: financial assets and financial liabilities at fair value through profit or loss; loans and receivables; available-for-sale financial investments; held-to-maturity financial investments and other financial liabilities. The Group determines the classification of its financial instruments at initial recognition.

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

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

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

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

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

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

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

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

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

Changes in fair value of designated financial assets through profit or loss upon initial recognition are recorded in the caption "Net gain (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 the caption "Interest and similar income" or "interest and similar expenses", according to the terms of the contract. Dividend income is recorded when the collection right has been established.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees 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 the caption "Interest and similar income". Losses from impairment are recognized in the consolidated statements of income in the caption "Provision for loan losses, net of recoveries".

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

An allowance for loan losses is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of the loans. The allowance for loan losses is established based in an internal risk classification and considering any guarantees and collaterals received, Note 3(i) and 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 the caption "Net gain on sale of securities", or determined to be impaired, at which time the impaired amount is recognized in the consolidated statements of income in the caption "Impairment loss on available–for–sale investments" and removed from the available-for-sale reserve.

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

Estimated fair values are based primarily on quoted prices or, if quoted market prices are not available, discounted expected cash flows using market rates commensurate with the credit quality and maturity of the investment.

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

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

During the years 2014 and 2013, the Group did not reclassify any of its available-for- sale financial investments.

(iv) Held-to-maturity financial investments

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

As of December, 31, 2014 and 2013, 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 years.

As of December, 31, 2014 and 2013, the Group did not sell or reclassify any of its held-to-maturity investments.

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

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

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 the caption "Investments available-for-sale pledged as collateral" or "Investments held-to-maturity pledged as collateral", as appropriate, of the consolidated statements of financial position. Also, when the counterparty receives cash as collateral that will be restricted until the maturity of the contract, the Group reclassifies the cash in the caption " 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 the caption "Receivables from reverse repurchase agreements and security borrowings" of the consolidated statements of financial position, reflecting the transaction's economic substance as a loan by the Group. The difference between the purchase and resale price is recorded in the caption "Interest and similar income" of the consolidated statements of income and is accrued over the life of the agreement using the effective interest rate.

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

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

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

Put options granted to non-controlling interests give rise to a financial liability for the present value of the redemption amount. When the financial liability is recognized initially, the present value of the amount payable upon exercise of the option is recorded in equity.

All subsequent changes in the carrying amount of the liability, due to a re-measurement of the present value of the amount payable on exercise, are recognized in the consolidated statements of income.

Call options are initially recognized as a financial asset at their fair value, with any subsequent changes in their fair value recognized in profit or loss. If the call options are exercised, the fair value of the option at that date is included as part of the cost of the acquisition of the non-controlling interest. If the call options lap unexercised, any carrying amount for the call option is expensed in profit or loss.
Put and call options do not give the Group present access to the benefits associated with the ownership interest.

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

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

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. Criteria used for each category of financial assets are as follows:

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

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of income. A loan together with the associated allowance is written off when classified as loss 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 the caption "Provision for loan losses, net of recoveries".

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

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

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

(ii) Available-for-sale financial investments

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

In the case of equity investments, objective evidence would include a significant or prolonged decline in its fair value below cost. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. 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 investments available-for-sale reserve of the consolidated statements of changes in equity and recognized in the consolidated statements of income. Impairment losses on equity investments are not reversed through the consolidated statements of income; increases in their fair value after impairment are recognized directly in the consolidated statements of comprehensive income.

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

(iii) Renegotiated loans

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

(j) Leases -

The determination of whether an arrangement is, or contains, a lease is based in the substance of the arrangement at 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 hold by the lessor are classified as operating leases. Under this concept the Group has mainly leases used as banking branches.

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

Finance leases -

Finance leases are recognized as granted loans at the present value of the future lease collections. The difference between the gross receivable amount and the present value of the loan is recognized as unearned interest. Lease income is recognized over the term of the lease agreement using the effective interest rate method, which reflects a constant periodic rate of return.

(k) Property, furniture and equipment -

Property, furniture and equipment are stated at historical acquisition cost less accumulated depreciation and impairment losses, if applicable. Historical acquisition costs include expenditures that are directly attributable to the acquired property, furniture or equipment. Maintenance and repair costs are charged to the consolidated statements of income; significant renewals and improvements are capitalized when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow from the use of the acquired property, furniture or equipment.

Land is not depreciated. Depreciation is calculated using the straight-line method over the estimated useful lives, which are as follows:

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

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

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

(l) Seized assets -

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

(m) Business combination -

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

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

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

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

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

(n) Intangible assets -

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

Intangible assets identified as a consequence of the acquisition of subsidiaries and other intangible assets, are recognized on the consolidated statements of financial position at their fair values determined on the acquisition date and are amortized using the straight line method over their estimated useful life as follows:

	Estimated useful life in years	
	2014	2013
Client relationship – Mibanco	6 and 8	-
Client relationship – Prima AFP (AFP Unión Vida)	20	20
Client relationship – IM Trust	22	22
Client relationship – Correval	8 and 10	8 and 10
Client relationship – Edyficar	10	10
Client relationship – Private hospitals	2, 3 and 14	2, 3 and 14
Brand name – Mibanco	25	-
Brand name – Correval (i)	5	25
Brand name – Private hospitals	30	30
Brand name – Edyficar (i)	5	20
Brand name – IM Trust (i)	5	25
Fund manager contract – Correval	28	28
Fund manager contract – IM Trust	11	11
Core deposits – Mibanco	6	-
Licenses – Private hospitals	35	35
Rights of use – BCP	5	5
Other	5	5

(i) During 2014, as a result of the review of the useful life of intangible assets, Management has changed the estimated useful life of brand names to ensure that such intangible assets are consistent with the current economic benefits and useful life expectations.

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.

(o) Goodwill -

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

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

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

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

(p) Impairment of non-financial assets -

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

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

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

(q) 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.

(r) 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.

(s) Financial guarantees -

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

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

(t) Defined contribution pension plan -

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

(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 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 each one of its Subsidiaries.

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

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 the caption "Salaries and employee benefits" of the consolidated statements of income.

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

During 2014, all remaining SARs 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 the caption "Salaries and employee benefits" of the consolidated statements of income.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

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

(z) Derivative financial instruments and hedge accounting -

Trading -

The Group negotiates derivative financial instruments in order to satisfy client's needs. The Group may also take positions with the expectation of profiting from favorable movements in prices, rates or indexes.

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

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

Hedge -

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

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

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

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

(i) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the caption "Cash flow 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 forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in the cash flow hedge reserve are transferred to the consolidated statements of income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in the cash flow hedge reserve remains in 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 the caption "Interest and similar income" or "Interest and similar expenses" of the consolidated statements of income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is recognized in the consolidated statements of income.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value of these items, as a result of discontinuation of the hedge, will be amortized through the consolidated statements of income over the remaining term of the hedge. Amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in the consolidated statements of income.

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 the caption "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 the caption "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 the caption "Other assets" in the consolidated statement of financial position, see Note 12.

(ae) Reclassifications -
When it is necessary, comparative figures have been reclassified to conform to the current year presentation. Certain transactions were reclassified in the current year presentation; in Management's opinion those reclassifications made in the consolidated financial statements as of December 31, 2013, are not significant considering the consolidated financial statements as whole.

(af) Issued International Financial Reporting Standards but not yet effective -
The Group decided not to early adopt the following standards and interpretations that were issued but not effective as of December 31, 2014:

- Amendments to IAS 1 "Presentation of Financial Statements"
Effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendments clarify the materiality requirements in IAS 1, that specific line in the consolidated statements of income and the consolidated statements of comprehensive income and the consolidated statement of financial position may be disaggregated, that entities have flexibility as to the order in which they present the notes to consolidated financial statements and that the share of consolidated statements of comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profits or loss.

- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets": Clarification of Acceptable Methods of Depreciation and Amortisation
Effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted .The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used when the intangible asset is expressed as a measure of revenue or it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- Amendments to IAS 19 "Employee Benefits": Defined Benefit Plans: Employee Contributions
Effective for annual periods beginning on or after July 1, 2014. IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service (e.g. employee contributions that are calculated according to a fixed percentage of salary), an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

IFRS 9 "Financial Instruments"
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting and it carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual periods

beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015.

- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or contribution of assets between an investor and its associate or joint venture.

  These amendments address an inconsistency between IFRS 10 and IAS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2016.

- Amendments to IFRS 11 “Joint Arrangements”: Accounting for Acquisitions of Interests
  These amendments are effective prospectively for annual periods beginning on or after January 1, 2016 and apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting.

  The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

- 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 retrospectively for annual periods beginning on or after January 1, 2017, with early adoption permitted.

- Improvements to IFRS (cycles 2012-2014)
  The IASB issued improvements to IFRS 5 "Non-current assets held for sale and discontinued operations", IFRS 7 "Financial instruments: disclosures", IFRS 1 "First-time adoption of international financial reporting standards", IAS 19 "Employee benefits" and IAS 34 "Interim financial reporting", effective for annual periods beginning on or after January 1, 2016.

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

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

4. Cash and due from banks

This item is made up as follows:

	2014 S/.(000)	2013 S/.(000)
Cash and clearing	4,370,210	3,523,816
Deposits in Peruvian Central Bank - BCRP	14,003,756	15,634,263
Deposits in banks	3,313,866	2,600,183
	21,687,832	21,758,262
Accrued interest	1,634	4,667
Total	21,689,466	21,762,929

As of December 31, 2014 and 2013, cash and due from banks includes approximately S/.17,525.3 and S/.17,066.8 million, respectively, mainly from BCP, which represent the legal reserve that Peruvian banks must maintain for its obligations with the public, and are within the limits established by prevailing Peruvian legislation at those dates.

The legal reserve funds maintained with BCRP are not interest-bearing, except for the part of the mandatory reserve in Nuevos Soles and in U.S. Dollars that exceeds the minimum legal reserve. As of December 31, 2014, the excess in Nuevos Soles amounts approximately to S/.160.1 million and bear interest at an annual average interest rate of 0.35 percent (S/.1,901.3 million, and annual average interest rate of 1.25 percent, as of December 31, 2013), while the excess in U.S. Dollars amounts approximately to US$3,441.5 million, equivalent to S/.10,276.3, and bear interest at an annual average interest rate of 0.040 percent (US$3,087.0, equivalent to S/.8,628.2 million, and annual average interest rate of 0.041 percent, as of December 31, 2013).

Deposits in local and foreign banks correspond principally to balances in Nuevos Soles and U.S. Dollars. All deposits are unrestricted and earn interest at market rates. As of December 31, 2014 and 2013, Credicorp does not have significant deposits in any specific financial institution.

5. **Cash collateral, reverse repurchase agreements and securities borrowings and payables from repurchase agreements and security lendings**

(a) This item is made up as follows:

	2014 S/.(000)	2013 S/.(000)
Cash collateral on repurchase agreements and security lendings (i)	3,786,094	113,889
Reverse repurchase agreement and security borrowings (ii)	1,757,309	1,093,626
Total	5,543,403	1,207,515

(i) As of December 31, 2014, this balance corresponds to the cash collateral amounted to approximately US$1,218.7 (equivalent to S/. 3,639.0 million) to guarantee a lending of approximately S/.3,566.9 obtained from the Peruvian Central Bank (BCRP). The related liability is presented in the caption "Payables from repurchase agreements and security lending" of the consolidated statements of financial position, see paragraph (c) below.

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

		As of December 31, 2014						As of December 31, 2013					
	Currency	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)	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	Pesos Colombianos	2.88	264,873	1,044,641	357,015	1,666,529	1,662,821	3.38	812,193	7,007	-	819,200	783,315
Instruments issued by the Chilean Government	Pesos Chilenos	0.60	-	-	479	479	477	0.44	-	31,022	-	31,022	31,022
Other instruments	-	0.81	34,478	55,823	-	90,301	91,128	2.24	57,474	172,840	13,090	243,404	249,700
			299,351	1,100,464	357,494	1,757,309	1,754,426		869,667	210,869	13,090	1,093,626	1,064,037

(b) Credicorp, through 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. As of December 31, 2014 and 2013, the details of said transactions are as follow:

		As of December 31, 2014						As of December 31, 2013					
	Currency	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)	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	Pesos Colombianos	4.30	661,909	610,165	-	1,272,074	1,273,176	4.32	670,867	29,074	-	699,941	688,355
Instruments issued by the Chilean Government	Pesos Chilenos	0.32	23,483	14,934	-	38,417	38,722	0.39	31,022	-	-	31,022	31,022
Other instruments	-	0.27	54,430	16,940	-	71,370	73,522	1.64	75,814	70,200	-	146,014	154,737
Debt Instruments (c)	-		-	-	6,926,609	6,926,609	7,424,051		949,629	-	1,693,711	2,643,340	2,673,378
			739,822	642,039	6,926,609	8,308,470	8,809,471		1,727,332	99,274	1,693,711	3,520,317	3,547,492

(c) As of December 31, 2014 and 2013, this balance corresponds to repurchase agreements in which the Group has pledged as collateral cash, see Note 5 (a), available-for-sale investments and held-to-maturity investments, see Note 6(p). This item is made up as follows:

		As of December 31, 2014			As of December 31, 2013		
Counterparts	Currency	Maturity	Book value S/.(000)	Collateral	Maturity	Book value S/.(000)	Collateral
BCRP, see Note 5(a)(i)	Nuevos Soles	Feb-2015 / Jun-2016	3,566,920	Cash in BCRP	-	-	-
BCRP	Nuevos Soles	Apr-2015 / Jan-2016	1,058,371	Investments available-for-sale	Jan-2014	949,629	Investments available-for-sale and cash
Commerzbank Aktiengesellschaft	U.S. Dollar	Oct-2015	669,781	Investments available-for-sale and cash	Oct-2015	625,182	Investments available-for-sale and cash
Nomura International PLC (*)	U.S. Dollar	Nov-2019 / Dec-2019	447,900	Investments held-to-maturity and cash	Mar-2019	335,400	Investments held-to-maturity and cash
Natixis S.A.	U.S. Dollar	Aug-2017	300,000	Investments available-for-sale and held-to-maturity	-	-	-
Credit Suisse Perú	U.S. Dollar	Aug-2017	300,000	Investments held-to-maturity and cash	-	-	-
Nomura International PLC (**)	U.S. Dollar	Aug-2020	238,880	Investments held-to-maturity and cash	Aug-2020	223,600	Investments held-to-maturity and cash
Nomura International PLC (***)	U.S. Dollar	Aug-2020	209,020	Investments held-to-maturity	-	-	-
Credit Suisse INTL	U.S. Dollar	Mar-2015	89,145	Investments available-for-sale and cash	May-2014	65,719	-
Barclays PLC	U.S. Dollar	Feb-2015/Jun-2015	46,592	Investments available-for-sale and cash	Mar-2014 / Aug-2014	80,487	-
Deutsche Bank AG, London Branch	U.S. Dollar	-	-	-	May-2014	300,000	Investments held-to-maturity and cash
Merrill Lynch International	U.S. Dollar	-	-	-	Feb-2014 / Jun-2014	63,323	-
			6,926,609			2,643,340	

As of December 31, 2014 and 2013, these repurchase agreements accrued interest in Nuevos Soles at fixed average rate of 4.08 percent. As of December 31, 2014, these repurchase agreements accrued interest in U.S. Dollar at fixed rate between 1.15 and 4.70 percent and at variable rate between Libor 3M+0.35 percent and Libor 6M+1.70 percent, respectively (between 1.10 and 4.80 percent and between Libor 3M+0.35 percent and Libor 6M+1.38 percent, respectively, as of December 31, 2013).

Certain repurchase agreements were hedged through cross currency swaps (CCS) and interest rate swaps (IRS), as detailed bellow:

(*) As of December 31, 2014, the Group maintained interest rate swaps (IRS), which were designated as cash flow hedges of certain repurchase agreements at variable rate for a notional amount of US$150.0 million, equivalent to approximately S/.447.9 million (US$120.0 million, equivalent to approximately S/.335.4 million, as of December 31, 2013). Through the IRS, these repurchase agreements were economically converted to fixed interest rate, see Note 12(b).

(**) As of December 31, 2013, the Group maintained repurchase agreement in U.S. Dollars at variable rate for a notional amount of US$80.0 million, equivalent to approximately S/.223.6 million, this repurchase agreement was hedged through an IRS, which was designated as cash flow hedge, as a result, this repurchase agreement was economically converted to fixed interest rate.

During 2014, the Group signed a cross currency swap (CCS), which was designated in combination with initial IRS as cash flow hedge. Through these hedged, this repurchase agreement was economically converted to Nuevos Soles at fixed rate, see Note 12(b). As of December 31, 2014, CCS and IRS have a notional amount (combined hedge) of US$80.0 million, equivalent to approximately S/.238.9 million.

(***) During February 2014, 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$70.0 million, equivalent to approximately S/.209.0 million. Through the CCS, this repurchase agreement was economically converted to Nuevos Soles at fixed rate, see Note 12(b).

6. Investments

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

	2014				2013			
		Unrealized gross amount				Unrealized gross amount		
	Amortized Cost S/.(000)	Gains S/.(000)	Losses (b) S/.(000)	Estimated fair value S/.(000)	Amortized cost S/.(000)	Gains S/.(000)	Losses (b) S/.(000)	Estimated fair value S/.(000)
Investments at fair value through profit or loss (trading) – (e)	-	-	-	2,525,970	-	-	-	1,500,046
Investments available-for-sale:								
Corporate, leasing and subordinated bonds (f)	6,452,294	301,704	(85,751)	6,668,247	5,848,588	183,265	(129,358)	5,902,495
BCRP certificates of deposit (g)	3,060,435	4,243	(69)	3,064,609	5,323,712	1,333	(685)	5,324,360
Governments' treasury bonds (h)	1,859,718	191,566	(21,838)	2,029,446	2,603,889	169,713	(51,582)	2,722,020
Participation in RAL's funds (i)	542,921	-	-	542,921	351,547	-	-	351,547
Assets backed securities (j)	437,719	20,460	(3,791)	454,388	813,476	46,498	(7,424)	852,550
Central Bank of Bolivia certificates of deposit (k)	438,520	8,883	(857)	446,546	326,121	391	(50)	326,462
Restricted mutual funds (l)	149,633	141,171	-	290,804	184,747	105,824	-	290,571
Participations in mutual funds	152,017	13,550	(1,902)	163,665	202,559	15,848	(1,954)	216,453
Hedge funds	143,403	2,953	(6,086)	140,270	87,718	5,668	(1,864)	91,522
Negotiable certificates of deposit	77,290	4,989	(5)	82,274	92,593	9,402	(5)	101,990
Bonds of multilateral development banks	74,403	5,664	-	80,067	154,379	10,292	(2,063)	162,608
Collateralized mortgage obligations (CMO) (m)	31,228	7,700	-	38,928	36,212	6,649	-	42,861
US Government – Agencies and Sponsored Enterprises	2,444	236	-	2,680	24,031	2,010	(120)	25,921
	13,422,025	703,119	(120,299)	14,004,845	16,049,572	556,893	(195,105)	16,411,360
Listed securities (n)	543,515	1,014,043	(31,261)	1,526,297	535,952	1,088,368	(21,544)	1,602,776
Not-listed securities	31,916	19,464	(589)	50,791	32,841	9,433	(1,255)	41,019
	575,431	1,033,507	(31,850)	1,577,088	568,793	1,097,801	(22,799)	1,643,795
Balances before accrued interest	13,997,456	1,736,626	(152,149)	15,581,933	16,618,365	1,654,694	(217,904)	18,055,155
Accrued interest				166,063				155,656
Balance of available-for-sale investments				15,747,996				18,210,811

(b) As of December 31, 2014 and 2013, Credicorp's Management has determined that the unrealized losses of investments available-for-sale are of temporary nature, considered factors such as intended strategy in relation to the identified security or portfolio, its underlying collateral and credit rating of the issuers. Also, Management intents and has the ability to hold each investment for a period of time sufficient to allow for an anticipated recovery in fair value, until the earlier of its anticipated recovery or maturity.

(c) During the year 2014, as a result of the impairment assessment of its investments available-for-sale, the Group recorded an impairment amounting to S/.7.8 million (S/.3.0 million and S/.0.2 million during 2013 and 2012, respectively), which is presented in the caption "Impairment loss on available-for-sale investments" of the consolidated statements of income.

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

(d) As of December 31, 2014 and 2013, the maturities and the annual market rates of the investments available-for-sale are as follows:

	Maturity		Annual effective interest rates											
	2014	2013	2014						2013					
			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-2015/ Nov 2067	Jan-2014 / Nov-2067	2.19	10.17	0.03	21.29	2.94	7.99	2.45	10.73	0.03	20.76	3.10	6.25
BCRP certificates of deposit	Jan-2015/ Jun 2016	Jan-2014 / May-2015	3.32	4.00	-	-	-	-	3.54	4.11	0.15	0.15	-	-
Governments' treasury bonds	Jan-2015/ Feb 2055	Jan-2014 / Nov-2050	1.57	6.88	0.47	7.95	0.27	7.45	2.07	7.15	0.11	6.25	0.62	3.19
Assets backed securities	Nov-2016/ Sep-2039	May-2014 / Sep-2039	2.86	9.17	2.86	9.21	3.00	8.44	4.04	9.26	1.83	8.35	5.37	8.44
Central Bank of Bolivia certificates of deposit	Jan-2015/ Ago-2016	Jan-2014 / Oct-2014	-	-	-	-	0.39	5.40	-	-	-	-	0.93	3.66
Negotiable certificates of deposit	Jan-2015 / Feb-2026	Jan-2014 / Mar-2029	3.32	6.75	-	-	0.54	1.00	1.03	6.87	2.92	2.92	-	-
Bonds of multilateral development banks	Jan-2017/ Jun- 2019	Oct-2014/ Jun- 2019	4.61	4.61	1.48	2.62	-	-	4.97	5.37	1.98	6.78	-	-
Collateralized mortgage obligations (CMO)	Ago-2020/ Dec-2036	Feb-2014 / May-2036	-	-	2.86	8.05	-	-	-	-	1.98	8.72	-	-
US Government – Agencies and sponsored enterprises	Abr-2016/ Ago-2035	Jul-2014 / Jun-2043	-	-	0.68	1.56	-	-	-	-	0.21	4.52	-	-

(e) As of December 31,2014, the balance includes instruments mainly 15,675 BCRP certificates of deposit (securities issued at discount through public auctions, negotiated in the Peruvian secondary market and settled in Nuevos Soles) amounting to S/.1,543.3 million, governments' treasury bonds for an amount of approximately S/.395.3 million, participation in mutual fund to an amount for approximately S/.223.2 million and Corporate, leasing, and subordinated bonds for an amount of S/.205.1 million (BCRP certificates of deposit, Governments' treasury bonds and participation in mutual funds amount to approximately S/.972.9 million, S/.176.1 million and S/.168.3 million, respectively, as of December 31, 2013).

(f) The unrealized losses on these investments as of December 31, 2014, corresponded to 513 items of which the highest individual unrealized loss amounts to approximately S/.4.8 million (343 items and S/.8.9 million, respectively, as of December 31, 2013).

(g) As of December 31, 2014, the Group maintains 31,248 BCRP certificates of deposit (53,778 BCRP certificates of deposit as of December 31, 2013).

(h) As of December 31, 2014, includes mainly debt instruments issued by the Peruvian Government in Nuevos Soles for an amount of approximately S/.1,161.2 million and US Dollars for an amount of approximately S/. 526.2 million, the U.S. Government in U.S Dollars for approximately S/.124.4 million and the Chile Government in U.S Dollars for approximately S./ 84.0 million (S/.1,761.7 million and S/.386.5 million, respectively, issued by the Peruvian Government, S/.233.0 million issued by the Colombia Government and S/.136.1 million issued by the U.S. Government, as of December 31, 2013).

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

(i) As of December 31, 2013, certain sovereign bonds were hedged through CCS for a notional amount to S/.353.8 million, see Note 12(b), these bonds were economically converted to U.S. dollars at a fixed rate. During 2014, due to the change in Group functional currency, the Group revoked these sovereign bonds cash flow hedges. In that sense, the net unrealized gain arise from the fair value of CCS, previously recognized in the consolidated statements of comprehensive income, will be recorded in the consolidated statements of income over the remaining term of the underlying asset (sovereign bonds).

(ii) As of December 31, 2014, certain foreign governments bonds were hedged through CCS for a notional amount to S/.25.4 million, see Note 12(b), through these CCS, these bonds were economically converted to Nuevos Soles at fixed rate.

(iii) As of December 31, 2014, 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/.844.0 million (S/.924.4 million as of December 31, 2013), see Note 12(b); through the IRS these bonds were economically converted to U.S. Dollars at variable interest rates.

(i) These funds amount approximately to S/.209.6 million in Bolivianos and S/.333.3 million in U.S. Dollars (S/.109.3 million and S/.242.2 million, respectively, as of December 31, 2013) and comprise investments made by the Group in the Central Bank of Bolivia as collateral for deposits received from the public. These funds have restrictions for their use and are required to all banks established in Bolivia.

(j) Assets 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 receivables with predictable future payments. As of December 31, 2014 and 2013, the balance includes S/.418.5 million and S/.344.4 million, respectively, of financial instruments issued by Hunt Oil Company and Abengoa Trasmisión Norte (the originators). The underlying assets are future receivables from the sale of hydrocarbons extracted in Peru. At those dates, the bonds have semiannual payments until 2025.

(k) As of December 31, 2014 and 2013, certificates of deposits issued by the Central Bank of Bolivia are mainly denominated in Bolivianos.

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

(m) Collaterized mortgage obligations correspond to senior tranches.

(n) As of December 31, 2014, the unrealized gains on listed securities arises mainly from shares in Banco de Crédito e Inversiones de Chile (BCI Chile), Edelnor S.A.A.,Inversiones Centenario S.A.A. and Alicorp, which amounted to S/.453.4 million, S/.186.2 million, S/.169.2 million and S/.152.8 million, respectively (S/.450.0 million, S/.145.9 million, S/.151.8 million and S/.271.1 million, respectively, as of December 31, 2013).

(o) Investments held-to-maturity are as follow:

	2014		2013	
	Book Value S/.(000)	**Fair value** S/.(000)	**Book Value** S/.(000)	**Fair value** S/.(000)
Peruvian sovereign bonds	2,098,727	2,107,469	266,906	253,035
Bonds of foreign governments	288,023	276,107	281,479	264,658
Peruvian treasury bonds	226,192	223,867	116,534	111,161
	2,612,942	2,607,443	664,919	628,854
Accrued interest	54,721	54,721	12,058	12,058
Total	2,667,663	2,662,164	676,977	640,912

As of December 31, 2014, the maturities are between August 2017 and February 2042. At this date, investments bear interest at an annual effective interest rate between 3.98 and 6.79 percent for bonds issued in Nuevos Soles and between 2.01 and 3.33 percent for bonds issued in U.S. Dollars. As of December 31, 2013, the maturities are between March 2019 and August 2020. At this date, investments beared interest at an annual effective interest rate of 3.80 percent for bonds issued in Nuevos Soles and between 1.55 and 1.96 percent for bonds issued in U.S. Dollars.

As of December 31, 2014 and 2013, Credicorp's Management has determined that the difference between amortized cost and fair value of investment held-to-maturity is of temporary nature, due to the risk category of the investments (Perú is rated "A-" and Brasil, Colombia and México are rated "BBB+"), and Credicorp's intent and ability to hold each investment until its maturity.

(p) As of December 31, 2014, the Group entered into Repo transactions over corporate, multilateral development banks and governments' bonds accounted for as investments available-for-sale for an estimated fair value of S/.2,113.0 million (S/.2,115.5 million as of December 31, 2013); the related liability is presented in the caption "Payables from repurchase agreements and security lending" of the consolidated statements of financial position, see Note 5(c).

Also, as of December 31, 2014, the Group entered into Repo transactions over investments held-to-maturity for an estimated fair value S/.1,525.3 million (S/.640.9 million as of December 31, 2013). The related liability is presented in the caption "Payables from repurchase agreements and security lendings" of the consolidated statements of financial position, see Note 5(c).

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

	2014		
	Trading S/.(000)	**Available-for-sale** S/.(000)	**Held-to-maturity** 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 years	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	-
Total	2,525,970	15,581,933	2,612,942

	2013		
	Trading S/.(000)	**Available-for-sale** S/.(000)	**Held-to-maturity** S/.(000)
Up to 3 months	142,229	2,742,906	-
From 3 months to 1 year	780,797	3,626,009	-
From 1 to 3 years	153,325	1,474,908	-
From 3 to 5 years	12,072	1,838,867	-
Over 5 years	165,760	5,776,139	664,919
Without maturity	245,863	2,596,326	-
Total	1,500,046	18,055,155	664,919

7. Loans, net

(a) This item is made up as follows:

	2014 S/.(000)	2013 S/.(000)
Direct loans -		
Loans	57,438,166	44,556,305
Leasing receivables	9,280,086	8,588,951
Credit card receivables	6,365,981	6,217,978
Discounted notes	1,661,592	1,499,540
Factoring receivables	1,002,893	831,803
Advances and overdrafts	560,743	456,689
Refinanced loans	647,802	371,833
Past due and under legal collection loans	2,009,328	1,437,253
	78,966,591	63,960,352
Add (less) -		
Accrued interest	659,929	476,953
Unearned interest	(117,160)	(75,378)
Allowance for loan losses (d)(*)	(2,986,854)	(2,263,648)
Total direct loans, net	76,522,506	62,098,279
Indirect loans, Note 21(a)	17,319,458	13,036,772

(b) Direct loans by class are as follows:

	2014 S/.(000)	2013 S/.(000)
Commercial loans	43,535,399	36,746,804
Residential mortgage loans	12,498,191	10,730,628
Consumer loans	11,647,219	8,607,602
Micro-business loans	11,285,782	7,875,318
Total	78,966,591	63,960,352

(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:

	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	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)
Translation result	19,296	8,905	8,164	37,849	74,214
Ending balances (*)	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	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)
Translation result	(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

	2012				
	Commercial Loans S/.(000)	Residential mortgage loans S/.(000)	Micro-business loans S/.(000)	Consumer loans S/.(000)	Total S/.(000)
Beginning balances	328,144	126,025	501,656	549,046	1,504,871
Provision	120,556	4,603	364,304	506,731	996,194
Recoveries of written-off loans	41,199	8,426	25,168	47,281	122,074
Loan portfolio written-off	(82,025)	(1,474)	(210,019)	(354,515)	(648,033)
Translation result	4,685	3,343	767	12,215	21,010
Effect of change in presentation currency, Note 3(c)(ii)	(20,542)	(7,313)	(33,082)	(36,683)	(97,620)
Ending balances (*)	392,017	133,610	648,794	724,075	1,898,496

(*) The movement in the allowance for loan losses includes the allowance for direct and indirect loans for approximately S/.2,986.9 million and S/.115.2 million, respectively, as of December 31, 2014 (approximately S/.2,263.6 million and S/.122.3 million; and S/.1,782.5 million and S/.116.0 million, as of December 31, 2013 and 2012, respectively). The allowance for indirect loan losses is included in the caption "Other liabilities" of the consolidated statements of financial position, Note 12(a). In Management's opinion, the allowance for loan losses recorded as of December 31, 2014, 2013 and 2012 has been established in accordance with IAS 39 and is sufficient to cover incurred losses on the loan portfolio.

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

(f) For the years 2014 and 2013, the Group has not recorded in the consolidated statements of income interest on past due for more than 90 days and under legal collection because of such interest is excluded from interest income until collected. Interest income that would have been recorded for these loans in accordance with their original contract terms and have not been recognize as income amounts to approximately S/.415.6 million, S/.274.5 million and S/.184.1 million as of December 31, 2014, 2013 and 2012, respectively.

(g) As of December 31, 2014 and 2013, the direct gross loan portfolio classified by maturity, based on the remaining period to repayment date is as follows:

	2014 S/.(000)	2013 S/.(000)
Outstanding loans -		
Up to 1 year	35,172,064	29,380,811
From 1 to 3 years	16,885,568	13,106,448
From 3 to 5 years	9,512,569	7,554,773
Over 5 years	15,387,062	12,481,067
Past due loans -		
Up to 4 months	644,136	600,307
Over 4 months	667,659	507,077
Under legal collection	697,533	329,869
Total	78,966,591	63,960,352

See analysis of credit risk in Note 34.1.

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

(a) This item is made up as follows:

	2014 S/.(000)	2013 S/.(000)
Unit linked financial assets (b)	297,100	244,772
Indexed certificates (c)	-	55,064
	297,100	299,836

(b) The Group issues unit linked life insurance contracts whereby the policyholder bears the investment risk on the assets held in the unit linked funds as the policy benefits are directly linked to the value of the assets in the fund. The Group's exposure to market risk is limited to the extent that income arising from asset management charges is based on the value of assets in the fund. For the year 2014, the loss resulting from the difference between cost and estimated fair value for these financial assets amounted to approximately S/.1.4 million (loss of S/.13.5 million and gain of S/.17.9 million for the year 2013 and 2012, respectively) and is presented in the caption "Net loss on financial assets designated at fair value through profit or loss" of the consolidated statements of income. The offsetting of this effect is included in gross premiums which are part of the caption "Net premiums earned" of the consolidated statements of income, see Note 24.

(c) In connection with the liabilities that result from Credicorp's stock appreciation rights (SARs), (Note 20(a)), BCP signed several contracts with Citigroup Global Markets Holdings Inc., Citigroup Capital Limited, Citigroup Capital Market Inc. (collectively hereinafter "Citigroup") and Credit Agricole Corporate and Investment Bank (hereinafter "Calyon").

These contracts consist of the purchase of certificates indexed to the performance of Credicorp Ltd. (BAP) shares, in the form of "warrants" issued by Citigroup and Calyon, with the same number of Credicorp Ltd. shares.

As of December 31, 2013, the Group had 144,914 certificates at a total cost of S/.27.7 million, (S/.191.82 per certificate). During 2014, the Group settled all the remaining certificates (settled 70,000 certificates during 2013).

For the year 2014, the net loss generated by the indexed certificates is comprised by the loss arising from their valuation, approximately S/.29.9 million (loss of S/.21.4 million for the year 2013), plus the gain resulting from their settlement, approximately S/.27.2 million (gain of S/.16.8 million for the year 2013), and has been recorded in the caption "Net loss on financial assets designated at fair value through profit or loss" of the consolidated statements of income.

9. Receivable and payable accounts from insurance contracts

(a) As of December 31, 2014 and 2013, the caption "Premiums and other policies receivable" of the consolidated statements of financial position includes balances for approximately S/.578.3 and S/.576.1 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 receivable	**2014** S/.(000)	**2013** S/.(000)
Beginning balances	578,722	427,023
Reported claims of premiums ceded, Note 25	96,872	161,942
Premiums ceded unearned during the year, Note 24(a) (**)	(35,351)	12,193
Premiums assumed	30,607	51,332
Settled claims of premiums ceded by facultative contracts	(41,934)	50,719
Collections and other, net	(160,535)	(168,775)
Transfers to non-current assets classified as held for sale, note 13	(244)	-
Effect of change in presentation currency, Note 3(c)(ii)	-	44,288
Ending balances	468,137	578,722

Accounts receivable as of December 31, 2014 and 2013, include S/.135.0 million and S/.170.5 million, respectively, which correspond to the unearned portion of the ceded premiums to the reinsurers.

Accounts payable	**2014** S/.(000)	**2013** S/.(000)
Beginning balances	232,497	174,767
Premiums ceded to reinsurers in facultative contracts, Note 24(a) (**)	314,624	347,378
Coinsurance granted	32,866	8,092
Payments and other, net	(359,077)	(315,737)
Effect of change in presentation currency, Note 3(c)(ii)	-	17,997
Ending balances	220,910	232,497

Accounts payable to reinsurers are primarily related to the proportional facultative contracts (on an individual basis) for ceded premiums, automatic non-proportional contracts (excess of loss) and reinstallation premiums. For facultative contracts the Group transfers to the reinsurers a percentage or an amount of an insurance contract or individual risk, based on the premium and the covered period. The net movement of the accounts payable of automatic contracts (mainly excess of loss) for the years 2014 and 2013 amount to S/143.0 million and S/.136.0 million, respectively, in which are included in the caption "Premiums ceded to reinsurers, net" of 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, 2014, 2013 and 2012, is as follows:

	Land S/.(000)	Buildings and other construction S/.(000)	Installations S/.(000)	Furniture and fixtures S/.(000)	Computer hardware S/.(000)	Vehicles and equipment S/.(000)	Work in progress S/.(000)	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Cost -										
Balance as of January 1	552,203	1,164,788	462,095	411,751	573,372	172,295	230,440	3,566,944	2,807,598	2,543,851
Additions	82,078	26,993	10,440	32,134	35,482	8,095	106,512	301,734	537,725	427,692
Business acquisitions, Note 2(a)	58,241	37,930	18,571	15,839	8,320	4,404	1,218	144,523	-	48,945
Transfers	1,620	59,993	30,798	21,116	24,348	6,959	(144,834)	-	-	-
Transfers to non-current assets classified as held for sale	(83,460)	(37,317)	(4,682)	(19,161)	(3,736)	(42,259)	(7,197)	(197,812)	-	-
Sales, disposals and other	(3,564)	(715)	(7,990)	(19,054)	(12,694)	(8,553)	-	(52,570)	(62,546)	(69,937)
Effect of change in presentation currency, Note 3(c)(ii)	-	-	-	-	-	-	-	-	284,167	(151,387)
Balance as of December 31	607,118	1,251,672	509,232	442,625	625,092	140,941	186,139	3,762,819	3,566,944	2,799,164
Accumulated depreciation -										
Balance as of January 1	-	530,024	301,010	228,975	402,614	84,274	-	1,546,897	1,302,336	1,270,172
Depreciation for the year	-	34,823	35,737	30,414	61,934	15,962	-	178,870	148,847	140,876
Transfers to non-current assets classified as held for sale	-	(3,740)	(692)	(4,339)	(2,688)	(1,167)	-	(12,626)	-	-
Sales, disposals and other	-	(212)	(5,964)	(14,615)	(13,754)	(5,195)	-	(39,740)	(32,929)	(44,935)
Effect of change in presentation currency, Note 3(c)(ii)	-	-	-	-	-	-	-	-	128,643	(72,211)
Balance as of December 31	-	560,895	330,091	240,435	448,106	93,874	-	1,673,401	1,546,897	1,293,902
Net book value	607,118	690,777	179,141	202,190	176,986	47,067	186,139	2,089,418	2,020,047	1,505,262

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

(c) During 2014 and 2013 the Group, as part of its annual infrastructure investing, has made cash disbursements related mainly to the acquisition, construction and implementation of new agencies for its banking segment, and the refurbishment and conditioning of several agencies. Credicorp's subsidiaries hold insurance contracts over its main assets in accordance with its corporate policies.

(d) Management periodically reviews the residual value, useful life and method of depreciation of the Group's property, furniture and equipment to ensure that they are consistent with their actual economic benefits and life expectations. In Management's opinion, as of December 31, 2014 and 2013 there is no evidence of impairment of the Group's property, furniture and equipment.

11. Intangibles assets and goodwill, net

(a) Intangible assets –

The movement of finite useful live intangible assets for the years ended December 31, 2014, 2013 and 2012, 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)	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Cost -										
Balance as of January 1	349,185	57,882	155,525	123,503	-	1,069,370	221,324	1,976,789	1,553,169	1,194,498
Additions	-	-	-	-	-	138,769	108,113	246,882	298,400	167,763
Business acquisitions 2(a)	84,200	-	170,700	-	21,100	31,838	-	307,838	-	278,269
Transfers	-	-	-	-	-	31,820	(31,820)	-	-	-
Transfers to non-current assets classified as held for sale	(15,977)	-	(41,983)	-	-	-	(89,510)	(147,470)	-	-
Disposals and other	(9,043)	(1,982)	(8,690)	(17,426)	-	(2,023)	(15,326)	(54,490)	(32,088)	(8,305)
Effect of change in presentation currency, Note 3(c)(ii)	-	-	-	-	-	-	-	-	157,308	(79,056)
Balance as of December 31	408,365	55,900	275,552	106,077	21,100	1,269,774	192,781	2,329,549	1,976,789	1,553,169
Accumulated amortization -										
Balance as of January 1	106,716	26,267	29,549	5,187	-	625,722	32,845	826,286	586,051	476,154
Amortization for the year	26,530	11,148	34,610	4,125	2,638	163,144	12,722	254,917	179,507	145,215
Transfers to non-current assets classified as held for sale	(4,865)	-	(4,883)	-	-	-	(16,433)	(26,181)	-	-
Disposals and other	11,322	(180)	(2,720)	(3,895)	-	(13,141)	(2,522)	(11,136)	(996)	(4,928)
Effect of change in presentation currency, Note 3(c)(ii)	-	-	-	-	-	-	-	-	61,724	(30,390)
Balance as of December 31	139,703	37,235	56,556	5,417	2,638	775,725	26,612	1,043,886	826,286	586,051
Net book value	268,662	18,665	218,996	100,660	18,462	494,049	166,169	1,285,663	1,150,503	967,118

During 2014 and 2013, additions were related to the implementation of a technological platform, which is used for the administration of the insurance segment, and to develop applications related to basic information of clients, implementation of treasury solutions among others.

(i) Client relationships -

This item is made up as follows:

	2014 S/.(000)	2013 S/.(000)
Prima AFP – AFP Unión Vida	136,827	158,890
IM Trust	29,323	32,794
Correval	19,842	24,529
Edyficar	7,491	10,568
Mibanco	75,179	-
Private hospitals	-	15,688
Book value, net	268,662	242,469

(ii) Brand name -

This item is made up as follows:

	2014 S/.(000)	2013 S/.(000)
Mibanco	165,579	-
Correval	28,743	36,318
Edyficar	5,442	28,984
IM Trust	19,232	24,244
Private hospitals	-	36,430
Book value, net	218,996	125,976

(iii) Fund manager contract -

This item is made up as follows:

	2014 S/.(000)	2013 S/.(000)
Correval	55,688	69,063
IM Trust	44,972	49,253
Book value, net	100,660	118,316

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:

	2014 S/.(000)	2013 S/.(000)
Goodwill -		
IM Trust, Note 2(a)	118,788	225,503
Private hospitals	-	193,833
Edyficar and Mibanco	273,694	141,695
Prima AFP – AFP Unión Vida	124,640	124,640
Correval, Note 2(a)	88,737	100,916
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	29,802	29,795
Corporación Novasalud Perú S.A. EPS	10,464	10,464
Willis Corredores de Seguros S.A.	4,672	4,887
Book value, net	739,511	920,447

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

The following table summarizes the key assumptions used for value in use calculations in 2014 and 2013:

	As of December 31, 2014	
Description	**Terminal value growth rate** %	**Discount rate** %
IM Trust	5.25	12.91
Edyficar and Mibanco	5.00	14.45
Prima 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

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

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

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

For the period ended December 31, 2014, the Group recorded a gross impairment loss amounting to S/.90.3 million for IM Trust as a result of the assessment of the recoverable amount of IM Trust's CGU, which amounts to S/.306.1 million (gross impairment loss amounting to S/.52.3 million a result of the assessment of the recoverable amount of IM Trust's CGU, which amounts to S/.453.4 million in 2013).

Also during 2014, the Group recorded a gross impairment loss amounting to S/.2.3 million for other entities (gross impairment loss amounting to S/.2.8 million for other entities in 2013).

The impairment losses due to lower generated revenues in comparison to revenues originally budgeted by the Management, mainly for changes in the tax and a gradual economic environment deterioration in Chile during 2014 and 2013.

During 2014 and 2013, the total gross impairment recorded by the Group amounting to S/.92.6 million and S/.55.1 million, respectively, and is presented in the caption "Impairment loss on Goodwill" of the consolidated statements of income.

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/.21.6 million (S/.33.1 million as of December 31, 2013); on the other hand, if the rate had dropped 0.5 percent, the impairment would have decreased by approximately S/.24.6 million (S/.37.7 million as of December 31, 2013).

12. Other assets and other liabilities

(a) These items are made up as follows:

	2014 S/.(000)	2013 S/.(000)
Other assets		
Financial instruments:		
Accounts receivable	941,168	617,818
Derivatives receivable (b)	845,931	461,833
Cash collateral on derivatives and others (e)	81,428	67,856
Operations in process (c)	15,029	21,208
	1,883,556	1,168,715
Non-financial instruments:		
Deferred income tax asset, Note 19(c)	472,235	340,724
Value added tax credit	454,593	592,191
Prepaid expenses	393,611	335,375
Deferred fees	157,245	148,213
Income tax prepayments, net	153,169	201,410
Investments in associates (f)	81,274	63,673
Seized assets, net	37,945	25,105
Other	39,179	27,464
	1,789,251	1,734,155
Total	3,672,807	2,902,870

	2014 S/.(000)	2013 S/.(000)
Other liabilities		
Financial instruments:		
Accounts payable	1,376,739	1,062,709
Derivatives payable (b)	682,401	431,313
Payroll, salaries and other personnel expenses	492,816	430,324
Put options written on non-controlling interest, Note 2(c)	416,235	340,727
Allowance for indirect loan losses, Note 7(d)	115,242	122,306
Operations in process (c)	58,903	45,480
	3,142,336	2,432,859
Non-financial instruments:		
Deferred income tax liability, Note 19(c)	265,289	353,707
Contributions	265,352	97,811
Provision for sundry risks (d)	158,013	107,174
Other	15,965	192
	704,619	558,884
Total	3,846,955	2,991,743

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

The table below presents, as of December 31, 2014 and 2013, 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).

		2014				2013				2014 and 2013
	Note	Assets S/.(000)	Liabilities S/.(000)	Notional amount S/.(000)	Maturity	Assets S/.(000)	Liabilities S/.(000)	Notional amount S/.(000)	Maturity	Hedged instrument
Derivatives held for trading (i) -										
Forward exchange contracts		192,032	289,570	17,278,607	Between January 2015 and September 2016	175,934	126,720	15,780,891	Between January 2014 and September 2018	-
Interest rate swaps		55,313	52,724	6,921,378	Between January 2015 and November 2024	60,498	46,881	5,723,140	Between March 2014 and August 2024	-
Currency swaps		285,187	272,848	8,554,597	Between January 2015 and December 2025	95,192	138,551	5,468,700	Between January 2014 and December2023	-
Options		15,320	19,280	1,980,405	Between January 2015 and December 2015	7,303	24,322	1,333,668	Between January and December 2014	-
		547,852	634,422	34,734,987		338,927	336,474	28,306,399		
Derivatives held as hedges -										
Cash flow hedges (ii):										
Interest rate swaps (IRS)	15(a)(i)(*)	-	-	-	-	1,155	2,115	838,500	Between March 2014 and September 2016	Due to banks
Interest rate swaps (IRS)	15(a)(i)(*)	153	187	447,900	Between September 2016 and October 2016	-	-	-	-	Due to banks
Interest rate swaps (IRS)	15(a)(i)(**)	14	-	89,580	October 2016	-	-	-	-	Due to banks
Interest rate swaps (IRS)	5(c)(*)	6,513	27	447,900	Between March 2019 and December 2019	12,889	-	335,400	Between March 2019 and December 2019	Repurchase agreements
Interest rate swaps (IRS)	17(a)(iii)	-	42,308	746,539	Between January 2015 and March 2016	-	75,986	1,052,944	Between January 2014 and March 2016	Secured notes issued
Cross currency swaps (CCS)	5(c)(***)	7,645	-	209,020	August 2020	-	-	-	-	Repurchase agreements
Cross currency swaps (CCS)	17(a)(v)	-	-	-	-	32,602	-	335,852	October 2014	Bonds issued
Cross currency swaps (CCS)	6(h)(i)	-	-	-	-	30,775	5,716	353,771	Between October 2014 and August 2020	Investments available-for-sale
Cross currency swaps (CCS)	6(h)(ii)	4,385	-	25,413	September 2024	-	-	-	-	Investments available-for-sale
Cross currency swaps and interest rate swaps (CCS and IRS)	5(c)(**)	27,561	-	238,880	August 2020	12,607	-	223,600	August 2020	Repurchase agreements
Cross currency swaps and interest rate swaps (CCS and IRS)	17(a)	-	-	-	-	3,470	2,202	91,423	Between March 2014 and March 2015	Bonds issued
Fair value hedges:										
Interest rate swaps (IRS)	17(a)	247,631	-	7,293,069	Between September 2020 and April 2023	-	-	-	-	Bonds issued
Interest rate swaps (IRS)	6(h)(iii)	4,177	5,457	843,973	Between May 2015 and May 2023	29,408	8,820	924,440	Between March 2014 and September 2023	Investments available-for-sale
		298,079	47,979	10,342,274		122,906	94,839	4,155,930		
		845,931	682,401	45,077,261		461,833	431,313	32,462,329		

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

	As of December 31, 2014						As of December 31, 2013					
	Up to 3 months S/.(000)	From 3 months to 1 year S/.(000)	From 1 to 3 years S/.(000)	From 3 to 5 years S/.(000)	Over 5 years S/.(000)	Total S/.(000)	Up to 3 months S/.(000)	From 3 months to 1 year S/.(000)	From 1 to 3 years S/.(000)	From 3 to 5 years S/.(000)	Over 5 years S/.(000)	Total S/.(000)
Forward exchange contracts	162,564	21,587	7,881	-	-	192,032	81,586	91,346	2,898	104	-	175,934
Interest rate swap	282	1,082	21,041	4,864	28,044	55,313	3,116	562	2,138	31,941	22,741	60,498
Currency swap	64,005	9,049	8,990	51,374	151,769	285,187	335	12,209	49,474	3,013	30,161	95,192
Options	10,677	4,643	-	-	-	15,320	3,102	4,201	-	-	-	7,303
Total assets	237,528	36,361	37,912	56,238	179,813	547,852	88,139	108,318	54,510	35,058	52,902	338,927

	As of December 31, 2014						As of December 31, 2013					
	Up to 3 months S/.(000)	From 3 months to 1 year S/.(000)	From 1 to 3 years S/.(000)	From 3 to 5 years S/.(000)	Over 5 years S/.(000)	Total S/.(000)	Up to 3 months S/.(000)	From 3 months to 1 year S/.(000)	From 1 to 3 years S/.(000)	From 3 to 5 years S/.(000)	Over 5 years S/.(000)	Total S/.(000)
Forward exchange contracts	224,031	64,447	1,092	-	-	289,570	99,195	25,099	2,426	-	-	126,720
Interest rate swap	1,459	1,534	19,921	1,350	28,460	52,724	305	2,250	6,236	28,487	9,603	46,881
Currency swap	35,213	21,016	63,417	51,039	102,163	272,848	67	8,167	33,775	46,375	50,167	138,551
Options	12,898	6,382	-	-	-	19,280	21,776	2,546	-	-	-	24,322
Total liabilities	273,601	93,379	84,430	52,389	130,623	634,422	121,343	38,062	42,437	74,862	59,770	336,474

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

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

	As of December 31, 2014				
	Up to 1 year S/.(000)	**From 1 to 3 years** S/.(000)	**From 3 to 5 years** S/.(000)	**Over 5 years** S/.(000)	**Total** S/.(000)
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)

	As of December 31, 2013				
	Up to 1 year S/.(000)	**From 1 to 3 years** S/.(000)	**From 3 to 5 years** S/.(000)	**Over 5 years** S/.(000)	**Total** S/.(000)
Cash outflows (liabilities)	1,223,880	694,865	45,181	678,523	2,642,449
Consolidated statement of income	(47,079)	(40,938)	10,347	38,906	(38,764)

As of December 31, 2014, the accumulated balance of net unrealized loss from the cash flow hedges is included as other comprehensive income in the caption "Cash flow hedge reserves" and results from the current hedges (unrealized loss for approximately S/.23.2 million) and the hedges revoked unrealized gain for approximately S/29.1 million, which is being recognized in the consolidated statements of income during the remaining term of the underlying financial instrument.

(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, 2014, 2013 and 2012 is as follows:

	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Beginning balance	107,174	99,629	78,208
Provision, Note 28	70,094	24,089	34,122
Business acquisition, Note 2(a)	44,003	-	19,350
Decreases	(63,258)	(26,055)	(26,945)
Effect of change in presentation currency, Note 3(c)(ii)	-	9,511	(5,106)
Ending balance	158,013	107,174	99,629

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

(e) As of December 31, 2014, it corresponds mainly to restricted funds related to derivative financial instruments amount to approximately S/.81.4 million (approximately S/.67.9 million as of December 31, 2013), see Note 5(c).

(f) As of December 31, 2014 and 2013, the main Credicorp's associates are Equifax Perú S.A., Compañía Peruana de Medios de Pago S.A.C. – Visanet, La Fiduciaria S.A. and Willis Corredores de Seguros S.A. ("Willis Perú").

On December 30, 2014, Credicorp, through its subsidiary Grupo Crédito, reached a share purchase agreement with Willis Europe BV, whereby the latter will purchase the total amount of Grupo Crédito's shares in Willis Perú, which amounts to 49.9% of said company. This transfer of shares will be effective during 2015 and it will not have a material effect in the consolidated financial statements of the Group.

13. Non-current assets classified as held for sale

As describe in Note 2, on December 30, 2014, Credicorp, through its subsidiary PPS, signed an agreement with Banmédica S.A., which effects shall become effective as of January 1, 2015. The agreement implies basically two parts: (a) the business of health plans and medicals services in Peru, which were developed through Pacífico EPS and (b) the health insurance business in Peru, which is part of a business line of Credicorp, through its subsidiary PPS.

(i) For health plans and medical services, both parties have agreed to develop them in Peru, only and exclusively through Pacífico EPS and its subsidiaries. Therefore, Banmédica will contribute 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 will record a gain which will not be significant to the consolidated financial statements taken as a whole.

Although both parties will 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 shall have the casting vote, being of nominated by Banmédica. Therefore, in accordance with IFRS, Credicorp will transfer the control of Pacífico EPS to Banmédica, which will direct the relevant activities of Pacífico EPS. As a result, since January 2015, Pacífico EPS will become in an associate for Credicorp.

As of December 31, 2014, according to 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.

As of December 31, 2014, the balances of Pacifico EPS's assets and liabilities included in the captions "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
Investments available-for-sale	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

	2014 S/.(000)
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 :	
Deferred income tax	
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, income and expenses related to the Pacífico EPS included in the consolidated statement of income are as follow:

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 translation and income tax	18,938
Translation	(1,976)
Income tax	(6,520)
Profit for the year	10,443

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

Summarized statements 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
Beginning balance	49,951
Escrow deposits	7,819
Ending balance	73,559

(ii) For the health insurance business, which is part of the business performed by PPS, Banmédica will pay 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 will be held in equal parts (50 percent) and it will be determined based on a formula agreed by both parties in the contract on a pro forma basis.

PPS will contribute with the management of the business and Banmédica will contribute 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 is made up as follows:

	2014 S/.(000)	**2013** S/.(000)
Demand deposits	25,158,454	22,212,061
Saving deposits	21,208,831	17,754,270
Time deposits (c)	22,907,906	21,017,461
Severance indemnity deposits	6,848,397	6,719,035
Bank's negotiable certificates	660,376	479,692
	76,783,964	68,182,519
Interest payable	263,005	224,058
Total	77,046,969	68,406,577

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

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

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

	2014 S/.(000)	2013 S/.(000)
Non-interest		
In Peru	22,136,141	15,768,241
In other countries	2,336,461	2,620,919
	24,472,602	18,389,160
Interest bearing		
In Peru	47,547,763	45,933,654
In other countries	4,763,599	3,859,705
	52,311,362	49,793,359
Total	76,783,964	68,182,519

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

	2014 S/.(000)	2013 S/.(000)
Up to 3 months	14,299,303	15,537,817
From 3 months to 1 year	6,178,717	4,018,100
From 1 to 3 years	1,718,798	688,190
From 3 to 5 years	536,567	633,604
More than 5 years	174,521	139,750
Total	22,907,906	21,017,461

As of December 31, 2014 and 2013, in Management's opinion, the Group's deposits and obligations are diversified with no significant concentrations.

As of December 31, 2014 and 2013, approximately S/.24,681.5 million and S/.21,663.6 million, respectively, of the deposits and obligations balances, are covered by the Peruvian "Fondo de Seguro de Depósitos" (Deposit Insurance Fund). At those dates, the "Fondo de Seguro de Depósitos" covered up to S/.94,182 and S/.92,625, respectively.

15. Due to banks and correspondents

(a) This item is made up as follows:

	2014 S/.(000)	2013 S/.(000)
International funds and others (i)	7,081,100	5,372,722
Promotional credit lines (ii)	1,763,939	1,296,648
Inter-bank funds	334,800	476,000
	9,179,839	7,145,370
Interest payable	37,501	27,637
Total	9,217,340	7,173,007

(i) This item is made up as follows:

	2014 S/.(000)	2013 S/.(000)
Wells Fargo & Co.	800,248	419,250
Citibank N.A.	648,400	306,975
Syndicated loans (*)	444,794	834,992
Corporación Andina de Fomento – CAF	429,180	572,000
Standard Chartered Bank (**)	418,040	532,498
Sumitomo Mitsui Banking Corp.	373,250	-
HSBC New York	366,163	-
China Development Bank	357,062	417,433
JP Morgan Chase Bank	239,152	-
Bank of New York Mellon	238,880	167,700
Bank of Tokyo	238,880	-
Bank of Montreal Canada	232,908	-
Barclays Bank PLC London	225,752	-
Corporación Financiera de Desarrollo and Fondo de Cooperación para el Desarrollo Social (COFIDE)	184,236	-
Toronto Dominion Bank	170,873	-
Internacional Finance Corporation – IFC	165,332	112,001
Banco de la Nación del Perú	150,000	349,998
Responsability Global Microfinance Fund	118,537	-
Scotiabank Perú S.A.A.	100,000	-
Banco interamericano de finanzas	100,000	-
Cobank Nat. Bank	-	241,276
Commerzbank A.G	-	200,088
Deutsche Bank A.G	-	155,321
Mercantil Commerzbank Miami	-	111,521
Bank of America N.A.	-	46,397
Other less than S/.100 million	1,079,413	905,272
Total	7,081,100	5,372,722

(*) As of December 31, 2014, the balance includes a syndicated loan obtained from foreign financial entities in March 2013, amounting to US$150.0 million, equivalent to S/.447.9 million (S/.444.8 net of transaction costs), with maturity in September 2016 (two syndicated loans, each one amounting to US$150.0 million, for a total amount equivalent to S/.838.5 million (S/.835.0 net of transaction costs) obtained in March 2013 and March 2011, with maturities in September 2016 and March 2014, respectively, at December 31, 2013); with interest payments semester at Libor 6m+1.75 percent in both loans.

As of December 31, 2013, the syndicated loans amounting to S/.838.5 million were hedged through two IRS, each one with the same notional (US$150.0 million) and maturities, see Note 12(b), the loans were economically converted to fix interest rate. During 2014, one IRS amounting to US$150.0 million equivalent to S/419.2 expired in March 2014, and the other IRS amounting to US$150.0 million equivalent to S/419.2 million was revoked and, as of December 31, 2014, the unrealized gain from the fair value of IRS will be recorded in the consolidated statements of income over the remaining term of the underlying (syndicated loan), see Note 18(c).

Also, as of December 31, 2014, the syndicated loan for a notional amount to S/.447.9 million was hedged through three new interest rate swaps (IRS) with the same notional and maturities, see Note 12(b); through these IRS, the loan was economically converted to fix interest rate.

(**) As of December 31, 2014, one of these loans amounting to US$30.0 million, equivalent to S/.89.6 million was hedged by a swap interest rate (IRS) with the same notional and maturities, see note 12(b), this loan was economically converted to fixed interest rate.

As of December 31, 2014, the loans have maturities between January 2015 and August 2023 (between January 2014 and October 2022 as of December 31, 2013) and accrued annual interests at rates that ranged between 0.53 and 9.33 percent (between 0.53 and 9.50 percent as of December 31, 2013).

(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 February 2015 and March 2033 and their annual interest rates are between 6.0 and 7.75 percent (between June 2014 and December 2035 and annual interest rate between 5.50 and 7.75 percent as of December 31, 2013). These credit lines are secured by a loan portfolio amounting to S/.1,763.9 and S/.1,296.6 million as of December 31, 2014 and 2013, respectively.

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

(b) As of December 31, 2014 and 2013, maturities of due to banks and correspondents are shown below, based on the remaining period to the repayment date:

	2014 S/.(000)	2013 S/.(000)
Up to 3 months	2,564,914	1,925,325
From 3 months to 1 year	2,710,605	2,494,873
From 1 to 3 years	2,446,952	1,695,953
From 3 to 5 years	723,548	183,117
More than 5 years	733,820	846,102
Total	9,179,839	7,145,370

(c) As of December 31, 2014 and 2013, credit lines granted by several local and foreign financial institutions, available for future operating activities amounted to S/.8,845.4 million and S/.7,961.0 million, respectively.

16. Insurance claims reserves, technical reserves and payables from healthcare

(a) This item is made up as follows:

	2014			
	Claims reserves		Technical reserves	Total
	Direct S/.(000)	Assumed 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

	2013			
	Claims reserves		Technical reserves	Total
	Direct S/.(000)	Assumed S/.(000)	S/.(000)	S/.(000)
Life insurance	366,872	562	3,308,578	3,676,012
General insurance	426,998	37,719	573,355	1,038,072
Health insurance	157,565	-	113,066	270,631
Total	951,435	38,281	3,994,999	4,984,715

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

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

As of December 31, 2014, the reserves for direct claims include reserves for IBNR for life, general and health insurance for an amount of S/.139.4, S/.11.7 and S/.42.2 million, respectively (S/.108.8, S/.16.1 and S/.92.2 million, respectively, as of December 31, 2013).

During 2014 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, 2014 and 2013.

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, 2014 and 2013 of insurance claims and technical reserves is as follows:

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

	2014			
	Life Insurance S/.(000)	**General insurance** S/.(000)	**Health insurance** S/.(000)	**Total** S/.(000)
Beginning balances	367,434	464,717	157,565	989,716
Claims, Note 25	351,445	337,864	834,296	1,523,605
Payments	(376,292)	(418,369)	(784,924)	(1,579,585)
Transfers to Liabilities directly associated with non-current assets classified as held for sale, Note 13	-	-	(142,800)	(142,800)
Translation result	3,225	(12,466)	(828)	(10,069)
Ending balances	345,812	371,746	63,309	780,867

	2013			
	Life Insurance S/.(000)	General insurance S/.(000)	Health insurance S/.(000)	Total S/.(000)
Beginning balances	329,613	337,620	139,883	807,116
Claims, Note 25	478,005	428,314	716,084	1,622,403
Payments	(438,223)	(335,217)	(699,032)	(1,472,472)
Translation result	(33,811)	(1,226)	(12,934)	(47,971)
Effect of change in presentation currency, Note 3(c)(ii)	31,850	35,226	13,564	80,640
Ending balances	367,434	464,717	157,565	989,716

(c) Technical reserves:

	2014			
	Life insurance S/.(000)	General insurance S/.(000)	Health insurance S/.(000)	Total S/.(000)
Beginning balances	3,308,578	573,355	113,066	3,994,999
Time course expenses and other	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)
Translation result	147,109	(3,354)	490	144,245
Ending balances	3,929,027	561,622	125,543	4,616,192

	2013			
	Life insurance S/.(000)	General insurance S/.(000)	Health insurance S/.(000)	Total S/.(000)
Beginning balances	2,722,704	482,631	105,797	3,311,132
Time course expenses and other	114,949	-	-	114,949
Unearned premium and other technical reserves variation, net	20,673	40,559	5,888	67,120
Insurance subscriptions	310,604	-	-	310,604
Payments	(119,695)	-	-	(119,695)
Translation result	(11,847)	2,482	(8,698)	(18,063)
Effect of change in presentation currency, Note 3(c)(ii)	271,190	47,683	10,079	328,952
Ending balances	3,308,578	573,355	113,066	3,994,999

As of December 31, 2014 and 2013, no additional reserves were needed as a result of the liability adequacy test. The main assumptions used in estimation of retirement, disability and survival annuities and individual life (included unit linked insurance contracts) reserves as of those dates, were the following:

	As of December 31, 2014		As of December 31, 2013	
Modality	Mortality table	Technical rates	Mortality table	Technical rates
Annuities	RV – 2009, B- 2006 and MI – 2006	1.50% - 3.56% in S/. 4.50% - 6.39% in adjusted S/. 3.50% - 6.03% in US$ 3.50% -5.40% in adjusted US$	RV – 2009, B- 2006 and MI - 2006	1.50% - 3.56% in S/. 4.50% - 5.61% in adjusted S/. 3.50% - 6.03% in US$ 3.50% -5.13% in adjusted US$
Disability and survival (*)	B - 85, B – 85 adjusted, MI – 85, B-2006 and MI-2006	2.18% -3.55% in S/. 3.00% in adjusted S/. and 5.42% in US$ 3.00% - 4.18% in adjusted US$	B - 85, B – 85 adjusted, MI – 85, B-2006 and MI-2006	2.30% and 3.00% in S/. 4.77% in adjusted S/. and 3.53% - 3.62% in adjusted US$
Individual life insurance contracts (included unit linked insurance contracts)	CSO 80 adjusted	4.00% - 5.00% in US$	CSO 80 adjusted	4.00% - 5.00% in US$

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

The sensitivity of the estimates used by the Group to measure its insurance risks is represented primarily by the life insurance risks; the main variables as of December 31, 2014 and 2013, are the interest rates and the mortality tables used. The Group has evaluated the changes of the reserves related to its most significant life insurance contracts included in retirement, disability and survival annuities contracts of +/- 100 bps of the interest rates and of +/- 5 bps of the mortality factors, being the results as follows:

	As of December 31, 2014			As of December 31, 2013		
		Variation of the reserve			Variation of the reserve	
Variables	Amount of the reserve S/.(000)	Amount S/.(000)	Percentage %	Amount of the reserve S/.(000)	Amount S/.(000)	Percentage %
Portfolio in S/. - Basis amount	981,168			1,808,449		
Changes in interest rates: + 100 bps	876,883	(104,285)	(10.63)	1,610,767	(197,682)	(10.93)
Changes in interest rates: - 100 bps	1,108,406	127,238	12.97	2,050,854	242,405	13.40
Changes in Mortality tables to 105%	972,021	(9,147)	(0.93)	1,791,972	(16,477)	(0.91)
Changes in Mortality tables to 95%	990,861	9,693	0.99	1,825,901	17,452	0.97
Portfolio in U.S. Dollars - Basis amount	1,515,520			1,420,397		
Changes in interest rates: + 100 bps	1,378,153	(137,367)	(9.06)	1,289,308	(131,089)	(9.23)
Changes in interest rates: - 100 bps	1,680,010	164,490	10.85	1,577,671	157,274	11.07
Changes in Mortality tables to 105%	1,498,437	(17,083)	(1.13)	1,404,803	(15,594)	(1.10)
Changes in Mortality tables to 95%	1,533,647	18,127	1.20	1,436,764	16,367	1.15

17. Bonds and notes issued

(a) This item is made up as follows:

	Weighted annual interest rate	Interest payment	Maturity	Issued amount (000)	2014 S/.(000)	2013 S/.(000)
	%					
Senior Notes – (i)	5.38	Semi-annual	September 2020	US$800,000	2,466,857	2,222,346
Senior Notes – (i)(xi)	Between 4.25 y 4.75	Semi-annual	Between March 2016 and April 2023	US$700,000	2,141,333	1,949,124
Senior Notes – (ii)	4.25	Semi-annual	April 2023	US$350,000	1,096,688	960,667
CCR Inc. MMT 100 – Secured notes – (iii)						
2006 Series A Floating Rate Certificates	Libor 1m + 24 bps	Monthly	March 2016	US$100,000	27,730	45,486
2008 Series A Fixed Rate Certificates	6.27	Monthly	June 2015	US$150,000	38,374	115,174
2008 Series B Floating Rate Certificates	Libor 1m + 25 bps	Monthly	December 2015	US$150,000	82,115	160,713
2010 Series B Floating Rate Certificates	Libor 1m + 57.6 bps	Monthly	March 2016	US$100,000	51,498	84,473
2010 Series C Floating Rate Certificates	Libor 1m + 44.5 bps	Monthly	July 2017	US$350,000	561,097	667,178
2010 Series D Floating Rate Certificates	Libor 1m + 36.1 bps	Monthly	July 2014	US$150,000	-	67,044
2012 Series A y B Floating Rate Certificates	Libor 1m + 22.5 bps	Monthly	July 2017	US$150,000	373,250	419,250
2012 Series C Fixed Rate Certificates	4.75	Monthly	July 2022	US$315,000	940,590	880,425
					2,074,654	2,439,743
Corporate bonds –						
Second program						
First issuance (Series A)	6.84	Semi-annual	December 2014	S/.150,000	-	50,000
First issuance (Series B)	6.81	Semi-annual	March 2015	S/.125,000	20,774	62,499
First and second issuance (Series A) – Edyficar	Between 5.47 y 5.50	Semi-annual	Between April 2015 and January 2016	S/.130,000	123,078	123,416
Third issuance (Series A and B)	Between 8.47 y 8.50	Quarterly	Between June and July 2018	S/.200,000	194,820	196,863
Third program						
First issuance (Series A) – Edyficar	5.28	Semi-annual	November 2016	S/. 62,108	55,108	55,109
Third issuance (Series B) – Edyficar	5.16	Semi-annual	May 2017	S/. 50,000	46,200	-
First issuance (Series A y B) – Mibanco	5.39	Semi-annual	Between May and July 2017	S/. 98,800	85,425	-
Second issuance (Series A) – Mibanco	5.34	Semi-annual	April 2015	S/. 50,000	15,596	-
Fourth issuance (Series A) – Mibanco	4.78	Semi-annual	December 2017	S/. 100,000	95,423	-
Fifth issuance (Series A y B) – Mibanco	6.77	Semi-annual	Between January and March 2017	S/. 84,660	70,306	-
Fourth Program						
Fourth issuance (Series A, B, C y D)	6.41	Semi-annual	Between July and December 2014	S/.233,414	-	174,265
Eight issuance (Series A)	3.75	Semi-annual	January 2014	US$91,000	-	245,952
Ninth issuance (Series A)	6.22	Semi-annual	November 2016	S/.128,000	127,564	127,910
Tenth issuance (Series A, B and C)	5.92	Semi-annual	Between December 2021 and November 2022	S/.550,000	536,062	535,536
BCP Emisiones Latam 1 S.A. (First issuance - Series A) – (iv)	4.00	Semi-annual	October 2014	UF 2,700	-	335,308
					1,370,356	1,906,858

	Weighted annual interest rate	Interest payment	Maturity	Issued amount	2014	2013
				(000)	S/.(000)	S/.(000)
	%					
Subordinated notes - (v)	6.13	Semi-annual	April 2027	US$720,000	2,177,213	1,482,479
Subordinated notes – (vi)	6.88	Semi-annual	September 2026	US$350,000	1,024,735	902,626
Junior subordinated bonds – (vii)	9.75	Semi-annual	November 2069	US$250,000	755,036	626,097
Subordinated bonds-						
First program						
First issuance (Series A)	6.22	Semi-annual	May 2027	S/.15,000	15,000	15,001
First issuance (Series A) – PPS	6.97	Quarterly	November 2026	US$60,175	179,857	154,292
First, second and third issuance (Series A) – Edyficar	Between 6.19 y 8.16	Semi-annual	Between October 2021 and December 2022	S/.110,000	109,100	108,723
Fourth issuance (Series A, B, C y D)	Between 6.53 y 8.50	Quarterly	Between February and May 2016	US$113,822	339,713	276,207
Fifth issuance (Series A) – Edyficar	7.75	Semi-annual	July 2024	S/. 88,009	88,009	-
Issuance I – Credit bonds Bolivia	6.25	Annual	August 2028	Bs70,000	28,622	28,842
					760,301	583,065
Negotiable certificate of deposit – (viii)	7.45	Semi-annual	October 2022	S/.483,280	477,168	472,880
Negotiable certificate of deposit - Mibanco	4.50	Annual	April 2020	S/. 103,250	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 - (ix)	6.88	Semi-annual	Between November 2021 and September 2026	US$129,080	367,623	335,188
Leasing bonds - First program – (x)						
Sixth issuance (Series A)	8.72	Quarterly	August 2018	S/.100,000	100,000	100,000
					14,934,630	13,981,073
Interest payable					169,963	152,445
Total					15,104,593	14,133,518

As of December 31, 2013, the Group hedged corporate bonds issued in Peruvian currency through CCS and IRS, for a notional amount of S/.91.4 million, subject to foreign exchange and variable interest risks, see Note 12(b); as a result, these bonds were economically converted to US$ Dollars at fixed rate.

During 2014, due to change in its 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 2014, the Group signed IRS for a notional amount of US$2,442.4 million, equivalent to S/.7,293.0 million, see Note 12(b), 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 the caption "Interest and similar expenses" in the consolidated statement of income.

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

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

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

As of December 31, 2014, 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 through IRS for a notional amounting to S/.746.5 million (S/.1,052.9 million as of December 31, 2013), see Note 12(b); through IRS, such issuances were economically converted to fix interest rate.

(iv) As of December 31, 2013, the Group maintained an issuance denominated in "Chilean Unidades de Fomento – UF" for 2.7 million. The Group can redeem 100 of the bonds only if the legal reserve funds legislation and the tax law, related to income tax and value added tax change in Peru, Panama or Chile. These debts, subject to foreign exchange risk, was hedged through CCS for a notional amount equal to the principal and with the same maturity, see Note 12(b); as a result, these bonds were economically converted to U.S. Dollars.

(v) From April 24, 2022, the interest rate becomes a variable rate of Libor 3 months plus 704.3 basis points. Between April 24, 2017 and until April 23, 2022, 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 24, 2022 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 or redemption.

In January 2014 and April 2013, BCP, through its branch located in Panamá, extended the issuance of its subordinated bonds for an additional amount of US$200.0 million and US$170.0 million, respectively, in the international market, at market rate, with the same terms of the issuance offered in April 2012 for an amount of US$350.0 million.

(vi) From September 16, 2021, the interest rate becomes a variable rate of Libor 3 months plus 770.8 basis points. Between September 16, 2016 and until September 15, 2021, 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 or redemption.

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

(viii) 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, the Group can redeem 100 percent of the certificates, without penalties. Payment of principal will take place at the date of maturity or redemption.

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

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

(xi) 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 mentioned in (i).

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

	2014 S/.(000)	2013 S/.(000)
Up to 3 months	20,774	245,952
From 3 months to 1 year	292,491	626,617
From 1 to 3 years	2,346,681	2,066,478
From 3 to 5 years	294,820	1,383,293
More than 5 years	11,979,864	9,658,733
Total	14,934,630	13,981,073

18. Equity

(a) Share capital -

As of December 31, 2014, 2013 and 2012, 94,382,317 shares of capital stock were issued at US$5 per share.

(b) Treasury stock -

As of December 31, 2014, treasury stock comprises the par value of 14,894,664 Credicorp's shares (14,892,821 and 14,926,038 Credicorp's shares as of December 31, 2013 and 2012, respectively) owned by the Group's companies.

During 2014, 2013 and 2012, the Group purchased 144,898, 163,000 and 144,494 shares of Credicorp Ltd., respectively, for an amount of US$18.6 million (equivalent to S/.45.6), US$24.0 million (equivalent to S/.65.1 million) and US$18.6 million (equivalent to S/.49.0 million), respectively.

The difference between their acquisition cost of S/.609.5 million and their par value of S/.208.1 million (as of December 31, 2013 and 2012 acquisition cost of S/.642.6 million and of S/.563.0 million, respectively and their par value of S/.208.1 million and S/.190.3 million, respectively) is recorded as a reduction of "Capital surplus".

(c) Reserves -

Some of the Group's subsidiaries are required to establish a reserve equivalent to a certain percentage of their paid-in capital (20, 30 or 50 percent, depending on their activity and country of incorporation) through annual transfers of 10 percent of their net income. As of December 31, 2014, 2013 and 2012, these reserves amounted to approximately S/.2,731.7, S/.2,017.2 and S/.1,581.8 million, respectively.

The Board of Director's meetings held on February 25, 2014, February 27, 2013 and February 22, 2012, agreed to transfer from "Retained earnings" to "Reserves" S/.1,200.8 million, S/.1,471.6 million and S/.1,386.7 million, respectively.

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

	Unrealized net gain (loss) of:			
	Available-for-sale investments reserve S/.(000)	Cash flow hedge reserve S/.(000)	Foreign currency translation reserve S/.(000)	Total S/.(000)
Balances as of January 1, 2012	1,065,842	(148,749)	(611,670)	305,423
Net unrealized gain from available-for-sale investments	847,627	-	-	847,627
Transfer of net realized gain from investments available-for-sale to the consolidated statements of income, net of realized loss	(117,355)	-	-	(117,355)
Transfer of impairment on investment available-for-sale to the consolidated statements of income, Note 6(c)	214	-	-	214
Net unrealized loss from cash flow hedges	-	(22,537)	-	(22,537)
Transfer of net realized loss from cash flow hedges to the consolidated statements of income	-	53,822	-	53,822
Foreign currency translation	-	-	(555,318)	(555,318)
Effect of change in presentation currency, Note 3(c)(ii)	(81,698)	7,029	-	(74,669)
Balances as of December 31, 2012	1,714,630	(110,435)	(1,166,988)	437,207
Net unrealized loss from available-for-sale investments	(341,470)	-	-	(341,470)
Transfer of net realized gain from investments available-for-sale to the consolidated statements of income, net of realized loss	(488,096)	-	-	(488,096)
Transfer of impairment on investment available-for-sale to the consolidated statements of income, Note 6(c)	3,041	-	-	3,041
Net unrealized gain from cash flow hedges, Note12(b)(ii)	-	108,130	-	108,130
Transfer of net realized gain from cash flow hedges to the consolidated statements of income, Note 12(b)(ii)	-	(2,232)	-	(2,232)
Foreign currency translation	-	-	1,012,305	1,012,305
Effect of change in presentation currency, Note 3(c)(ii)	139,658	(7,398)	-	132,260
Balances as of December 31, 2013	1,027,763	(11,935)	(154,683)	861,145
Net unrealized gain from available-for-sale investments	292,418	-	-	292,418
Transfer of net realized gain from investments available-for-sale to the consolidated statements of income, net of realized loss	(104,360)	-	-	(104,360)
Transfer of impairment on investment available-for-sale to the consolidated statements of income, Note 6(c)	7,794	-	-	7,794
Net unrealized loss from cash flow hedges, Note12(b)(ii)	-	(38,943)	-	(38,943)
Transfer of net realized loss from cash flow hedges to the consolidated statements of income, Note 12(b)(ii)	-	56,815	-	56,815
Foreign currency translation	-	-	(51,483)	(51,483)
Balances as of December 31, 2014	1,223,615	5,937	(206,166)	1,023,386

During 2014, the Group revoked certain cash flow hedge derivatives due to the change in Group functional to Nuevos 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 follow:

	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Available-for-sale investments:			
Net unrealized gain (loss) from available-for-sale investments	292,418	(341,470)	847,627
Transfer of realized gain from investments available-for-sale to the consolidated statements of income, net of realized loss	(104,360)	(488,096)	(117,355)
Transfer of impairment on investment available-for-sale to consolidated statements of income	7,794	3,041	214
Sub total	195,852	(826,525)	730,486
Non-controlling interest	8,398	(45,181)	8,835
Income tax	(6,853)	(47,828)	56,269
	197,397	(919,534)	795,590
Cash flow hedges:			
Net unrealized (loss) gain from cash flow hedges	(38,943)	108,130	(22,537)
Transfer of net realized from cash flow hedges to the consolidated statements of income	56,815	(2,232)	53,822
Sub total	17,872	105,898	31,285
Non-controlling interest	-	-	190
Income tax	1,016	16,302	435
	18,888	122,200	31,910
Foreign currency translation reserve:			
Exchange differences on translation of foreign operations	(51,483)	1,012,305	(555,318)
Non-controlling interest	(2,522)	11,275	(6,185)
	(54,005)	1,023,580	(561,503)

(e) Dividend distribution -
During the years 2014, 2013 and 2012, Credicorp paid cash dividends, net of the effect of treasury shares, for approximately US$151.5, US$207.4 and US$183.4 million (equivalent to approximately S/.429.4, S/.535.2 and S/.491.6 million), respectively. In this sense, during the years 2014, 2013 y 2012, the cash dividends per share were US$1.9, US$2.6 and US$2.3, respectively.

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

Through Law N°30296, published on December 31, 2014, the withholding tax on dividends for the profits generated until December 31, 2014, is 4.1 percent. This rate will increase according to the following terms:

Rate for the profits generated in the years	%
2015 and 2016	6.8
2017 and 2018	8
From 2019 onward	9.3

(f) Equity for legal purposes (Regulatory capital) -
As of December 31, 2014 and 2013, the regulatory capital for Credicorp's subsidiaries engaged in financial and insurance activities in Peru calculated following SBS regulations amounted to approximately S/.16,377.8 and S/.13,495.4 million, respectively. At those dates, the consolidated regulatory capital for Credicorp exceeds by approximately S/.2,217.5 million and S/.2,122.5 million, respectively, the minimum regulatory consolidated capital required by the SBS.

19. Taxes

(a) Credicorp is not subject to income tax or any taxes on capital gains, equity or property. Credicorp's subsidiaries are subject to corporate taxation on income depending on their country of incorporation.

Until December 31, 2014, Peruvian statutory Income Tax rate is 30 percent on taxable income after calculating the workers' profit sharing, which is determined using a 5 percent rate. Through Law N°30296, published in December 31, 2014, the income tax rate was reduced according to the following terms:

Effective for 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.

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 rate of 9% CREE be permanent, leaving aside the 8% reduction would operate from 2016. In addition, a surcharge of CREE is created, equivalent to excess of 5% of US$336,000, the same shall be 6% in 2016, 8% in 2017 and 9% in 2018.

For the year 2014, due to changes in tax rates explained above, the Group recorded a net effect of approximately S/.16.4 million, which increased the tax expense income.

ASHC and its Subsidiaries are not subject to taxes in the Cayman Islands or Panama. For the years ended December 31, 2014, 2013 and 2012, 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:

	2014 %	2013 %	2012 %
Peruvian statutory income tax rate	30.00	30.00	30.00
Increase (decrease) in the statutory tax rate due to:			
(i) (Decrease) increase arising from net income of subsidiaries not domiciled in Peru	0.39	0.01	0.60
(ii) Non-taxable income, net	(1.95)	(1.95)	(3.94)
(iii) Translation results not considered for tax purposes	0.11	6.11	(2.92)
(iv) Effect of change in Peruvian tax rates	0.02	-	-
Effective income tax rate	28.57	34.17	23.74

(b) Income tax expense as of December 31, 2014, 2013 and 2012 comprises:

	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Current -			
In Peru	1,188,552	791,054	683,832
In other countries	32,382	13,143	22,474
	1,220,934	804,197	706,306
Deferred -			
In Peru	(182,465)	(82,539)	(15,284)
In other countries	(53,819)	53,519	(27,713)
Effect of change in Peruvian tax rates	(16,426)	-	-
	(252,710)	(29,020)	(42,997)
Total	968,224	775,177	663,309

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:

	2014 S/.(000)	2013 S/.(000)
Net deferred income tax asset		
Deferred assets		
Allowance for loan losses, net	398,929	291,166
Valuation of hedged bonds and notes, Note 17(a)	50,921	-
Provision for sundry expenses	41,393	27,131
Reserve for sundry risks, net	22,293	16,024
Share-based compensation rights provision	-	9,073
Unrealized loss in valuation on cash flow hedge derivatives	1,271	4,424
Other	75,285	77,735
Deferred liabilities		
Buildings depreciation	(47,085)	(32,341)
Unrealized gain on available-for-sale investments	(8,559)	(10,378)
Indexed certificates	-	(9,511)
Unrealized gain on hedge derivatives valuations	(6,719)	(8,665)
Gain for difference tax exchange	(39,787)	(4,687)
Other	(15,707)	(19,247)
Total	472,235	340,724
Net deferred income tax liability		
Deferred assets		
Allowance for loan losses, net	33,016	4,332
Reserve for sundry risks, net	3,664	4,296
Other	46,030	32,184
Deferred liabilities		
Unrealized gains on available-for-sale investments	(155,363)	(187,894)
Intangibles assets, net	(157,806)	(153,560)
Buildings depreciation	(5,547)	(19,109)
Other	(29,283)	(33,956)
Total	(265,289)	(353,707)

As of December 31, 2014, 2013 and 2012, Credicorp and its subsidiaries have recorded a deferred income tax amounting to S/.27.8, S/.87.2 and S/.76.2 million, respectively, related unrealized gains and losses on investments available for sale and cash flow hedges.

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

Banco de Crédito del Perú	2010 to 2014
Edyficar	2010, 2012, 2013 and 2014
Prima AFP	2010, 2012, 2013 and 2014
Pacífico Peruano Suiza	2009, 2012, 2013 and 2014
Pacífico EPS	2010 to 2014
Pacífico Vida	2010 to 2014

As of December 31, 2014, the Peruvian Tax Authority is reviewing the 2009 income tax returns of BCP and the 2012,2013 income tax returns of MIbanco. Also, the Bolivian Tax Authority is reviewing the 2008, 2009 and 2010 income tax returns of BCB.

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

Banco de Crédito de Bolivia	2011 to 2014
Correval	2013 and 2014
IM Trust	2012, 2013 and 2014

Since tax regulations are subject to interpretation by the different Tax Authorities where Credicorp's subsidiaries are located, it is not possible to determine up to date whether the reviews will generate additional liabilities for Credicorp's subsidiaries. Therefore, any unpaid tax, penalties or interests that might result from said reviews will be expensed in the year in which they are determined. Nevertheless, Management of Credicorp and its Subsidiaries and their legal advisors consider that any additional tax assessments would not have a significant impact on the consolidated financial statements as of December 31, 2014 and 2013.

20. Share-based compensation plans

(a) Stock appreciation rights -

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

During 2013, Credicorp's Management had estimated the SARs' fair value using the binomial option pricing model, considering the following market information: (i) Expected volatility was 30.17 percent, (ii) Risk free interest rate was 1.19 percent, (iii) Expected lifetime was 0.25 years; and (iv) Quoted price of Credicorp shares at year-end was US$132.73.

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.

The movement of SARs for the years ended December 31, 2014 and 2013 is as follows:

	2014			2013		
	Outstanding	Vested		Outstanding	Vested	
	Number	Number	Amount S/.(000)	Number	Number	Amount S/.(000)
Balance as of January 1	101,443	101,443	31,071	132,694	132,694	42,463
Exercised	(101,443)	(101,443)	(30,622)	(31,251)	(31,251)	(10,650)
Increase (decrease) in fair value	-	-	(449)	-	-	(3,451)
Effect of change in presentation currency, Note 3(c)(ii)	-	-	-	-	-	3,652
Balance as of December 31	-	-	-	101,443	101,443	32,014

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

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

As explained in Note 8(c), the Group had certificates linked to the yield of Credicorp's shares that were settled as a result of the execution of all SAR in April, 2014.

(b) Stock awards ("equity-settled transaction") -

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

The fair value of stock awards granted is estimated at the grant date using a binomial pricing model with similar key assumptions as those used for the valuation of SARs (see paragraph (a) above), taking into account the terms and conditions upon which the shares were granted.

During 2014, 2013 and 2012, the Group has granted approximately 126,150, 117,562 and 144,494 Credicorp shares, of which 252,689, 269,006 and 311,275 shares were pending delivery as of December 31, 2014, 2013 and 2012. During those years, the recorded expense amounted to approximately S/.73.1 million, S/.44.6 million and S/.44.6 million, respectively.

21. Off-balance sheet accounts

(a) This item is made up as follows:

	2014 S/.(000)	2013 S/.(000)
Contingent credits - indirect loans (b), Note 7(a)		
Guarantees and standby letters	15,892,731	11,387,375
Import and export letters of credit	1,426,727	1,649,397
	17,319,458	13,036,772
Derivatives, Note 12(b)		
Held for trading:		
Forward currency contracts - buy	8,474,723	8,771,767
Forward currency contracts – sell	8,803,884	7,009,124
Interest rate swaps	6,921,378	5,723,140
Currency swaps	8,554,597	5,468,700
Options	1,980,405	1,333,668
Held as hedges:		
Cash flow hedges:		
Interest rate swaps	1,731,919	2,226,844
Cross currency swaps	234,433	689,623
Cross currency swaps and interest rate swaps	238,880	315,023
Fair value hedges:		
Interest rate swap	8,137,042	924,440
	45,077,261	32,462,329
Responsibilities under credit lines agreements (c)	17,061,832	11,803,000
Total	79,458,551	57,302,101

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

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

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

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

22. Interest and similar income and Interest and similar expense

These items are made up as follow:

	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Interest and similar income			
Interest on loans	7,667,485	6,156,893	5,137,229
Interest on investments available-for-sale	690,605	723,631	707,669
Interest on due from banks	52,243	93,794	107,687
Dividends from investments available-for-sale and trading securities	60,145	48,576	43,118
Interest on trading securities	70,542	30,922	16,816
Gain from hedging derivatives instruments	22,202	-	-
Other interest and similar income	37,644	32,654	79,056
Total	8,600,866	7,086,470	6,091,575
Interest and similar expense			
Interest on deposits and obligations	(831,350)	(821,160)	(750,958)
Interest on bonds and notes issued	(749,691)	(788,796)	(660,307)
Interest on due to banks and correspondents	(420,617)	(246,222)	(218,242)
Loss from hedging derivatives instruments	-	(63,660)	(51,381)
Other interest and similar expense	(189,404)	(196,735)	(147,939)
Total	(2,191,062)	(2,116,573)	(1,828,827)

During the years 2014, 2013 and 2012, the interest income accrued on impaired financial instruments recognized in the consolidated statements of income amounted to S/.39.9, S/.34.5 and S/.30.3 million, respectively.

23. Banking services commissions

This item is made up as follows:

	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Maintenance of accounts, transfers and credit and debit card services	1,236,722	1,180,372	887,932
Funds management	452,956	397,558	467,166
Contingent loans fees	195,565	173,772	159,817
Collection services	262,689	238,955	183,891
Commissions for banking services	117,634	85,018	61,315
Brokerage and custody services	137,159	104,186	52,088
Other	119,104	80,066	132,033
Total	2,521,829	2,259,927	1,944,242

24. Net premiums earned

(a) This item is made up as follows:

	Gross premiums (*) S/.(000)	Premiums ceded to reinsurers, net (**) S/.(000)	Assumed from other companies, net S/.(000)	Net premiums earned S/.(000)	Percentage of assumed net premiums %
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
2012					
Life insurance	674,791	(29,071)	361	646,081	0.06
Health insurance	775,436	(7,525)	533	768,444	0.07
General insurance	796,900	(365,736)	10,977	442,141	2.48
Total	2,247,127	(402,332)	11,871	1,856,666	0.64

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

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

	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Premiums ceded for automatic contracts (mainly excess of loss), Note 9(b)	(143,041)	(136,009)	(137,554)
Premiums ceded for facultative contracts, Note 9(b)	(314,624)	(347,378)	(266,351)
Annual variation for unearned premiums ceded reserves, Note 9(b)	(35,351)	12,193	1,573
	(493,016)	(471,194)	(402,332)

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

	2014		2013		2012	
	S/.(000)	%	S/.(000)	%	S/.(000)	%
Life insurance (i)	671,380	25.25	786,239	30.31	674,791	30.03
Health insurance (ii)	1,078,211	40.55	947,481	36.52	775,436	34.51
General insurance (iii)	909,207	34.20	860,616	33.17	796,900	35.46
Total	2,658,798	100.00	2,594,336	100.00	2,247,127	100.00

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

	2014		2013		2012	
	S/.(000)	%	S/.(000)	%	S/.(000)	%
Credit Life	271,269	40.40	212,352	27.01	159,152	23.59
Group Life	168,912	25.16	156,964	19.96	135,690	20.11
Retirement, disability and survival (*)	2,344	0.35	204,108	25.96	210,433	31.18
Annuities	10,194	1.52	5,092	0.65	14,825	2.20
Individual life and personal accident (**)	218,661	32.57	207,723	26.42	154,691	22.92
Total life insurance gross premiums	671,380	100.00	786,239	100.00	674,791	100.00

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

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

(ii) Health insurance gross premiums includes medical assistance which amounts to S/.1,052.3 million in 2014 (S/.919.6 and S/.757.5 million in 2013 and 2012, respectively) and represents 97.60 percent in this business line in the year 2014 (97.05 and 97.67 percent in the years 2013 and 2012, respectively).

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

	2014		2013		2012	
	S/.(000)	%	S/.(000)	%	S/.(000)	%
Automobile	338,378	37.22	306,235	35.58	252,705	31.71
Fire and allied lines	163,984	18.04	148,349	17.24	191,476	24.03
Technical lines (*)	73,683	8.10	81,014	9.41	76,283	9.57
Third party liability	64,462	7.09	60,756	7.06	52,923	6.64
Aviation	47,689	5.25	60,224	7.00	46,738	5.86
Theft and robbery	67,446	7.42	57,314	6.66	45,501	5.71
Transport	48,825	5.37	46,007	5.35	44,125	5.54
SOAT (Mandatory automobile line)	28,381	3.12	31,310	3.64	29,801	3.74
Marine Hull	17,671	1.94	20,923	2.43	19,263	2.42
Others	58,688	6.45	48,484	5.63	38,085	4.78
Total general insurance gross premiums	909,207	100.00	860,616	100.00	796,900	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 is made up as follows:

	2014			
	Life Insurance S/.(000)	General insurance S/.(000)	Health insurance S/.(000)	Total S/.(000)
Gross claims, Note 16(b)	351,445	337,864	834,296	1,523,605
Ceded claims, Note 9(b)	(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, Note 16(b)	478,005	428,314	716,084	1,622,403
Ceded claims, Note 9(b)	(22,236)	(133,269)	(6,437)	(161,942)
Net insurance claims	455,769	295,045	709,647	1,460,461

	2012			
	Life Insurance S/.(000)	General insurance S/.(000)	Health insurance S/.(000)	Total S/.(000)
Gross claims	438,323	371,085	582,602	1,392,010
Ceded claims	(16,568)	(145,339)	(2,899)	(164,806)
Net insurance claims	421,755	225,746	579,703	1,227,204

26. Salaries and employee benefits

This item is made up as follows:

	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Salaries	1,410,351	1,279,823	978,017
Vacations, medical assistance and others	391,483	285,559	321,835
Legal gratifications	258,146	177,160	176,878
Employees' bonds	147,265	119,564	162,640
Workers' profit sharing	146,304	136,459	139,051
Social security	131,573	121,574	110,664
Severance indemnities	125,681	96,393	99,065
Share-based payment plans	62,628	61,522	70,288
Total	2,673,431	2,278,054	2,058,438

27. Administrative expenses

These items are made up as follow:

	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Repair and maintenance	329,018	297,346	232,953
Publicity	268,117	255,111	237,554
Rental	202,323	162,393	132,266
Transport and communications	200,207	177,323	155,213
Taxes and contributions	201,782	182,631	133,889
Others	729,036	664,147	523,228
Total	1,930,483	1,738,951	1,415,103

28. Other income and expenses

These items are made up as follow:

	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Other income			
Income from medical services and sale of medicines	460,883	344,481	179,069
Real estate rental income	18,522	20,654	17,306
Income from sale of seized assets	1,801	4,427	7,846
Recoveries of other accounts receivable and other assets	3,084	1,251	1,761
Other	155,282	70,380	22,274
Total other income	639,572	441,193	228,256
Other expenses			
Cost of medical services and sale of medicines	310,164	280,508	159,384
Commissions from insurance activities	262,692	217,758	180,413
Sundry technical insurance expenses	75,917	68,623	72,990
Provision for sundry risks, Note 12(d)	70,094	24,089	34,122
Put option write on non-controlling interests	52,625	364	-
Expenses on improvements in building for rent	38,065	28,999	16,033
Provision for other accounts receivables	12,854	7,566	3,541
Other	110,509	61,970	29,319
Total other expenses	932,920	689,877	495,802

29. Earnings per share

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

	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Net income attributable to equity holders of Credicorp (in thousands of Nuevos Soles)	2,387,852	1,538,307	2,079,647
Number of shares:			
Ordinary shares, Note 18(a)	94,382,317	94,382,317	94,382,317
Less - treasury shares	(14,892,821)	(14,926,038)	(14,974,957)
Acquisition of treasury shares, net	11,027	28,140	28,903
Weighted average number of ordinary shares for basic earnings	79,500,523	79,484,419	79,436,263
Plus - effect of dilution from stock awards	173,536	182,117	211,720
Weighted average number of ordinary shares adjusted for the effect of dilution	79,674,059	79,666,536	79,647,983
Basic earnings per share (in Nuevos Soles)	30.04	19.35	26.18
Diluted earnings per share (in Nuevos Soles)	29.27	19.31	26.11

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

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

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

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

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

No revenue from transactions with a single external customer or counterparty amounted to 10 percent or more of the Group's total revenue in the years 2014, 2013 and 2012.

(i) The following table presents income and certain asset information regarding the Group's reportable segments (in millions of Nuevos Soles) for the years ended 31 December 2014, 2013 and 2012:

	External income	Income from other segments	Eliminations	Total income (*)	Operating income (**)	Provision for loan losses, net of recoveries	Depreciation and amortization	Impairment of available-for-sale investments	Income before translation result and income tax	Translation result and income tax	Net income	Capital expenditures, intangible assets and goodwill	Total assets
2014													
Banking	11,145	435	(435)	11,145	6,167	(1,716)	(340)	(8)	2,761	(681)	2,080	381	121,801
Insurance	2,674	23	(23)	2,674	1,002	-	(55)	-	232	(27)	206	132	8,653
Pension funds	391	3	(3)	391	-	-	(21)	-	221	(67)	153	9	913
Investment banking	416	74	(74)	416	4	-	(18)	-	3	(21)	(18)	27	3,467
Total consolidated	14,626	535	(535)	14,626	7,173	(1,716)	(434)	(8)	3,217	(796)	2,421	549	134,834
2013													
Banking	7,957	437	(437)	8,957	4,631	(1,230)	(279)	-	2,195	(928)	1,268	564	104,940
Insurance	3,943	160	(160)	2,943	968	-	(14)	(3)	144	(38)	114	152	7,720
Pension funds	372	-	-	372	-	-	(19)	-	198	(54)	144	8	769
Investment banking	289	62	(62)	289	53	-	(16)	-	105	(65)	32	112	665
Total consolidated	12,561	659	(659)	12,561	5,652	(1,230)	(328)	(3)	2,642	(1,085)	1,558	836	114,094
2012													
Banking	8,073	369	(369)	8,073	4,108	(996)	(229)	-	2,072	(398)	1,666	533	92,379
Insurance	2,180	87	(87)	2,180	688	-	(29)	-	258	-	256	174	6,671
Pension funds	311	3	(3)	311	-	-	(23)	-	145	(47)	108	-	635
Investment banking	340	3	(3)	340	96	-	(5)	-	121	(20)	101	722	4,348
Total consolidated	10,904	462	(462)	10,904	4,892	(996)	(286)	-	2,596	(465)	2,131	1,429	104,033

(ii) The following tables presents (in millions of Nuevos Soles) the distribution of the Group's external income, operating income, and non-current assets allocated based on the location of the customer and its assets, respectively, for the years ended 31 December 2014, 2013 and 2012:

	2014			2013			2012		
	Total income (*)	Operating income (**)	Non-current assets (***)	Total income (*)	Operating income (**)	Non-current assets (***)	Total income (*)	Operating income (**)	Non-current assets (***)
Peru	12,936	6,693	3,589	11,187	5,309	3,058	9,370	4,477	2,318
Panama	666	109	-	410	22	344	672	21	314
Cayman Islands	304	116	6	271	111	5	240	92	-
Bolivia	414	214	74	328	184	44	277	158	41
Colombia	232	-	203	209	3	240	177	98	278
United States of America	25	16	-	130	23	106	45	40	13
Chile	49	25	243	26	-	294	123	6	478
Total consolidated	14,626	7,173	4,115	12,561	5,652	4,091	10,904	4,892	3,442

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

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

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

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 operation	Percentage of participation 2014, 2013 and 01.01.2013 %
Correval	Colombia	48.51
IM Trust	Chile	39.4

	2014 S/.(000)	2013 S/.(000)	01.01.2013 S/.(000)
Accumulated balances of material non-controlling interest			
Correval	110,968	121,243	108,431
IM Trust	132,721	136,345	157,381
Profit attributable to material non-controlling interest			
Correval	11,099	5,794	6,067
IM Trust	(15,153)	(7,281)	5,574

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

	2014		2013		2012	
Summarized statements of income	**Correval (*)** S/.(000)	**IM Trust (*)** S/.(000)	**Correval (*)** S/.(000)	**IM Trust(*)** S/.(000)	**Correval (*)** **S/.(000)**	**IM Trust(*)** **S/.(000)**
Revenue	230,148	26,946	338,690	82,189	132,919	46,443
Expenses	(194,867)	(96,129)	(317,696)	(121,756)	(113,237)	(33,490)
Profit before income tax	35,281	(69,183)	20,994	(39,567)	19,682	12,953
Income tax	(13,105)	(3,724)	(6,340)	(2,466)	(3,586)	232
Profit (loss) for the year	22,176	(72,907)	14,654	(42,033)	16,096	13,185
Attributable to non-controlling interest	11,099	(15,153)	5,794	(7,281)	6,067	5,574

(*) 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.

Summarized statement of financial position	As of December 31, 2014		As of December 31, 2013		As of January 1, 2013	
	Correval S/.(000)	IM Trust S/.(000)	Correval S/.(000)	IM Trust S/.(000)	Correval S/.(000)	IM Trust S/.(000)
Assets						
Cash collateral, reverse repurchase agreements and securities borrowings	1,674,527	58,311	870,183	104,677	2,788,433	227,034
Trading securities, investments available – for – sale and investments available – for – sale pledged as collateral	1,46,378	131,011	123,275	57,653	119,842	58,089
Other assets	264,226	872,202	301,168	619,038	291,368	694,587
Liabilities and equity						
Payables from repurchase agreements and security lendings.	1,274,771	107,090	753,150	97,998	2,580,549	219,657
Financial liabilities designated at fair value through profit or loss	397,201	-	116,035	-	204,214	40,902
Other liabilities	116,346	610,352	109,913	304,800	114,625	271,743
Total equity	296,813	344,082	315,529	378,569	300,255	447,408

Summarized statements of cash flows	As of December 31, 2014		As of December 31, 2013		As of January 1, 2013	
	Correval S/.(000)	IM Trust S/.(000)	Correval S/.(000)	IM Trust S/.(000)	Correval S/.(000)	IM Trust S/.(000)
Operating activities	960	25,530	35,778	9,549	19,102	(27,165)
Investing activities	(778,016)	(4,233)	(1,885,455)	45,063	973,032	19,893
Financing activities	503,959	(621)	-	(36,985)	(20,711)	(34,198)
Net increase in cash and cash equivalents	(273,097)	20,676	(1,849,677)	17,627	971,423	(41,470)

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 as of December 31, 2014 and 2013, include transactions with related companies, the Board of Directors, the Group's key executives (defined as the Management of Credicorp) and enterprises which are controlled by these individuals through their majority shareholding or their role as Chairman or CEO.

(b) The following table shows the main transactions with related parties as of December 31, 2014 and 2013:

	2014 S/.(000)	2013 S/.(000)
Direct loans	1,240,841	995,724
Investments available-for-sale and trading securities	203,227	289,815
Deposits	72,985	265,396
Contingent credits	177,408	137,460
Interest income related to loans – income	31,614	25,220
Interest expense related to deposits - expense	7,143	6,893
Other income	5,775	9,348
Derivatives at fair value	(904)	347

(c) All transactions with related parties are made in accordance with normal market conditions available to other customers. As of December 31, 2014, direct loans to related companies are secured by collaterals, had maturities between January 2015 and October 2022 and accrued an annual average interest rate of 6.57 percent (as of December 31, 2013, had maturities between January 2014 and July 2021 and accrued an annual average interest rate of 8.43 percent). Likewise, as of December 31, 2014 and 2013, the Group maintained an allowance for loan losses to related parties amounting to S/.1.2 million and S/.0.6 million, respectively.

(d) As of December 31, 2014 and 2013, directors, officers and employees of the Group have been involved, directly and indirectly, in credit transactions with certain subsidiaries of the Group, as permitted by Peruvian Banking and Insurance Law Nº26702, which regulates and limits certain transactions with employees, directors and officers of a bank or an insurance company. As of December 31, 2014 and 2013, direct loans to employees, directors and key Management amounted to S/.774.2 and S/.742.1 million, respectively; said loans are paid monthly and earn interest at market rates.

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

(e) The Group's key executives' compensation (including the related income taxes assumed by the Group) as of December 31, 2014, 2013 and 2012, comprised the following:

	2014 S/.(000)	2013 S/.(000)	2012 S/.(000)
Salaries	15,168	22,697	21,251
Directors' compensations	5,457	5,138	5,837
Total	20,625	27,835	27,088

Also, key executives compensation includes share based payments as explained in more detail in Note 20. SARs valuation for the years 2014, 2013 and 2012 resulted in an income amounting to S/.1.4 million, an expense amounting to S/.2.6 million and an expense amounting to S/.14.1 million, respectively. During 2014, were executed approximately S/.23.8 million of SARs which corresponding to vested SARs in prior years (during 2013 there were no executed SARs). Likewise, approximately S/.15.1 million of stock awards vested in the year 2014 (S/.15.7 million and S/.14.3 million during 2013 and 2012, respectively). The related executives' income tax is assumed by the Group.

(f) As of December 31, 2014 and 2013, the Group has participations in different mutual funds and hedge funds managed by certain Group's Subsidiaries; said participations are classified as trading securities or Investments available-for-sale. The detail is the following:

	2014 S/.(000)	2013 S/.(000)
Trading and available-for-sale investments -		
Mutual funds – U.S. Dollars	18,912	78,120
Mutual funds – Bolivianos	40,599	27,829
Mutual funds – Nuevos Soles	-	16,309
Mutual funds – Pesos Chilenos	1,810	4,913
Total	61,321	127,171

33. Financial instruments classification

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

	As of December 31, 2014							As of December 31, 2013						
	Financial assets and liabilities designated at fair value							Financial assets and liabilities designated at fair value						
	Held for trading or hedging S/.(000)	At inception S/.(000)	Loans and receivables S/.(000)	Investments available-for-sale S/.(000)	Investments held-to-maturity S/.(000)	Liabilities at amortized cost S/.(000)	Total S/.(000)	Held for trading or hedging S/.(000)	At inception S/.(000)	Loans and receivables S/.(000)	Investments available-for-sale S/.(000)	Investments held-to-maturity S/.(000)	Liabilities at amortized cost S/.(000)	Total S/.(000)
Assets														
Cash and due from banks	-	-	21,689,466	-	-	-	21,689,466	-	-	21,762,929	-	-	-	21,762,929
Cash collateral, reverse repurchase agreements and securities borrowings	-	-	5,543,403	-	-	-	5,543,403	-	-	1,207,515	-	-	-	1,207,515
Trading securities	2,525,970	-	-	-	-	-	2,525,970	1,500,046	-	-	-	-	-	1,500,046
Investments available-for-sale	-	-	-	15,747,996		-	15,747,996	-	-	-	18,210,811		-	18,210,811
Investments held-to-maturity	-	-	-	-	2,667,663	-	2,667,663	-	-	-	-	676,977	-	676,977
Loans, net	-	-	76,522,506	-	-	-	76,522,506	-		62,098,279	-	-	-	62,098,279
Financial assets designated at fair value through profit or loss	-	297,100	-	-	-	-	297,100	-	299,836	-	-	-	-	299,836
Premiums and other policies receivable	-	-	578,296	-	-	-	578,296	-	-	576,050	-	-	-	576,050
Accounts receivable from reinsurers and coinsurers	-	-	468,137	-	-	-	468,137	-	-	578,722	-	-	-	578,722
Due from customers on acceptances	-	-	167,654	-	-	-	167,654	-	-	189,188	-	-	-	189,188
Other assets, Note 12	845,931	-	1,037,625	-	-	-	1,883,556	461,833	-	706,882	-	-	-	1,168,715
	3,371,901	297,100	106,007,087	15,747,996	2,667,663	-	128,091,747	1,961,879	299,836	87,119,565	18,210,811	676,977	-	108,269,068
Liabilities														
Deposits and obligations	-	-	-	-	-	77,046,969	77,046,969	-	-	-	-	-	68,406,577	68,406,577
Payables from repurchase agreements and security lendings	-	-	-	-	-	8,308,470	8,308,470	-	-	-	-	-	3,520,317	3,520,317
Due to banks and correspondents	-	-	-	-	-	9,217,340	9,217,340	-	-	-	-	-	7,173,007	7,173,007
Bankers' acceptances outstanding	-	-	-	-	-	167,654	167,654	-	-	-	-	-	189,188	189,188
Financial liabilities designated at fair value through profit or loss	397,201	-	-	-	-	-	397,201	119,553	-	-	-	-	-	119,553
Accounts payable to reinsurers and coinsurers	-	-	-	-	-	220,910	220,910	-	-	-	-	-	232,497	232,497
Bonds and notes issued	7,349,760	-	-	-	-	7,754,833	15,104,593	-	-	-	-	-	14,133,518	14,133,518
Other liabilities, Note 12	682,401	416,235				2,043,700	3,142,336	431,313	340,727	-	-	-	1,660,819	2,432,859
	8,429,362	416,235	-	-	-	104,759,876	113,605,473	550,866	340,727	-	-		95,315,923	96,207,516

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 in equities, bonds, currencies and interest rates.

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

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

(a) Risk management structure -

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

(i) Board of Directors

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

(ii) Risk Management Committee

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

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

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

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

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

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

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

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

(iii) Chief Risk Office

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

The Chief Risk Office is divided into the following areas:

Risk Management Area

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

Treasury Risk Area

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

Consumer and Micro-business Risk Area

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

(iv) Treasury Division

Treasury Division is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for the Group's management of funding and liquidity risks; as well as the investment and derivative portfolios, assuming the related liquidity, interest rate and exchange rate risks under the policies and limits currently effective.

(v) Internal Audit Division

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

(b) Risk measurement and reporting systems -
The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Group also runs worse case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

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

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

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

The risk profile is assessed before entering into hedge transactions, which are authorized by the appropriate level of seniority within the Group. The effectiveness of hedges is assessed by the Treasury Risk Area. The effectiveness of all the hedge relationships is monitored monthly. In situations of ineffectiveness, the Group will enter into a new hedge relationship to mitigate risk on a continuous basis.

The Group actively uses collateral to reduce its credit risks.

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

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

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 receivables from security borrowings, and investment activities that bring debt securities and other bills into the Group's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as contingent credits (indirect loans), which expose the Group to similar risks to loans (direct loans); they are both mitigated by the same control processes and policies. Likewise, credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the consolidated statements of financial position.

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

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

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below:

(i) Collateral

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

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

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

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

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

(ii) Derivatives

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

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

(iii) Credit-related commitments

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

In order to manage credit risk, as part of the Group's risk management structure, see Note 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.

Also, a Risk Assessment Committee has been established comprising three directors, the Chief Executive Officer, the Chief Financial Officer, the Deputy Chief Executive Officer, the Chief Risk Officer, the Risk Management Department Manager, Central Manager Retail Banking, Central Manager Wholesale Banking, the Credit Division Manager and the Internal Audit Division Manager as an observer. Each of the financial indicators prepared by the Risk Management Department are analyzed by this committee on a monthly basis to subsequently evaluate the policies, procedures and limits currently effective at the Group to ensure that an efficient and effective risk management is always in place.

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

(b) The maximum exposure to credit risk as of December 31, 2014 and 2013, 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).

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

- 98 percent of the gross loan portfolio is categorized in the top two grades of the internal rating system as of December 31, 2014 (99 percent as of December 31, 2013);

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

- 77 percent of the investments have at least investment credit rating (BBB- or higher) or are debt securities issued by BCRP (unrated) as of December 31, 2014 (80 percent as of December 31, 2013);

- 96 percent of securities received as collateral in reverse repurchase agreements and security borrowings have investment credit rating (BBB- or higher) or are debt securities issued by the Colombian and Chilean Governments as of December 31, 2014 (77 percent as of December 31, 2013); and

- 19 percent and 82 percent of the cash and due from banks represent amounts deposited in the Group's vaults or in the BCRP, respectively, as of December 31, 2013 (12 percent and 72 percent, respectively, as of December 31, 2013).

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

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

Potential problems (Class B): Debtors of commercial loans included in this category are those that at the time of the evaluation demonstrate certain deficiencies, which, if not corrected on a timely manner, imply risks with respect to the recovery of the loan. Certain common characteristics of loans or credits in the category include: delays in loan payments which are promptly covered, a general lack of information required to analyze the credit, out-of-date financial information, temporary economic or financial imbalances on the part of the debtor which could affect its ability to repay the loan, and market conditions that could affect the economic sector in which the debtor is active. Consumer and micro-business loans are categorized as Class B if payments are between 9 and 30 days late. Residential mortgage loans become Class B when payments are between 31 and 60 days late.

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

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

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

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

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

- Individually assessed allowance -
  The Group determines the appropriate allowance for each individually significant loan or advance on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve its performance once a financial difficulty has arisen, projected cash flows and the expected payout should bankruptcy happens, the availability of other financial support, including the realizable value of collateral, and the timing of the expected cash flows.

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

- Collectively assessed allowance -
  Allowance requirements are assessed collectively for losses on loans and advances that are not individually significant (including consumer, micro-business and residential mortgages) and for individually significant loans and advances where there is not yet objective evidence of individual impairment (included in categories A and B).

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

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

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

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

In the case of borrowers in countries where there is an increased risk of difficulties in servicing external debt, an assessment of the political and economic situation is made, and an additional country risk provision is recorded, if deemed necessary.

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

The following is a summary of the direct loans classified in three major groups:

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

	As of December 31, 2014						As of December 31, 2013					
	Commercial loans S/.(000)	Residential mortgage loans S/.(000)	Micro-business loans S/.(000)	Consumer loans S/.(000)	Total S/.(000)	%	Commercial loans S/.(000)	Residential mortgage loans S/.(000)	Micro-business loans S/.(000)	Consumer loans S/.(000)	Total S/.(000)	%
Neither past due nor impaired -												
Normal	40,540,117	11,335,191	9,654,666	10,387,559	71,917,533	95	34,642,957	9,759,137	6,656,150	7,249,548	58,307,792	95
Potential problem	1,086,153	71,163	323,716	88,763	1,569,795	2	672,586	54,776	260,139	70,417	1,057,918	2
Past due but not impaired -												
Normal	1,137,640	539,651	209,940	450,570	2,337,801	3	905,899	500,640	251,072	593,792	2,251,403	4
Potential problem	48,022	64,518	10,539	8,171	131,250	-	55,461	54,477	18,606	5,037	133,581	-
Impaired -												
Substandard	171,472	115,151	251,835	197,630	736,088	1	180,621	103,792	172,563	216,098	673,074	1
Doubtful	255,275	150,814	323,782	324,670	1,054,541	1	150,416	111,068	201,707	315,829	779,020	1
Loss	296,720	221,703	511,304	189,856	1,219,583	2	138,864	146,738	315,081	156,881	757,564	1
Gross	43,535,399	12,498,191	11,285,782	11,647,219	78,966,591	104	36,746,804	10,730,628	7,875,318	8,607,602	63,960,352	104
Less: Allowance for loan losses	623,559	140,217	1,094,300	1,128,778	2,986,854	4	326,244	144,571	865,352	927,481	2,263,648	4
Total, net	42,911,840	12,357,974	10,191,482	10,518,441	75,979,737	100	36,420,560	10,586,057	7,009,966	7,680,121	61,696,704	100

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

As of December 31, 2014 and 2013, renegotiated loans amounted to approximately S/.647.8 million and S/.371.8 million, respectively, of which S/.190.4 million and S/.109.3 million, respectively, are classified as neither past due nor impaired, S/.28.7 and S/.16.5 million past due but not impaired, and S/.428.7 and S/.246.0 million impaired but not past due, respectively.

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

	As of December 31, 2014					As of December 31, 2013				
	Commercial loans S/.(000)	Residential mortgage loans S/.(000)	Micro-business loans S/.(000)	Consumer loans S/.(000)	Total S/.(000)	Commercial loans S/.(000)	Residential mortgage loans S/.(000)	Micro-business loans S/.(000)	Consumer loans S/.(000)	Total S/.(000)
Impaired loans	723,467	487,668	1,086,921	712,156	3,010,212	469,901	361,598	689,351	688,808	2,209,658
Fair value of collateral	184,991	368,945	165,382	75,128	794,446	178,058	228,648	144,563	86,134	637,403
Allowance for loan losses	378,668	78,641	695,154	461,591	1,614,054	224,788	75,979	532,140	432,462	1,265,369

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

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

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

The Group evaluates the credit risk identified of each of the financial instruments in these categories, considering the risk rating granted to them by a risk rating agency. For investments traded in Peru, the risk ratings used are those provided by the three most prestigious Peruvian rating agencies (authorized by the Peruvian government regulator) and for investments traded abroad, the risk-ratings used are those provided by the three most prestigious international rating agencies. In the event any subsidiary uses a risk-rating prepared by any other risk rating agency, such risk-ratings will be standardized with those provided by the afore-mentioned institutions for consolidation purposes.

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

	As of December 31, 2014		As of December 31, 2013	
	S/.(000)	%	S/.(000)	%
Instruments rated in Peru:				
AAA	1,204,825	5.7	1,140,366	5.6
AA- to AA+	728,244	3.5	652,851	3.2
A- to A+	40,118	0.2	23,036	0.1
BBB-to BBB+	21,724	0.1	44,703	0.2
BB- to BB+	7,205	0.0	18,263	0.1
Lower than +B	73,725	0.4	1,957	0.1
Unrated				
BCRP certificates of deposit	4,607,896	22.0	6,297,180	30.9
Listed and non-listed securities	907,834	4.3	962,011	4.7
Restricted mutual funds	325,673	1.6	290,571	1.4
Mutual funds	313,370	1.5	105,794	0.5
Other instruments	15,401	0.1	50,246	0.2
Subtotal	8,246,015	39.4	9,586,978	47.0
Instruments rated abroad:				
AAA	260,091	1.2	171,783	0.8
AA- to AA+	265,633	1.3	398,531	2.0
A- to A+	4,819,062	23.0	1,197,428	5.9
BBB- to BBB+	4,224,718	20.2	6,371,809	31.3
BB- to BB+	702,629	3.3	588,730	2.9
Lower than B+	245,175	1.2	251,824	1.2
Unrated				
Listed and non-listed securities	809,966	3.9	736,273	3.6
Central Bank of Bolivia certificates of deposit	563,914	2.7	326,462	1.6
Participation in RAL's funds	542,921	2.6	351,547	1.7
Mutual funds	27,068	0.1	133,883	0.7
Hedge funds	140,270	0.7	91,522	0.4
Other instruments	94,167	0.4	181,064	0.9
Subtotal	12,695,614	60.6	10,800,856	53.0
Total	20,941,629	100.0	20,387,834	100.0

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

As of December 31, 2014 and 2013, financial instruments with exposure to credit risk were distributed considering the following economic sectors:

	2014						2013					
	Designated at fair value through profit for loss						Designated at fair value through profit for loss					
	Held for trading and hedging S/.(000)	At inception S/.(000)	Loans and receivables S/.(000)	Investments available-for-sale S/.(000)	Investments held-to-maturity S/.(000)	Total S/.(000)	Held for trading and hedging S/.(000)	At inception S/.(000)	Loans and receivables S/.(000)	Investments available-for-sale S/.(000)	Investments held-to-maturity S/.(000)	Total S/.(000)
Central Reserve Bank of Perú	1,556,221	-	14,033,756	3,064,609	-	18,654,586	972,819	-	15,634,263	5,324,360	-	21,931,442
Financial services	869,614	164,714	14,314,710	3,985,885	-	19,334,923	729,188	194,375	9,680,309	4,325,293	-	14,929,165
Manufacturing	20,233	7,759	13,204,935	590,303	-	13,823,230	4,363	22,768	10,418,910	699,692	-	11,145,733
Mortgage loans	-	-	11,485,390	-	-	11,485,390	-	-	9,518,342	-	-	9,518,342
Consumer loans	-	-	9,224,855	-	-	9,224,855	-	-	8,601,210	-	-	8,601,210
Micro-business loans	-	-	4,533,523	-	-	4,533,523	-	-	4,081,281	-	-	4,081,281
Commerce	83,966	5,731	12,430,077	390,484	-	12,910,258	37,422	7,994	9,115,115	270,187	-	9,430,718
Electricity, gas and water	131,116	47,318	3,820,245	2,082,256	-	6,080,935	38,090	28,406	2,943,630	1,941,234	-	4,951,360
Government and public administration	275,066	3,844	33,813	3,029,352	2,667,663	6,009,738	108,468	7,932	57,367	3,608,434	676,977	4,459,178
Leaseholds and real estate activities	6,911	6,480	5,000,779	98,555	-	5,112,725	1,364	-	3,536,709	59,995	-	3,598,068
Communications, storage and transportation	62,810	10,338	3,633,298	737,687	-	4,444,133	22,897	7,915	2,435,655	677,908	-	3,144,375
Mining	29,260	27,568	2,453,380	399,571	-	2,909,779	11,107	29,127	2,903,365	433,946	-	3,377,545
Community services	-	-	3,249,994	19,078	-	3,269,072	-	-	2,478,866	15,138	-	2,494,004
Construction	58,661	22,040	1,850,176	595,202	-	2,526,079	13,181	967	1,323,161	522,355	-	1,859,664
Agriculture	8,241	1,308	1,709,690	17,446	-	1,736,685	5,162	-	1,354,259	28,903	-	1,388,324
Education, health and other services	12,580	-	1,025,985	136,057	-	1,174,622	2,181	-	812,736	107,146	-	922,063
Insurance	4,707	-	1,335,890	343,236	-	1,683,833	50	-	676,723	6,275	-	683,048
Fishing	6,022	-	419,066	-	-	425,088	1,425	-	574,909	-	-	576,334
Other	246,493	-	2,247,525	258,275	-	2,752,293	14,162	352	972,755	189,945	-	1,177,214
Total	3,371,901	297,100	106,007,087	15,747,996	2,667,663	128,091,747	1,961,879	299,836	87,119,565	18,210,811	676,977	108,269,068

As of December 31, 2014 and 2013, the financial instruments with exposure to credit risk were distributed by the following geographical areas:

	2014					
	Designated at fair value through profit or loss					
	Held for trading and hedging S/.(000)	At inception S/.(000)	Loans and receivables S/.(000)	Investments available-for-sale S/.(000)	Investments held-to-maturity S/.(000)	Total 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
Netherlands	-	-	-	69,322	-	69,322
Other 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

	2013					
	Designated at fair value through profit or loss					
	Held for trading and hedging S/.(000)	At inception S/.(000)	Loans and receivables S/.(000)	Investments available-for-sale S/.(000)	Investments held-to-maturity S/.(000)	Total S/.(000)
Peru	1,356,221	134,820	77,498,516	11,634,461	391,733	91,015,751
United States of America	213,602	73,986	437,096	2,649,579	-	3,374,263
Colombia	126,485	-	954,842	575,792	135,102	1,792,221
Bolivia	414	-	3,729,438	774,170	-	4,504,022
Chile	52,633	-	81,757	1,087,641	-	1,222,031
Brazil	19,188	-	28,587	524,278	117,505	689,558
Europe:						
United Kingdom	150,821	-	1,322	123,246	-	275,389
Switzerland	31	-	271	22,287	-	22,589
France	4,402	25,493	-	49,505	-	79,400
Luxembourg	-	61,065	-	6,238	-	67,303
Spain	-	-	13,914	5,870	-	19,784
Other Europe	-	-	121,292	-	-	121,292
Mexico	22,078	4,472	18,003	179,364	32,637	256,554
Other	16,004	-	4,234,527	578,380	-	4,828,911
Total	1,961,879	299,836	87,119,565	18,210,811	676,977	108,269,068

(g) Offsetting financial assets and liabilities

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

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

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

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

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

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

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

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

offs

Description	Gross amounts of recognized financial assets S/.(000)	Gross amounts of recognized financial liabilities and offset in the consolidated statement of financial position S/.(000)	Net amounts of financial assets presented in the consolidated statement of financial position S/.(000)	Related amounts not offset in the consolidated statement of financial position: Financial instruments (including non-cash collateral) S/.(000)	Related amounts not offset in the consolidated statement of financial position: Cash collateral received S/.(000)	Net amount S/.(000)
As of December 31, 2014						
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
Investments available-for-sale and held-to-maturity 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

Description	Gross amounts of recognized financial assets S/.(000)	Gross amounts of recognized financial liabilities and offset in the consolidated statement of financial position S/.(000)	Net amounts of financial assets presented in the consolidated statement of financial position S/.(000)	Related amounts not offset in the consolidated statement of financial position: Financial instruments (including non-cash collateral) S/.(000)	Related amounts not offset in the consolidated statement of financial position: Cash collateral received S/.(000)	Net amount S/.(000)
As of December 31, 2013						
Derivatives	461,833	-	461,833	(229,355)	-	232,478
Cash collateral and reverse repurchase agreements and securities borrowings	1,207,515	-	1,207,515	(169,587)	-	1,037,928
Investments available-for-sale and held-to-maturity pledged as collateral	3,014,251	-	3,014,251	(2,832,758)	-	181,493
Total	4,683,599	-	4,683,599	(3,231,700)	-	1,451,899

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

	As of December 31, 2014					
				Related amounts not offset in the consolidated statement of financial position		
Description	Gross amounts of recognized financial liabilities S/.(000)	Gross amounts of recognized financial assets and offset in the statement of financial position S/.(000)	Net amounts of financial liabilities presented in the statement of financial position S/.(000)	Financial instruments (including non-cash collateral) S/.(000)	Cash collateral pledged 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

	As of December 31, 2013					
				Related amounts not offset in the consolidated statement of financial position		
Description	Gross amounts of recognized financial liabilities S/.(000)	Gross amounts of recognized financial assets and offset in the statement of financial position S/.(000)	Net amounts of financial liabilities presented in the statement of financial position S/.(000)	Financial instruments (including non-cash collateral) S/.(000)	Cash collateral pledged S/.(000)	Net amount S/.(000)
Derivatives	431,313	-	431,313	(229,355)	(42,523)	159,435
Payables from repurchase agreements and security lendings	3,520,317	-	3,520,317	(2,630,430)	(113,888)	775,999
Total	3,951,630	-	3,951,630	(2,859,785)	(156,411)	935,434

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 designated at fair value through profit or loss are measured at fair value.

The different between the carrying amount in statement of financial portion and the amounts presented in the tables above for derivatives (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 are managed using Asset and Liability Management (ALM).

(a) Trading Book –

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

(i) Value at Risk (VaR) -

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

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

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

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

The assessment of past movements has been based on historical one-year data and 127 market risk factors, which are composed as follows: 25 market curves, 95 stock prices, 5 mutual funds values and 2 volatility series. The Group applies these historical changes in rates directly to its current positions (a method known as historical simulation). The Management believes the market risk factors incorporated into its VaR model are adequate to measure the market risk to which the Group's trading book is exposed.

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

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

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

As of December 31, 2014 and 2013, the Group's VaR by type of asset is as follows:

	2014 S/.(000)	2013 S/.(000)
Equity investments	8,358	19,870
Debt Investments	7,970	16,499
Swaps	4,160	23,277
Forwards	22,941	6,236
Options	717	967
Diversification effect	(19,834)	(40,523)
Consolidated VaR by asset type	24,312	26,326

As of December 31, 2014 and 2013, the Group's VaR by risk type is as follows:

	2014 S/.(000)	2013 S/.(000)
Interest rate risk	24,590	30,057
Price risk	8,358	19,870
Volatility risk	92	64
Diversification effect	(8,728)	(23,665)
Consolidated VaR by risk type	24,312	26,326

(b) ALM Book –

Non-trading portfolios which comprise the ALM Book are exposed to different sensitivities that can bring about a deterioration in the value of the assets compared to its liabilities and hence to a reduction of its net worth.

(i) Interest rate risk -

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Cash flows interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flows risks. The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored by the Market Risk Management Department.

Re-pricing gap -

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

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

	As of December 31, 2014						
	Up to 1 month S/.(000)	1 to 3 months S/.(000)	3 to 12 months S/.(000)	1 to 5 years S/.(000)	More than 5 years S/.(000)	Non-interest bearing S/.(000)	Total 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
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	397,201	397,201
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
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	-	-

	As of December 31, 2013						
	Up to 1 month S/.(000)	1 to 3 months S/.(000)	3 to 12 months S/.(000)	1 to 5 years S/.(000)	More than 5 years S/.(000)	Non-interest bearing S/.(000)	Total S/.(000)
Assets							
Cash and due from banks	16,904,831	340,557	166,422	-	-	4,351,119	21,762,929
Cash collateral, reverse repurchase agreements and securities borrowings	1,080,536	13,092	-	-	-	113,887	1,207,515
Investments	2,113,540	2,210,585	3,798,696	3,096,463	5,258,452	3,910,098	20,387,834
Loans, net	7,437,621	15,987,028	12,972,621	16,189,283	9,511,726	-	62,098,279
Financial assets designated at fair value through profit or loss	-	-	31,416	7,057	25,429	235,934	299,836
Premiums and other policies receivables	-	-	-	-	-	576,050	576,050
Accounts receivable from reinsurers and coinsurers	-	-	-	-	-	578,722	578,722
Other assets	-	-	-	-	-	7,183,055	7,183,055
Total assets	27,536,528	18,551,262	16,969,155	19,292,803	14,795,607	16,948,865	114,094,220
Liabilities							
Deposits and obligations	15,634,084	4,411,997	23,971,513	5,585,304	414,519	18,389,160	68,406,577
Payables from repurchase agreements and security lendings	1,813,729	622,807	1,083,781	-	-	-	3,520,317
Due to banks and correspondents	411,089	1,595,104	2,553,101	1,829,780	756,296	27,637	7,173,007
Accounts payable to reinsurers and coinsurers	-	-	-	-	-	232,497	232,497
Technical, insurance claims reserves and reserves for unearned premiums	94,214	77,466	232,259	1,107,038	2,237,875	1,235,863	4,984,715
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	119,553	119,553
Bonds and notes issued	259,180	20,339	248,230	2,471,023	8,567,318	2,567,428	14,133,518
Other liabilities	-	-	-	-	-	3,180,933	3,180,933
Equity	-	-	-	-	-	12,343,103	12,343,103
Total liabilities and equity	18,212,296	6,727,713	28,088,884	10,993,145	11,976,008	38,096,174	114,094,220
Off-Balance sheet items							
Derivatives assets	612,301	2,303,835	929,245	17,930	292,619	-	4,155,930
Derivatives liabilities	13,947	626,807	639,982	1,164,159	1,711,035	-	4,155,930
	598,354	1,677,028	289,263	(1,146,229)	(1,418,416)	-	-
Marginal gap	9,922,586	13,500,577	(10,830,466)	7,153,429	1,401,183	(21,147,309)	-
Accumulated gap	9,922,586	23,423,163	12,592,697	19,746,126	21,147,309	-	-

Sensitivity to changes in interest rates –

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

The sensitivity of the consolidated statements of income is the effect of the assumed changes in interest rates on the net interest income before income tax and non-controlling interest for one year, based on the floating rate of non-trading financial assets and financial liabilities held at December 31, 2014 and 2013, including the effect of derivatives instruments. The sensitivity of the consolidated statement of comprehensive income is calculated by revaluing interest rate from fixed income available-for-sale and held to maturity financial assets, before income tax and non-controlling interest, including the effect of any associated hedges, and derivatives instruments designated as cash flow hedges, as of December 31, 2014 and 2013 for the effects of the assumed changes in interest rates:

	As of December 31, 2014					
Currency		**Changes in basis points**		**Sensitivity of net income** S/.(000)		**Sensitivity of comprehensive income** S/.(000)
Nuevos Soles	+/-	50	+/-	**26,524**	-/+	135,351
Nuevos Soles	+/-	75	+/-	**39,786**	-/+	203,026
Nuevos Soles	+/-	100	+/-	**53,048**	-/+	272,792
Nuevos Soles	+/-	150	+/-	**79,573**	-/+	409,188
U.S. Dollar	+/-	50	-/+	40,268	-/+	112,926
U.S. Dollar	+/-	75	-/+	60,402	-/+	169,390
U.S. Dollar	+/-	100	-/+	80,536	-/+	225,853
U.S. Dollar	+/-	150	-/+	120,804	-/+	338,779

	As of December 31, 2013					
Currency		**Changes in basis points**		**Sensitivity of net income** S/.(000)		**Sensitivity of comprehensive income** S/.(000)
Nuevos Soles	+/-	50	+/-	640	-/+	134,195
Nuevos Soles	+/-	75	+/-	959	-/+	201,293
Nuevos Soles	+/-	100	+/-	1,277	-/+	268,391
Nuevos Soles	+/-	150	+/-	1,917	-/+	402,586
U.S. Dollar	+/-	50	-/+	50,489	-/+	192,682
U.S. Dollar	+/-	75	-/+	75,733	-/+	289,023
U.S. Dollar	+/-	100	-/+	100,978	-/+	385,364
U.S. Dollar	+/-	150	-/+	151,467	-/+	578,046

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, 2014 and 2013 is presented below:

Market price sensitivity	**Changes in market prices** %	**2014** S/.(000)	**2013** S/.(000)
Equity securities	+/-10	157,709	164,380
Equity securities	+/-25	394,272	410,949
Equity securities	+/-30	473,126	493,139
Mutual funds	+/-10	16,367	21,645
Mutual funds	+/-25	40,916	54,113
Mutual funds	+/-30	49,100	64,936
Hedge funds	+/-10	14,027	9,152
Hedge funds	+/-25	35,068	22,881
Hedge funds	+/-30	42,081	27,457

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, 2014 and 2013, the Group's assets and liabilities by currencies were as follows:

	2014				2013			
	Nuevos Soles S/.(000)	U.S. Dollars S/.(000)	Other currencies S/.(000)	Total S/.(000)	Nuevos Soles S/.(000)	U.S. Dollars S/.(000)	Other currencies S/.(000)	Total S/.(000)
Monetary assets -								
Cash and due from banks	3,858,953	17,062,695	767,818	21,689,466	5,371,112	15,749,308	642,509	21,762,929
Cash collateral, reverse repurchase agreements and securities borrowings	-	3,786,094	1,757,309	5,543,403	-	-	1,093,628	1,093,628
Trading securities	2,057,616	266,874	201,480	2,525,970	1,093,292	244,646	162,108	1,500,046
Available-for-sale investments (*)	5,360,864	6,664,918	1,007,466	13,033,248	7,938,949	7,047,783	627,726	15,614,458
Held-to-maturity investments	2,146,065	521,598	-	2,667,663	273,563	403,414	-	676,977
Loans, net	39,785,150	33,326,754	3,410,602	76,522,506	29,008,338	30,605,926	2,484,015	62,098,279
Financial assets designated at fair value through profit or loss	94,043	203,057	-	297,100	80,641	219,195	-	299,836
Other assets	1,104,492	1,106,148	887,003	3,097,643	360,398	671,750	1,594,413	2,626,561
	54,407,183	62,938,138	8,031,678	125,376,999	44,126,293	54,942,022	6,604,399	105,672,714
Monetary liabilities -								
Deposits and obligations	(35,484,242)	(37,022,996)	(4,539,731)	(77,046,969)	(31,854,618)	(33,373,002)	(3,178,957)	(68,406,577)
Payables from repurchase agreements and security lendings	(4,625,291)	(2,372,688)	(1,310,491)	(8,308,470)	(1,251,383)	(1,492,932)	(776,001)	(3,520,316)
Due to bank and correspondents	(2,441,640)	(6,500,575)	(275,125)	(9,217,340)	(2,625,525)	(4,075,666)	(471,816)	(7,173,007)
Financial liabilities designated at fair value through profit or loss	-	-	(397,201)	(397,201)	-	-	(119,553)	(119,553)
Insurance claims reserves and technical reserves	(2,137,497)	(3,259,562)	-	(5,397,059)	(1,877,175)	(3,107,540)		(4,984,715)
Bonds and notes issued	(2,220,670)	(12,850,747)	(33,176)	(15,104,593)	(2,067,643)	(12,037,062)	(28,813)	(14,133,518)
Other liabilities	(1,748,432)	(1,047,848)	(734,620)	(3,530,900)	(1,660,820)	(852,998)	(340,727)	(2,854,545)
	(48,657,772)	(63,054,416)	(7,290,344)	(119,002,532)	(41,337,164)	(54,939,200)	(4,915,867)	(101,192,231)
	5,749,411	(116,278)	741,334	6,374,467	2,789,129	2,822	1,688,532	4,480,483
Forwards position, net	3,209,468	(3,155,171)	(54,297)	-	(1,681,153)	1,637,124	44,029	-
Currency swaps position, net	(1,988,707)	2,534,394	(545,687)	-	(119,609)	(72,030)	191,639	-
Cross currency swaps position, net	(422,487)	447,901	(25,414)	-	596,727	(596,727)	-	-
Options, net	(93,536)	93,536	-	-	306,771	(306,771)	-	-
Net monetary position	6,454,149	(195,618)	115,936	6,374,467	1,891,865	664,418	1,924,200	4,480,483

(*) As of December 31, 2014 and 2013, the equity investment as available-for-sale amounted to S/.2,663.9 and S/.2,596.3 million, respectively.

The Group manages foreign exchange risk by monitoring and controlling the position values due to changes in exchange rates. The Group measures its performance in Nuevos 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 Nuevo 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, 2014, the Group's net foreign exchange balance is the sum of its positive open non-Nuevo Soles positions (net long position) less the sum of its negative open non-Nuevo Soles positions (net short position); as of December 31, 2013, 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, 2014 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 Nuevos 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** %	**2014** S/.(000)
Devaluation -		
U.S. Dollar	5	9,315
U.S. Dollar	10	17,783
Revaluation -		
U.S. Dollar	5	(10,296)
U.S. Dollar	10	(21,735)

Due to the change in functional currency in 2014, see Note 3(c)(i), in 2013 the sensitivity analysis is calculated over the Nuevos Soles, the currency to which the Group had significant exposure as of December 31, 2013 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 U.S. Dollar (functional currency in 2013), 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. The table below shows the sensibility analysis of the Nuevos Soles as of December 31, 2013:

Sensitivity Analysis	Change in currency rates %	2013 S/.(000)
Devaluation -		
Nuevos soles	5	(90,089)
Nuevos soles	10	(171,988)
Revaluation -		
Nuevos soles	5	99,572
Nuevos soles	10	210,207

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.

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, 2014						As of December 31, 2013					
	Up to a month S/.(000)	From 1 to 3 months S/.(000)	From 3 to 12 months S/.(000)	From 1 to 5 years S/.(000)	Over 5 years S/.(000)	Total S/.(000)	Up to a month S/.(000)	From 1 to 3 months S/.(000)	From 3 to 12 months S/.(000)	From 1 to 5 years S/.(000)	Over 5 years S/.(000)	Total S/.(000)
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	21,256,433	5,052,214	35,654,513	5,861,632	988,038	68,812,830
Payables from repurchase agreements and security lendings	971,365	230,099	3,622,265	1,542,577	1,967,900	8,334,206	1,829,998	61,191	505,610	843,970	349,375	3,590,144
Due to banks and correspondents	583,598	1,719,443	3,361,913	3,924,247	1,081,657	10,670,858	1,190,704	1,288,095	3,346,252	4,098,915	908,375	10,832,341
Accounts payable to reinsurer and coinsurers	48,981	125,155	32,774	14,000	-	220,910	65,031	113,105	32,475	21,155	730	232,496
Financial liabilities designated at fair value through profit or loss	397,201	-	-	-	-	397,201	119,553	-	-	-	-	119,553
Technical, insurance claims reserves and reserves for unearned premiums	153,171	816,700	459,026	1,280,688	2,603,915	5,313,500	372,059	511,278	629,733	1,159,668	2,311,977	4,984,715
Bonds and notes issued	74,051	159,325	663,854	6,031,830	10,019,202	16,948,262	298,623	163,052	767,848	4,780,417	9,886,986	15,896,926
Other liabilities	955,128	95,752	229,712	9,340	2,115,203	3,405,135	656,319	88,543	168,323	328,471	1,092,941	2,334,597
Total liabilities	26,605,840	10,563,254	21,248,551	40,749,939	23,781,451	122,949,035	25,788,720	7,277,478	41,104,754	17,094,228	15,538,422	106,803,602
Derivatives financial liabilities (*) -												
Contractual amounts receivable (Inflow)	26,623	55,027	389,599	829,865	129,207	1,430,321	32,894	516,359	458,886	856,145	25,904	1,890,188
Contractual amounts payable (outflow)	30,308	61,336	413,609	845,919	127,287	1,478,459	36,942	526,972	495,025	901,049	28,464	1,988,452
Total liabilities	3,685	6,309	24,010	16,054	(1,920)	48,138	4,048	10,613	36,139	44,904	2,560	98,264

(*) Included derivatives contracts designated as hedge accounting.

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

	As of December 31, 2014						As of December 31, 2013					
	Up to a month S/.(000)	From 1 to 3 months S/.(000)	From 3 to 12 months S/.(000)	From 1 to 5 years S/.(000)	Over 5 years S/.(000)	Total S/.(000)	Up to a month S/.(000)	From 1 to 3 months S/.(000)	From 1 to 12 months S/.(000)	From 1 to 5 years S/.(000)	Over 5 years S/.(000)	Total S/.(000)
Contingent credits (indirect loans)	1,867,511	4,445,494	7,792,449	3,123,524	90,480	17,319,458	1,231,340	3,856,236	5,890,569	1,651,057	654,131	13,283,333

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

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 made a sensitivity analysis of the estimates of the technical reserves, Note 16(c).

Non-life insurance contracts (general insurance and healthcare)

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

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

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

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

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

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

(a) Sensitivity to changes in interest rates -

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

	As of December 31, 2014					
Currency	Changes in basis points		Sensitivity of net income S/.(000)		Sensitivity of comprehensive income S/.(000)	
Nuevos Soles	+/-	50	-/+	63	-/+	72,503
Nuevos Soles	+/-	75	-/+	94	-/+	108,755
Nuevos Soles	+/-	100	-/+	125	-/+	145,006
Nuevos Soles	+/-	150	-/+	188	-/+	217,509
U.S. Dollar	+/-	50	+/-	200	-/+	91,896
U.S. Dollar	+/-	75	+/-	300	-/+	137,844
U.S. Dollar	+/-	100	+/-	401	-/+	183,792
U.S. Dollar	+/-	150	+/-	601	-/+	275,687

	As of December 31, 2013					
Currency	Changes in basis points		Sensitivity of net income S/.(000)		Sensitivity of comprehensive income S/.(000)	
Nuevos Soles	+/-	50	-/+	173	-/+	24,814
Nuevos Soles	+/-	75	-/+	260	-/+	37,221
Nuevos Soles	+/-	100	-/+	347	-/+	49,628
Nuevos Soles	+/-	150	-/+	520	-/+	74,442
U.S. Dollar	+/-	50	+/-	665	-/+	67,225
U.S. Dollar	+/-	75	+/-	998	-/+	100,838
U.S. Dollar	+/-	100	+/-	1,328	-/+	134,453
U.S. Dollar	+/-	150	+/-	1,993	-/+	201,679

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

(b) Liquidity risk of the insurance activity -

The Group's insurance companies are exposed to requirements of cash available, mainly for contracts of insurance claims of short term. The Group holds the available funds for covering its liabilities according to their maturity and estimated unexpected claims.

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

The undiscounted cash flows payable by the Group for insurance claims reserves and technical reserves by their remaining contractual maturities, including future interest payments, is presented in Note 34.3.

Other non-derivative financial liabilities are related to the balances presented in the consolidated statements of financial position and include mainly accounts payable to reinsurers and coinsurers and other liabilities with contractual maturities of less than one year, see also Note 34.3.

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

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

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

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

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

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

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

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

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

Considering the Banking Law and Legislative Decree N° 1028, the regulatory capital must be equal to or more than 10 percent of total risk weighted assets and contingent operations, represented by the sum of: the regulatory capital requirement for market risk multiplied by 10, the regulatory capital requirement for operational risk multiplied by 10 and the weighted assets and contingent credits by credit risk. This calculation must include all balance sheet exposures or assets in local or foreign currency. As of December 31, 2014 and 2013, the minimum requirement is 10.0 percent.

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

According to the SBS regulations, the Junior Subordinated Notes issued by BCP are computable to determinate the Group's regulatory capital, see Note 17(a)(vii).

As of December 31, 2014 and 2013, the regulatory capital for the subsidiaries engaged in financial and insurance activities amounted to approximately S/.16,377.8 and S/.13,495.4 million, respectively. This regulatory capital has been determined in accordance with SBS regulations in force as of such dates. According to the SBS regulations, the Group's regulatory capital exceeds in approximately S/.2,217.5 million the minimum regulatory capital required as of December 31, 2014 (approximately S/.2,122.5 million as of December 31, 2013).

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

Considering the excess of regulatory capital held by the Group as of December 31. 2014 and 2013 in the Management's opinion, the Group has complied with the requirements set forth in such resolution.

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:

		December 31, 2014				December 31, 2013			
	Note	Level 1 S/.(000)	Level 2 S/.(000)	Level 3 S/.(000)	Total S/.(000)	Level 1 S/.(000)	Level 2 S/.(000)	Level 3 S/.(000)	Total S/.(000)
Financial assets									
Derivative financial instruments:									
Forward exchange contracts		-	192,032	-	192,032	-	175,934	-	175,934
Interest rate swaps		-	319,083	-	319,083	-	116,556	-	116,556
Cross currency swaps		-	34,309	-	34,309	-	66,848	-	66,848
Currency swaps		-	285,187	-	285,187	-	95,192	-	95,192
Options		-	15,320	-	15,320	-	7,303	-	7,303
	12(b)	-	845,931	-	845,931	-	461,833	-	461,833
Trading securities		634,248	1,891,722	-	2,525,970	433,932	1,066,114	-	1,500,046
Financial assets designated at fair value through profit or loss	8(a)	234,239	62,861	-	297,100	197,475	102,361	-	299,836
Investments available-for-sale:									
Debt securities									
BCRP Certificates of deposit		-	3,064,609	-	3,064,609		5,324,360	-	5,324,360
Corporate, leasing and subordinated bonds		3,909,027	2,827,805	16,523	6,753,355	3,366,463	2,597,321	15,468	5,979,252
Government's treasury bonds		1,452,198	1,057,569	-	2,509,767	1,925,302	851,634	-	2,776,936
Mutual funds		15,485	444,093	29,784	489,362	39376	103256	47199	189,831
Other instruments		113,995	1,099,548	140,271	1,353,814	131,287	2,069,921	95,432	2,296,640
Equity securities		1,285,270	244,430	47,389	1,577,089	1,602,773	5,643	35,376	1,643,792
	6(a)	6,775,975	8,738,054	233,967	15,747,996	7,065,201	10,952,135	193,475	18,210,811
Total financial assets		7,644,462	10,692,637	233,967	18,571,066	7,696,608	12,120,610	193,475	20,010,693
Financial liabilities									
Derivative financial instruments:									
Forward exchange contracts		-	289,570	-	289,570	-	126,720	-	126,720
Interest rate swaps		-	100,703	-	100,703	-	136,005	-	136,005
Currency swaps		-	-	-	-	-	5,716	-	5,716
Cross currency swaps		-	272,848	-	272,848	-	138,551	-	138,551
Options		-	19,280	-	19,280	-	24,322	-	24,322
	12(b)	-	682,401	-	682,401	-	431,314	-	431,314
Bonds and notes issued at fair value		-	7,349,760	-	7,349,760	-	-	-	-
Financial liabilities at fair value through profit or loss		391,434	5,767	-	397,201	26,136	93,417	-	119,553
Put option over non-controlling interest	2(c)	-	-	416,235	416,235	-	-	340,727	340,727
Total financial liabilities		391,434	8,037,928	416,235	8,845,597	26,136	524,731	340,727	891,594

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

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

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

- Valuation of derivatives financial instruments

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

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

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

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

As of December 31, 2014, derivatives 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 million, respectively. Also, the net impact of both concepts in the consolidated statements of income amounted to S/.21.1 million. As of December 31, 2013, derivatives receivables and payables amounted to S/.461.7 million and S/.431.3 million, respectively, see Note 12(b), generating CVA and DVA adjustments for approximately S/. 9.5 million and S/.3.4 million, respectively. Also, the net impact of both concepts in the consolidated statements of income amounted to S/.9.5 million.

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

Financial instruments included in the Level 3 category are those that are measured using valuation techniques based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

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

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

As of December 31, 2014 and 2013, the net unrealized gain of Level 3 financial instruments amounts to S/.18.7 million and S/.23.4 million, respectively. During 2014 and 2013, the changes in the value of level 3 financial instruments have not been significant; also, there were not significant purchases, issues, settlements, results or other movements; neither transfers from Level 3 to Level 1 and Level 2 or vice versa. Also, there have been no transfers 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:

	December 31, 2014					December 31, 2013				
December 31, 2014	Level 1 S/.(000)	Level 2 S/.(000)	Level 3 S/.(000)	Fair Value S/.(000)	Book value S/.(000)	Level 1 S/.(000)	Level 2 S/.(000)	Level 3 S/.(000)	Fair value S/.(000)	Book value S/.(000)
Assets										
Cash and due from banks	-	21,689,466	-	21,689,466	21,689,466	-	21,762,929	-	21,762,929	21,762,929
Cash collateral, reverse repurchase agreements and securities borrowings	-	5,543,403	-	5,543,403	5,543,403	-	1,207,515	-	1,207,515	1,207,515
Investments held-to-maturity	2,662,164	-	-	2,662,164	2,667,663	640,912	-	-	640,912	676,977
Loans, net	-	76,537,019	-	76,537,019	76,522,506	-	62,114,657	-	62,114,657	62,098,279
Premiums and other policies receivable	-	578,296	-	578,296	578,296	-	576,050		576,050	576,050
Accounts receivable from reinsurers and coinsurers	-	468,137	-	468,137	468,137	-	578,722	-	578,722	578,722
Due from customers on acceptances	-	167,654	-	167,654	167,654	-	189,188	-	189,188	189,188
Other assets	-	1,037,625	-	1,037,625	1,037,625	-	706,882	-	706,882	706,882
Total	2,662,164	106,021,600	-	108,683,764	108,674,750	640,912	87,135,943	-	87,776,855	87,796,542
Liabilities										
Deposits and obligations	-	77,046,969	-	77,046,969	77,046,969	-	68,406,577	-	68,406,577	68,406,577
Payables from repurchase agreements and security lendings	-	8,308,470	-	8,308,470	8,308,470	-	3,520,316	-	3,520,316	3,520,316
Due to banks and correspondents	-	12,663,019	-	12,663,019	9,217,340	-	10,128,647	-	10,128,647	7,173,007
Bankers' acceptances outstanding	-	167,654	-	167,654	167,654	-	189,188	-	189,188	189,188
Accounts payable to reinsurers and coinsurers	-	220,910	-	220,910	220,910	-	232,496	-	232,496	232,496
Bonds and notes issued	-	7,772,669	-	7,772,669	7,754,833	-	14,494,540	-	14,494,540	14,135,489
Other liabilities	-	2,043,700	-	2,043,700	2,043,700	-	1,660,819	-	1,660,819	2,001,547
Total	-	108,223,391	-	108,223,391	104,759,876	-	98,632,583	-	98,632,583	95,658,620

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

(i) Long-term fixed-rate and variable-rate loans are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these loans. As of December 31, 2014 and 2013, 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, 2014 and 2013, the assigned value of the financial assets under administration (in millions of Nuevos Soles) is as follows:

	2014	2013
Pension funds	36,416	32,376
Investments funds	7,488	15,537
Equity managed	17,388	13,413
Total	61,292	61,326

35. Commitments and contingencies

Legal claim contingencies –

(i) Madoff Trustee Litigation -

On September 22, 2011, the Trustee for the liquidations of Bermard L. Madoff Investment Securities LLC (BLMIS), and the substantively consolidated state of Bermard L. Madoff ("the Madoff Trustee") filed a complaint against Credicorp's subsidiary Atlantic Security Bank (ASB) in U.S. Bankruptcy Court Southern District of New York, for an amount of approximately US$120.0 million ("the Complaint"), equivalent to approximately S/.358.3 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 monies from BLMIS to Fairfield; that on June 7 and 10, 2011, the Bankruptcy Court approved a settlement among the Madoff Trustee, Fairfield and others; and that the Madoff Trustee is entitled to recover the sums sought from ASB as "subsequent transfers" of "avoided transfers" from BLMIS to Fairfield that Fairfield subsequently transferred to ASB. The Madoff Trustee has filed similar actions against other alleged "subsequent transferees" that invested in Fairfield and its sister entities which, in turn, invested and redeemed funds from BLMIS.

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/.232.9 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 (equivalent to approximately S/.343.4 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, 2014, 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.