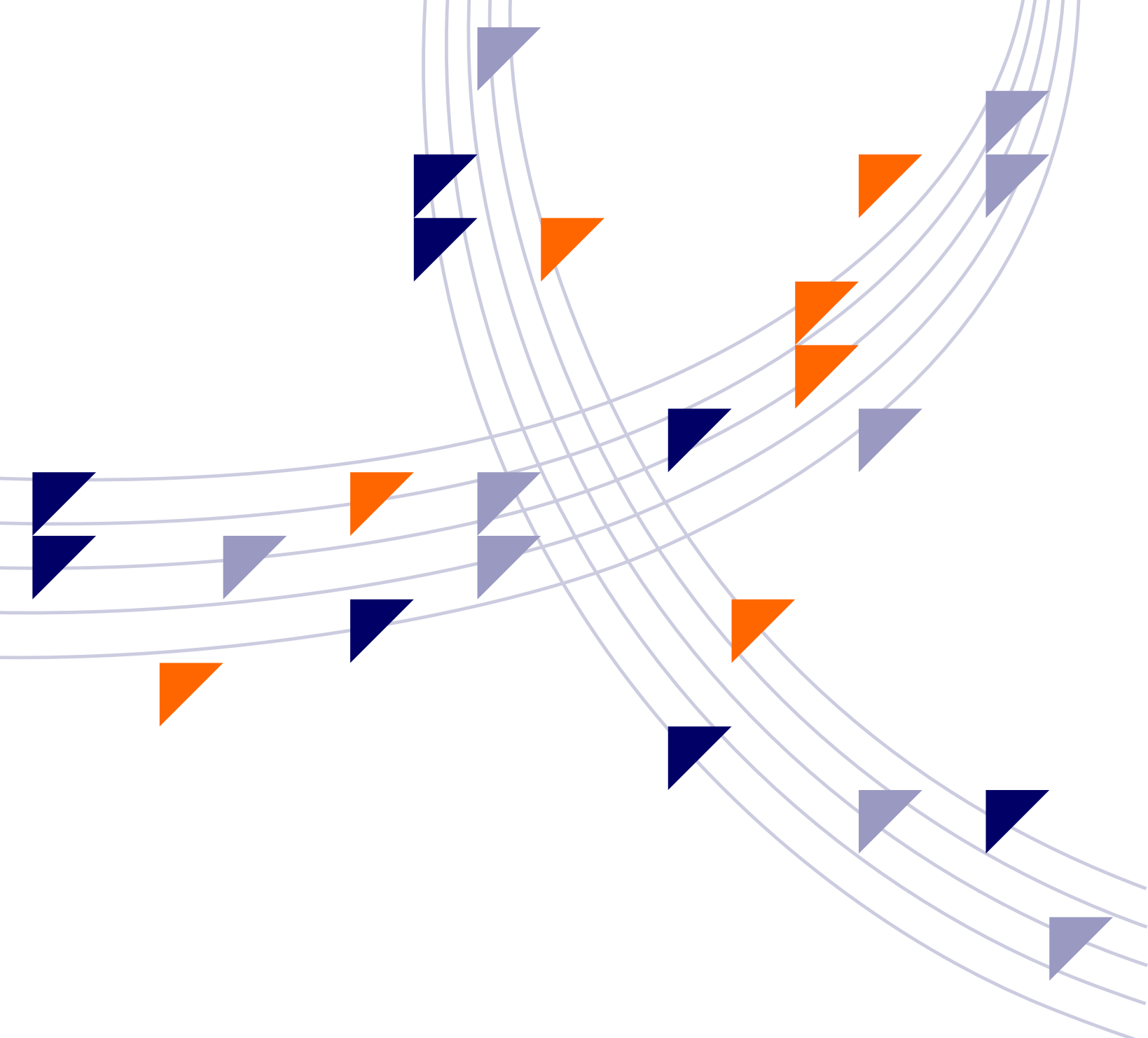


At the pace of change





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At the pace of change

Our simple banking model allowed us to cope with the challenge we faced in 2008. BCP evolved at the pace of change, stayed close to its basic principles and accomplished unprecedented historical results.

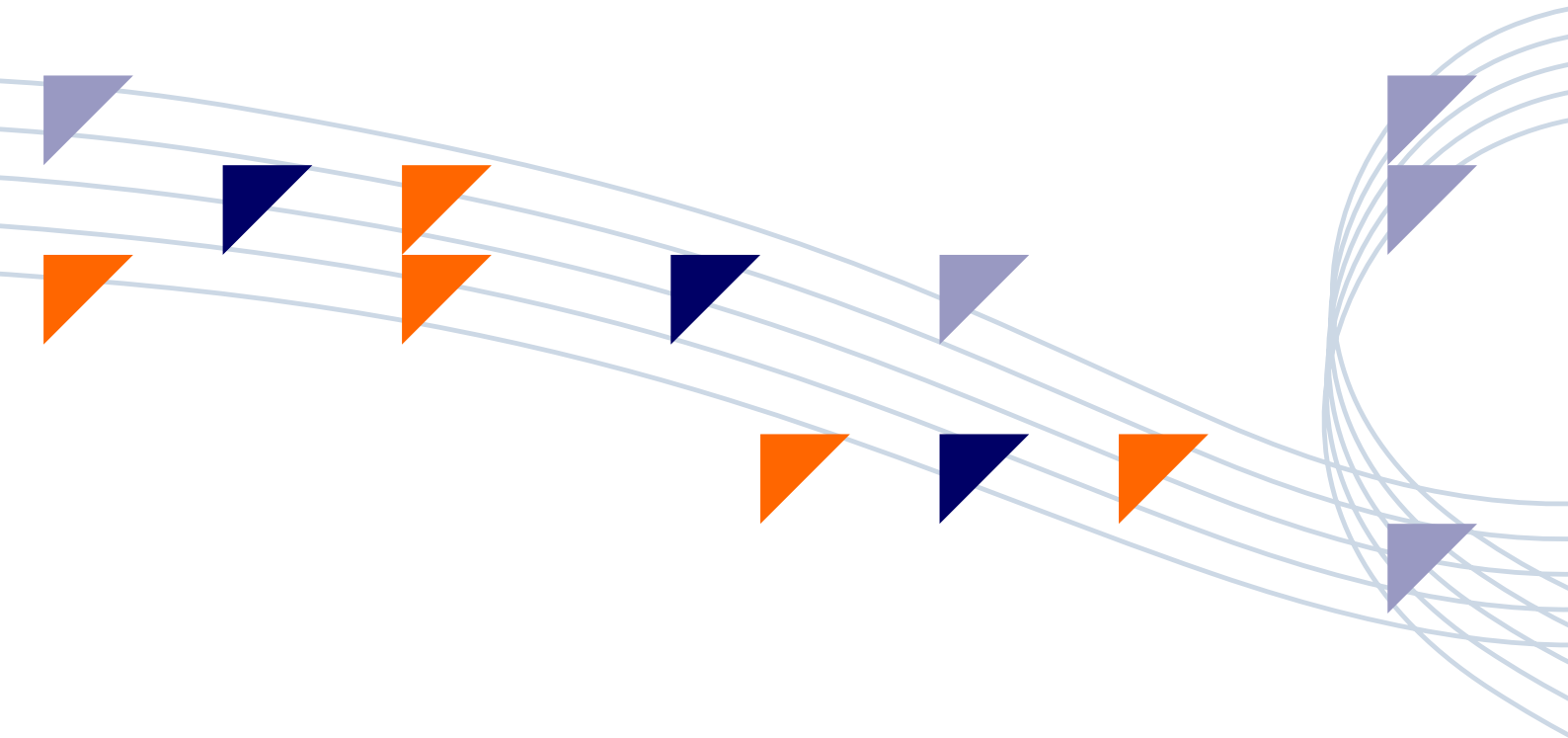


Mission

Serving the client.

Vision

**Being a simple,
transactional and
profitable bank,
and having a
highly skilled and
motivated staff.**



Our principles

Dedication

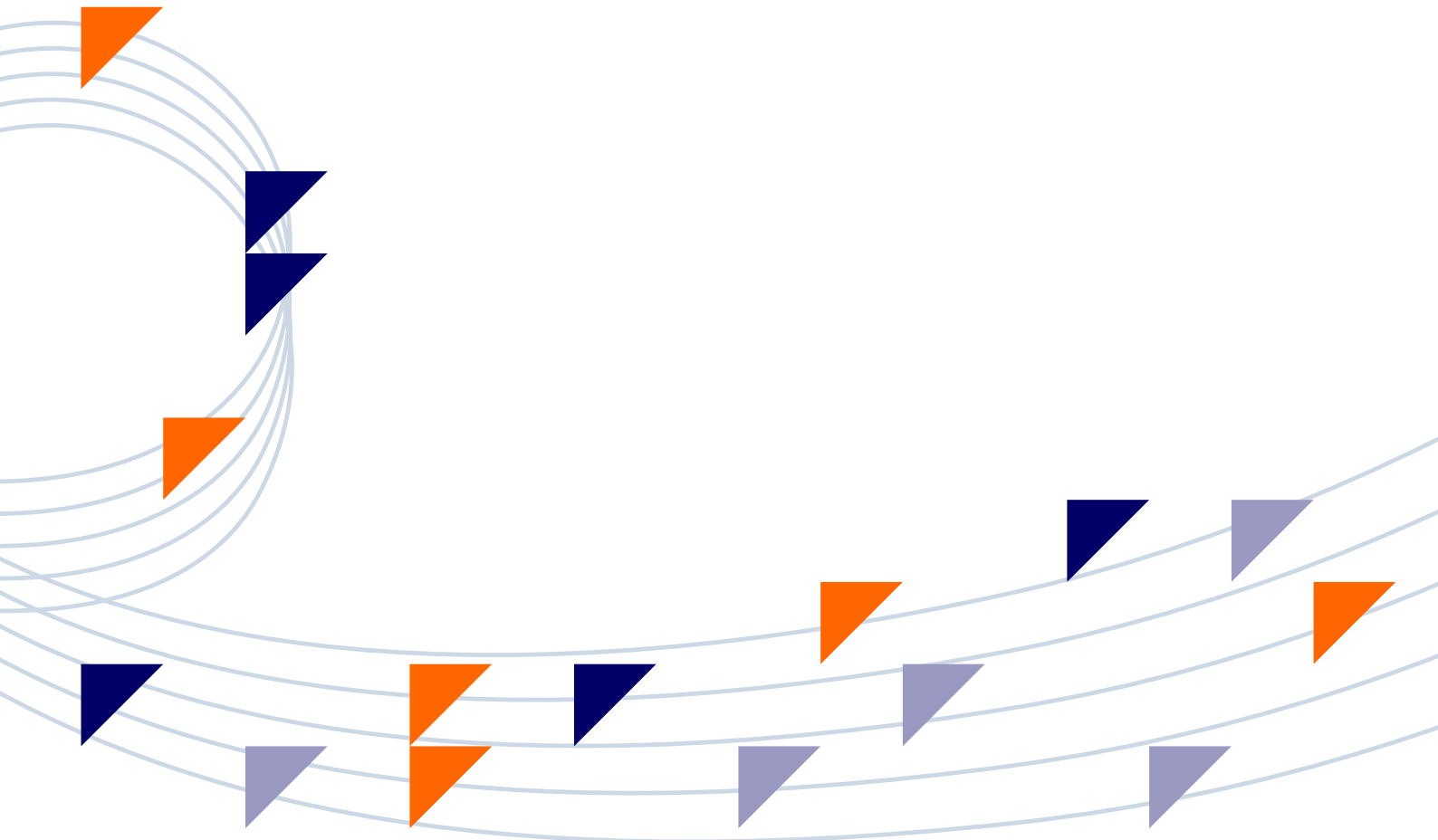
We focus on improving our products, services and processes to make our clients' banking activities easier.

Access

All our clients can rely on us, any time, any place.

Flexibility

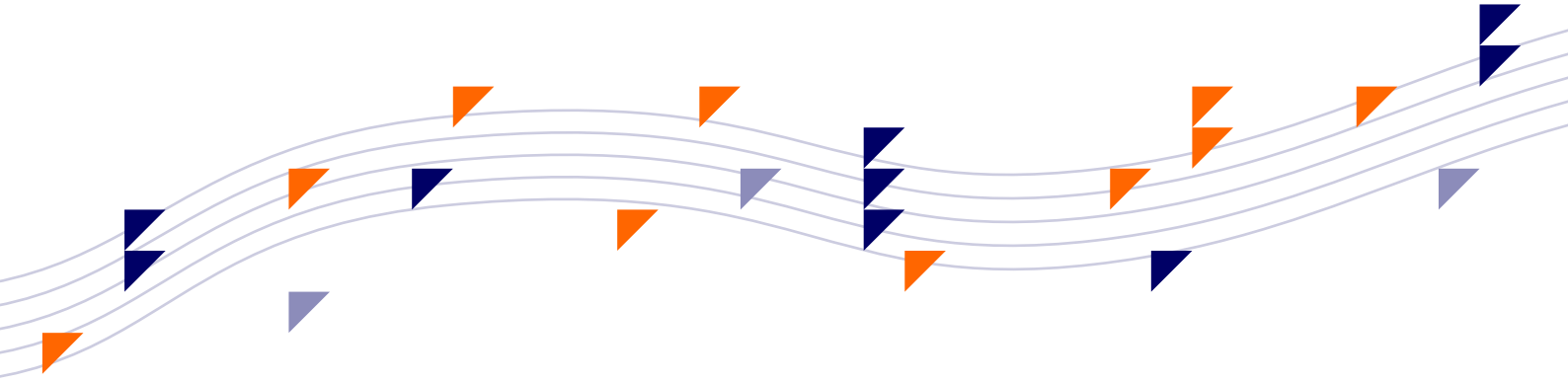
We offer useful and appropriate solutions to the needs of our clients through our staff's specialized consulting services.







Letter from the Chairman 1



Dear shareholders,

Once again, on behalf of Banco de Crédito BCP's Board of Directors, which I have the honor to chair, I submit the company's 2008 annual report for your consideration.

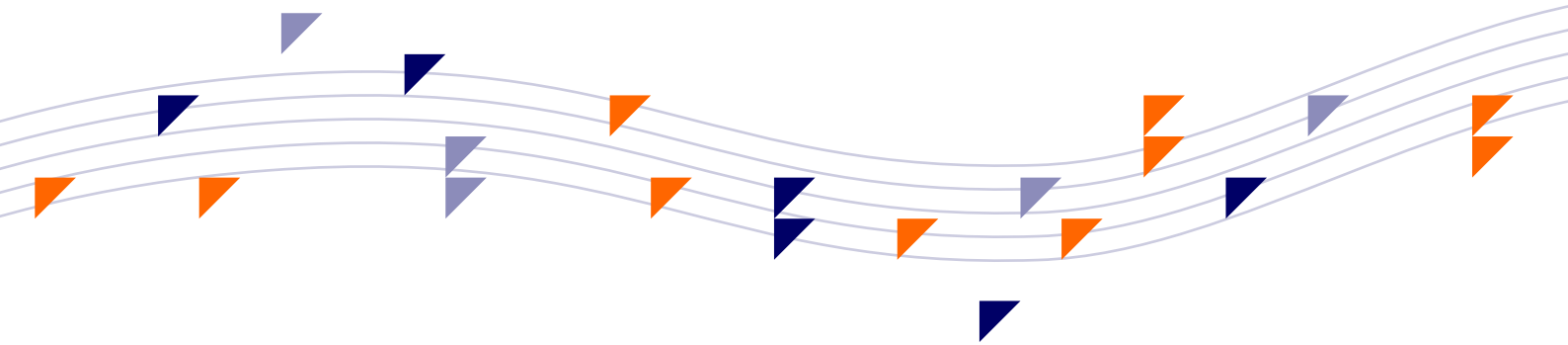
Results

In the first place, I would like to refer to the international financial crisis which was evident since 2007 but reached its massive dimension only in 2008's second half. It was certainly not expected to be as severe and significant as it has been. This event has in part conditioned the performance of our company, as I will comment below.

Once again, 2008 proved to be an exceptional year at BCP. Net consolidated income reached US\$ 423.5 million, measured following international accounting principles. This represents a 28% increase over last year's results and a return on average equity of 32.8%, the highest return in BCP's history that we remember.

Earnings in nuevos soles, pursuant to local accounting principles, were likewise highly satisfactory, having reached S/. 1,334.5 million, 51% higher than 2007's.

Practically all revenue items contributed to BCP's improved results. Net Financial income increased 30%, commissions from bank services grew 20%, and among the other non financial revenues, commissions from foreign exchange transactions increased a remarkable 83% year over year.

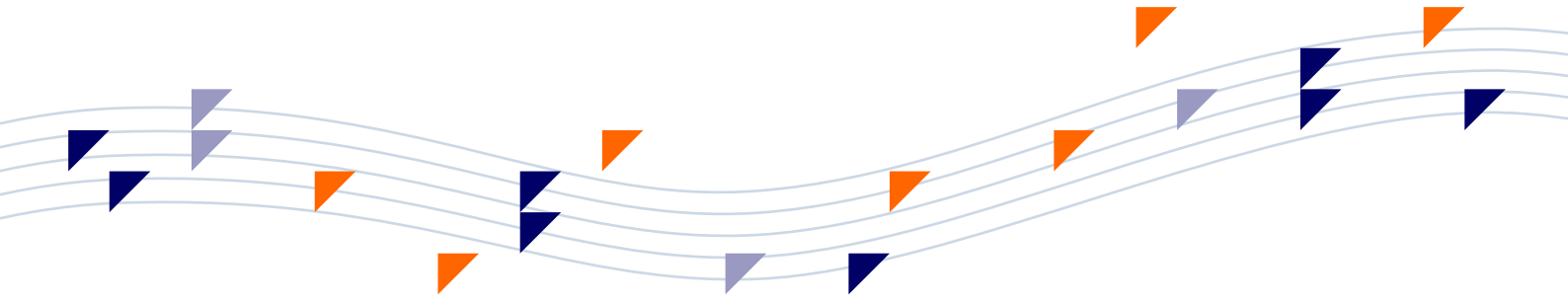


Higher net financial income is principally accounted for by more loans, which measured in average daily balances grew 36% compared to 2007. In this respect, it is worthwhile underscoring that despite accelerated growth of loans in recent years, which practically tripled between 2004 and 2008, this portfolio's quality has also improved annually. Past due loans at year-end 2008 reached 0.8% of the total portfolio, while provisions reached 2.7 times the non-performing portfolio.

Loans increased in all market segments. However, Retail Banking, loans to individuals and small companies, performed remarkably well. This business unit expanded its portfolio in 43%, measured in average daily balances and has made the largest contribution to the bank's growth in earnings, deposits and loans.

Such positive evolution of both results and operations was influenced by Peru's dynamic economy. Gross Domestic Product continued to grow strongly, and expanded 9.8% in 2008.

Operating expenses also experienced significant growth last year, and were 12% higher than in 2007. Such behavior is accounted for by the accelerated growth of our physical and technological infrastructure in the last two years. In 2007 and 2008, we opened 97 offices, installed 251 additional automated tellers and started operations through 1,491 newly established BCP Agents, our novel banking channel. In addition, we invested US\$ 61 million to improve the technological support for our operations. Finally, in these two years we have hired 5,200 new employees, principally to meet the needs of our new offices. We are persuaded with these investments we are laying down the foundations for sustained growth, as Peruvian economy develops.



Banco de Crédito BCP Bolivia

Last year was also a year of exceptional results for our subsidiary in Bolivia. Its net earnings reached US\$ 44.5 million, 65% higher than in 2007, thus accomplishing an average return over equity of 39.9%. In recent years, this subsidiary has become a significant source of earnings for our corporation.

Exceptional growth of profits is accounted for by larger financial income, significant increases in non-financial revenues, in particular fees charged for the services we provide and improved credit risk which did not require significant provisioning.

Improvements in financial markets are principally due to the growth of retail loans and treasury investments, rather than to an overall growth of credits, which remained almost unaltered.

Dividends and capitalization

At its February 27th meeting, the Board of Directors agreed to distribute a cash dividend of S/. 0.407 per share, which represents 46% of profits earned. Thus, this year, the company's non-distributed earnings will reach a 54%.

In addition, BCP also increased its operating capital through retained earnings worth S/. 512.3 million, in order to support the strong asset growth during this year.

Outlook

Uncertainty is the buzz word in the current international economic scene. The present world crisis is the largest and most severe we have ever experienced. Although its impact is not yet fully felt in Peru, we must be aware that it will have an impact on economic activity in Peru this year.

Still, we are convinced such hardship will not totally obliterate growth in Peru. Strong external and fiscal accounts, significant foreign currency reserves, and the financial system's high solvency ratios provide sufficient foundation to successfully cope with the challenges created by the international context.

BCP is also ready to successfully sail through these uncertain waters. It counts on a strong equity, technical and professional capital; the loyalty and trust of our clients, and talented employees deeply committed to their companies' success.

Business will continue to grow, albeit at a slower pace than during the recent, exceptional years. We should expect higher credit risk in the banking business and, consequently, the need for larger provisioning.

To conclude this report, on behalf of the board of directors I wish to thank our shareholders for their confidence in us; our more than two million clients for their loyalty; and all our employees for their contribution to developing our company.

Thank you,



Dionisio Romero Seminario
Chairman of the Board



Economic environment **2**

> BCP >

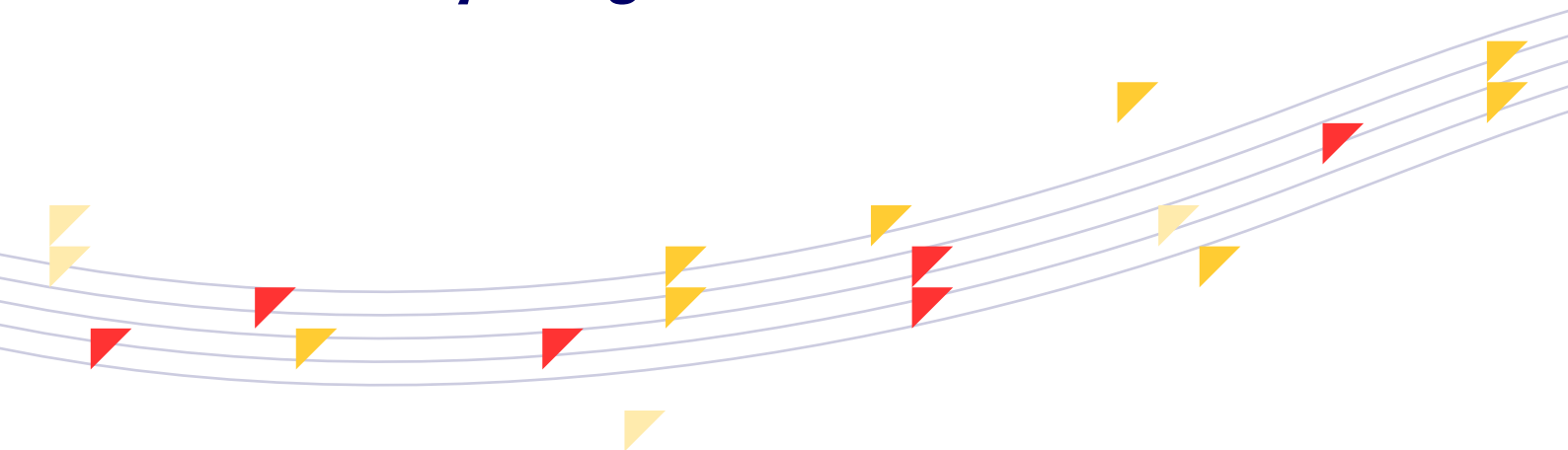
Via

Age

Aqui



The economy in figures

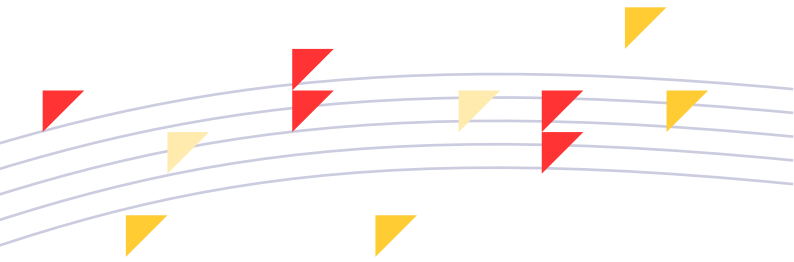


Indicators	2006	2007	2008
World Economy			
World GDP (% real change)	5.1	5.2	3.4
Inflation (% change)	3.4	5.0	5.9
Peruvian Economy			
Real sector			
GDP (% real change)	7.6	8.9	9.8
Prices			
Inflation (% change)	1.1	3.9	6.7
Exchange rate, end of period (S/. to US\$)	3.20	3.00	3.14
Exchange rate, period average (S/. to US\$)	3.27	3.12	2.93
Fiscal sector (% GDP)			
Central Government revenues	17.4	18.1	18.2
Central Government expenditures	16.1	16.4	16.1
Non Financial Public Sector Results	2.1	3.1	2.1
Foreign sector (US\$ million)			
Exports	23,830	27,882	31,529
Imports	14,844	19,595	28,439
Trade balance	8,986	8,287	3,090
Central Bank's Foreign Currency Reserves	17,275	27,689	31,196

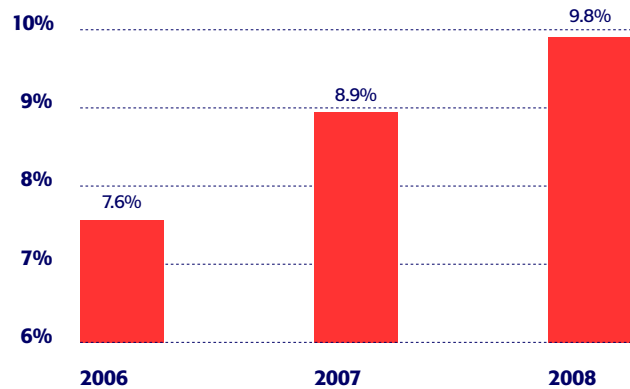
Source: Central Bank (BCR), Statistics Institute (INEI)

In 2008, the United States' economy, and the world economy generally, slipped into recession. Growth was particularly weak as some key areas, including the labor market, contracted at levels not seen in recent recessions. As uncertainty mounted about the crisis' depth and duration, the main world governments enforced fiscal policies to prevent a generalized collapse. Thus, the United

States approved a US\$700 billion package to rescue some key industries, including the financial and automobile sectors. Expectations of lower growth slowed down price increases in the main commodities during the first half. Likewise, inflation expectations weakened as revealed by lower price increase rates in some countries in the last months of 2008.



GDP growth rate (% real change)



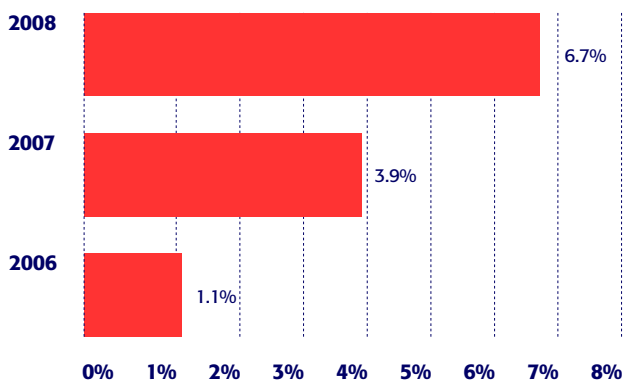
Source BCR

Main economic and financial indicators

Economic activity: Driven by investment

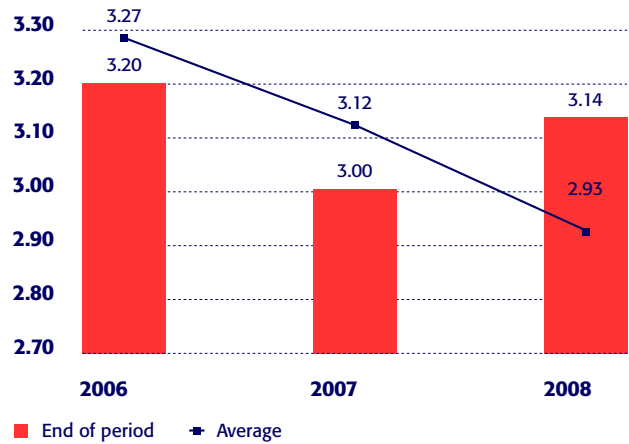
In 2008, Peru's economy grew at 9.8% over a year before. Thus, Peru's economy completed 10 years of uninterrupted growth at an average annual 5.1% rate (7.6% in the last 5 years). Industry by industry, the best performing sectors were construction, non-primary manufacturing and trade, while primary activities (agricultural, fisheries and mining) all grew below average. By type of expenditure, investment continued to drive growth, with government spending as the most powerful engine. In the foreign front exports slowed down in view of a slower world economy driven by the recession in the industrialized countries, while imports continued at a lively pace, responding to evolving domestic demand, weakening our up to now very strong trade surplus.

Inflation (% change)



Source BCR

Exchange rate (S/. per US\$)



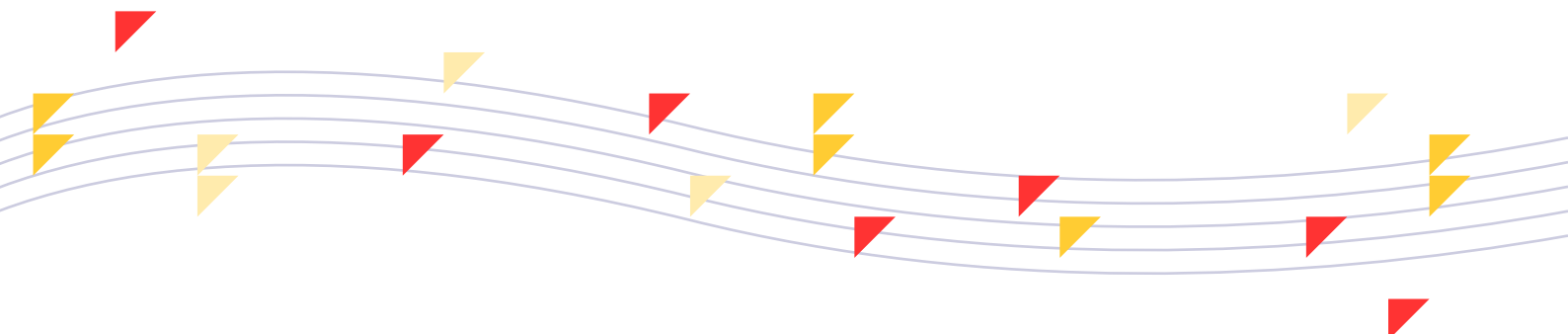
Source BCR

Prices: Inflation driven by food price increases

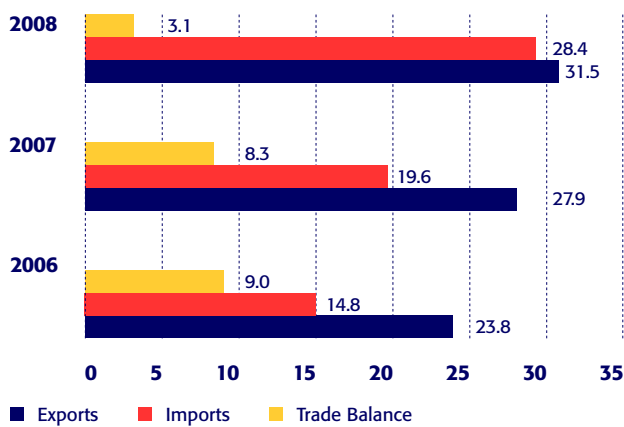
For the second consecutive year, inflation in Metropolitan Lima exceeded BCR targets (6.7%, against a 2.0%, plus or minus 1.0%). This was mainly due to higher food prices, of both imported (because of increases of oil prices in the first half, and of food commodities including corn, soy beans, wheat and rice), as well as local produce, against the background of increasing demand and moderate growth of supplies. However, toward year-end, price rises did not slow down despite falling world food and oil quotations in the second half, while public service rates started to recover lost ground. In the provinces the impact of inflation was even higher, as the share of food prices in the consumers' consumption basket is higher. In some cities, inflation exceeded 10%, driven by higher demand originating in greater purchasing power made possible by higher profit sharing distributions resulting from the high international prices for minerals (as in Moquegua or Cuzco).

Exchange rate: Greater uncertainty

Exchange rate volatility increased in 2008, compared to previous years, despite BCR's permanent interventions in the exchange rate, prompted by greater uncertainty about the world's economy. In addition, the dollar showed much greater instability in international markets. Two different behavior patterns were observed in 2008. From January to May, the exchange rate was on a clear downward trend, pushed by higher local interest rates (to fight rising inflation) and lower international rates (in the struggle against weakening economies). As a consequence, the nuevo sol revalued by over 10%, if compared to closing rates at the end of May 2007. However, after May 2008, pressures towards a more expensive dollar increased worldwide, as the financial crises started weakening European and other industrial economies, and world inflation pressures yielded ground. Thus, by year end 2008 the exchange rate reached S/. 3.14 to the dollar, a rate 4.8% higher than a year earlier.

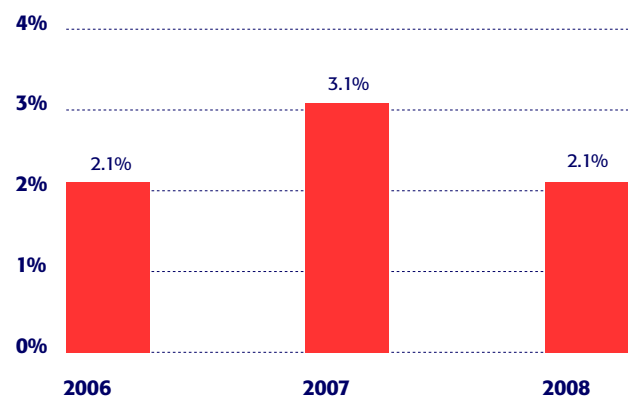


Trade balance (US\$ billion)



Source BCR

Non Financial Public Sector Results (% of GDP)



Source BCR

Trade balance: Livelier imports

Although the trade balance is still positive by US\$ 3,090 million, it has drifted away from its record levels of the first months in 2007. Exports reached US\$ 31,529 million (+13.1% compared to 2007), while imports reached US\$ 28,439 million (+45.1%). Non-traditional exports showed the greatest strength, driven by agricultural and chemical products. However, such liveliness was dampened by a loss of momentum in textiles sales. Strong imports' increase responded not only to higher agricultural inputs' prices (corn, soy bean, wheat, rice), but mostly to higher crude quotations. However, it must be recalled that capital goods' inputs grew at a quick 57.6% as a response to growing investments.

Fiscal sector: Government surplus

The central government's tax revenues grew 11.1%, to almost S/. 58 billion. This result was mainly a consequence of higher IGV (value added tax) collections from foreign sources resulting from faster imports. On the other hand, import duties fell 13.1%, as Peru's trade becomes increasingly open and tariffs fall to mitigate domestic inflation. Also, the selective consumption tax fell 19.4%, as a result of lower fuel consumption (-39.8%). It is worthwhile underscoring that this year's tax collections from income tax back payments fell close to 40%, revealing the end of the upwards rising trend in minerals. Although in recent times public expenditure has increased, mainly on capital investments, surging revenues have preserved the public sector's surplus, which remained at slightly above 2% of GDP.

Outlook for 2009

Despite greater international turbulence and creeping recession in most industrial countries, Peru's economy may continue to grow in a lower rate. The strength of the crisis' adverse effects will depend on the severity, length and geographical scope of the world's crises.

In 2009, a relatively more relaxed monitoring policy will be expected to boost the real sector, due to decreasing prime rate, in order to may taper off growth. Inflationary pressures, particularly from abroad, are perceived as less intense. Foreign exchange volatility and US dollar increasing trend may continue, according to international crisis. This may gradually restore, as international markets recover their calm, possibly at end of the year. By year end the nuevo sol may appreciate slightly. This would partially respond to a weaker dollar worldwide, resulting from expansionary US fiscal and monetary policies. In Peru, ample rule for both types of policies may contribute to alleviate the impacts of the world crisis.





**Corporate
strategy** **3**

At the pace of change

Year 2008 was one of dramatic changes. Changes in the international economic scenario, where markets turned highly volatile and the unleashing of the world's largest financial and economic crisis of recent times..., structural changes in the world's financial system..., changes in the local environment..., and lastly, but most important to us, changes within our organization.

In a changing world, our organization's ability to adapt is crucial to ensure its survival. More important still is the ability to identify the right time for change and seize the emerging opportunities.

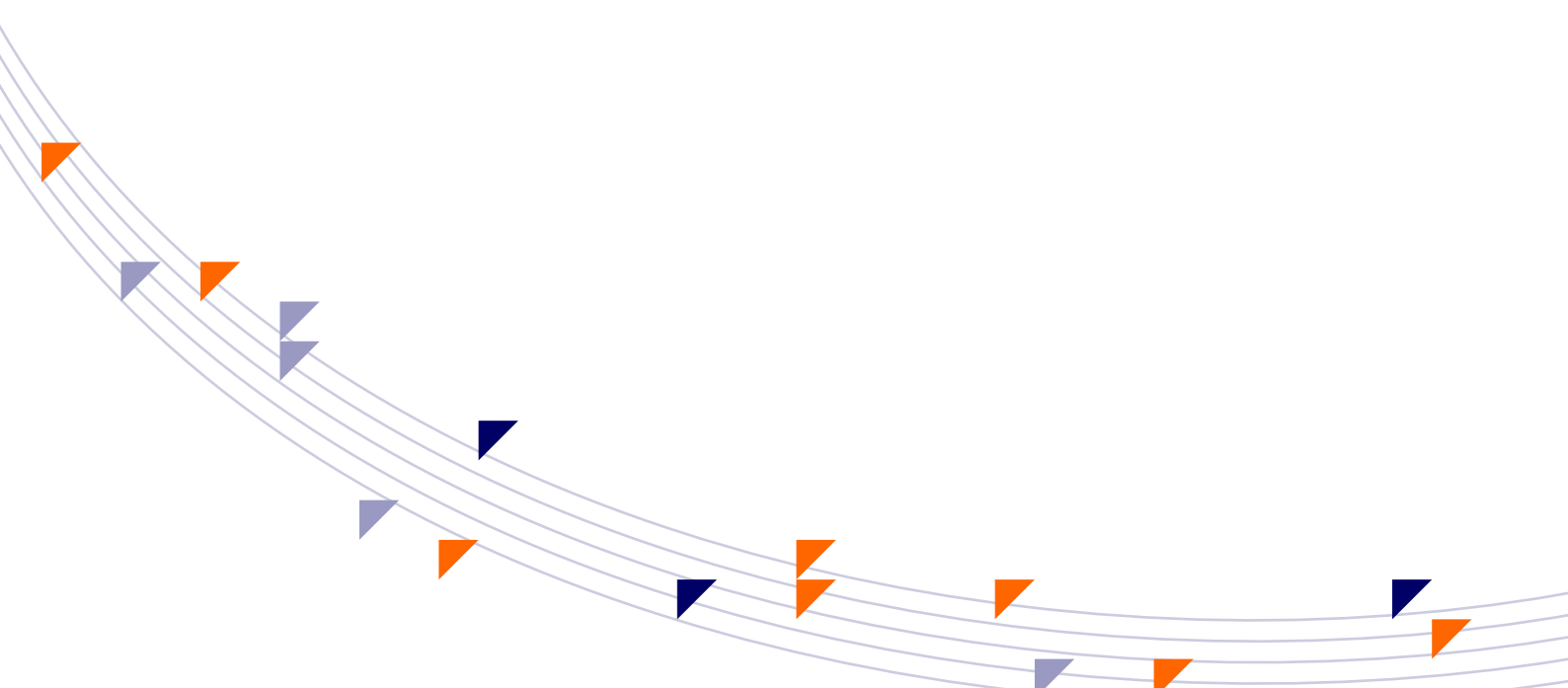
The great challenge of 2008 was to move our organization *at the pace of change* and keep our sight clearly focused on our goals, without missing the pace.

Internal changes in our organization responded to a well-planned generational transition and occurred at a point in time that allowed

us to react nimbly to events in a changing world. In line with such internal changes, we have reorganized our functions within the organization to focus on those areas of emerging importance as our environment changes dramatically.

Our focus on enhancing our control over risk, on the asset management business, on strengthening our operating capacity and capabilities, as well as our technological support; our continuing efforts to deepen bank penetration, and our unyielding pursuit of excellence in service and product quality, are some of the topics that may become central next year and that we will be able to address as we reorganize and modernize our organization.

And yet, our strategy's essence has remained intact. Our organization is built on the foundation of its people. It is its people that make it strong, and who have precisely demonstrated their exceptional capacity to move *at the pace of change*.



Strong foundations... the anchor in the midst of the storm

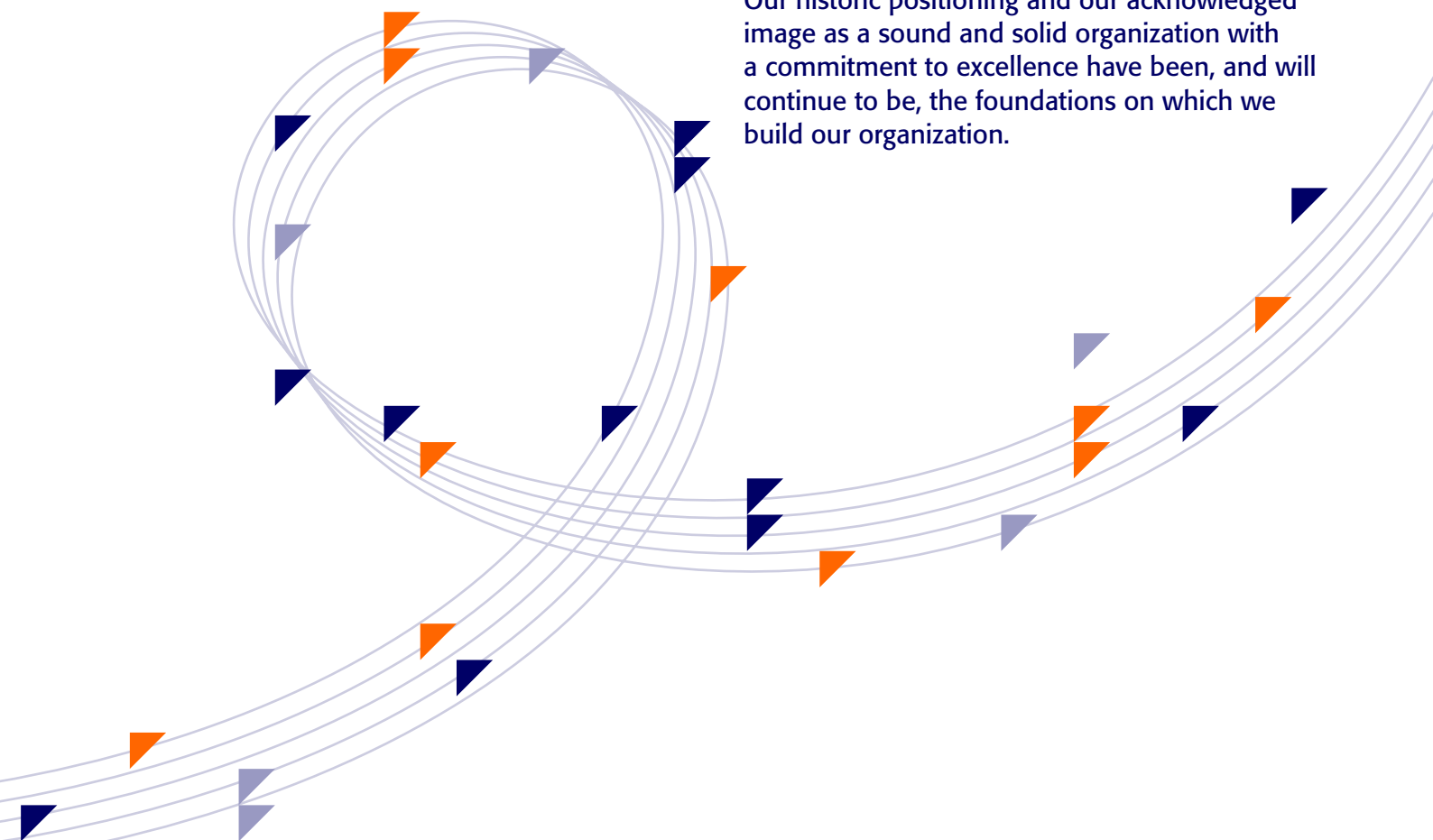
Structural changes in the world financial system, still underway, will bring even greater challenges in 2009.

However, our strong fundamentals allow us to sail through stormy waters and suffer relatively minor harm, thus reassuring us in the wisdom of our conservative policies. Our traditional business model to provide simple banking, is demonstrating its strength to face such a massive crisis.

It is precisely under circumstances as we are experiencing at present that traditional values recover their importance.

At BCP, simple basic banking, transparent services to clients, streamlined products designed to address our clients' needs, and traditional policies to build a strong organization represent the foundation of our organizational culture. It is precisely those features that are the source of our strength vis-à-vis the consequences of the crisis underway.

Our historic positioning and our acknowledged image as a sound and solid organization with a commitment to excellence have been, and will continue to be, the foundations on which we build our organization.



Continuing growth with clear goals

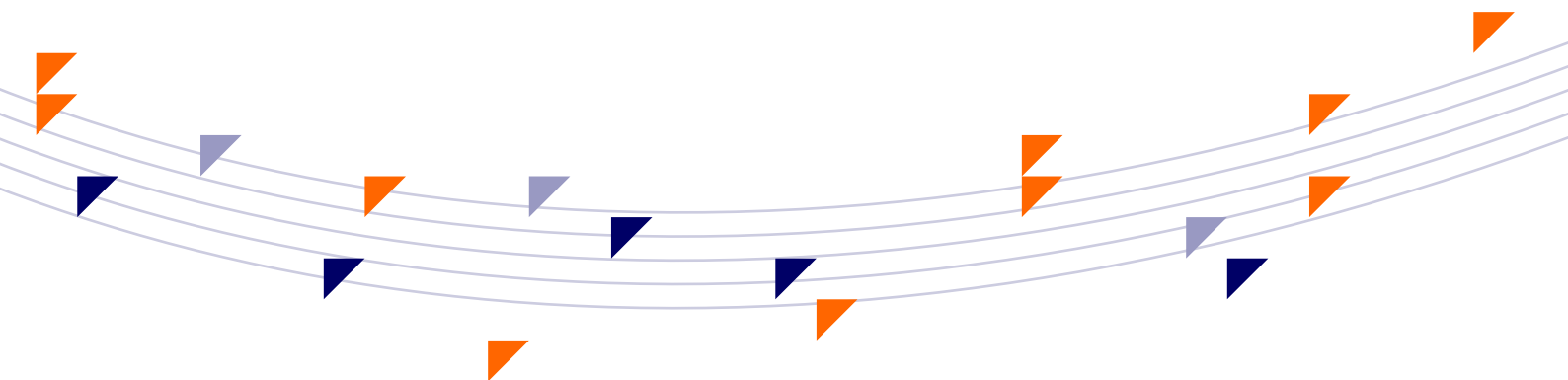
The changes we dealt with in 2008 and those that we will face in the next year, as a consequence of recent events, encouraged us to review and strengthen our strategy in order to introduce necessary changes. But our goals remained clearly unaltered, namely to focus on further developing our Retail Banking and increasing efficiencies throughout our organization

The main initiatives focus on expanding our banking business and increasing bank penetration can be summarized in:

- ▶ Improvement of distribution model to offer greater value added through our distribution channels and to automate transactional services.
- ▶ Upgrade of our technological systems to accomplish such heightened transactional operating efficiencies and to provide greater value added at the point of sale.
- ▶ Enhancement of operating processes to increase efficiencies and reduce costs.

However, the initiatives to ensure our business's sustainability over time are also very important:

- ▶ Comprehensive, independent and sophisticated risk management.
- ▶ Expanding our activities in asset management.

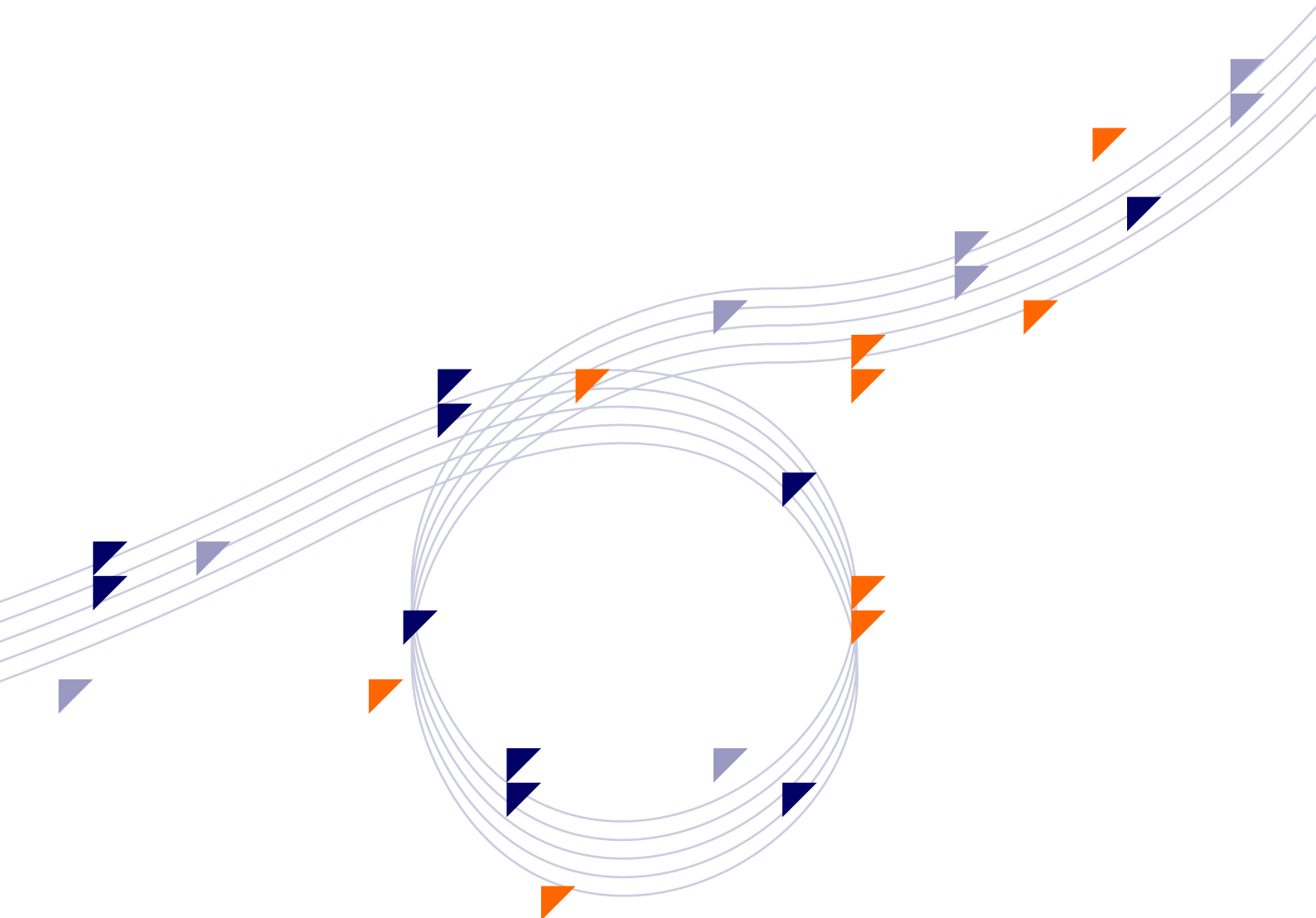


Beyond 2009

The economic crisis unleashed by the financial turmoil; the changes we see in the world and in the financial systems as a result of this crisis; and the severe global growth slowdown, have confirmed our conviction that in a country like ours the pace of our internal economy is largely nurtured by incorporating into the economy those partially excluded segments of the population who have little access to the financial system.

Our financial system has not yet reached the sophistication of developed economies and has therefore been less hurt by the crisis and still has a natural capacity to keep expanding.

These are the sources of our organization's future growth. Our success will depend on our ability to achieve our bank penetration and to continue developing the financial system focused on simplicity and efficiency.



Awards and acknowledgements

Gran Effie

The Effie Awards are awarded every year in 34 European, Asian, North American and South American countries to recognize creative corporate strategies with successful and outstanding results.

In this year's Peru Effie Awards under the Services category for our successful Cuenta Sueldo BCP campaign that resulted in significant increases in new accounts. This distinction fills us with pride and encourages us to be even better and continue giving our clients our characteristic quality services.



The Banker

This renowned English publication, that benchmarks the world's one thousand most important banks, recognized us as Peru's Best Bank of 2008.

This award has been granted since 1926 to recognize each country's leading financial organization. It assesses the value of the asset's organization in the last year, and the financial information provided by the banks themselves. In addition, it recognized the use of technology, innovation and strategies in place that have an impact on the financial organization's long term positioning.



Business Creativity

Our Cuenta Sueldo BCP benefits program awarded us the Business Creativity Prize in the Bank, Financial and Insurance Services category.

This award is organized by Universidad Peruana de Ciencias Aplicadas (UPC), RPP broadcasting corporation, ATV television and El Comercio daily to recognize innovative companies and their most significant achievements as examples to follow. This award is a further incentive for us to give our clients our best effort and to introduce innovative programs for their benefit.



Corporate social responsibility and sustainable development

Our Pilot20 education program was awarded the Anda 2008 Excellence Prize under the Social Responsibility Category in the V Corporate Social Responsibility and Sustainable Development Contest organized by Peru 2021, Universidad del Pacifico and Pontificia Universidad Católica del Perú.

Such distinction commits us to continue encouraging learning efforts among our more than 200 thousand school children



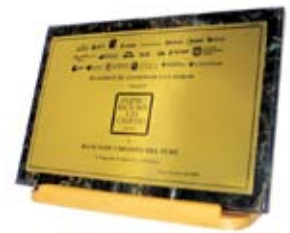
VIII Annual Management Survey 2008

The 2008 Annual Management Survey organized by the Lima Chamber of Commerce awarded BCP the top rating for Personal, Business and Peruvian Model banking. It also spotted Dionisio Romero as Peru's most outstanding business person and BCP for having been named by 56.9% of respondents as the best performer in personal banking. We are proud that our efforts to provide quality services are increasingly recognized by more people, thus infusing sense to our devotion and efforts.



National Quality Award 2008

For the second time, the Quality Management Committee of the Peruvian National Association of Industry awarded BCP the National Quality Award and the Leader Company Gold Medal for our BCP Management Model, a Malcom Baldrige-inspired management model. In awarding this prize it evaluated seven criteria, namely strategic planning, customer and market drive, measurement, knowledge analysis and management, personnel driven policy, process management and results. This award encourages us to keep improving our processes and searching for excellence.



Peru's most valuable brand

America Economía, the renowned business publication, chose us as Peru's most valuable brand and one of the 50 most valuable brands in Latin America, based on the findings of the Interbrand survey, a world leader in brand management. This survey also reviewed brands from companies in other industries. Such significant recognition is a source of great satisfaction for the BCP family, as it recognizes our people's daily commitment to gain international recognition for our brand and keep moving ahead.



Latin Finance

Once again, Banks of the Year, an annual prize awarded by Latin Finance, chose BCP as the Best Peruvian Bank of 2008, in recognition of its excellence and leadership among financial institutions of 17 Latin American countries. This award fills us with satisfaction because it recognizes BCP for its strength and leadership.

LATINFINANCE

A graphic view of management 4





The bank in figures

Indicator	2006	2007	2008
Profitability			
Net profit (US\$ million)	247.8	331.7	423.5
Net profit per share (US\$ per share)	0.19	0.26	0.28
Return on average equity ¹ (%)	28.6	31.7	32.8
Return of average assets ¹ (%)	2.5	2.4	2.4
Operating ratios (%)			
Operating expenses over total income ^{2,3}	49.1	51.3	50.3
Operating expenses over average assets ^{1,2}	3.6	3.4	3.3
Balance Sheet (US\$ million, end of period)			
Assets	10,672	14,987	18,298
Net loans	5,678	7,978	10,222
Deposits	8,356	11,179	14,235
Net shareholders' equity	965	1,133	1,395
Capitalization (N° of times)			
Total assets to net shareholders' equity	11.1	13.2	13.1
Risk weighted assets to effective net worth ⁴	8.5	8.4	8.7
Portfolio quality (%)			
Past due loans over total loans	1.3	0.7	0.8
Provisions over past due loans	249.5	351.8	271.90
Other figures			
Number of shares, net (in million)	1,287	1,287	1,508
Average price per share (in S/.)	7.1	10.2	9.4
Number of employees	10,771	12,667	15,971

1 Average calculated taking the final balance of each quarter.

2 Operating expenses include salaries (excluding complementary program of employees' profit sharing) administrative expenses, depreciation and amortization.

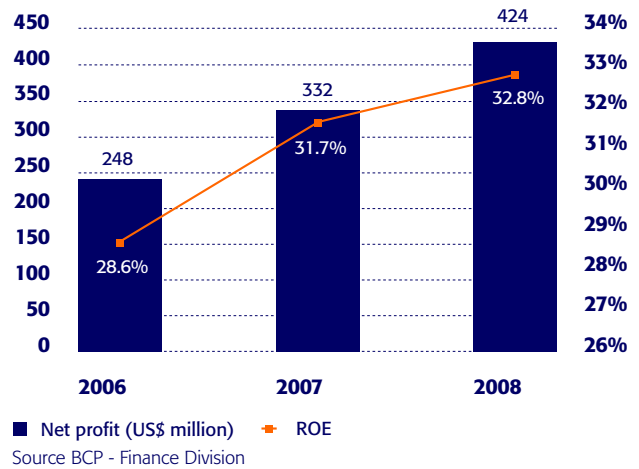
3 Operating income include net interest income, income for commissions and profits from foreign exchange transactions

4 Risk weighted assets include market risks assets.

Non audited number according to International Financial Reporting Standards (IFRS).

Main management indicators

Net profit and ROE



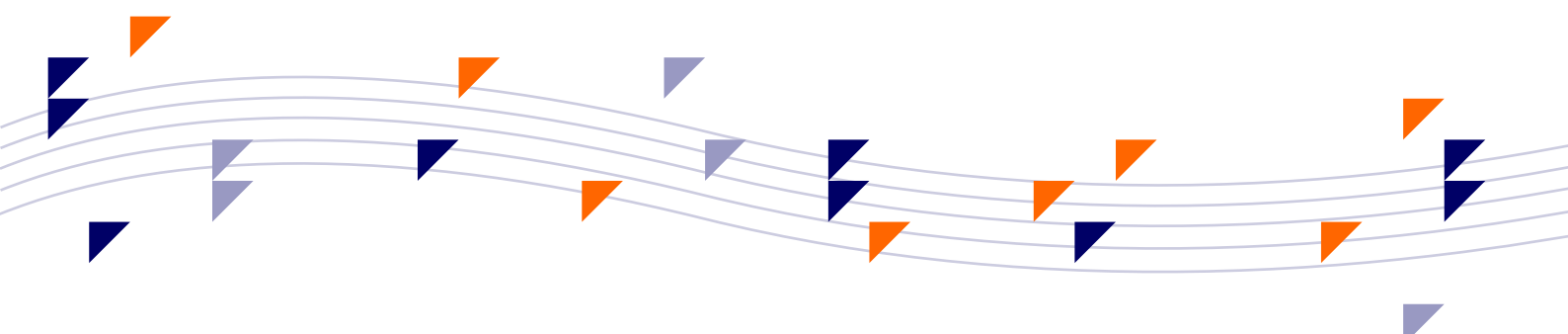
Results

At year-end 2008, BCP earned net profit of US\$ 423.5 million, a figure reflecting 27.7% growth compared to last year's profits (US\$ 331.7 million). Despite the present financial environment, earnings set a new record at BCP, and continued along the trend started in 2004 with average annual growth of 38.2%. As a consequence of such outstanding evolution, returns on equity (ROE) improved to 32.8%, above the system's average (31.1%).

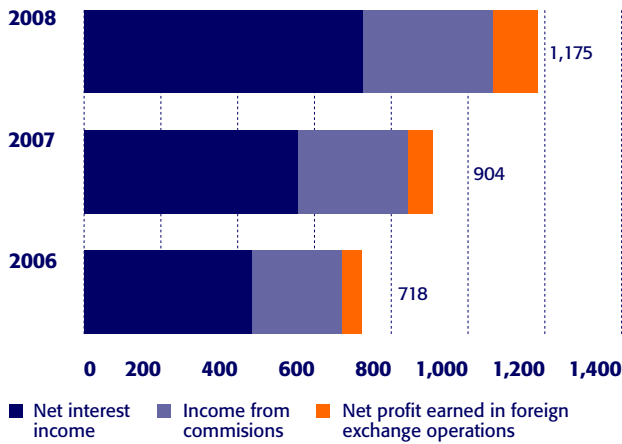
Such outstanding results were accomplished thanks to the ongoing and sound growth of our loan portfolio across all segments and products, and which was preserved to the end of the year. This was reflected in increased net interest income (29.5%), growth of non-financial revenues (16.5%)

and appropriate expenditure containment, which increased at the pace of growth of our network that expanded 12%.

It is worthwhile underscoring such outstanding performance was accomplished despite the international financial crisis, which became more acute at the start of the first quarter of 2008. The crisis influenced the investment policies for our liquid assets, favoring high liquidity positions over more profitable investments, as did also the Central Reserve Bank policies against inflation in the first 9 months, increasing reserve requirements and leading such liquid assets toward less profitable instruments.

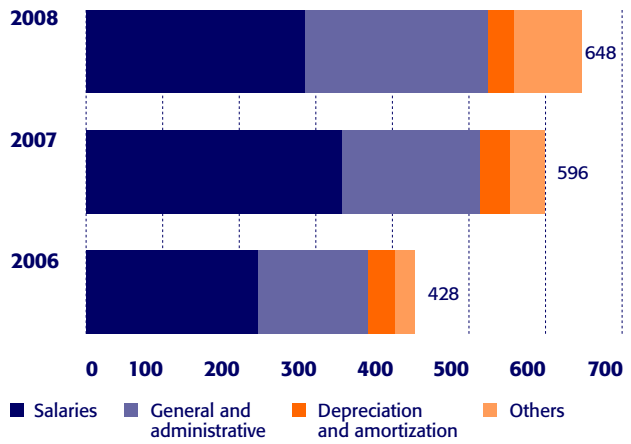


Operating income (US\$ million)



Source BCP - Finance Division

Operating expenses (US\$ million)



Source BCP - Finance Division

Operating performance

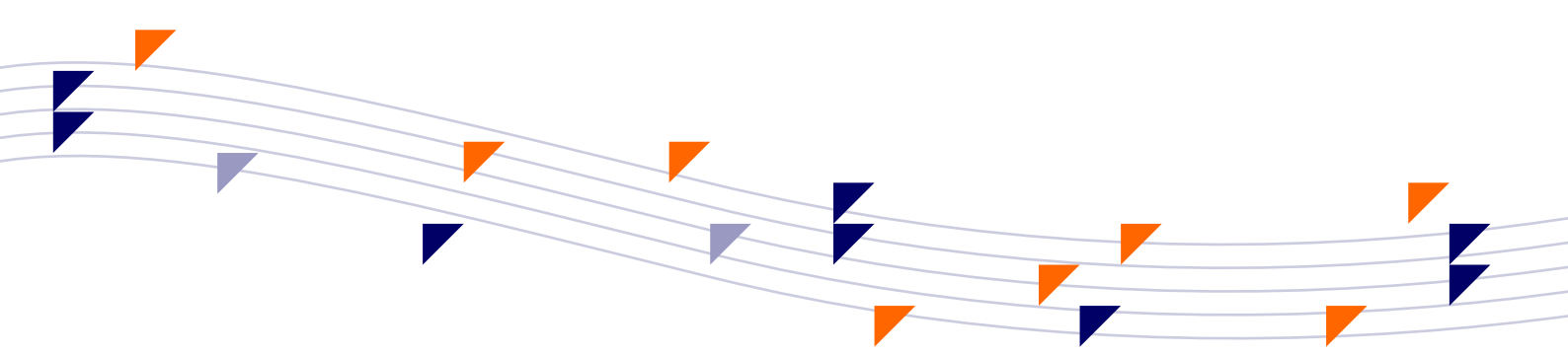
The bank's operating income increased 29.9% compared to 2007. This evolution is due principally to a 29.5% growth in interest income following a 27.6% growth of loans (35.5%, when measured as average daily balance) and a 0.4% increase in the investment portfolio, which in turn was strengthened by a sound performance of the two other components of our financial income. Thus, income from commissions for banking services grew 19.7% and net profits earned in foreign exchange operations grew an extraordinary 82.5%, a consequence of sound treasury management during a period of major exchange rate fluctuations.

On the other hand, operating expenses increased 12% resulting from strong growth of our branch

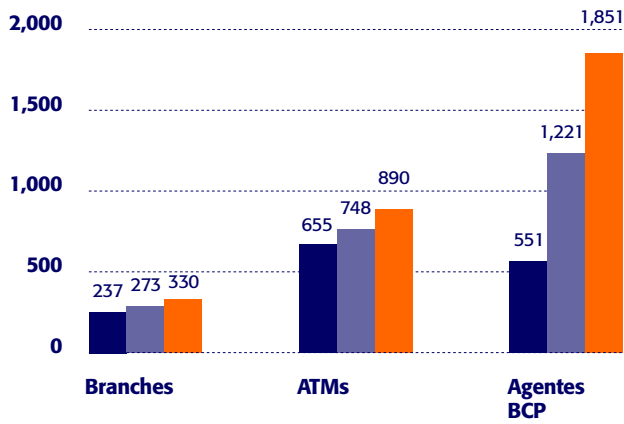
network which grew from 273 to 330 branches over the year. Personnel expenses, excluding the effect of the provisions for the SAR program, increased 20.4%, as more employees were hired (12,667 in 2007 vs. 15,971 at the end of 2008).

General and administrative expenses grew 26.2%, due mainly to our marketing campaigns, IT growth and the expansion of our network.

Consequently and despite the increase of costs linked to our growth, BCP's efficiency ratio reflected our outstanding performance and reached 50.3%, lower than 2007's 51.3%.

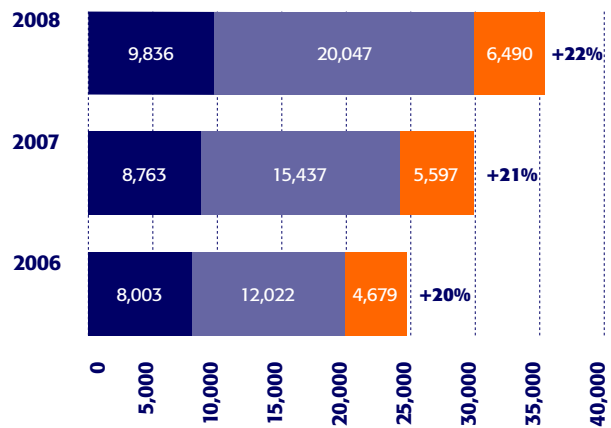


Distribution channels (units)



■ Dec 06 ■ Dec 07 ■ Dec 08
Source BCP - Finance Division

BCP Monthly average transactions (Thousand)



■ Teller transactions ■ Alternative Channels ■ Others
Source BCP - Finance Division

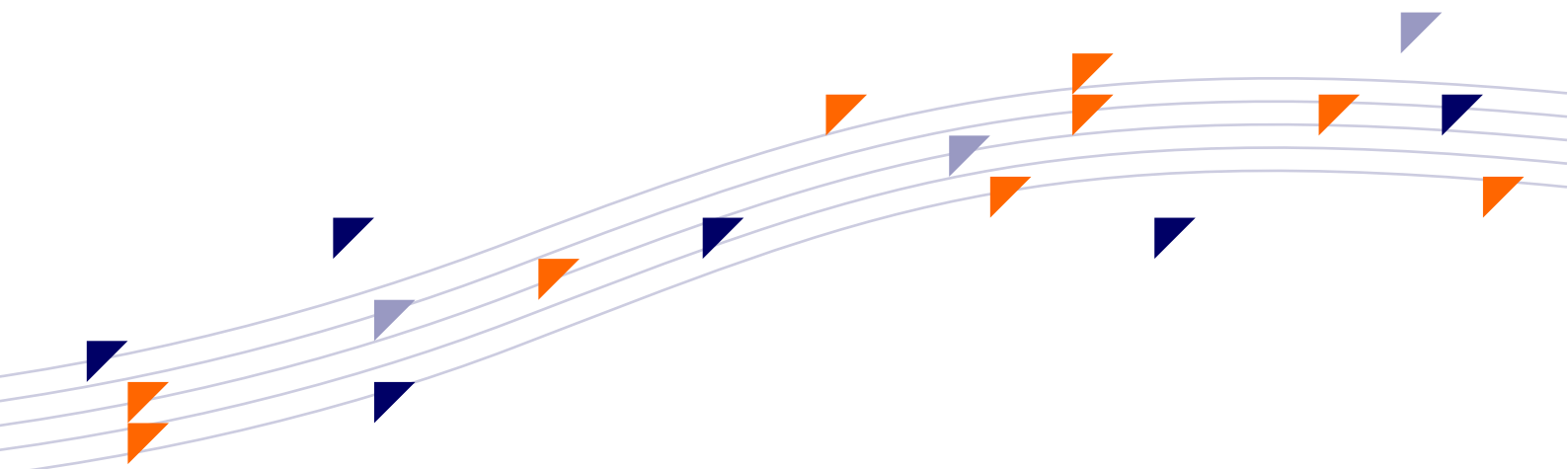
Customer service channels

In 2008, we directed our strategy to strengthen our customer service channels, in line with the need to provide more and better access to the financial system, together with appropriate products to meet our customers' needs, in a way that will allow increasing our bank penetration and expand traditional and transactional businesses.

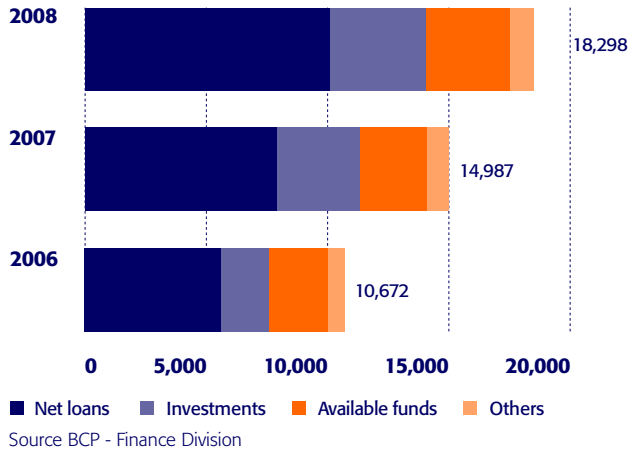
At the end of 2008, we have 57 additional branches, 58.3% more than 2007, and thereby consolidated our positioning in this channel. Automatic teller machines (ATMs) grew by 142, while our innovative channel, the Agente BCP, increased significantly after adding 630 agents along the year.

Such strategy expanded our network by 37% and was characterized by growth of channels nationwide, while growth in the provinces reached 38.6%. We expanded the customer care network in less well served areas, as part of our effort to increase bank penetration.

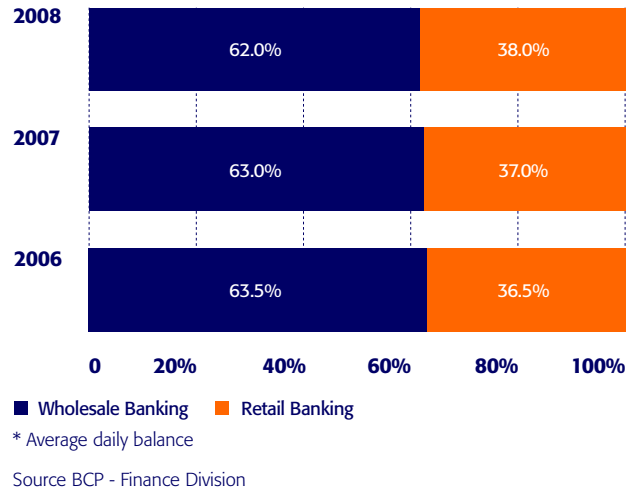
The growth of our network has allowed us to meet the rising demand for banking services and products reflected by a significant 22.1% increase in the average number of transactions, year over year.



Assets breakdown (US\$ million)



Loans portfolio composition* (%)



Assets and loans

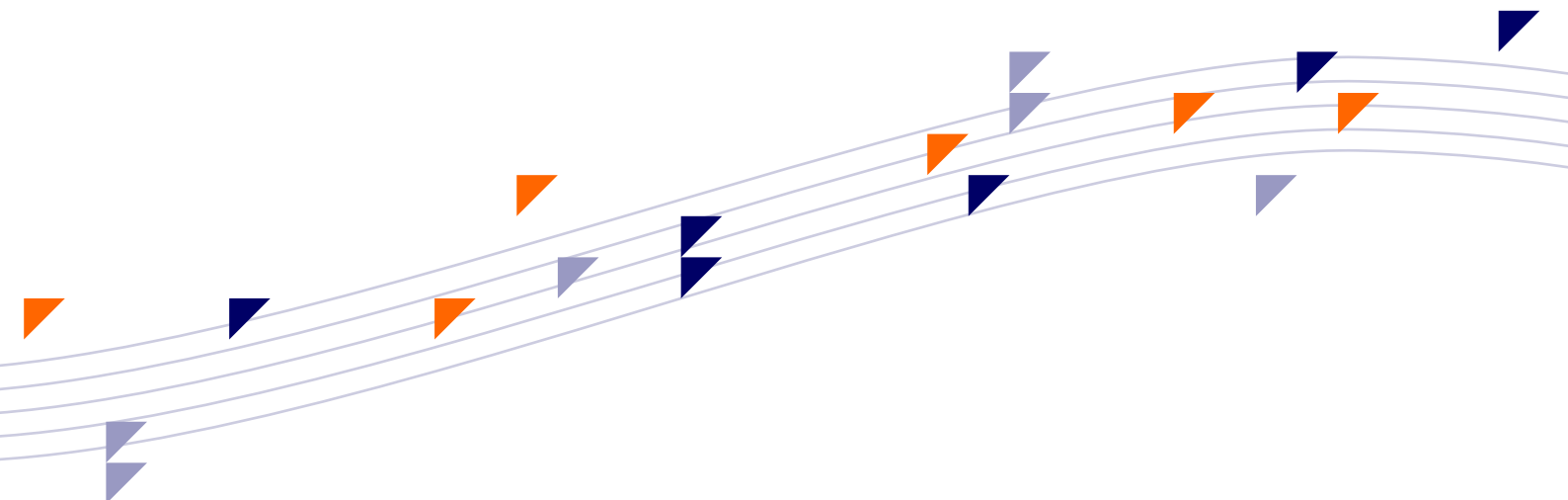
At year-end 2008, BCP assets reached US\$ 18,298 million, representing a 22.1% increase compared to 2007.

Loans were the main component of the asset portfolio, and experienced 27.6% growth (US\$ 10,445 million) compared to a year before. Such growth was experienced by all types of banking services and went hand in hand with the ongoing restructuring of our portfolio towards the most dynamic segments, including Retail Banking, which accounts for 38% of the entire portfolio, compared to 26% five years ago.

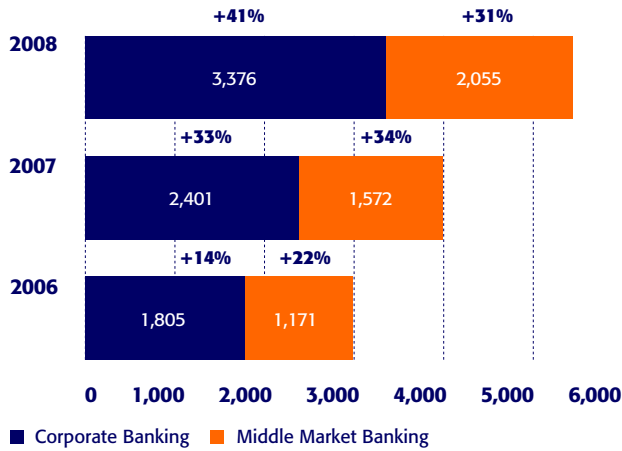
In addition, 2008 was also characterized by a restructuring of all other liquid assets, reflected by

the evolution of the share of available funds over total assets, which rose from 18.7% to 19.3%, as a consequence of the Central Bank's policy against inflation through increased reserve requirements in force during the first nine months of 2008, and a deepening international crisis during the closing quarter, which required increased liquidity as a precautionary measure.

Our investment portfolio increased 0.4% in 2008 and we held positions in conservative, highly liquid and safe instruments, such as BCR's certificates of deposit, which account for about 63.8% of the total amount.



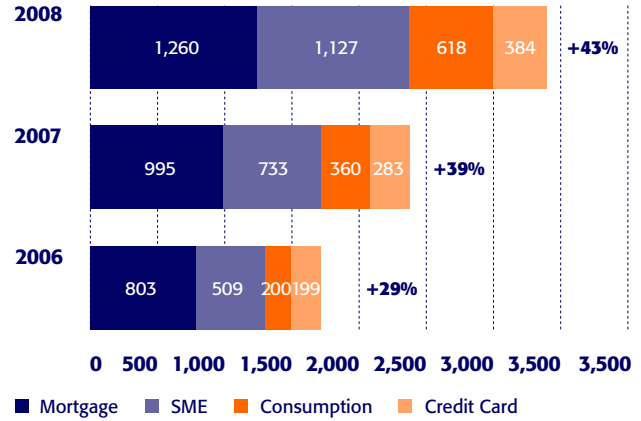
Corporate and Middle Market Banking portfolio* (US\$ million)



* Average daily balance

Source BCP - Finance Division

Distribution of Retail and SME Banking portfolio* (US\$ million)



* Average daily balance

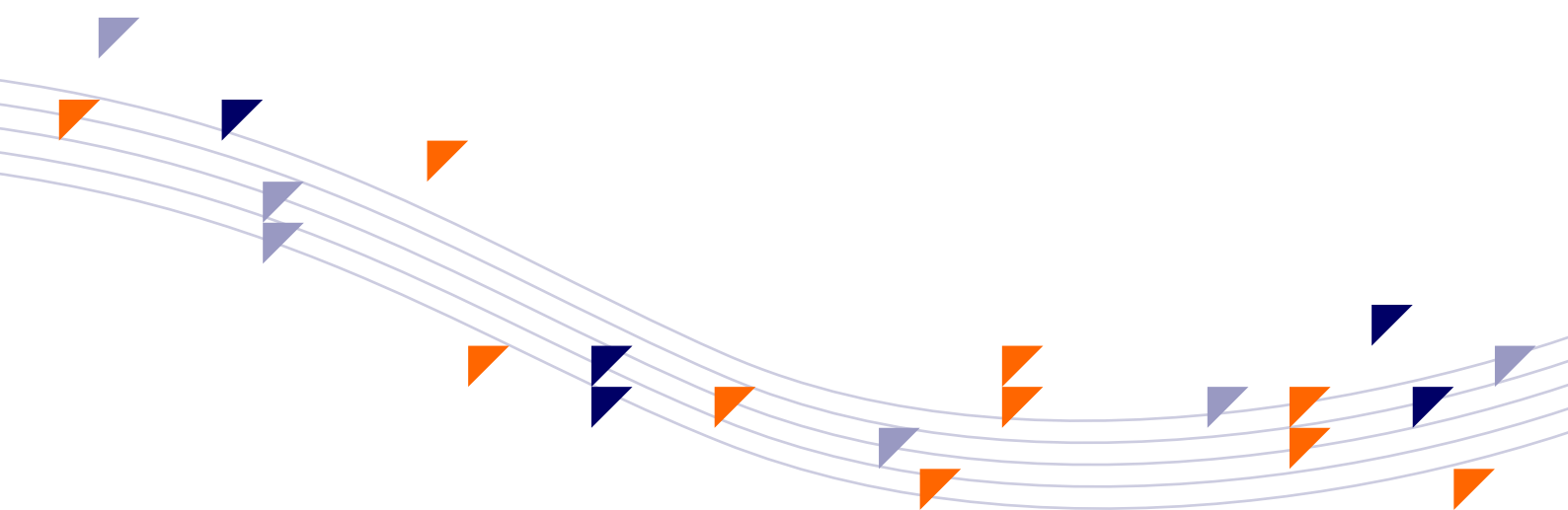
Source BCP - Finance Division

Loans by segment

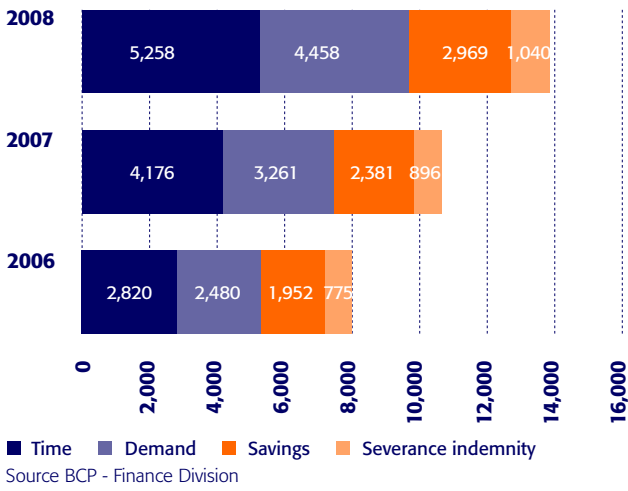
Corporate and Middle Market Banking loans significantly expanded their average daily balances by 40.6% and 30.2%, respectively, compared to one year earlier. Growth is the consequence of a more dynamic business at all levels driven by expanding domestic demand. Thus, BCP has managed to preserve its leadership, with 48.1% market share for the corporate segment and 37.1% for the middle market.

In addition, the retail sector's portfolio grew 42.9% during 2008 reaching an average daily balance of US\$ 3,390 in 2008. The fastest growing products were consumer and SME loans, which grew 71.5% and 53.8%, respectively. These two products account for over 50% of the entire retail loan segment.

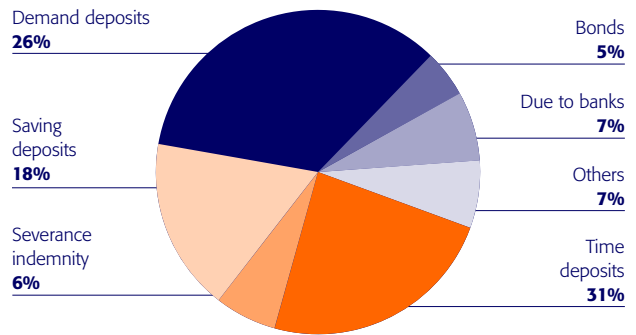
Mortgage loans grew 26.6% and remained as the main component of the retail portfolio, totaling US\$ 1,260 million, while credit cards increased 35.7%.



Composition of deposits (US\$ million)



Funding structure (%)



Source BCP - Finance Division

Liabilities and deposits

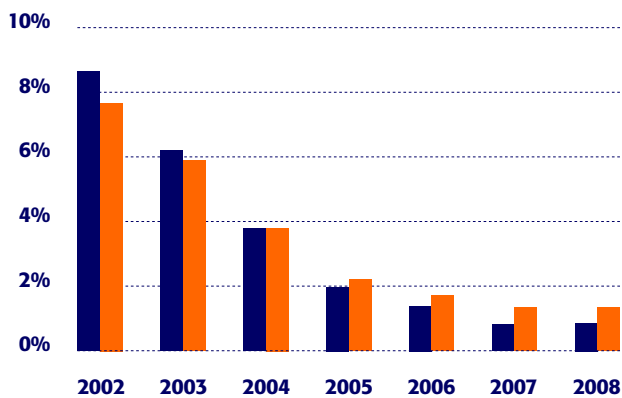
Total BCP deposits reached US\$ 14,235 million at the end of 2008, or 27.3% increase compared to deposits a year before.

Such strong trend consolidates our funding structure as deposits account for 84,2% of all funding sources. It also consolidates our leadership in the entire system, as it gives us a 38.5% market share. It is worthwhile underscoring BCP remained as a leader in the mutual fund business, with US\$ 1,273.6 million total funds under management through its subsidiary, Credifondo.

Once again, demand deposits experienced the fastest growth at 36.7%. Likewise, time and savings deposits grew 25.9% and 24.7%, respectively. Severance indemnity (CTS) grew a moderate 16%, because of unceasing competition from other market players and the customers' sensitivity to interest earned from such deposits.

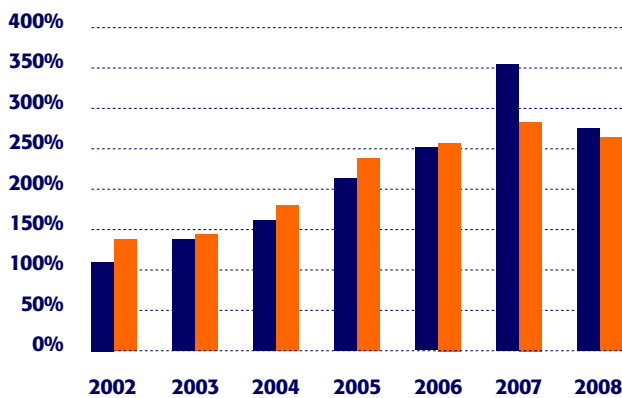


Portfolio quality
(Past due loans / total loans, %)



■ BCP ■ System
Source BCP - Finance Division

Coverage ratio
(Accumulated provisions / past due portfolio, %)



■ BCP ■ System
Source BCP - Finance Division

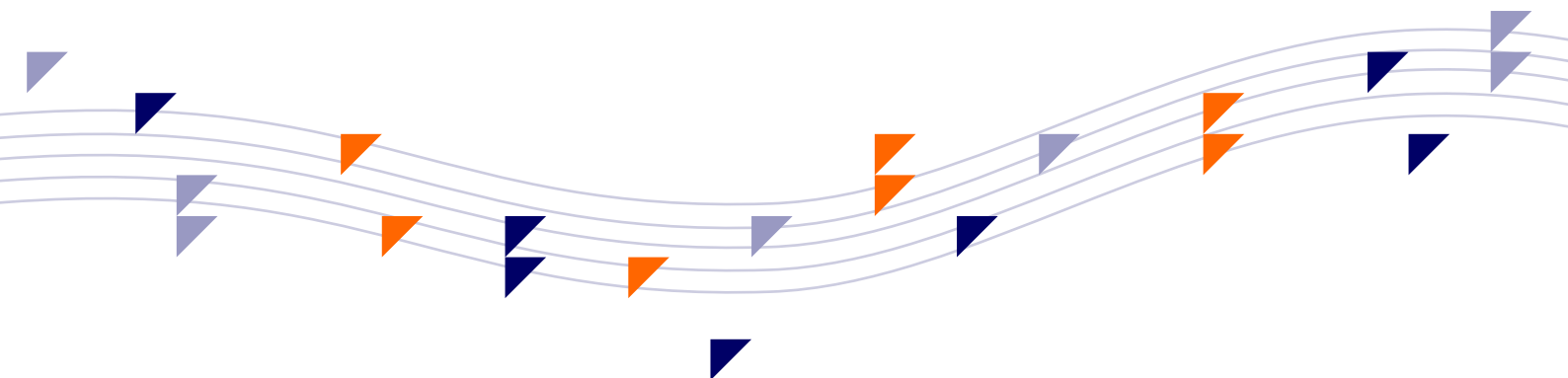
Risks

Past due loan rate in Peru have showed a satisfactory trend in recent years and now rank among the lowest in the entire region, giving the Peruvian financial system a 1.27% portfolio quality index.

Yet, BCP's 0.8% indicator, similar to 2007, is even below the system indicator. Such result is the consequence of the country's improving economy, resulting in strong liquidity among persons and companies, and strict credit policies. Thus, in line with the growing portfolio, past due loans grew from US\$ 60.3 million in 2007 and US\$ 82.1 million in 2008.

In addition, BCP enforces conservative provisioning and long term risk management policies, placing our coverage ratio above the average ratio of the system. However, in 2008, this indicator slipped compared to a year before (351.8% vs. 271.9%).

Total cumulative provisions reached US\$ 223.2 million, 6.3% higher than those of 2007. These amounts include the pro-cyclical provisions applied this year, which, following SBS guidelines, are constituted in times of prosperity as a precautionary measure against troubled times.



**Business
units**

5







Wholesale Banking

Wholesale Banking followed the rhythm of the country's business sector's economic growth, in particular the momentum added by the corporate segment.

BCP has grown consistently in the corporate segment, which is evidenced by the high market share it has conquered with these clients over the time. Wholesale Banking at BCP provides sophisticated and innovative financial solutions to serve the needs of our clients in two main segments i.e. Middle Market Banking and Corporate Banking. The latter includes the institutional Banking segment. In addition, BCP operates specialized units to support all our business units, including Leasing, Corporate Finance, International Business and Corporate Services.

In 2008, Wholesale Banking grew at the same pace as Peru's business sector. This required devising a business strategy to preserve our leadership in an increasingly competitive financial market. As a result, BCP's market share in commercial credit year-end 2008 had reached 41.1%, as reported by the SBS bank regulator.

Wholesale Banking continued on the upward trend for direct loans that started in prior years, with an average annual total of US\$ 5,431 million, representing 37% growth over the previous year. This outcome was accomplished despite BCP's already high market share—a result of several years of growth and a

Wholesale Banking key figures (US\$ million)

Results	2007	2008	Change
Financial intermediation margin	152	184	21%
Income from services	114	157	38%
Net profit	108	141	31%

Source Finance Division

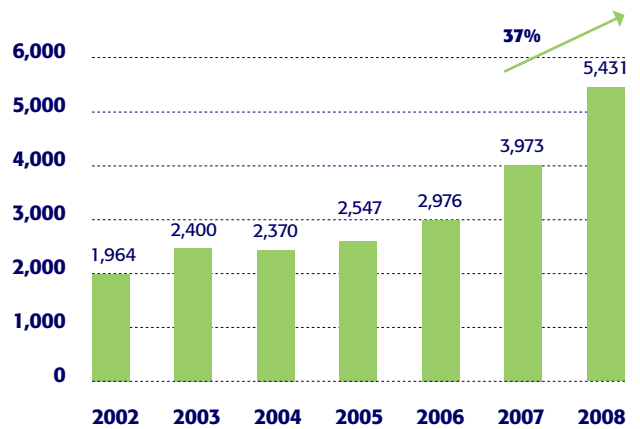
natural impediment to further expansion—, strong competition and reduced financial intermediation, as a consequence of strong local capital market development.

Annual interest income earned by Wholesale Banking reached US\$ 184 million, evidencing 21% growth year over year. They were principally due to the increasing business volume, which partially offset the trend to slimmer asset spreads. Income from financial services, which is an increasingly significant component in this segment, totaled US\$ 157 million in 2008 and now provides 46% of all revenues generated by Wholesale Banking.

These loans account for 54% of all BCP loans, as a consequence of the ongoing restructuring of our portfolio towards more dynamic and profitable segments. However, deposits are an increasingly important source of revenues, and accounted for 46% of all bank deposits in 2008.

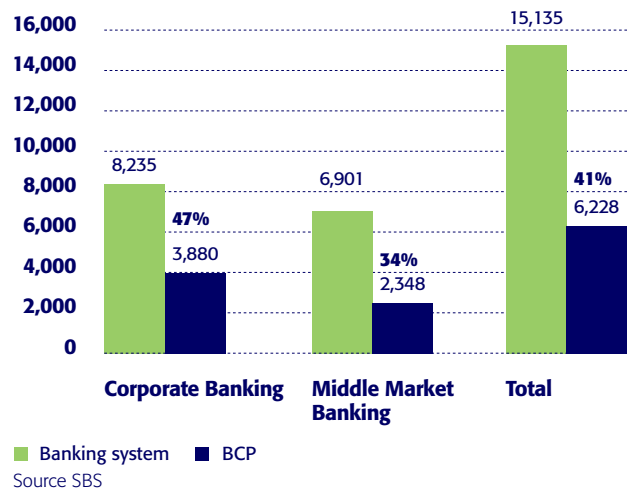
Results for the year 2008 reflect profits of US\$ 141 million.

Wholesale Banking direct loans (US\$ million)

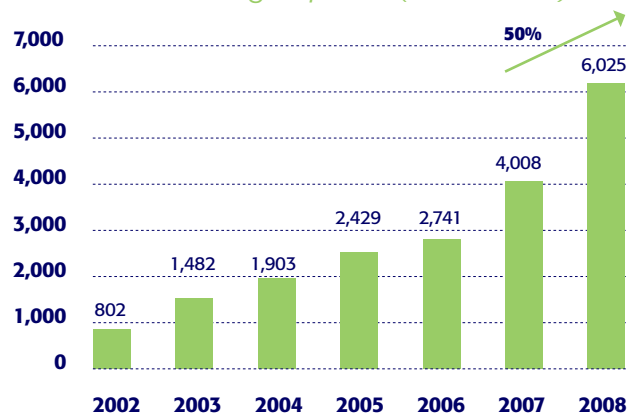


Source Finance Division

Commercial loans and market share (US\$ million)

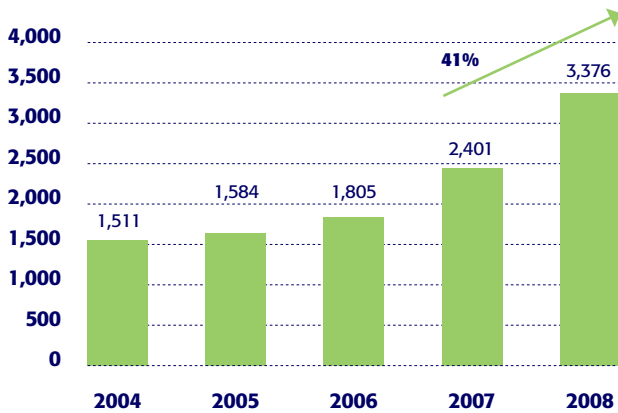


Wholesale Banking deposits (US\$ million)



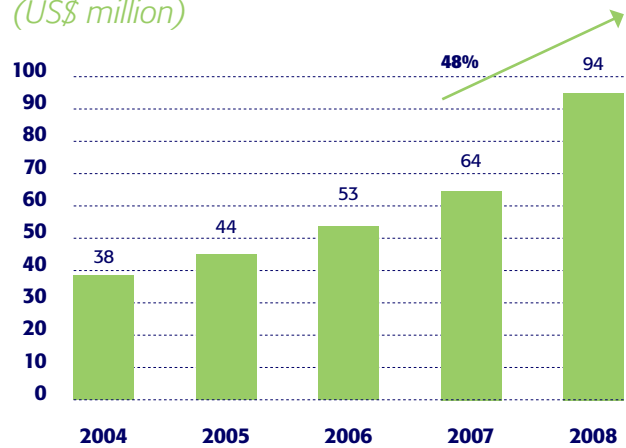
Source Finance Division

Corporate Banking direct loans (US\$ million)



Source Finance Division

Corporate Banking income from services (US\$ million)



Source Finance Division

Corporations

Our significant goodwill and strong corporate image have continued to fuel the growth of our business in this traditional BCP segment that serves large corporations and companies. Corporate Banking loans grew for the fifth consecutive year to US\$ 3,376 million (average daily balance), reflecting 41% growth compared to a year earlier, a significant growth rate in the framework of slower volume growth, compared to a year before.

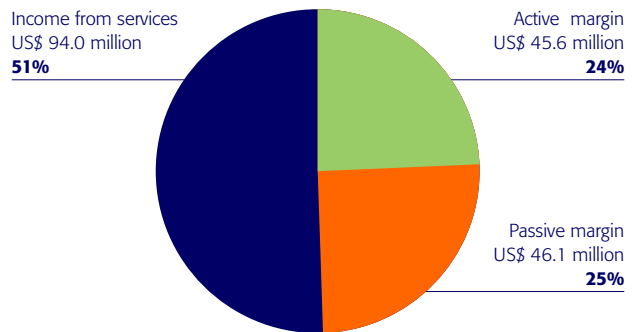
Our market share for direct loans reached 47.1% at 2008-closing, preserving our leadership in this market segment.

On the liability side, this business segment experienced sustained deposits' growth. These deposits now account for about 35% of all BCP deposits. In 2008, the average deposit balance reached US\$ 4,647 million, reflecting the significant growth trend started in recent years.

Our institution's focus on transactions has resulted in the development of BCP services to our wide corporate base. Such services have been designed to provide streamlined and fast financial services to meet our clients' financial needs. Likewise, non-financial revenues from this bank segment, as with middle market banking, have become increasingly relevant to total revenues. In 2008, they accounted for 51% of total revenues (financial plus non-financial), reaching US\$ 94 million. It is also important to highlight the growth of the currency exchange business, as a consequence of high volumes of transactions fuelled by the increased volatility of the United States dollar.

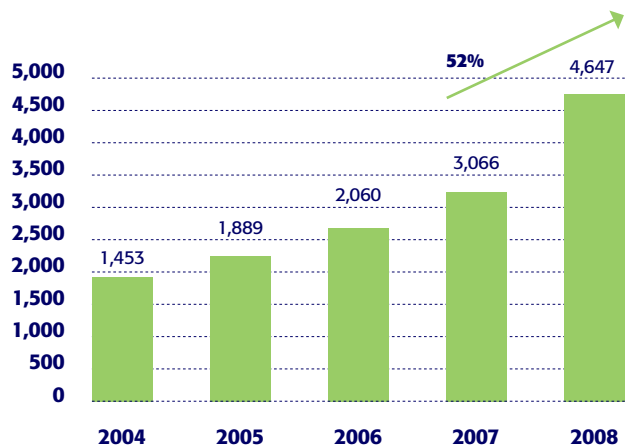
As a consequence of the above, net annual earnings in the corporate segment reached US\$ 76.2 million, or 43% higher than in 2007.

Composition of Corporate Banking total income (%)



Source SIG - Finance Division

Corporate Banking deposits (US\$ million)



Source Finance Division

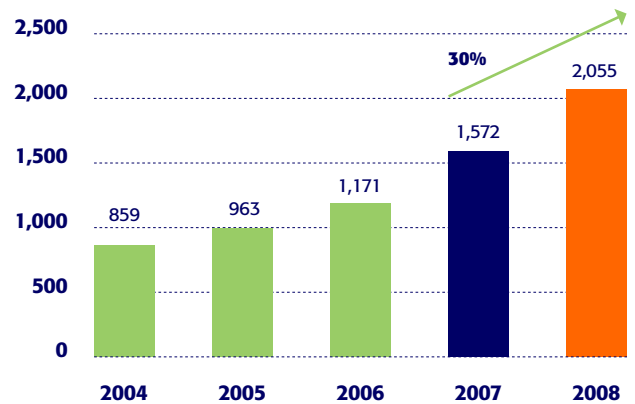
Middle market

The Middle Market loan portfolio continued to grow at an annual rate of 30% and totaled US\$ 2,055 million, following the dynamic growth of Peru's economy.

Interest income earned by Middle Market Banking this year exceeded US\$ 91 million; this is the equivalent to 23% growth compared to a year earlier. This was mainly the consequence of a larger volume of business that offset the sliding trend of asset spreads that are a consequence of heightened competition in this segment by other companies of the financial system.

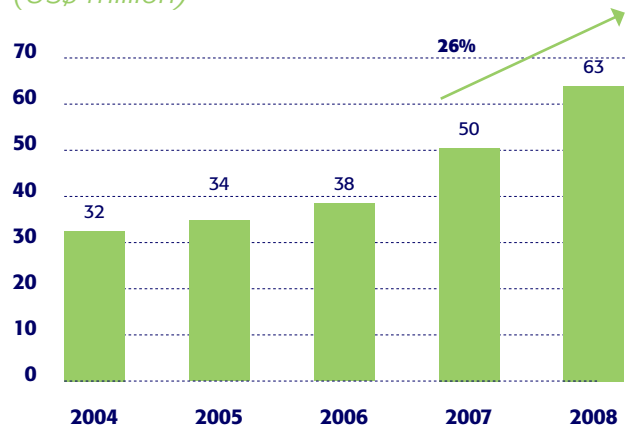
On strategy focused on transactional banking has also led this business unit. Non-financial revenues from this bank segment are becoming increasingly important as a portion of total revenues, so that in 2008 they accounted for 41% of total revenues (financial plus non-financial), and reached US\$ 63.1 million. Taking into account all the above, net earnings this year in the middle market segment totaled US\$ 64.6 million, representing an amount 19% higher than in 2007.

Middle Market Banking direct loans (US\$ million)



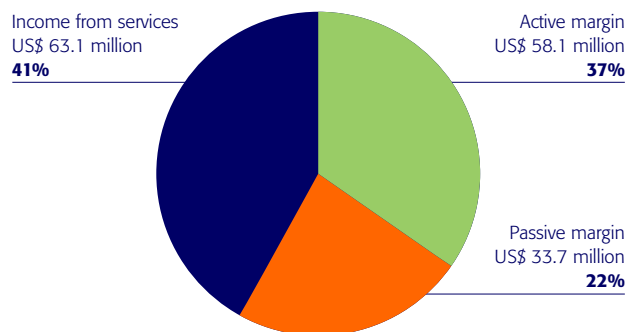
■ Includes loans for US\$ 80 million transferred from Retail Banking.
 ■ Includes loans for US\$ 83 million transferred from Retail Banking.
 Source SIG - Finance Division

Middle Market Banking income from services (US\$ million)



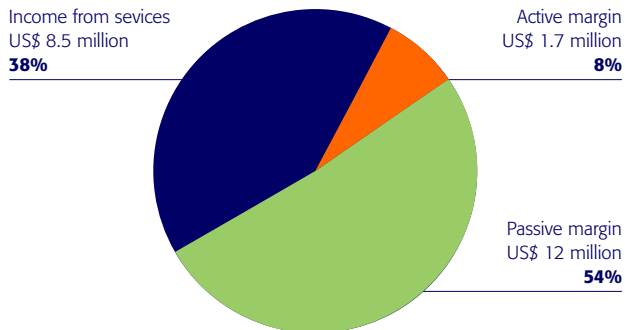
Source Finance Division

Composition of Middle Market Banking total income (%)



Source SIG - Finance Division

Composition of Institutional Banking total income (%)



Source SIG - Finance Division

Institutions

Providing financial advice to almost one thousand institutions throughout Peru, BCP's Institutional Banking has concluded a decade of productive operations and contributions to BCP growth.

During this decade, the Institutional Banking team has been guided by two recurring questions about its clients: "What do our customers need?" and "What kind of customers are we talking about?" Answers to these questions drove this business unit to reshape its portfolio segmentation in 2004. Five specialized segments were established to provide better service to our institutional clients, mainly Central Government, Regional and Local Governments, education sector, NGOs and microfinance organizations, trade associations, civil associations, clubs and church associations.

Throughout 2008, our clients trusted us the management of more than US\$ 1.9 billion worth of deposits and investments, equivalent to 14% of BCP deposits.

Income from financial services is extremely significant in the Institutional Banking segment and reached US\$ 8.5 million in 2008, 15% higher than in 2007. It is worth underscoring the growth of institutional clients from the provinces, and which are expected to become an important source of growth in coming years.

Support units

2008: Year of international crisis

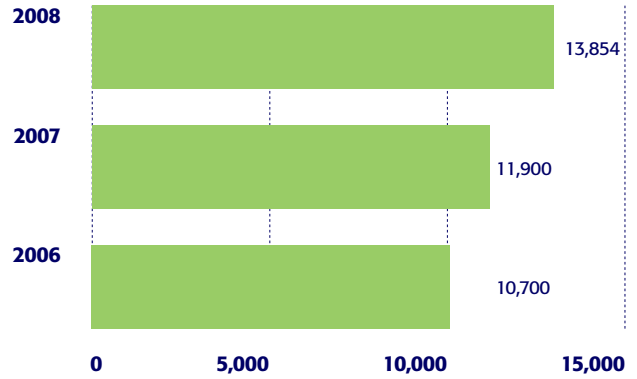
Many challenges rose in 2008 for financial institutions worldwide.

At the start of the year, BCP raised a US\$ 410 million dollars with a three year term, in the international bank market, under extremely attractive conditions and despite the deteriorated credit environment. This was a unique transaction in the midst of the worst financial crisis, so we also made the decision not to search for additional funds in the international capitals market, given the strong volatility and increasingly weak response from market players.

Nevertheless, we did actively raise funds in the short term interbank market and exceeded US\$ 1 billion of own debt stock. Although interest rates increased gradually, BCP was able to negotiate the most competitive market rates and financed its trade loans without undue pressure. In addition, BCR introduced several foreign exchange measures and policies against inflation. As a consequence of these measures, legal reserves were required on foreign funds, thus significantly



BCP: Foreign trade transactions income (US\$ thousands)



Source BCP

increasing their cost and leading to a gradual reduction of such financing. In November, and in view of reduced funding from foreign banks, the legal reserve on debt was lowered. However, BCP held an extremely liquid position that allowed it to serve its clients' needs from its own funds.

The international factoring business has continued growing as expected, and increased the total amount of business from US\$ 62 million in 2007 to US\$ 106 million in 2008.

The strategy to increase revenues from foreign trade services continued to be a priority in 2008, and translated into 16.4% annual growth to US\$ 13.9 million this year.

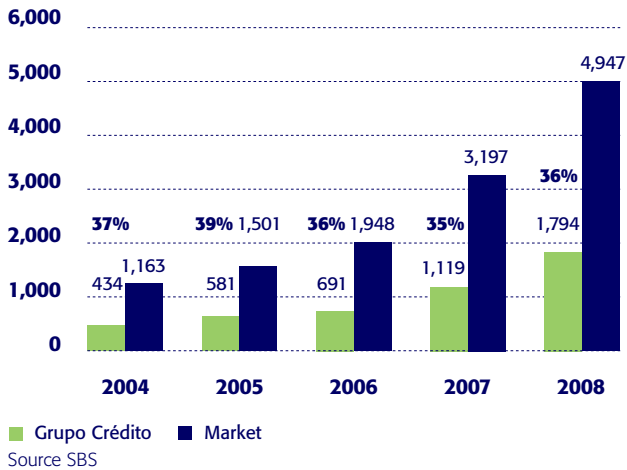
We managed to protect our share of the global foreign trade products business, which reached 36.5%.

In September, we visited banks in China, South Korea, Japan and Hong Kong to introduce BCP, expand our business

relations and evaluate the risks and cultures in those countries. Our Asian tour was extremely successful.

Having included in our plans to get closer to Asia, during the APEC meeting that took place in November in Lima, we signed a short and medium-term agreement with Korea Eximbank to finance imports of equipment and capital goods from that country or manufactured by Korean companies anywhere in the world, up to US\$ 50 million. We also signed a cooperation agreement with China's Development Bank to develop the El Galeno mining project that will require investments worth about US\$ 2 billion.

Leasing financing and market share (US\$ millions)



More clients persuaded of the advantages of leasing

Since 2001, we have been the leaders in the leasing market. In 2008, our market share reached 36.3%, including the BCP and Credileasing transactions.

The fastest growth of leasing transactions since September 2004 took place in 2007. By December 2007, the market had increased 64% year over year. By year-end 2008, the leasing market totaled US\$ 4.9 billion or a 54.8% increment year over year. A growing trend among our clients to recognize the tax benefits of this product for all kinds of investments in fixed assets, and the stable corresponding regulatory framework contributed to such preference, in addition to the growing Peruvian economy, in particular in the first half.

As in 2007, in 2008 we were the leaders in the corporate and middle market segment. Within only two large companies approximately US\$ 128 million in leasing transactions were disbursed. Other transactions totaling US\$ 129 million will be fully disbursed between 2009 and the beginning of 2010. We also experienced significant growth in the SME segment where we placed US\$ 125 million in 2008 compared to US\$ 48 million a year before.

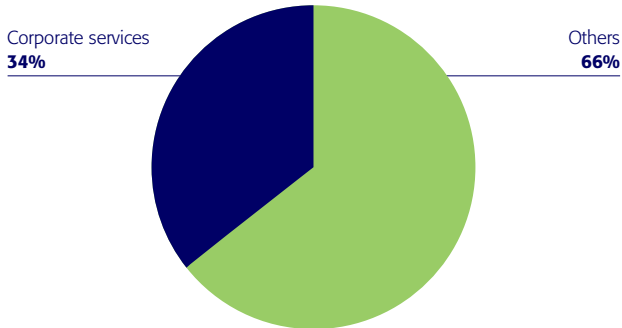
Financing more and better projects

In 2008, our Corporate Finance area, focusing on investment banking and structured financing, grew simultaneously with the expanding Peruvian economy and, in particular, the local capitals market, creating income from structuring, counseling and placing commissions exceeding US\$ 8.4 million.

This was the consequence of more and larger new projects underway in Peru, which required financing and where BCP's Corporate Financing Area played a major role. The main projects and structured transactions of 2008 include a medium-term syndicated loan to "Compañía de Minas Buenaventura" for US\$ 450 million, which became the largest structured financing provided by a local bank. Also, a leasing arrangement for US\$ 95 million for Duke Energy Egenor to build "Las Flores" thermal power plant and the syndicated loans to Transportadora de Gas del Perú (TGP) for US\$ 80 million and US\$ 150 million, to expand capacity of the gas pipeline from Camisea to Lima. Likewise, retro-leasing transaction for S/. 244 million and a medium term loan to Inversiones en Turismo (Intursa) for US\$ 50 million to partially finance their investment plan, including the Westin Lima Hotel.

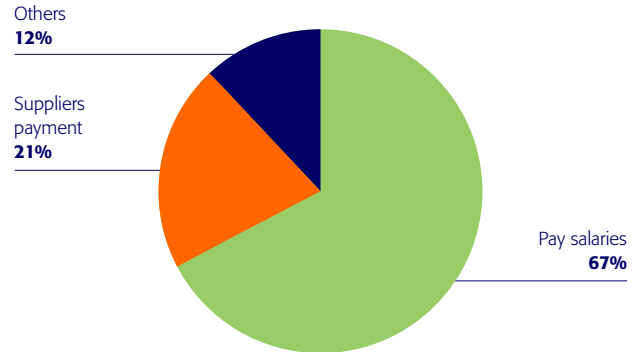
In the capitals market, we successfully structured the takeover bid for ordinary stock issued by a mining company, as well as a private stock offering made in the Lima Stock Exchange and the Alternative Investment Market (AIM) of the London Stock Exchange, among other transactions. Also, the Corporate Finance Area was actively involved in the first private issues of bonds by Chilean companies in Peru, for more than S/. 500 million

Share of Corporate Services in BCP's non-financial income (%)



Source BCP - Finance Division

Monetary transactions by Telecrédito (%)*



*Total transactions: 2'216,000 monthly.

Source: BCP

Leaders in cash management solutions

In 2008, our Business Services area celebrated its 10th anniversary. During this period, BCP has positioned itself as the leading bank for transactional services for clients of the wholesale banking segment, where a study conducted in June 2008 by IPSOS Apoyo about key transactional products for companies, revealed 75% of respondents to the survey sought of BCP as their first choice in providing cash management solutions.

Income from financial services in the Business Services area exceeded US\$ 95 million in 2008, equivalent to a 17% increase year over year. The share of these revenues in BCP's non-financial income reaches 34%.

Financing of e-sales through electronic financing of paper and electronic factoring, increased 31% year over year, from US\$ 98 million monthly- average in 2007 to US\$ 129 million monthly- average in 2008.

Telecrédito, our remote banking system, used now by more than 11 thousand Wholesale Banking and Commercial

Department clients (87% growth by number of new member clients year over year, including holders and incorporated) allows customers to optimize their information and payment management processes; organize and streamline procedures, and save on transactional costs.

The amount collected or charged through the Collections Service increased 29% in 2008, from US\$ 8.5 billion to US\$ 11 billion.

There is a strong relationship between our various services. For instance, as more companies do collections through the Bank, they will pay to their employees and suppliers using Telecrédito (Remote Electronic Banking) against their accounts with us. This relationship creates customer loyalty and keeps us as the customer's main bank.

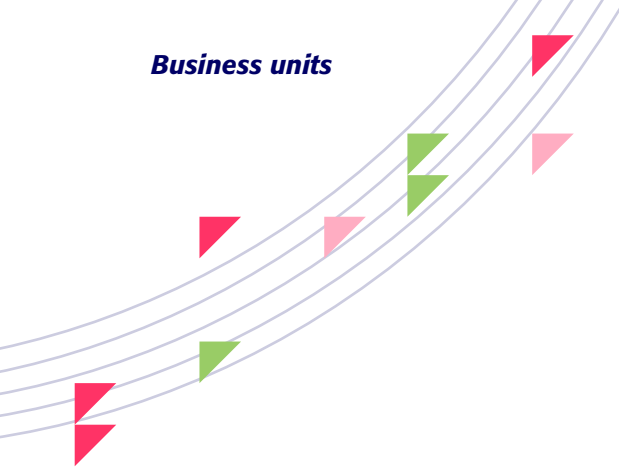
Our present services, and which we will continue to expand, contribute to reduce BCP's internal process costs and create loyalty among our clients.

Retail Banking

2008 was a year for investments in infrastructure and human capital, both necessary building blocks for increasing bank penetration.

Loans (average daily balance) and deposits balances in Retail Banking grew 27% and 36%, respectively, year over year, to US\$ 3.7 billion and US\$ 6.1 billion. Retail balances account for 37% of total bank balance for loans and 45% for deposits.

Retail Banking keeps developing its ability to attract a larger percentage of the population to the financial system and improve service. To pursue such strategic goals, 2008 saw unprecedented investments in infrastructure and human capital, and a boom in customer service channels. BCP opened 57 additional branches (24% more); added 142 automated tellers to its network of 890 ATM's nationwide; opened 630 Agentes BCP points and added more than 3,000 employees, needed to serve its network.

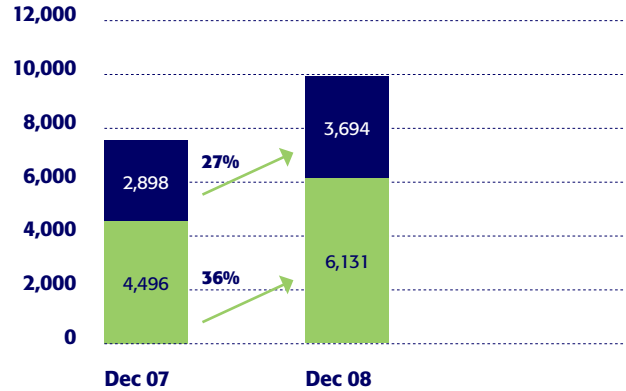


Transactions in these customer service channels continued to grow significantly, and expanded 22% compared to a year before. Retail Banking continued to move transactions towards channels that are friendlier to customers and cheaper to the Bank. Thus, in 2008, 73% of transactions were performed through electronic means, as opposed to teller transactions, or three percentage points more than in 2007.

We also increased our income from service commissions by 18%, to over US\$200 million, while the 30-day past due rate of the retail portfolio remained under control throughout 2008, and was at 2% at year-end.

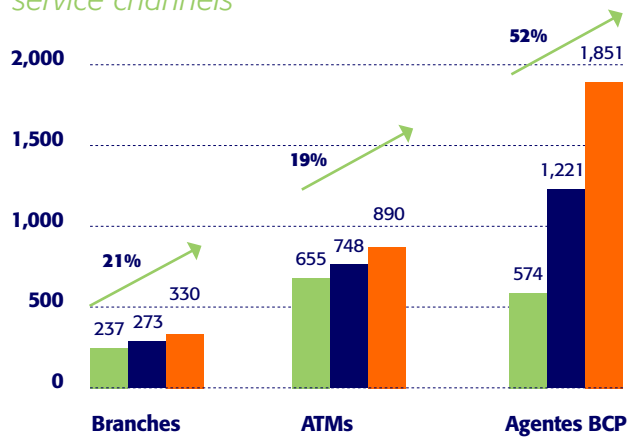
As a result of the strategy focusing on expanding growth of Retail Banking, and taking account of the expenditures and investments required for that, profits reached US\$ 169.4 million, representing a contribution of 40% of BCP earnings.

Retail Banking: Average daily balance of the month (US\$ thousands)



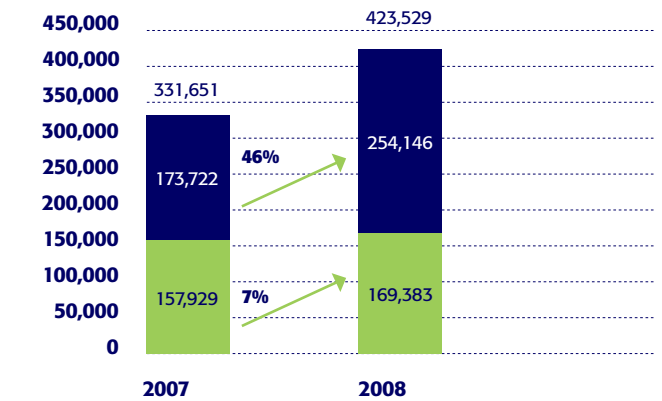
Loans Deposits
Source BCP - Finance Division

Evolution of infrastructure in customer service channels



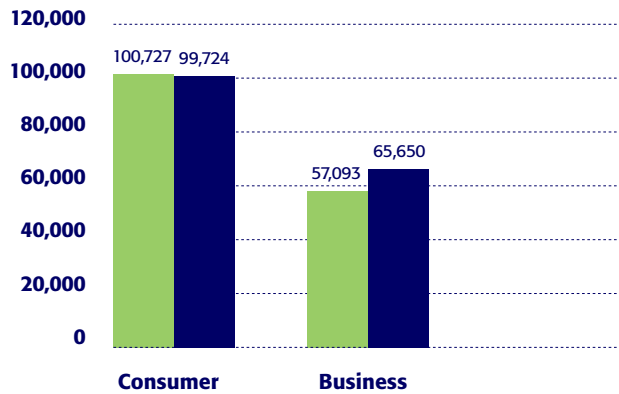
Dec 06 Dec 07 Dec 08
Source BCP - Finance Division

Retail Banking profits (US\$ thousands)



Others Retail Banking
Source BCP - Finance Division

Profits by retail banking units (US\$ thousands)



■ 2007 ■ 2008
Source BCP - Finance Division

More than 2.5 million individual clients

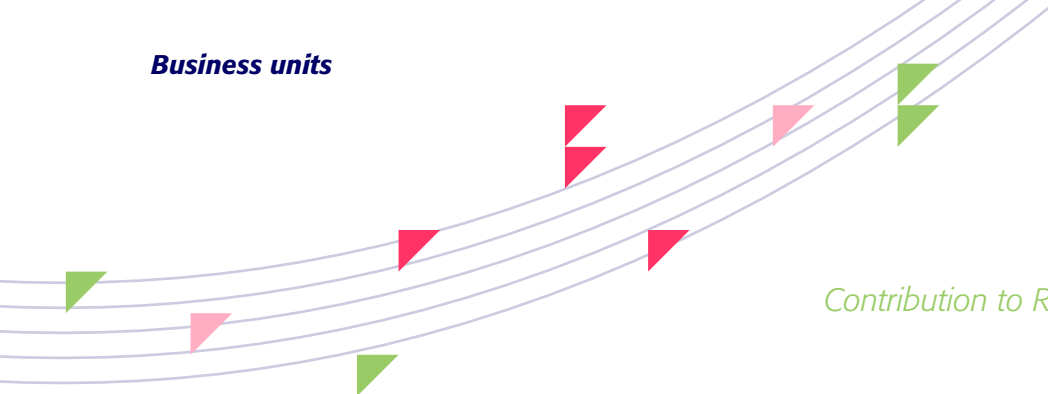
The Retail Banking individual clients segments' share in Retail Banking profit was 59%, with over 2.5 million of individual clients. Commercial strategies' continuity included providing different ranges of products for specific segments, creating value through partnerships, focusing on lower income consumers, and marketing directed to maximize customer value.

The main initiatives this year focusing on and providing value to the high income segment included the Visa LANPASS Signature card, a preferential high-volume mileage card combined to additional benefits for travelers and expanded benefits from the Exclusive Banking service, which offered many more customers specialized care at windows, by telephone and for their investments.

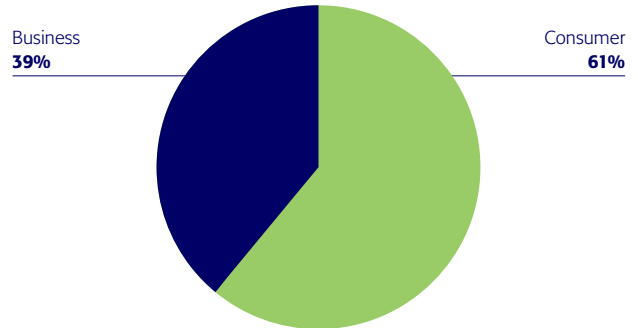
Several successful projects allowed expanding our contingent of lower income customers. These successful projects included expanding the number of companies using our payroll services and, accordingly, increasing the number of clients for our payroll benefits and loans; a savings account under an attractive fee scheme, called First Account (Primera Cuenta) BCP and the Visa Exacta credit card with a fixed repayment quota. The Exacta credit card was an immediate success, and from the moment it was launched accounted for 25% of total credit card sales.

To maximize value for individual customers, we resorted to more sophisticated commercial intelligence tools, including pre-approved loans for a wide customer base, and enhanced ability to assess risks and provide credits at the point of contact. We continued expanding the benefits, in both bank and non-bank products and services, to clients of our payroll system, whom we offered a new Cuenta Sueldo benefits program launched at the beginning of 2008.

The commercial model for individual personal clients has helped us preserve our already high market share in the market for deposits by individuals, where our share at the end of 2008 reached 40.6%, and we reached US\$ 5.2 billion worth of balances. In the individual customers segment, the most relevant loan products included credit cards, consumer credit and mortgage loans, which all together grew 28.7%, slightly higher than those of a year earlier. Retail Banking increased slightly its market share, up to 25.7%.



Contribution to Retail banking profits (%)



Source BCP - Finance Division

More than 260 thousand business and SME customers

Our value proposition for SME and Business Banking includes not just offering a wide range of products for financing business growth, but is based on providing business owners the tools they need to achieve sustainable growth of their companies. Our training and counseling approach became extremely important in 2008 and produced very satisfactory results, with returns rising 15% and contributing almost 40% to the Retail Banking bottom line.

By year end, close to 20 thousand small business owners had attended our business meetings in the main cities around Peru: Arequipa, Chiclayo, Cuzco, Huancayo, Lima, Pucallpa and Trujillo. Free business training was open to both BCP customers and non-customers. In addition, over 1,500 business owners had the chance to attend the training programs from PYME, the government’s small business promotion agency, at Universidad del Pacifico. This custom made course offerings include issues on planning, finance, marketing, human resources, processes and others.

In June 2008, BCP organized the third ExpoEmpresa, attended by the Minister of Production where firm owners visited close to 100 booths, to purchase goods and services. This initiative brought BCP corporate, middle-market and business banking customers together, to show them a number of options for small business growth.

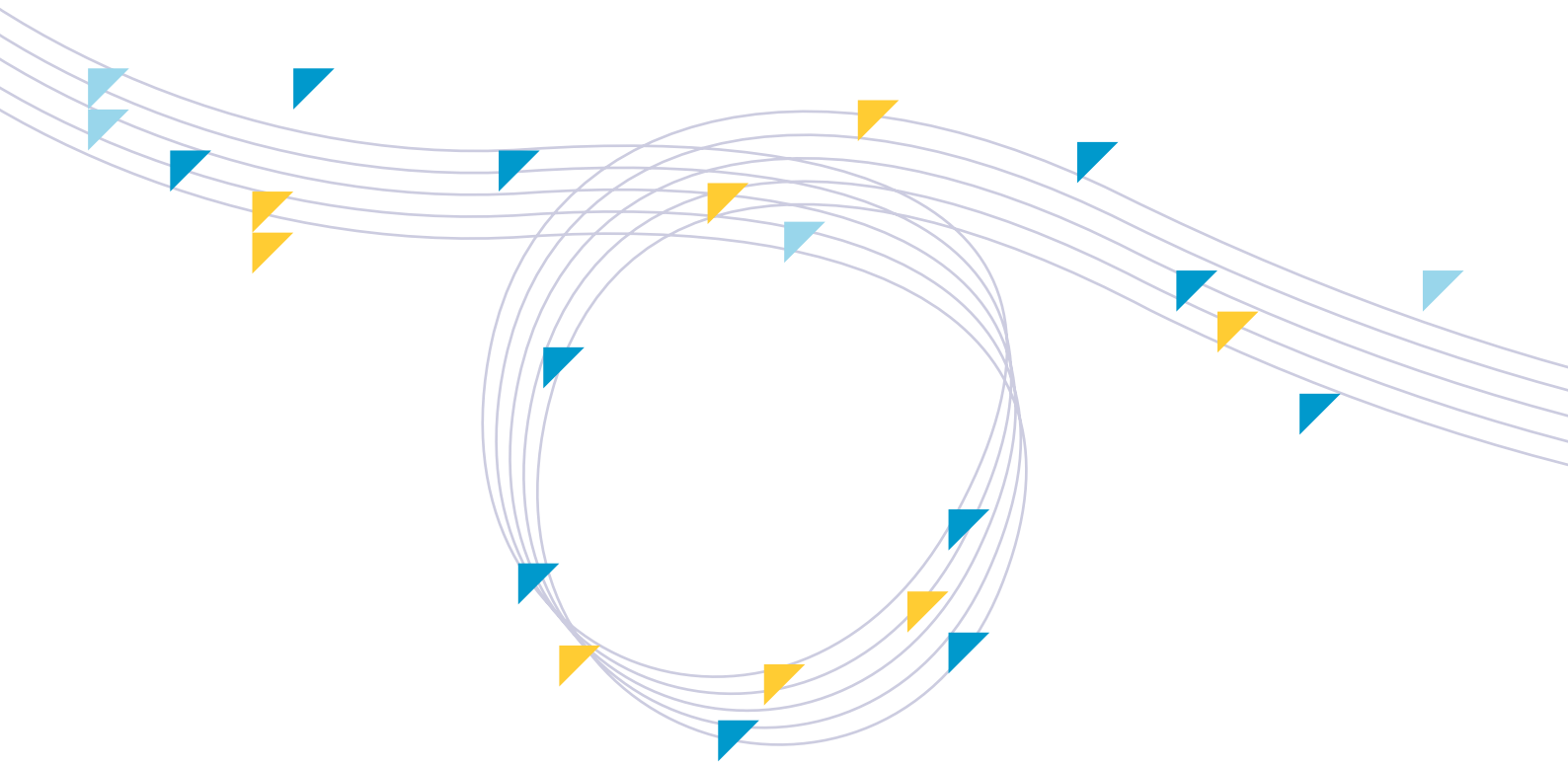
Retail Banking lived up to its commitment to get decidedly involved in initiatives sustaining small and medium-size firm development. These initiatives include support to the Ministry of Labor’s Micro and Small Company office, by disseminating ways for firm mainstreaming; an agreement with the American Chamber of Commerce in Peru, to issue recommendations on how best to tap opportunities created by the Free Trade Agreement (FTA) with the United States and sponsoring events like the Annual Entrepreneurs Conference (CADE), the President of Peru Award, the Bread-Making Fair (FEPAN) 2008, and others.

Our commercial strategy and discipline in this segment has helped us preserve our share of this market, which reached 20.2% at the end of 2008, in a segment where players include not just other first-line banks, but also many organizations focusing exclusively on this type of customers. Dramatic 38% growth was also accomplished in balances of business and small company deposits, to reach a total US\$ 1.5 billion.

Risk management 6







Credit risks

In 2008, we remained vigilant of the portfolio's exposure to the credit exchange risk, against the backdrop of a highly volatile exchange rate.

Implementation of adequacy project to Basel II

In 2008, BCP continued adopting the principles and guidelines of the New Capital Agreement (NCA), Basel II. These activities took place in line with a plan designed in compliance with preliminary rules published by SBS in December 2007 and January 2008 to compute minimum regulatory capital. In October and December 2008, SBS again amended those regulations so that starting in January 2010 all financial organizations will compute their minimum regulatory capital using the standardized method and may request SBS to confirm their internal capital estimation models. This project is key for BCP for which reason both senior management and the Risk Management Committee have become actively involved in the process.

Some 2008 highlights are listed below.

- (i) The second survey on quantitative impacts led by SBS concluded. It used standardized methods and methodologies building on internal models to compute the minimum regulatory capital.
- (ii) Capital calculations using the standard method were fully developed and automated, in compliance with the preliminary regulations issued in January 2008.
- (iii) With support from external consultants, we diagnosed the Retail Banking loan portfolio management and prepared a plan to adapt ourselves so we can apply the NCA Advanced IRB method for this portfolio.



(iv) We concluded the pilot projects to compute the capital for credit risk using the Foundation IRB for Wholesale Banking and for Market Risk using the internal models.

The new regulations published in October and December by SBS for consultation with market players resulted in some changes in activities planned to be able to accomplish our goals. In line with the adaptation plans, the next step will be to hire an external consultant at the beginning of 2009 to review BCP's request for approval of the methods based on our internal models.

Development in credit risk modelling

In line with the project to adapt to Basel II in 2008, our credit risk modeling efforts focused on ensuring credit risk modeling for probability of default in Wholesale Banking should follow best practices in areas like basic principles for modelling, documenting, validation and monitoring. Presently automated processes are in place to assess the performance of the models. They have been used in credit evaluation since beginning of 2007.

Simultaneously, new non-compliance probability models were put in place focusing on some segments of the wholesale credit portfolio. In particular they focus on local and foreign financial institutions, sovereign risk and energy companies. Another expert model addressed specialized lending, new companies and slow maturity projects, based on Basel II recommendations.

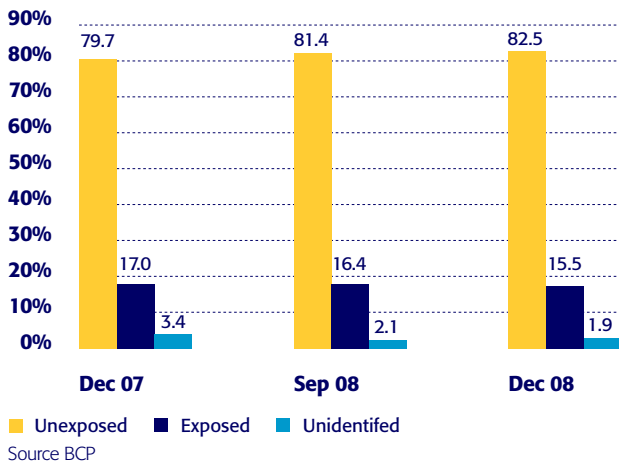
In 2008 we started using tools and methods to perform stress testing on our loan portfolio and thereby be in a position to determine the right capital in those conditions. We established procedures to perform these stress tests on a half-yearly basis. These scenarios are coordinated with the Market Risk service that also performs its own tests and is aligned with requirements in the SBS regulations. The goal is to compile test results to better assess the portfolio's behavior under extreme circumstances. Such enhanced knowledge should allow to design and adopt measures and policies that may be applied in specific situations for greater effectiveness in risk mitigation.

Operational Risk Central Office

BCP continued working on its development of an information repository that will allow us to comply with SBS requirements to put in place an Operational Risk Central Office (ORCO) and adopt international standards for risk management in the framework of NAC. This project will provide us with the ability to store large volumes of information for the abovementioned regulatory goals, but also to estimate the basic parameters included in the Basel II framework. This is a very large scale project involving several bank departments because of the need to create or modify business processes, source applications and data models.

In 2008 SBS provided detailed technical considerations about the ORCO. They had requirements for the design and development of all changes in the source language and data warehouse. After they were reviewed by the IT Division at the

RCC exposure level (% of total loans)



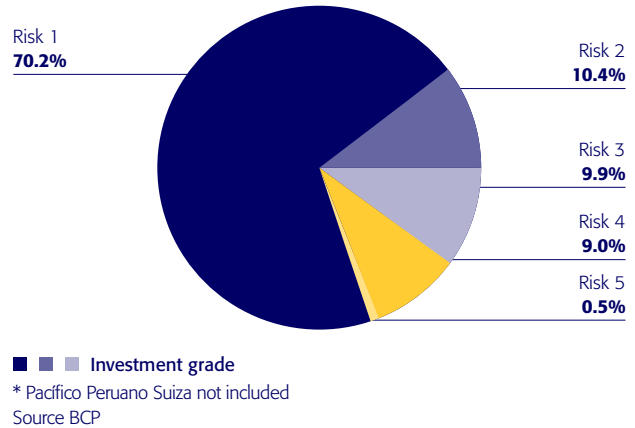
bank, they were included in the work plans currently underway. SBS also expanded the volume of information that must be reported in the near future, including among others variables related to capital calculation methods using in-house models and more abundant guarantee information.

Exchange rate credit risk

In 2008 we enforced an ongoing follow up of our portfolio's exposure to exchange-rate credit risk against a backdrop of high exchange rate volatility. However, BCP's high quality portfolio led to relatively low portfolio exposure to credit loss stemming from potential non-compliance by debtors exposed to exchange rate fluctuations. To December 2008, the portfolio at risk accounted for only 15.5% of total transactions.

Improvements introduced to the analysis of this type of risk now allow quantifying the potential loss derived from credit exchange risk.

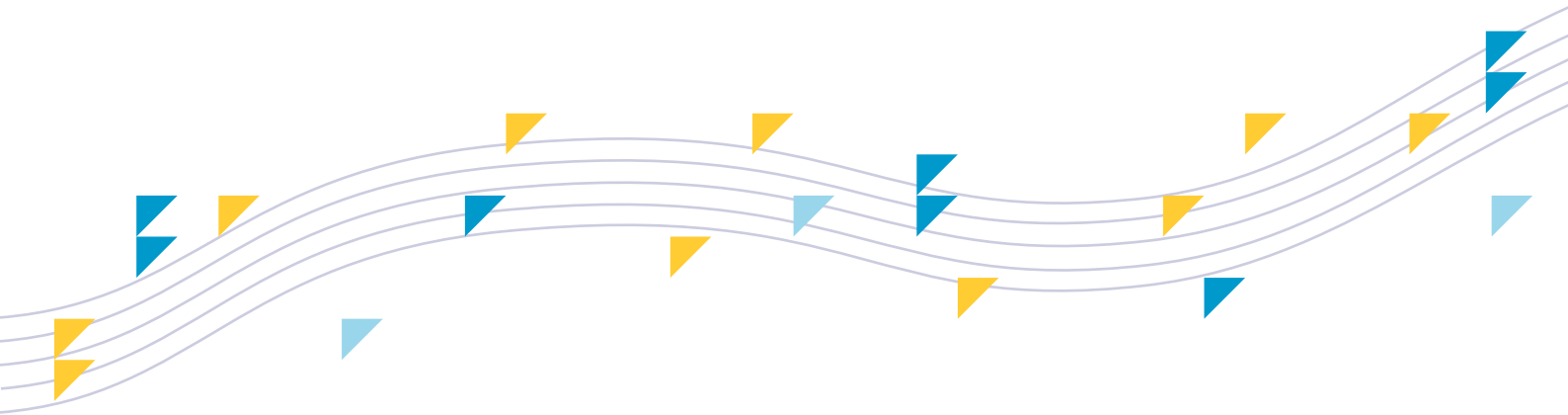
Credicorp exposition by risk classification, to december 2008*



Country risk

BCP's exposure to country risk remained relatively low in 2008. To December exposure was close to 90.5% in investment grade countries, based on ratings awarded by the main international rating agencies.

Several BCP divisions are in charge of jointly managing country risk to keep it at healthy levels. They closely monitor macroeconomic, political and social developments in the countries where we do business. In 2008, the bank further strengthened management of this risk by putting in place statistical stress simulation models that allow anticipating potential impacts and provide us with estimates of required provisioning in case of risk rating downgrades. Likewise, our country risk management internal policies were modified to hand over country risk management to the Risk Management Committee.



Market risks

The project to adapt to the guidelines of the new Basel Capital Agreement was the main task in 2008.

In 2008 we continued developing tools and plans allowing the Market Risk Administration Unit to more closely monitor our trading book and the management of our Asset & Liability structure (banking book). Along this line also, the project to adopt the principles and guidelines of the NCA Basel II for market risk issues ranked among the most important projects.

Risk management of the trading portfolios in 2008 included introducing a new module for computing their Value at Risk (VaR) using automated rapid measurements. In addition, we improved our daily market risk reporting mechanisms. This allows more efficient and timely follow up of portfolio risk based on VAR calculations made possible by the new risk module.

Risk management of assets and liabilities benefited from a new methodology for calculating the economic capital needed in case of structural balance sheet risk. These computations are made on a monthly basis at present. Weekly calculations are planned for mid-2009.

The contingency liquidity plan was restructured and new indicators were established including periodical daily, weekly and monthly warning signals. Liquidity stress tests are performed bi-weekly to identify practicable solutions should action be needed to face such situations.

As regards to the New Capital Agreement in 2008 automated systems were put in place to compute the economic capital of the trading portfolio using the standard (monthly) and internal (daily) modules. Plans for 2009 include retaining external consultants to perform an independent test of BCP risk models.

Finally, in 2009 Treasury management will be assessed using an indicator for the economic capital calculations to be performed by the Market Risk Service that includes risk as a component of performance evaluations.

Operational risks

The OR team focuses on optimizing the management model that is now the strategic framework for planning all projects.

Risk identification and evaluation

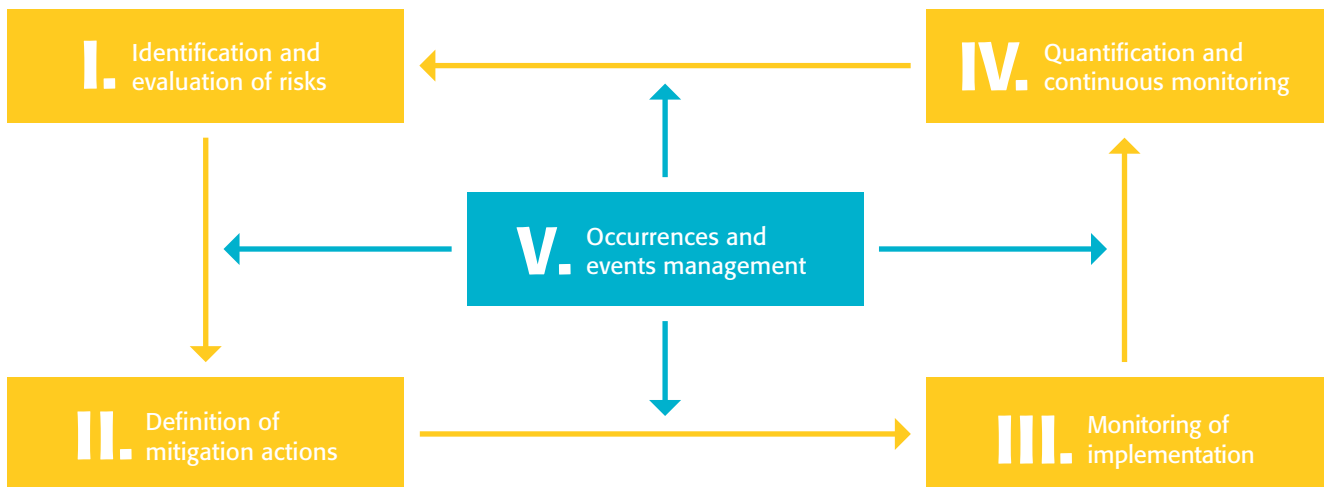
Activities focused on reviewing the present methodology for operational risk evaluations to propose improvements in line with the best international practices. Protivity, an experienced US risk management consultancy, was retained to review our methodology in risk management.

Additionally we expanded the scope of our operational risk identification and evaluation model to determine operational risks in areas not previously included in our model. This new approach includes a scheme to classify information assets, critical supplier contracts and insurance policy hiring. This last model will allow us to review insurance policies hired by BCP and accordingly put in place an appropriate strategy for risk conveyance and optimizing our insurance costs.

Simultaneously, and as is customary every year, now we evaluated BCP's entire operational risk by reviewing a total 169 critical processes and thereby contributed to obtain certification required by Section 4 of the Sarbanes-Oxley Law. This process requires we provide technical and methodological support to other Credicorp Group companies.

Finally, we continued providing advice to other units in matters of operational risk analysis for their own commercial and operations projects, and for new products and processes. Support of this type was provided for 32 major initiatives.

Operational Risk Management Model



Implementation of controls (Business Continuity Process)

To further strengthen its operation risk management models, BCP successfully put in place a Business Continuity discipline to properly manage BCP's exposure to business interruptions by creating an adequate response capability to such contingencies.

Presently the bank can count on business continuity control that allow it to protect its main business processes in case of key critical interruptions, and supported by a formal managers organization that ensure BCP's business continuity. However, it is perhaps even more important to discuss the process to manage this discipline as it allows permanently updating it and improving our ability to provide a timely response. A strengthened system was accomplished by putting in place the Business Continuity Process in line with general guidelines provided by British Standard 25999.

A permanent process is now in place to identify and address interruption risks (modules I and II of our management model) and a maintenance process (in modules III and IV). These functions ensure the effectiveness of the controls in place and the degree to which our personnel are trained to respond. They also ensure greater effectiveness and efficiency in managing near-misses (in module V). US consultant Protivity assisted in defining the methodology needed to properly use modules I and II, and reviewed the main components of module V, vis-à-vis the best international practices in this regard.

Counting on a true and tried model and also as we look forward, we believe the main challenges faced by this discipline will come from BCP's constant evolution and changing conditions in the financial market. Thus the necessary capability to assimilate those changes should be the result of correct and rigorous enforcement of the business continuity model.

Near-miss management

In the field of near-miss management we have defined the policies, roles and responsibilities for managing near-misses and deployed a methodology to identify, capture and record information. This methodology is used in several BCP divisions including Fraud Prevention, Management and Human Resources Development, Legal Counsel and various units in the Operations area. We were thus able to capture 2,531 events in 2008.

In addition we proposed improvements to accounting book entries for risk of registered transactions, to provide a more transparent registration.

We expect our initiatives in 2008 will raise us to a level where we can identify and capture loss events occurring throughout our organization and thereby mitigate future occurrences. This however should go hand in hand with a number of accounting line items in the Profit and Loss Statement to register those events and thus permit to have a clear appreciation of operations risk.

All such initiatives will allow us to successfully meet in the medium term the cash requirements to meet operations risks as established by NCA and thus later propose more advanced models to determine the capital requirements to hedge operation risks.



Capital and assets

7



Capital market

Credibolsa remained as the leader of the securities market and the fixed income segment. In addition, the best international practices for cash management were enforced.

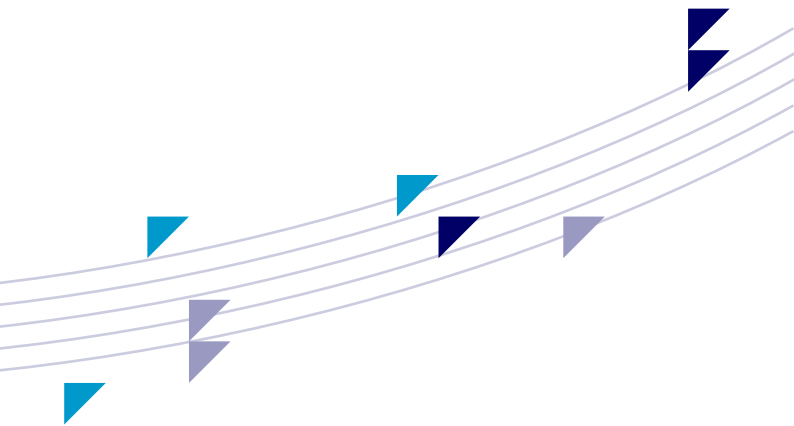
Stock Market intermediation

Despite Peru's strong economic results in 2008, when GDP growth reached 9.8%, the U.S. home mortgage crisis and its impact in the financial system of the United States also influenced behaviors in Peruvian markets, further compounded by sliding base and precious metal quotations, all of which triggered the fall of Lima Stock Exchange (BVL) indicators and trading.

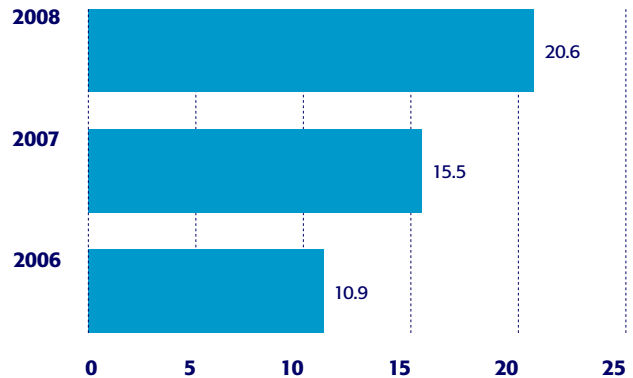
In 2008, the Lima Stock Exchange's general index (IGBVL) fell 60%. Total trading reached US\$ 4,963 million, a drop of almost 48%. Fixed Income and Report Operations at the BVL reached US\$ 2,668 million, 13% less than the average volume for the same period the year before.

Credibolsa remained as the leader of the securities market and funneled share transactions worth US\$ 981 million (19.76% of the trading total). Likewise in the fixed income segment it was involved in the purchase and sale of bonds and other instruments for a total US\$ 852 million (59% of the traded total). Finally, it was involved in report operations worth US\$ 67 million. Thus, the total traded volume reached US\$ 1.9 billion.

In the fixed income primary market, our major placements exceeded S/. 1,480 million. Two outstanding transactions were a private offering by Cencosud's, worth S/. 410 million, and a package of four private offerings by BCP totaling S/. 510 million. Issues in dollars totaled US\$ 152 million. The most important were Credileasing, worth US\$ 84 million, Ferreyros' corporate bonds for US\$ 33 million, and Palmas del Espino's issue for US\$ 17 million.



Trading desk: volume of US\$ foreign exchange transactions with clients (US\$ billion)



Source BCP

In the primary share market, Credibolsa was involved in placing Maple Energy PLC offering worth US\$ 25 million, which took place simultaneously at the BVL and the Alternative Investment Market in London.

Foreign exchange

In 2008, two major events took place in Peru’s economy and the foreign exchange market. The first one was the significant liquidity surge in dollars resulting from a positive interest rate differential that attracted investors and contributed to the nuevo sol’s appreciation. In April, the exchange rate fell to a minimum S/. 2.678 to the dollar. The system’s forwards portfolio reached record oversubscription totaling US\$ 1.6 billion, resulting from strong expectations of a nuevo sol appreciation. In the first half of 2008, the BCR bought US\$ 8,728 million in a highly volatile exchange market. A second event was the world financial crisis that reduced flows of dollar and resulted in a strong appreciation of the US currency. The exchange rate rose to a peak S/. 3.24 to the dollar in October, a level unseen since September 2006.

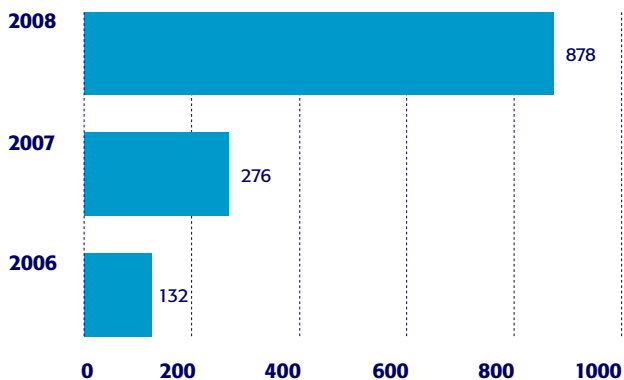
The market of forwards portfolio moved in the opposite direction because of uncertainty and devaluation expectations, and was undersubscribed by US\$ 1 billion. BCR stepped in to sell about US\$ 5 billion against the backdrop of large demand and insufficient foreign currency. The combination of uncertainty and exchange rate volatility was crucial for this year’s bottom-line. Traded volume worth US\$ 141,809 million in the inter-bank market, were twice as large as last year’s figures. Such events benefited our foreign currency exchange business and resulted in revenues of US\$ 90 million in the nuevo sol / dollar exchange market in 2008, compared to US\$ 47 million in 2007.

Given such international developments and sound growth in Peru’s foreign trade, the foreign currency exchange business moved forward decidedly in 2008. At BCP, we have aimed at strengthening this product, for both transfers and paper notes at our authorized branches. In 2008, we traded other currencies for a total equivalent to US\$ 1,984 million, more than 200% higher than last year’s US\$ 603 million. Accordingly, our revenues improved 58%, and rose from US\$ 5.79 in 2007 to an estimated US\$ 10.06 million in 2008, thus demonstrating the dynamic pace of Peru’s economy. In addition, we identified a market opportunity to provide our institutional clients with hedging in various regional currencies. This business earned us significant revenues in 2008.

We are an important player in the forwards markets, and have once again accomplished record levels of US\$ 22 billion for traded volumes and US\$ 22 million returns. Our average forwards stock reached this year a record US\$ 3.9 billion, pushing our market share above 20%.

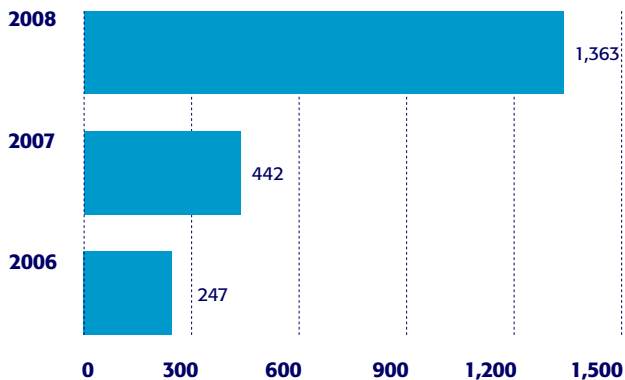
BCP had 27% market share for number of clients in the foreign exchange market in 2008. This figure demonstrates our strong positioning in a fast growing and increasingly competitive market and further confirmed that our strategy to focus on quality service in various distribution channels is a permanent source of an outstanding bottom line. In 2008, exchange transactions reached about US\$ 32 billion worth, driven by a dynamic local economy. Likewise, operations in branches throughout Peru grew 14%, reaching US\$ 4,402 million for 2008.

Trading desk: volume of forwards with clients (US\$ million)



Source BCP

Trading desk: volume of other foreign exchange transactions with clients (US\$ million)



Source BCP

BCP's competitiveness in the Distribution Desk and the livelier pace of Peru's economy led us to dramatically exceed our annual volume growth targets in various business lines.

Growth in the SPOT market exceeded by more than 30% 2007's figures while in the market for forwards and other currencies, expected growth should exceed 2007 figures by over 180%.

A troubled scenario is expected in 2009 as a consequence of the international financial crisis. However, we are persuaded we will reach our goals thanks to:

A professional team in the Distribution Desk that provides appropriate advice to our clients about our various products

Innovation in creating structured products.

The strengths of BCP's Wholesale Banking marketing through which we can reach the main companies in the local market.

BCP's branch network, that helps us further our Retail Banking business.

Treasury

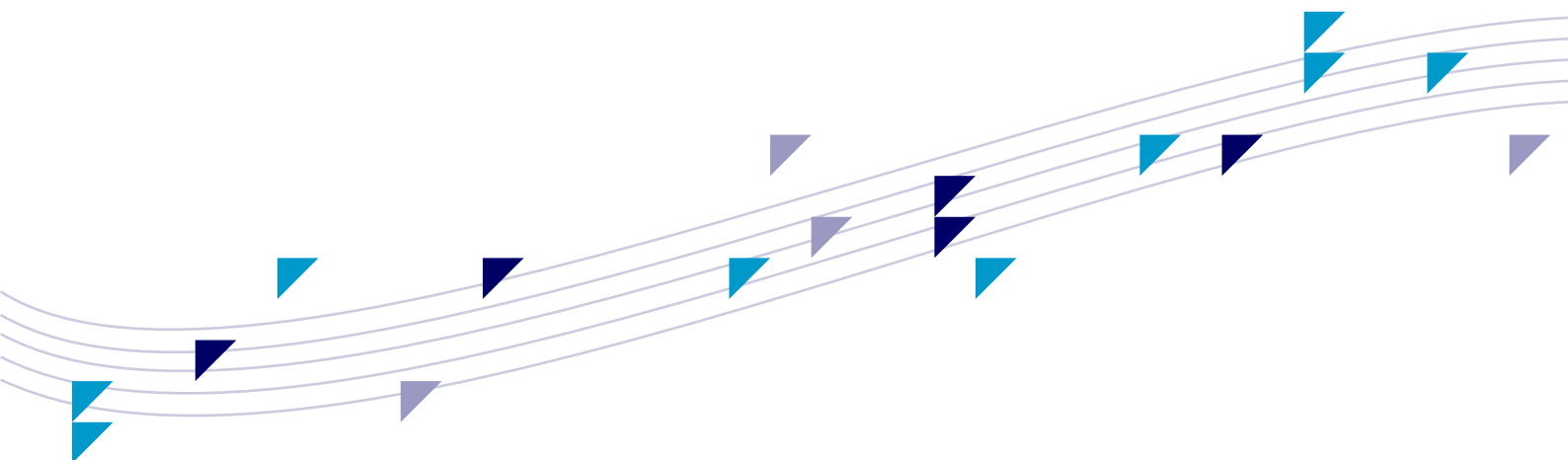
Since 2007, BCP has adhered to the best international cash management practices. Accordingly, our Assets and Liabilities Management Service became a business unit and given an annual revenue goal.

This change made the Assets and Liabilities Management Service (ALM) responsible for managing BCP's balance sheet, under ALCO oversight, and for accepting reasonable interest rate and liquidity risks through management of the short and long term transfer rates, thus contributing to preserve our leadership in market share for loans, deposits, investments and currency forwards.

Rate, liquidity and fund concentration risk policies and limits are approved by the Risk Committee and reviewed every month by ALCO, to which the Assets and Liabilities Management Service proposes balance positioning strategies.

In 2008, an active ALM business management created revenues for BCP of US\$ 27.6 million. Our ALM strategy includes an active involvement in the inter-bank market, where we were the first place in trade volumes during 2008. Likewise, we were market makers for Limabor, with operations at 30 days in local currency. We have held the highest share of the system since this market was created (31%) with a total S/. 500 million worth of trades.

In 2008, financial and economic indicator shifts, both locally and abroad, altered ALM's evolution. On the local currency side, inflation led the Central Bank to increase its reference rate from 5.25% to 6.50%, thus hurting short term rates and impairing the local currency's perception.



On the foreign currency side, the interbank rate fell 475 bps from 5.57% to 1.17% on average, because of liquidity created by maturities of purchase forward transactions, with foreign investors becoming the largest buyers of that currency. Likewise, a falling marginal legal reserve rate, from 49% to 39%, injected liquidity into the banking system.

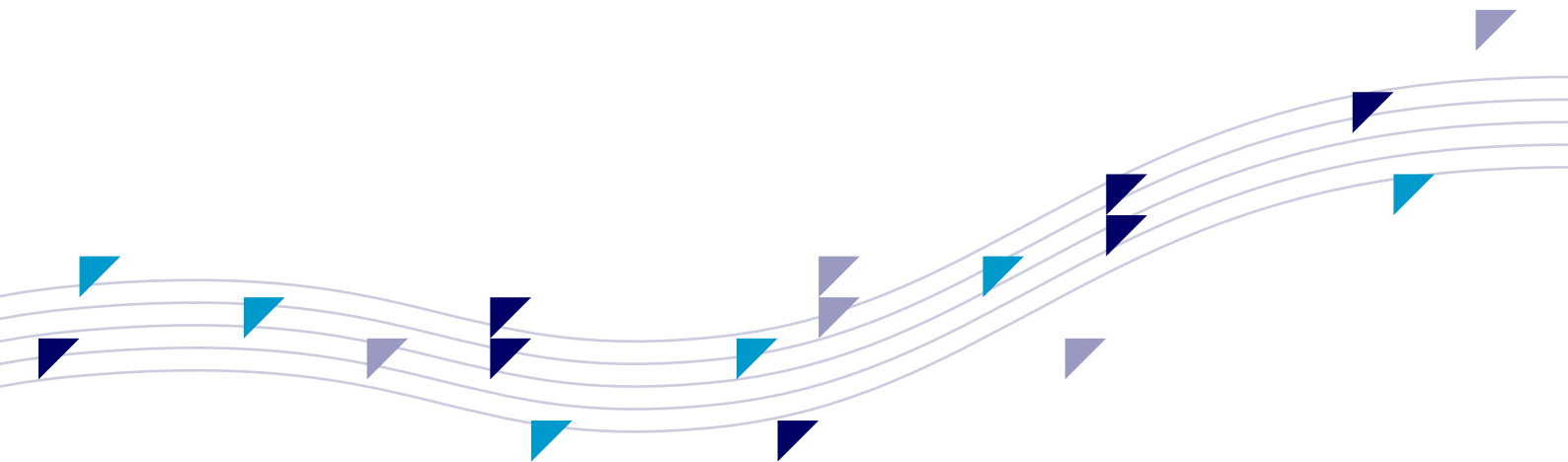
In 2008, loans grew significantly surpassing the surge of deposits. The capitals market and foreign banks contributed to finance bank operations. Short term bank funding for foreign banks was used in foreign trade and working capital transactions. In addition, in March 2008, BCP received a syndicated loan from 17 banks totaling US\$ 410 million, to fund medium run operations.

In September and December 2008, BCP placed two tranches of securitized notes worth US\$ 150 million each, despite the unprecedented financial crisis. Issues in the local market totaled S/. 510 million.

Towards the end of 2008, a deepening international crisis dried up the capitals market and compromised the continuity of funding in both dollars and nuevos soles.

Investments

Investments in 2008 targeted principally nuevos soles-denominated instruments, making BCP's cash management the country's largest investor for this type of instrument. Investments exceeded S/. 10 billion, on average, principally in BCR Certificates of Deposit. To November BCP held a 49% share of certificates of deposit held in the local banking system and 57.4% of the total issued by Central Bank. In addition, we were actively involved in the successful Market Makers program for sovereign bonds. In this a secondary market platform, where local and foreign investors trade BCR Certificates of Deposits and government bonds, we ranked second by volume of trading to December 2008. Also, this year we engaged on behalf of our customers in sovereign debt transactions worth S/. 11,334 million, thus also evidencing our leadership in this market.



Asset management

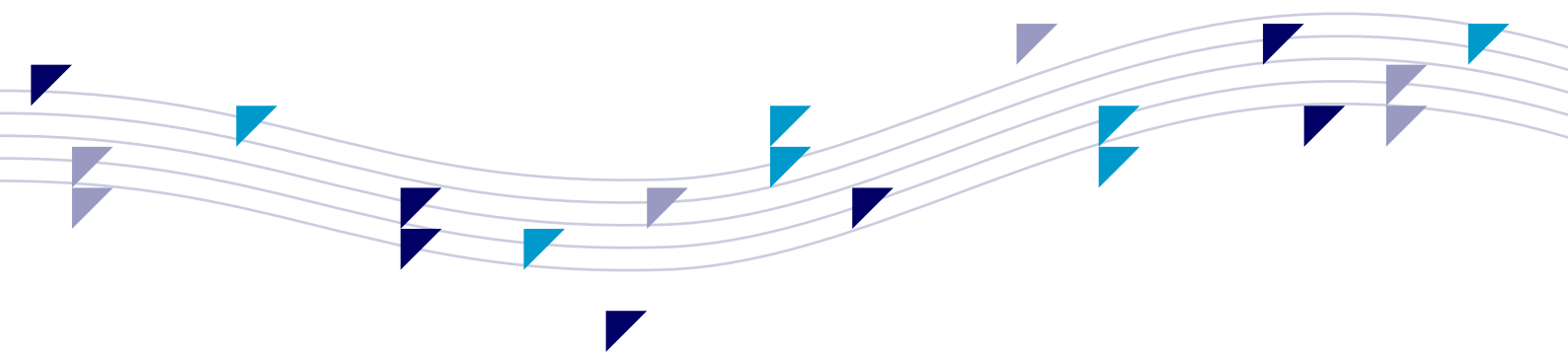
Credifondo has kept its leadership through an efficient fund allocation process based on the concept of advising our clients and as a consequence of redefining our investment strategy.

The mutual funds market has been impaired by the global financial crisis, which created significant losses in funds under management. To December 2008, this industry managed wealth worth US\$ 2,817 million (US\$ 1,515 million less than in 2007), for 202,287 participants (72,839 less than in 2007). The -34.98% shift by volume and -26.47% drop in number of participants compared to a year earlier is mainly accounted for the impact of the world crisis and the greater volatility of the value of contributions to these funds.

From the viewpoint of business management, Credifondo preserved its position as industry leader with funds worth US\$ 1,274 million under management (US\$ 681 million less than in 2007), for 78,497 participants (35,843 less than in 2007). Credifondo also increased its market share from 45.1% to 45.2% by volume of funds under management, while the number of participants compared to a year earlier shifted from 41.6% to 38.8%.

Such accomplishments were the result of efficient fund distribution based on the principle of providing advice to investment customers in Lima and the provinces, both at the time of signing (using a state of the art client profiler throughout the bank's network) and also subsequently (through conferencing nationwide). This has accomplished our goal of teaching our customers to make responsible investment decisions suitable to their investment profile.

Another contributing success factor was having the clearest and most comprehensive offering of the entire industry. Credifondo launched twelve new funds (while the industry as a whole launched 10). For the mixed revenue fund segment in nuevos soles we now provide the clearest and most comprehensive offering while fully reflecting risk profiles determined by the National Insurance and Securities Commission (CONASEV).



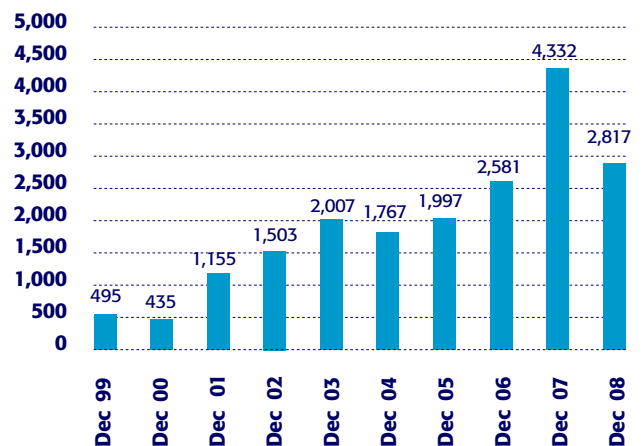
From the point of view of investment management, Credifondo chose to redefine its investment strategy for the portfolios it manages, to reduce the impacts of international volatility. For conservative profile funds, a choice was made to improve diversification, reduce investment terms, and preserve such investments in their own currencies, thus achieving more stable returns and mitigating the likelihood of incurring losses. For the moderate, balanced, growth, and aggressive funds, a decision was made to guide investments to less volatile sectors. These strategies resulted in funds closing this year as the top or second-ranked funds in terms of yields, in each of their corresponding segments. It is worthwhile underscoring such positioning in yield rankings is in line with our own goals, and which we have consistently accomplished for four running years.

In 2009, Credifondo will rise to the challenge of increasing its market share, and to do so our crucial investment strategies will focus on two main areas.

a. Repositioning short term mutual funds as *no-volatility funds*, to retain and/or recover participants hurt by volatility in recent months.

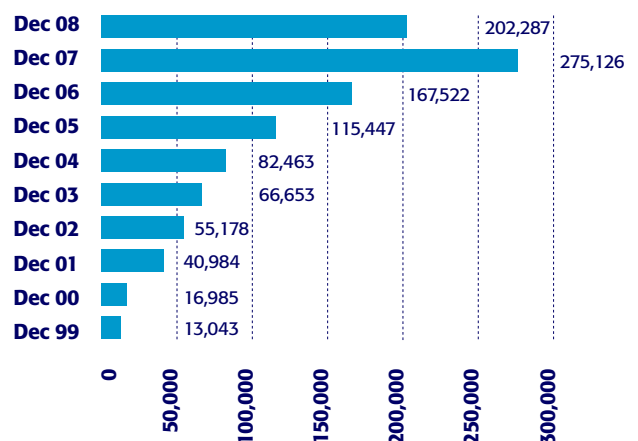
b. Preserve our leadership as advisors through ongoing training for internal customers (office managers, business officials, loan and service officials) and ii) conferences for external clients nationwide.

Mutual Funds: Funds under management, 1999 - 2008 (US\$ million)



Source CONASEV

Mutual Funds: Number of affiliates



Source CONASEV



Systems, Organization and Human Development 8



Systems and Organization

Process redesign and aligning our systems to the technological architecture were some of the main processes we undertook in 2008.

*Expenditure of Systems Expenses 2008
(US\$ million)*



Source BCP

Expenses and investments

In 2008, IT expenditure totaled US\$ 97.9 million, of which US\$ 79.2 million were spent in recurring items and US\$ 18.8 million went to several projects. Total investments reached US\$ 60.9 million of which US\$ 16.6 million were for tactical projects, US\$ 27.5 million for core processes and US\$ 16.8 million for continuance projects.

Main projects

A new project started in 2008 to redesign the sales and service staff positions and thus help us meet our strategic objectives. This project is part of the initiative to redesign BCP offices and strengthen interactions among all staff within one single system, optimize work processes and improve customer care.

To further pursue our objective of increasing Retail Banking loans, in 2008 we expanded the Credit Integrated Module (MIC is the Spanish acronym) to embrace also consumer loans. Since 2007 this system has provided customers instant reply to credit card applications, and the approved credit line, if accepted. We will also start using this system for mortgage loan screening starting in March 2009, to give customers point of contact response.

In 2008, we continued to align our systems to the technological architecture by building and implementing shared services.

Finally, this year we introduced SAP's human resources and procurement modules and in the first quarter of 2009 we will start introducing the accounting module. Also at that time, SAP will be implemented at our subsidiaries PPS, Prima and BCP Bolivia. Three major projects have been included. The first one is the collections management system for retail banking products. It will allow a more efficient management of collections in 2009, a year when we will face numerous challenges. The second completed project is the Telecredito system that will allow BCP client companies to carry out their transactions from a robust, modern and friendlier platform. Migration of clients to this new system will take place throughout 2009. The third project is a new system to manage clients' applications and complaints.

Finally, in 2008 we made significant progress to comply with the guidelines of the Basel II New Capital Agreement. Results will become evident in the next two years.



ECO Program

As part of Our Excellence in Continuous Operations (ECO program) at the end of 2008, we opened the new IT center at La Molina headquarter, after having refurbished the mirror computer center located in the principal office in downtown Lima to minimize the risk of service interruption during the transfer of information. Likewise, we completed the architecture and general design of the new computer center that we will build in Chorrillos and which will replace the downtown Lima facility. Once these two new IT centers are mirrored and interconnected, we will be able to back up any incidents at either of them without suffering any service interruptions. Using the most recent techniques and methodologies to avail ourselves with highly efficient, reliable and redundant facilities will allow us providing the bank's technology-based services to our clients with the utmost quality and without interruptions.

In addition, in 2008 we completed the architecture and detailed design of the contingency IT center that will allow us to face any major incidents occurring in Lima.

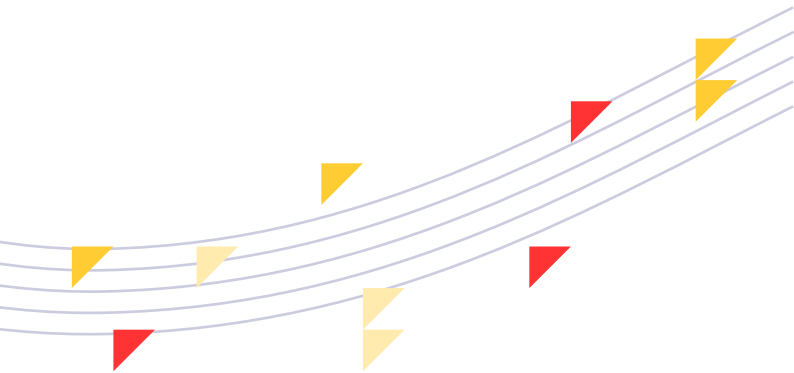
MAS Program

In its constant search for and introduction of the best world practices for its management model, BCP has devised the Improving IT Actions program ("Mejorando la Acción de Sistemas" MAS is the Spanish acronym).

Through MAS we expect to enhance our competitiveness and simplify our financial services to accomplish tangible and sustainable improvements in quality and time to market.

To integrate these efforts, we have created within our department the new MAS area that started operating on October 15, 2008. This area is advised by a renowned consultancy, a Steering Committee and an MAS Executive Committee involving BCP'S main management departments.

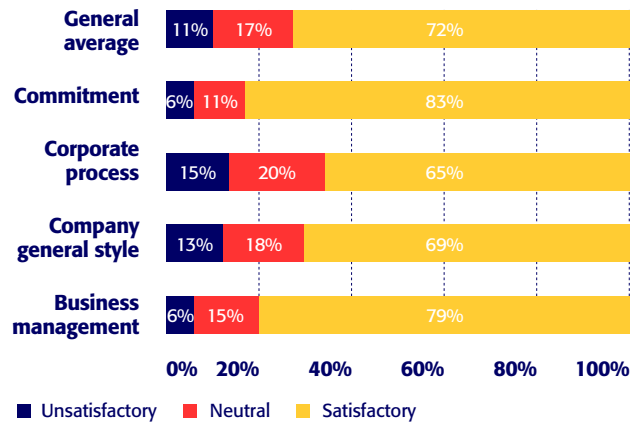
As a result of the work plan, we expect to conclude the new operational model's definition phase towards year-end 2008 to start implementing the plan in 2009.



Management and Human Development

Knowledge management and the review and redesigns of the training programs allowed increasing efficiencies and becoming more effective in 2008.

Work environment survey results (%)



Source BCP - Human resources division

In 2008, the Human Resources Management and Development Division introduced a number of structural changes as a response to the strategic plan prepared with support of the Hay Group. Accordingly, we will continue meeting the needs of our internal clients through better aligned and more efficient projects.

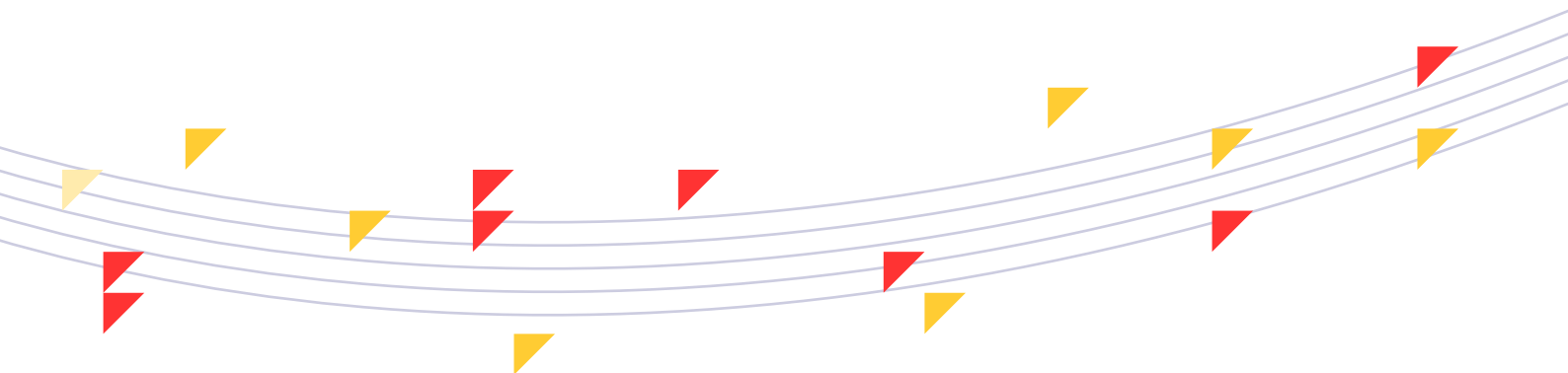
How many are we?	
Number of employees*	14,258
Number of positions	11,131
% women	55
% men	45

* Excluding subsidiaries

Source: Information management unit

Work climate

The commitment and motivation of our workers are part of our strategic objectives and, given our interest in measuring our employees' satisfaction at work, in 2008 we carried out a work climate survey, as we do every other year. The survey obtained a 69% response from our workers who showed 72% satisfaction. The survey was carried out with support from the Hay Group.



Leadership

To further promote leadership in our organization, we continued providing a *coaching* program to our management staff and approved the BCP Leaders' Performance Model that will come into effect in January 2009 with support from the Center of Creative Leadership (CCL).

Communications

As a reaction to our survey on internal communications we redesigned some of its features to better fit our organization's and target audiences' needs. Additionally, we designed new media aimed at meeting our service staff's information needs.

Finally, a media audit measured their efficiency and our workers' appreciation of those media.

Screening and training

In 2008, BCP's personnel grew significantly, basically as a response to needs of our growing bank network nationwide. Undoubtedly, this evolution had an impact on our recruitment, screening, hiring and training processes, all of which posed a major challenge for the Human Management and Development division.

We started a recruitment campaign to attract young people who want to pursue a professional career line at BCP. In the field of training, we are currently identifying virtual tools that will allow us to provide training programs in a timely and efficient manner.

The review and redesign of our education programs was, and still is, a fundamental task to improve their effectiveness and efficiency. A distinctive feature of our efforts was to identify and adopt best practices from other first line banks. These new

elements include virtual testing, business games, tutoring, *on the job* modules and new evaluation models.

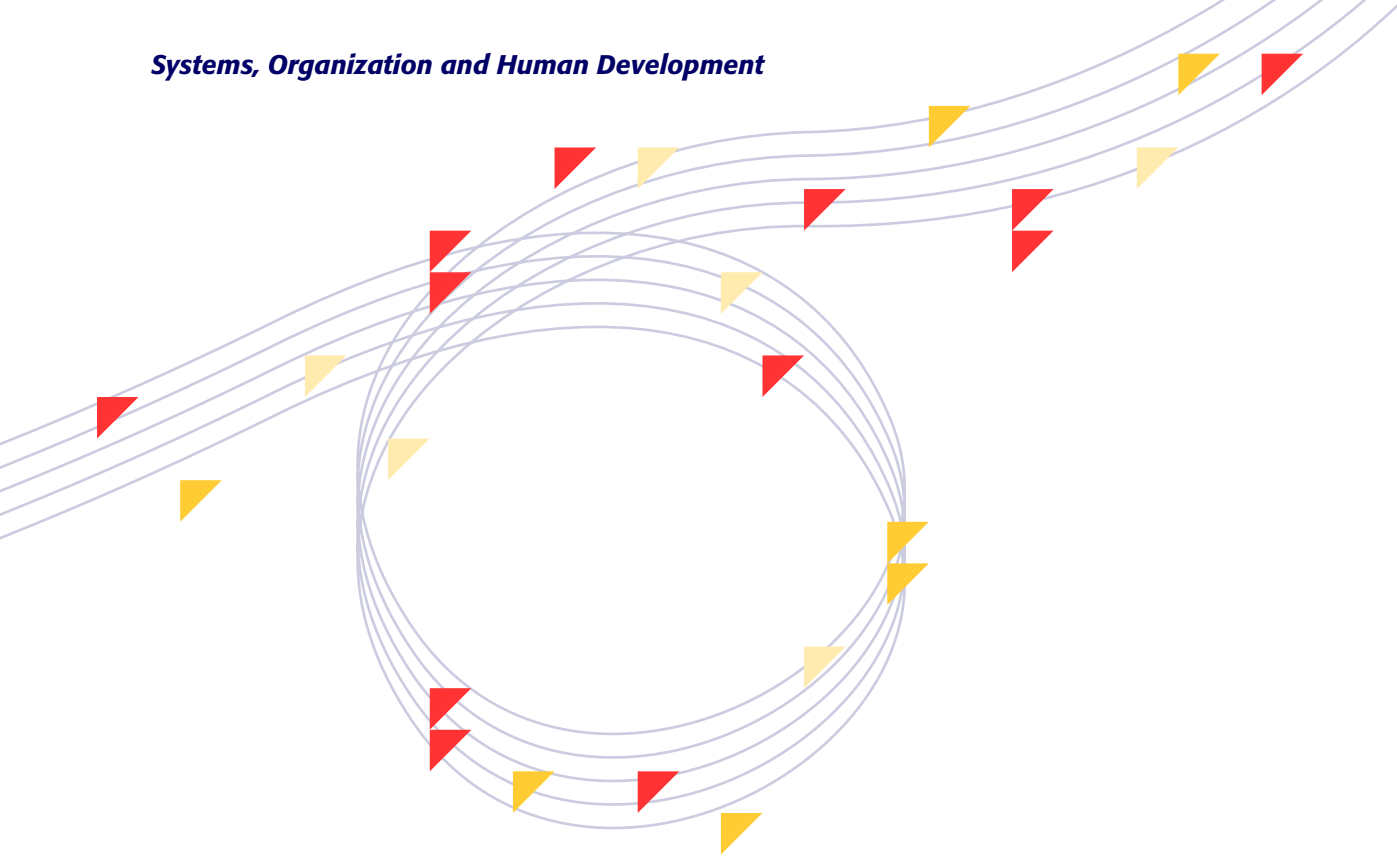
Knowledge management at BCP has been the fundamental driver of staff and management's involvement in our employees' training. An in-house trainers' program, refresher courses on presentation skills and case study design workshops have contributed to strengthen this work line. Over 70% of in-house training programs were prepared by officials and managers to be taught to the new employees, thus ensuring experience and acquired knowledge will be properly passed forward.

Simultaneously, we continued our program to sign agreements with renowned schools and learning institutes in Peru and abroad, including ESAN, USIL, IAE and EADA, to open a range of interesting and convenient professional development options to our employees.

In 2008 we built a leadership development model that will provide consistency, continuity, and quality to BCP's leader training efforts. This model was built with support of renowned international consultants and will guide leadership training in coming years, linked to other critical issues such as key position profiling, performance-driven management, competency-driven management and talent management.

Talent management

BCP continued pursuing efforts to lure Peruvian talent to our organization through the MBA Talent Event in 2008. This event aims at establishing contacts with Peruvian professionals who have concluded or are about to obtain their MBAs at the best world organizations.



In addition, we prepared a retention program including economic retention strategies and personnel development for our key cadres. Simultaneously, and to promote BCP workers professional development, we used performance criteria to open opportunities for some of our workers to migrate from a fixed term to an open-ended work contract.

In addition, we have continued promoting talent development through the High Specialization Fund (FAE is the Spanish acronym) that provides financing for further education at convenient rates to employees with a management potential.

Competency-driven management

In the second stage of the BCP's Competency Driven Management Project we defined the competency models for the profiles in most demand in Corporate and Middle Market Banking, and the Commercial Division. This will help us direct our search for critical management behavior patterns needed to accomplish our corporate goals. We also held other training workshops on competency-driven screening for management-level departments involved in personnel hiring, and also for our hiring consultancy.

Integrated Human Resources System

To further integration and stability of administrative processes, in 2008 we concluded the first stage of our Human Resources ERP-SAP. Initial applications are already available.

BCP volunteers

Our workers' interest in getting involved in community outreach initiatives reflects our organization's culture and our workers' values. Since 2005, our volunteers program has engaged in community outreach projects through its committees in Lima and the interior, and has recruited a growing number of BCP employees committed to the enhancing the well-being of Peruvian underprivileged children.

In 2008, we continued involving our workers in the volunteer program initiatives, both in Lima (three activities) and in the provinces (seven activities completed).

Benefits

To enhance our workers' satisfaction and commitment, in 2008 we furthered our efforts to make available a range of financial, health, leisure and other benefits, and aimed at making them available also to direct family members (spouses, children and parents), to the extent possible. This is a way in which we try to more closely address our workers' needs within and outside our organization.

Ergonomics

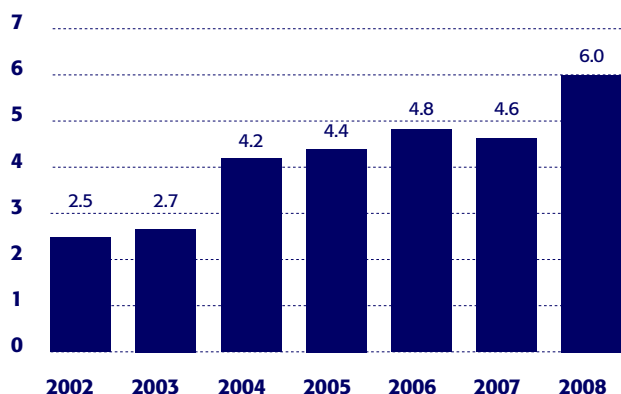
Included in our commitment to reduce occupational risk at work in our organization, in 2008 we continued building a culture of ergonomics, including initiatives like defining ergonomic criteria, purchasing ergonomic-designed furniture and equipment, and providing training and information about this topic to all our workers. In this way we expect to create an appropriate working environment and enhance the quality of life at work.

Banco de Crédito **9** BCP Bolivia



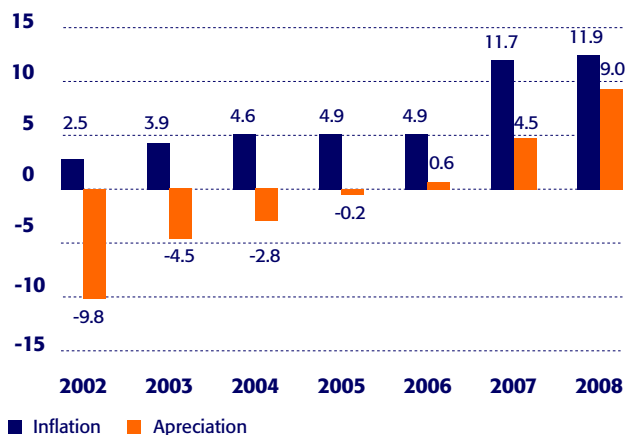


GDP growth in Bolivia (Annual % change)



Source INE

Inflation and appreciation in Bolivia (%)



Source INE

BCP Bolivia reported a higher performance than the year before and above the Bolivian bank system's average.

Bolivia's GDP growth rate reached 6.0% in 2008, its best performance in recent years, driven mainly by progress in mining, hydrocarbons and manufacturing. The first two industries benefited particularly from international conditions. In addition, for the third running year, the government ran a non-financial balance overall surplus, estimated at 5.2% in 2008, compared to 1.7% in 2007.

Exports exceeded US\$ 6,836 million in 2008, driven by larger international sales of minerals (43.7% higher than 2007), hydrocarbons (53.3% higher than 2007) and non-traditional products (25.9% higher than 2007). The increased value of mineral exports is accounted for by larger exports by Empresa San Cristóbal and tin sales by Empresa Metalúrgica Vinto. The growth of exports value is accounted for by international conditions (prices increasing) resulting, at the same time, in a higher export volume.

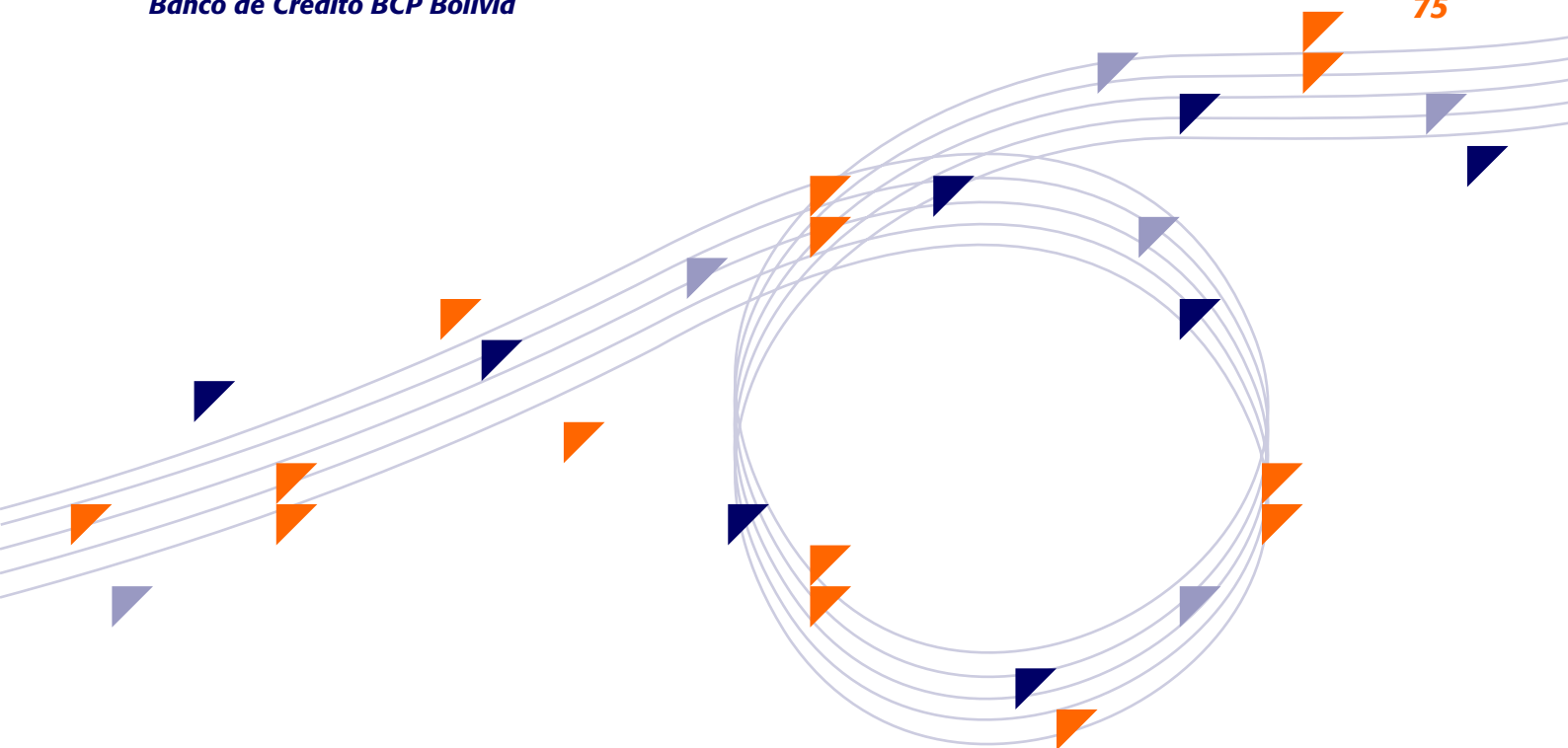
Imports grew in 44.3%, driven by larger disposable income, a lively domestic economy, advantageous terms of trade and remittances from abroad.

Also in recent months, total inflation was reasonable, but still in the double-digit rate, accounted for by lower imported inflation and dampened expectations of continued price increases. However, a lively aggregated domestic demand is still pushing prices up. In 2008, inflation reached 11.85%, exceeding the Central Bank's targets.

The sustained appreciation of the Bolivian national currency (9.01% in 2008) was an answer to external inflation pressures. Thus, net foreign currency reserves increased considerably, which grew 45.17% to US\$ 7.7 billion, compared to a year earlier.

The share of local currency deposits and UFV, compared to total deposits in the financial system, increased 10.5% in the 12 months to date, to reach 46.9% of all deposits (36.4% in December 2007). The portfolio indicator reached 31.59% in 2008 (compared to 19.4% in December 2007).

The system's past due rate fell from 5.6% in 2007 to 4.3% in 2008, the sixth year of uninterrupted improvement. The global banking's system net management bottom line reached US\$ 124.8 million.



Results

A favorable macroeconomic environment had a positive impact in the Bolivian financial industry, with increases in the banking industry's portfolio and number of loans. Also worthy of note is the improved quality of the portfolio where past due rates are under control and provisioning exceeds 100%.

BCP Bolivia holds one of the healthiest and best provisioned portfolios in the entire system, which combined with strong international backing, makes it one of the leading organizations in the Bolivian financial system.

BCP Bolivia reported cumulative IFRS US\$ 44.5 million earnings reflecting 64.5% growth year over year (from US\$ 27 million). Such remarkable results reveal the strong performance of high return segments, such as consolidated markets which grew 77.2%, and the SME segment that expanded its portfolio stock by 42.7%, thereby increasing diversification and fueling growth of the retail banking portfolio above last year's.

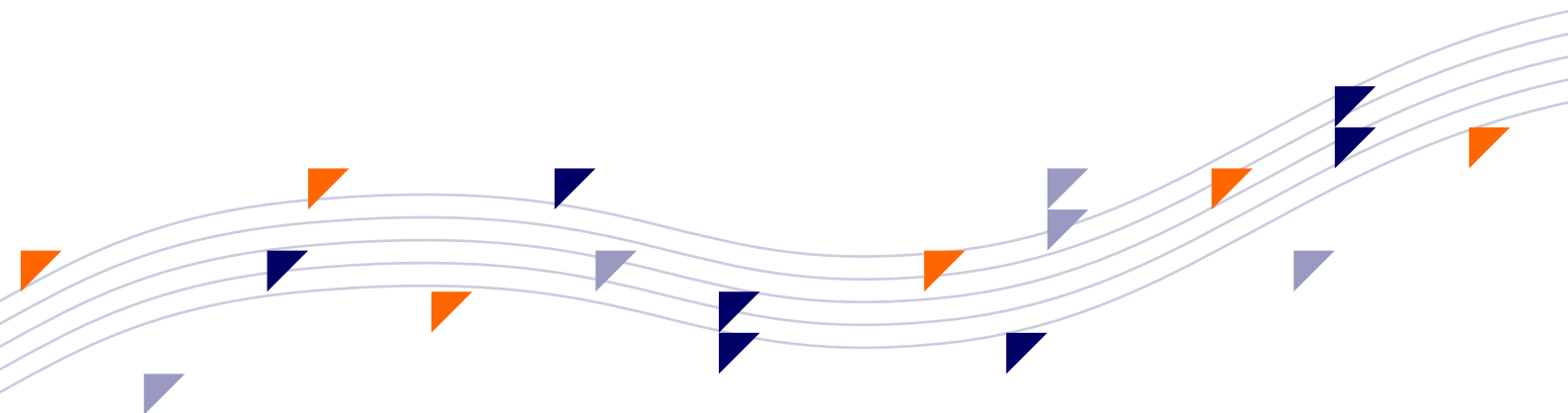
Likewise, the larger number of loans and customers led to a wider financial spread, resulting in US\$ 52.5 million earnings, 36% higher than a year earlier. BCP Bolivia has a 13.1% market share for loans and 13.3% for deposits, and ranks as the third largest bank for loans and also the third for deposits of the entire Bolivian banking system.

BCP Bolivia's portfolio grew 2.8%, to US\$ 472.6 million, mostly accounted for by 17.8% growth in Retail Banking. Meanwhile Wholesale Banking contracted slightly by 9.6%. Liabilities grew 15.5% to US\$ 754.5 million.

BCP Bolivia has continued to expand its share of certain strategic products, and managed to expand its banking network to 64 facilities nationwide. The BCP Agents' branchless banking network has opened a total 92 windows while penetration of still underserved audiences continued to increase.

By introducing innovative products in the local markets, BCP Bolivia has strengthened its market positioning and recognition as a safe, high-quality service organization. As a result it increased its non-financial revenues, which grew 69.4% year over year to US\$ 47.5 million.

These larger earnings are distributed as fees for banking services (US\$ 22.2 million), net earnings from exchange transactions (US\$ 17.8 million) and other earnings (US\$ 7.5 million). Non-financial revenues accounted for 47.8% of total income.



The significant growth of BCP Bolivia's operations also reflects the value attached to our organization's prudent portfolio management. The past due ratio was 2.0% while the provisioning ratio reached 230.6 % (compared to 144.3% for the Bolivian banking system). Normal rated portfolio loans (Class A) were 95.5% of the total portfolio, while the non-performing portfolio (Classes G and H) reached 1.8%.

The IFRS ROE reached 53.4% (39.9% under Local Standards), above that of 2007 (35.6% under Local Standards) and higher than the system's (20.7% under Local Standards). So, BCP Bolivia has strengthened its positioning as a leading financial organization in the Bolivian banking system.

Acknowledgements

Paul Harris

The Chuquiago Marka Rotary Club acknowledged BCP Bolivia for its corporate social responsibility initiatives, reflecting a sustainable effort over time to reach thousands of persons, including customers, company workers and the community at large, in an effort to create an increasingly fair and equitable Bolivian society.

Global Finance

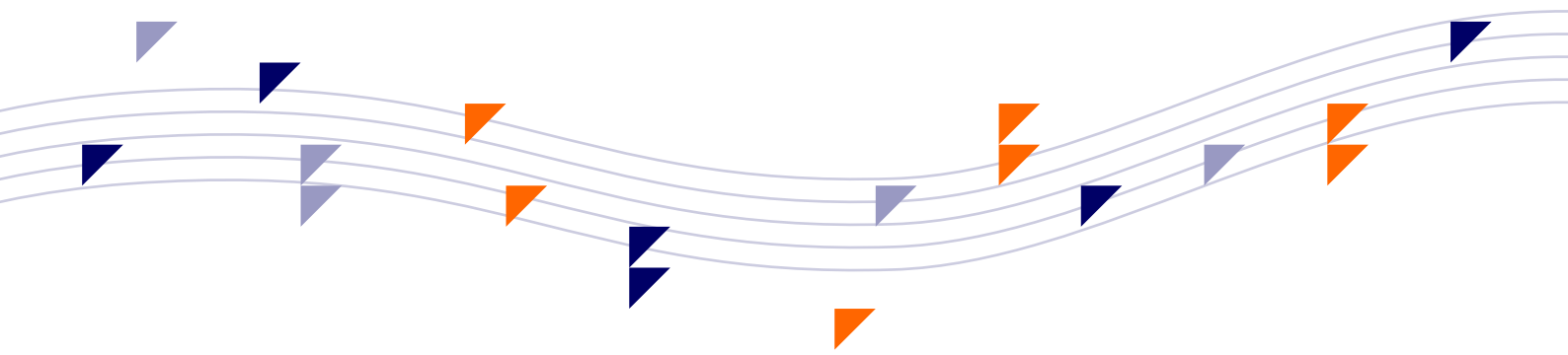
For the third consecutive time, US trade journal Global Finance chose BCP Bolivia as Bolivia's best bank in its *Best Emerging Market Bank* annual survey.

For 15 years already, this journal has prepared this report based on a quantitative and qualitative analysis drawing on interviews with market observers and bankers, in addition to the corresponding financial review

Winners are chosen regardless of their size or age on the local markets. Most important is their ability to do business with corporations, individual customers and other financial organizations globally.

Euromoney

Euromoney, an English publication specializing in financial markets and international business chose BCP Bolivia as the nation's best bank for the third time running in its Annual Excellence Award 2008.



Euromoney is published monthly by Euromoney Institutional Investor PLC and the award is delivered after examining the organization’s management of financial risk exposure.

World Trade Chamber

The World Trade Chamber awarded BCP Bolivia, together with other Bolivian companies, its prize for corporate excellency in the bank management category for 2008.

A worldwide business organization, the World Trade Chamber aims at serving its members and promoting companies that have reached international acknowledgement.

Among its objectives, the World Trade Chamber identifies the best companies in each country through its Screening, Verification and Evaluation Commission, charged with performing a detailed and careful review.

The Bizz Awards

The World Confederation of Businesses gave BCP Bolivia its Bizz Awards as one the best financial services companies in Bolivia this year of 2008.

The Banker

BCP Bolivia was recognized as Bolivia’s Best Bank of 2008 by The Banker, a renowned publication in financial world which provide deep information about global, regional and local financial systems. This publication provides a ranking of 1,000 top banks in the world.

Board of Directors and Management

Board of Directors

Dionisio Romero Seminario	Chairman
Raimundo Morales Dasso	Vice chairman
Reynaldo Llosa Barber	Director
Fernando Fort Marie	Director
Juan Verme Giannoni	Director
Benedicto Cigüeñas Guevara	Director
Walter Bayly Llona	Director

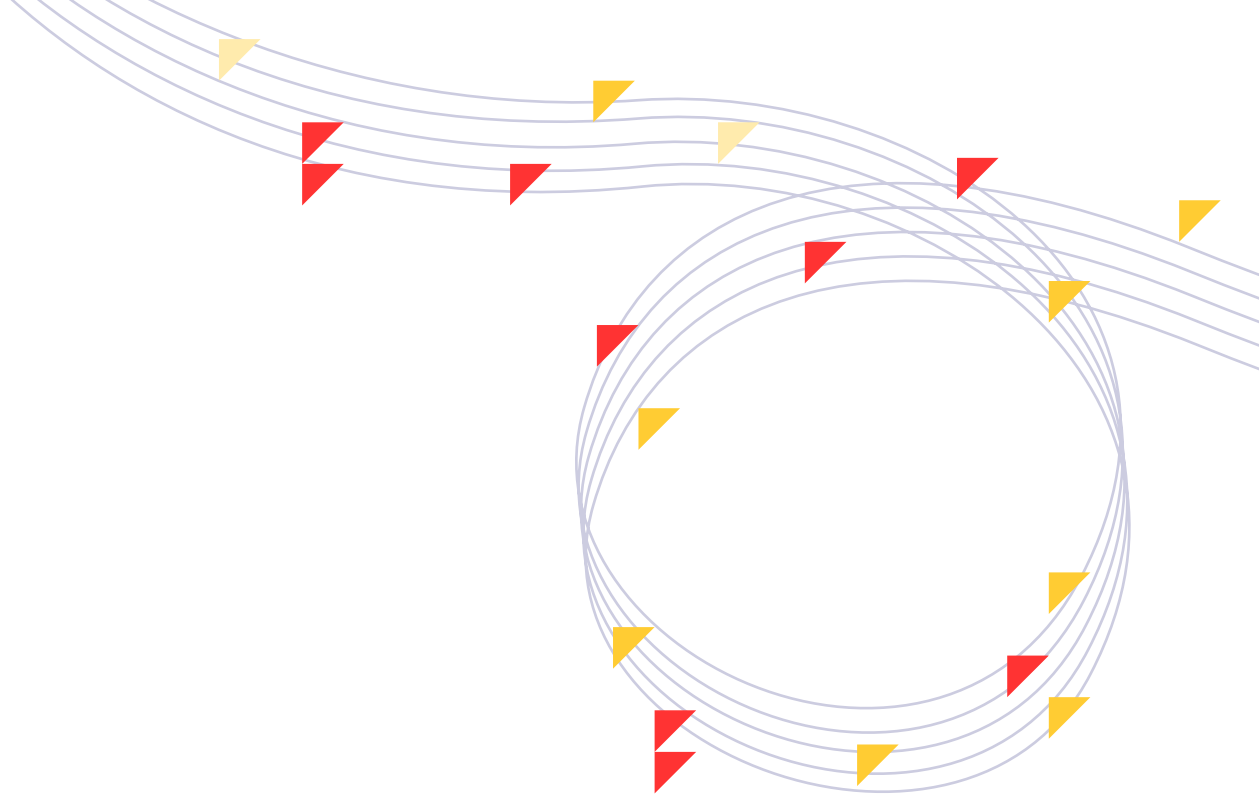
Management

Diego Cavero Belaunde	General Manager
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**Corporate
governance
and social
responsibility** **10**



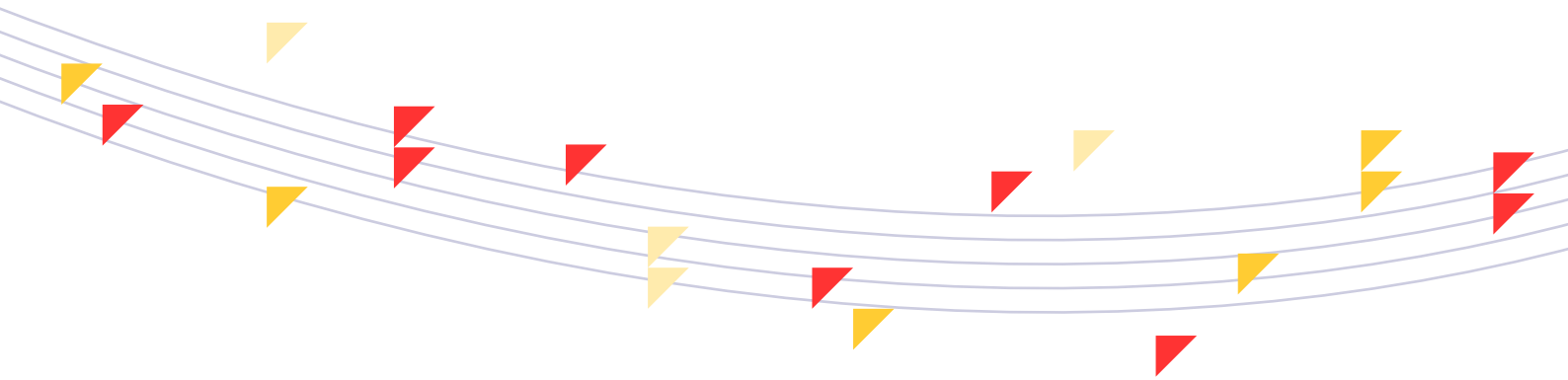
Corporate governance

Our robust corporate governance practices have laid the foundations for successful management in a highly competitive global economic environment.

Our 120 years of existence have persuaded us strong corporate governance is and will continue to be a substantial component of corporate operations, to ensure an atmosphere of credibility and transparency.

It is indispensable for BCP to enforce good corporate governance and social responsibility policies. To accomplish this objective, we have gathered our own guidelines in the corporate internal regulations and prepare an annual corporate Governance and Social Responsibility Report (www.viabcp.com).

Following our principles to ensure transparency and build confidence to create value, we decided to retain PricewaterhouseCoopers's services to perform an independent and objective evaluation of the measure to which BCP enforces its principles and sound corporate governance policies. The results of this consultancy will allow us to identify areas ripe for improvement, in view of the 26 principles of good corporate governance disseminated by Peruvian organizations, such as the National Insurance and Securities Commission – CONASEV- and the BVL, and international practices adopted by organizations like the Andean Development Corporation (CAF is the Spanish acronym) and OECD.



Board and internal administration

To comply with our mandate and responsibilities, BCP's Board of Directors includes several special committees that contribute to enhanced bank management.

Audit Committee

Risk Management Committee

Credit Committee

Operations Risk Committee

Assets and Liabilities Management Committee (ALCO)

Productivity Committee

IT Governance Committee

For ten years already, BCP has put in place asset laundering and terrorism financing prevention systems.

The Inspections area's mission is to manage crisis resulting from fraud crimes and adopt corrective actions to protect BCP's assets.

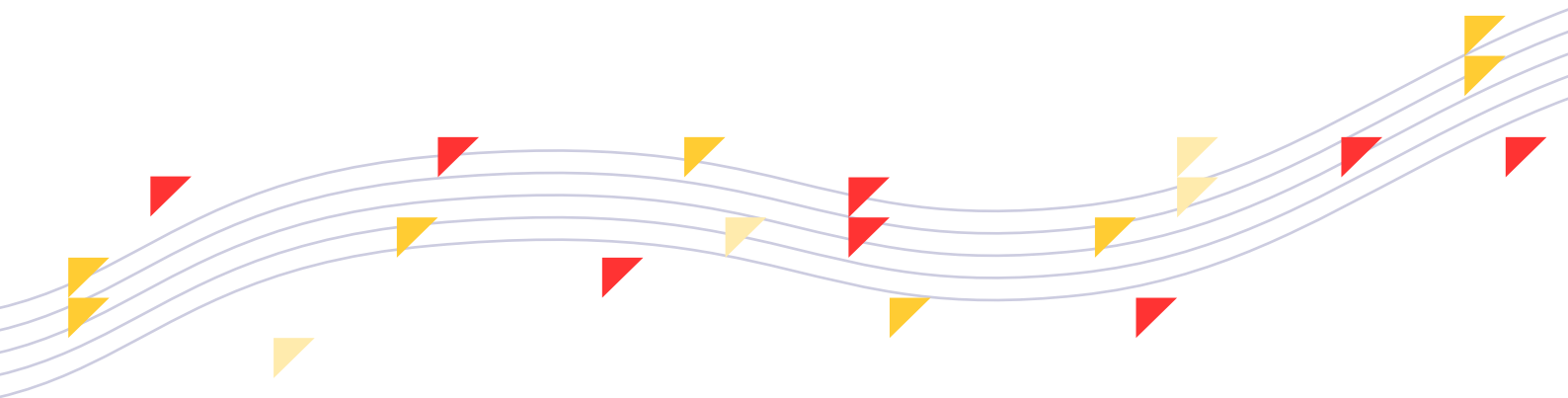
To enhance prevention and control improvement initiatives by the Inspections area, our organization retains dishonesty and/or professional malpractice insurance policies.

Customer relations

We are aware of the importance of establishing good relations with our customers, with the purpose of obtaining their loyalty.

To better recognize and measure our customers' satisfaction, BCP conducts customer general satisfaction surveys for the various business segments or banking businesses; carries out customer loyalty surveys; compiles a perceived value indicator; evaluates general quality, and prepares a customer loyalty indicator.

In view of increasing and new types of fraud against the banking system, we continue expanding the scope of prevention initiatives that involve clients and help them become aware of security as a team effort.



Moreover, BCP listens to customer complaints at both its *front* and *back* offices. These complaints are acknowledged through the Electronic Complaints and Requests System (FERS is the Spanish acronym).

Relationship with our shareholders

At BCP, we hold the principle that equitable treatment of all shareholders, including minority and foreign stockholders, is fundamental to align their interests and those of the various areas of management.

Relations with our team

BCP's most value asset includes its workers, to whom we give all our attention and support, so they can grow professionally and personally, in addition to other benefits and assistance. This fills us with deep satisfaction.

Relationship with our suppliers

Suppliers are a fundamental component of resource management at BCP. This leads us to choose not just the best suppliers but also to engage in ongoing feedback with them.

Social responsibility

Corporate social responsibility contributes to our organization's sustainability by incorporating our interest in Peru's and Peruvians' development in our organization's operations.

As a good corporate citizen, BCP has directed its Corporate Social Responsibility Policy to accomplish quantifiable and sustainable objectives over time, for the benefit of the community at large.

The four pillars on which we enforce BCP's Social Responsibility Policy are as follows. **Education and Sports**, focusing on children and young people as the makers of their own destinies. Our **Social Well Being Policy** promotes solidarity with the most vulnerable members of our community. **Cultural development** helps to strengthen national identity and **Business Development** allows underscoring and recognizing the efforts of Peru's firms and improving their competitiveness.

Our commitment is to work harder and through our hard work contribute to our community's prosperity. Along that line, BCP has undertaken the initiatives described below:

Mathematics for all (Matemáticas para todos – MTT – are the Spanish name and acronym, respectively)

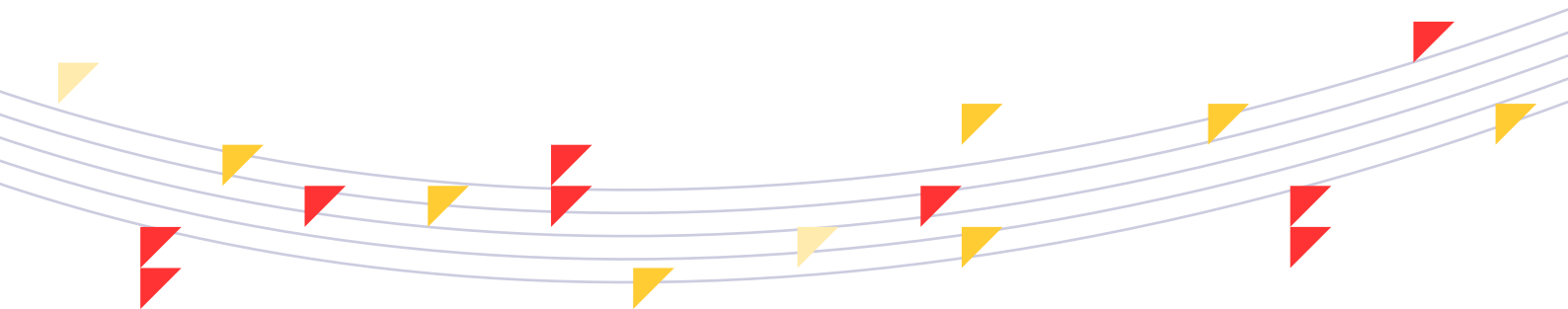
A program underway since 2002 in coordination with Apoyo Institute to increase numeric skills of students from 5th grade primary to senior high school.

596 schools participating in the MPT program

More than 450,000 school beneficiaries

Present in 20 regions across Peru.

Figures as of December 31, 2008.
Source: Instituto Apoyo.



Pilot 20 Card (Tarjeta Piloto20)

Piloto20 is Peru's first educational card and was awarded the 2008 award given by the National Association of Advertising Announcers (ANANDA) in the social responsibility excellence category.

329,087 registered school students nationwide

10,537 registered teachers nationwide

9,430,368 tests

167,814,723 web page hits

Figures as of December 28, 2008
Source: Apoyo Virtual.

Business Classroom (Aula Empresa)

The Aula Empresa program was launched by BCP, together with Instituto Apoyo and Fe y Alegría schools to awake the entrepreneurial spirit of young Peruvians.

10 participating schools

8 departments reached

3,395 school children beneficiaries

95,416 web page hits

Figures as of December 31, 2008
Source: Instituto Apoyo.

Volleyball and Field and Track

For 20 years already, our bank has been involved in organizing sports tournaments. These competitions have become a cradle of Peruvian sports stars that have eventually represented Peru in the international sports scene.

19,648 athletes from the provinces joined in 2008

13 host cities nationwide

From 1988 to December 2008
Source: Comisión Organizadora "Semilleros del Perú".

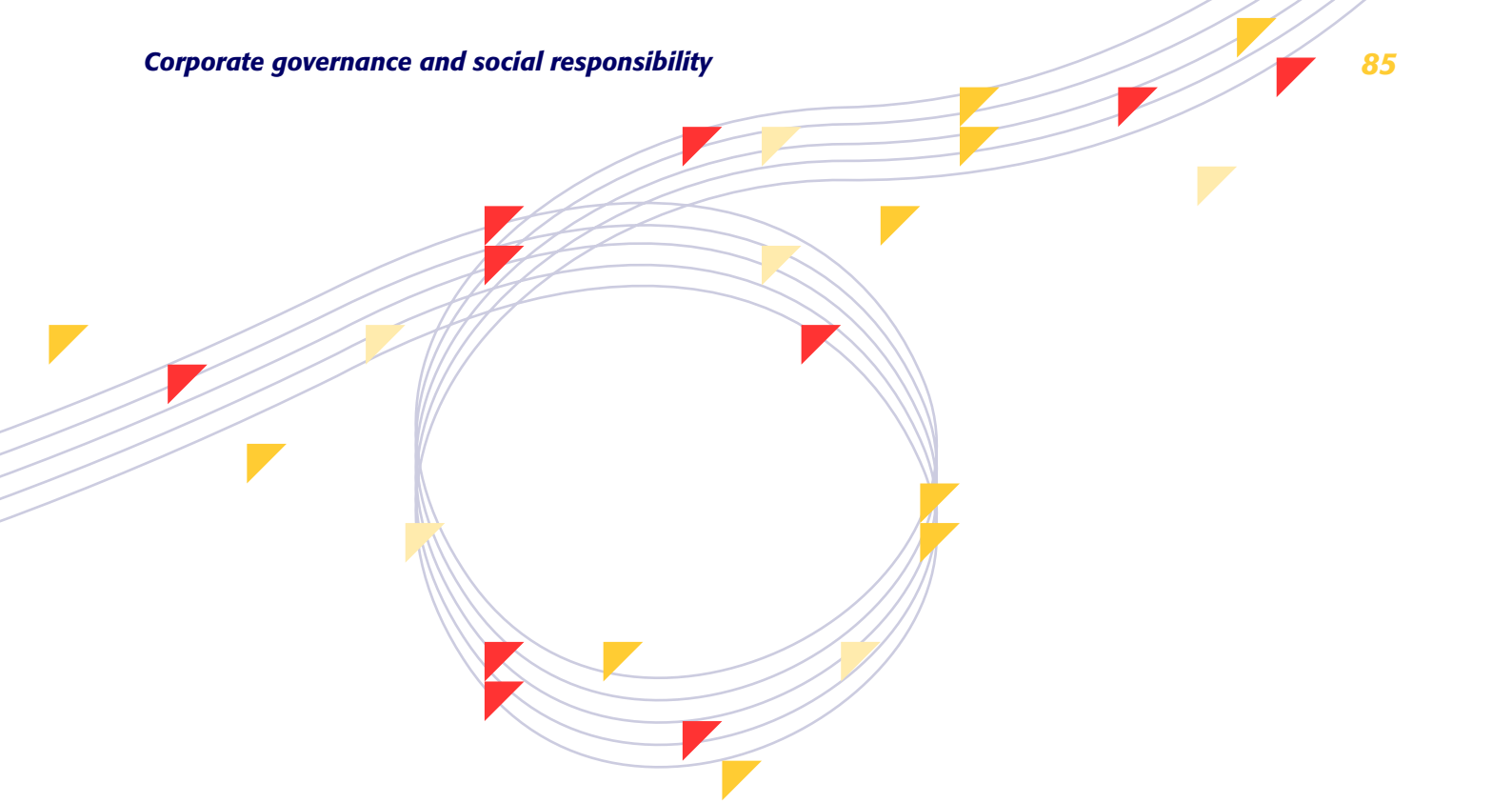
Sports platforms

We have supported the building of alternative recreational areas where children and young people in Lima and provincial underprivileged towns and districts can engage in various sports disciplines.

80 sports platforms

230 multi-sports courts

From 1988 to December 2008.



Banco de Crédito BCP Bolivia

Our principles of sound corporate governance are sustained by an organizational culture based on strong ethical and moral behaviour and organized around a policy of transparency.

To put into practice our social responsibility principles, we have organized 13 social programs focusing on our interest groups; i.e. our customers, clients and the community at large.

Signing of the United Nations World Compact

Adopting a business social responsibility-based management model was part of the commitment we made to United Nations Organization's World Compact. We adopted and included in our strategy and corporation, ten behavior and action principles in the field of human rights, labor, the environment and the struggle against corruption.



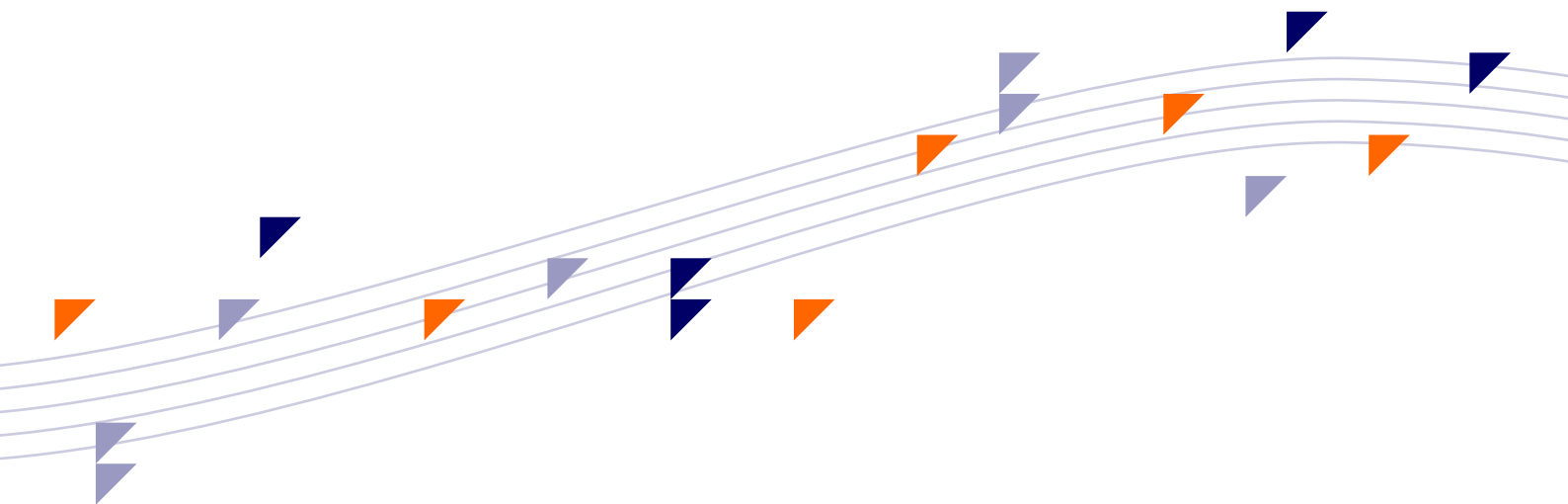
**Financial
Statements
2008**

11



Banco de Crédito del Perú and subsidiaries

**Consolidated Financial Statements as
of December 31, 2008 and 2007 together
with Report of Independent Auditors.**



Consolidated Financial Statements as of December 31, 2008 and 2007

Financial Statements IFRS (International Financial Reporting Standards) (Pro Forma – Unaudited)

Independent auditor's report

Consolidated balance sheets

Consolidated statements of income

Consolidated statements of changes
in shareholders' equity

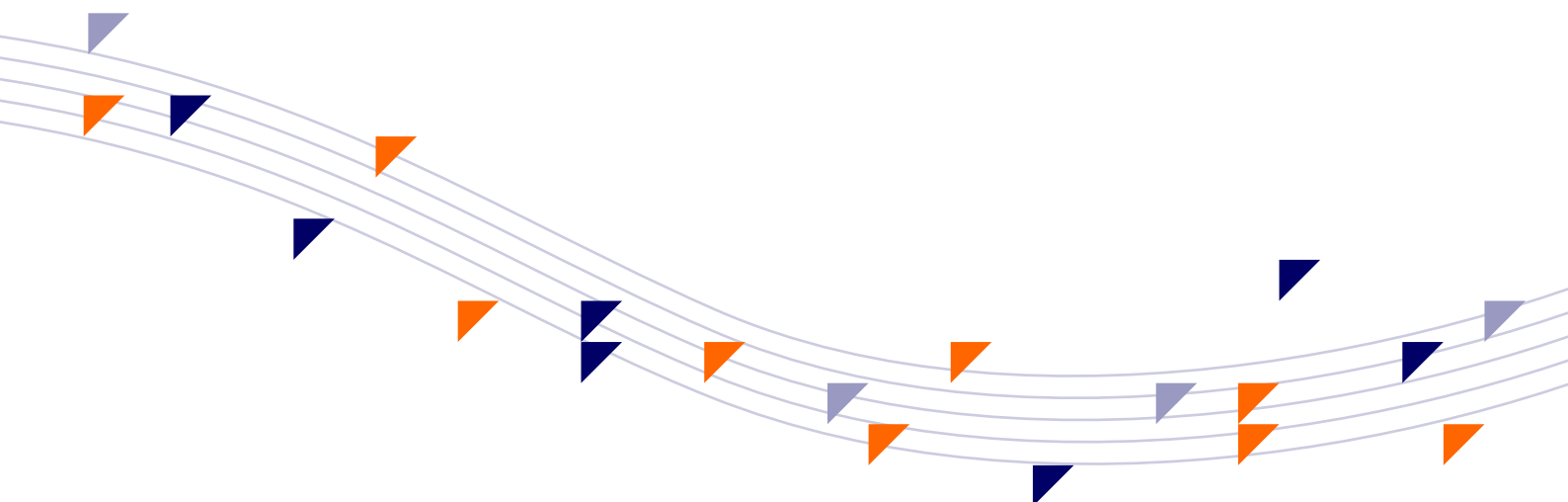
Consolidated statements of cash flows

Notes to the consolidated financial
statements

Consolidated Pro forma balance
sheets - Unaudited

Consolidated Pro forma income
statements - Unaudited

Supplementary exhibits to the Pro forma
information – Unaudited



Translation of a report originally issued in Spanish - See Note 30 to the consolidated financial statements

Independent auditor's report

To the shareholders and Board of Directors of Banco de Crédito del Perú

1. We have audited the accompanying consolidated financial statements of Banco de Crédito del Perú (a subsidiary of Credicorp Ltd., a holding incorporated in Bermuda) and Subsidiaries which comprise the consolidated balance sheets as of December 31, 2008 and 2007, and the consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years ended December 31, 2008, 2007 and 2006, and the summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

2. Management is responsible for the preparation and fair presentation of the consolidated financial statements of Banco de Crédito del Perú and Subsidiaries in accordance with accounting principles prescribed by the Superintendencia de Banca, Seguros y AFP (SBS) for Peruvian financial entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the Bank's preparation and fair presentation of the consolidated financial

Translation of a report originally issued in Spanish - See Note 30
to the consolidated financial statements

Independent auditor's report (continued)

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

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

Opinion

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Banco de Crédito del Perú and Subsidiaries as of December 31, 2008 and 2007, and the consolidated results of its operations and its consolidated cash flows for each of the three years ended December 31, 2008, 2007 and 2006; in accordance with accounting principles prescribed by the Superintendencia de Banca, Seguros y AFP (SBS) for Peruvian financial entities.

Lima, Peru,
February 26, 2009

Countersigned by:

*Medina, Zaldívar, Paredes
& Asociados*



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

Consolidated balance sheets

As of December 31, 2008 and 2007	Note	2008	2007
		S/(000)	S/(000)
Assets			
Cash and due from banks:	4		
Cash and clearing		1,962,928	1,640,603
Deposits in Peruvian Central Bank		6,132,268	5,388,548
Deposits in local and foreign banks		2,890,521	1,356,262
Accrued interest on cash and due from banks		7,480	14,461
		10,993,197	8,399,874
Interbank funds		90,123	14,982
Trading, available-for-sale and held-to-maturity investments, net	5	9,532,750	8,938,054
Loans, net	6	32,047,997	23,899,174
Permanent investments, net	7	158,285	105,232
Property, furniture and equipment, net	8	843,336	676,766
Other assets, net:			
Financial instruments at fair value through profit and loss	9	620,472	753,139
Other, net	9	1,209,000	926,521
Total assets		55,495,160	43,713,742
Off-balance sheet accounts	18		
Contingent operations		20,425,840	16,218,719
Other		254,182,743	165,883,022
Total		274,608,583	182,101,741

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

Consolidated balance sheets (continued)

As of December 31, 2008 and 2007	Note	2008	2007
		S/(000)	S/(000)
Liabilities and shareholders' equity			
Deposits and obligations	10	43,780,574	32,700,088
Interbank funds		123,243	307,042
Due to banks and correspondents	11	3,581,527	4,064,569
Bonds and subordinated notes issued	12	2,497,227	2,160,284
Other liabilities, net	9	1,412,657	1,273,924
Total liabilities		51,395,228	40,505,907
Shareholders' equity	14		
Capital stock		1,508,288	1,286,528
Legal reserve		546,519	546,519
Special reserve		781,865	491,350
Accumulated results from cash flow hedges		(71,286)	-
Retained earnings		1,334,546	883,438
Total shareholders' equity		4,099,932	3,207,835
Total liabilities and shareholders' equity		55,495,160	43,713,742
Off-balance sheet accounts	18		
Contingent operations		20,425,840	16,218,719
Other		254,182,743	165,883,022
Total		274,608,583	182,101,741

Consolidated income statements

For the years ended December 31, 2008, 2007 and 2006	Note	2008	2007	2006
		S/(000)	S/(000)	S/(000)
Financial income and expenses				
Financial income	19	3,855,812	2,883,881	2,250,418
Financial expenses	19	(1,692,166)	(1,138,649)	(810,418)
Gross financial margin		2,163,646	1,745,232	1,440,000
Provision for loan losses, net	20	(272,463)	(185,142)	(147,532)
		1,891,183	1,560,090	1,292,468
Gain (loss) for exchange difference		49,435	(38,932)	(77,105)
Net financial margin		1,940,618	1,521,158	1,215,363
Non - financial income				
Commissions from banking services, net	21	990,698	883,586	755,002
Net gain on securities	22	74,955	57,526	25,087
Net gain on foreign exchange transactions		324,420	184,667	136,559
Other non - financial income	23	234,586	364,138	222,015
		1,624,659	1,489,917	1,138,663
Operating expenses				
Salaries and employees' benefits	24	(831,247)	(1,016,326)	(757,584)
Administrative expenses		(622,785)	(510,093)	(424,216)
Depreciation and amortization	8(a) y 9(e)	(137,827)	(128,707)	(120,667)
Provision for seized assets	9(g)	(7,343)	(11,596)	(9,668)
Taxes and contributions		(61,197)	(54,600)	(48,273)
Goodwill amortization		(980)	(5,880)	(5,880)
Other operating expenses	23	(230,220)	(62,127)	(54,835)
		(1,891,599)	(1,789,329)	(1,421,123)
Income before workers' profit sharing and income tax		1,673,678	1,221,746	932,903
Workers' profit sharing	13(b)	(41,557)	(40,746)	(35,504)
Income tax	13(b)	(297,575)	(297,562)	(235,825)
Net income		1,334,546	883,438	661,574
Basic and diluted earnings per share (in Nuevos Soles)	25(b)	0.8848	0.5857	0.4386
Weighted average number of outstanding shares, adjusted by stock splits (in thousands)	25(a)	1,508,288	1,508,288	1,508,288

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

Consolidated statements of changes in shareholders' equity

For the years ended December 31, 2008, 2007 and 2006	Number of outstanding shares	Capital stock	Legal reserve	Special reserve	Accumulated results from cash flow hedges	Retained earnings	Total
	(in thousands)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Balances as of January 1, 2006	1,286,528	1,286,528	546,519	258,965	-	699,096	2,791,108
Transfer to special reserve, note 14(c)	-	-	-	107,293	-	(107,293)	-
Cash dividends, note 14(d)	-	-	-	-	-	(591,803)	(591,803)
Net income	-	-	-	-	-	661,574	661,574
Balances as of December 31, 2006	1,286,528	1,286,528	546,519	366,258	-	661,574	2,860,879
Transfer to special reserve, note 14(c)	-	-	-	125,092	-	(125,092)	-
Cash dividends, note 14(d)	-	-	-	-	-	(536,482)	(536,482)
Net income	-	-	-	-	-	883,438	883,438
Balances as of December 31, 2007	1,286,528	1,286,528	546,519	491,350	-	883,438	3,207,835
Capitalization of income, note 14(a)	221,760	221,760	-	-	-	(221,760)	-
Transfer to special reserve, note 14(c)	-	-	-	290,515	-	(290,515)	-
Cash dividends, note 14(d)	-	-	-	-	-	(371,163)	(371,163)
Net loss from valuation of derivative financial instruments, note 9(c)(ii)	-	-	-	-	(71,286)	-	(71,286)
Net income	-	-	-	-	-	1,334,546	1,334,546
Balances as of December 31, 2008	1,508,288	1,508,288	546,519	781,865	(71,286)	1,334,546	4,099,932

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

Consolidated cash flows statements

For the years ended December 31, 2008, 2007 and 2006	2008	2007	2006
	S/(000)	S/(000)	S/(000)
Cash flows from operating activities			
Net income	1,334,546	883,438	661,574
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses, net of recoveries	270,267	185,142	147,532
Depreciation and amortization	137,827	128,707	120,667
Goodwill amortization	980	5,880	5,880
Deferred income tax and workers' profit sharing	(40,664)	(35,924)	(18,336)
Recovery of provision for buildings impairment, net	-	-	(14,540)
Provision for seized assets	7,343	11,596	9,668
Loss (gain) from valuation of indexed certificates	190,994	(207,819)	-
Net gain from sale of securities	(72,364)	(57,526)	(25,087)
Net gain from sale of seized assets	(41,641)	(39,710)	(41,075)
Changes in asset and liability accounts:			
Other assets	63,407	(526,997)	155,871
Other liabilities	(319,765)	443,116	100,058
Net cash provided by operating activities	1,530,930	789,903	1,102,212
Cash flows from investing activities			
Gain on sales of property, furniture and equipment	5,600	5,115	42,386
Gain on sales of seized assets	65,660	65,021	95,735
Purchase of intangible assets	(97,496)	(79,036)	(49,111)
Purchase of property, furniture and equipment	(270,823)	(152,435)	(103,174)
Net cash used in investing activities	(297,059)	(161,335)	(14,164)

Consolidated cash flows statements (continued)

For the years ended December 31, 2008, 2007 and 2006	2008	2007	2006
	S/(000)	S/(000)	S/(000)
Cash flows from financing activities			
Net increase of deposits and obligations	10,896,687	5,995,106	3,804,828
Net purchase of trading securities	(529,842)	(3,019,496)	(560,105)
Net (purchase) sale of permanent investments	(21,093)	(9,100)	15
Net (decrease) increase of due to banks and correspondents and inter-bank funds	(558,183)	2,871,872	(1,927,327)
Net increase of bonds and subordinated notes issued	336,943	455,739	163,158
Net increase of loan portfolio	(8,393,897)	(5,972,536)	(2,348,799)
Cash paid for purchase of loan portfolio	-	(11,602)	-
Cash dividends	(371,163)	(536,482)	(591,803)
Net cash provided by (used in) financing activities	1,359,452	(226,499)	(1,460,033)
Net increase (decrease) in cash and cash equivalents	2,593,323	402,069	(371,985)
Cash and cash equivalents at the beginning of year	8,399,874	7,997,805	8,369,790
Cash and cash equivalents at the end of year	10,993,197	8,399,874	7,997,805
Supplementary cash flow information			
Cash paid during the year for:			
Interests	1,402,722	1,087,145	770,897
Income tax	385,660	239,834	251,702

1 Operations

Banco de Crédito del Perú (hereinafter "the Bank" or "BCP") was incorporated in 1889 and is a subsidiary of Credicorp Ltd. (a holding incorporated in Bermuda in 1995), which owns 97.41 percent of its capital stock as of December 31, 2008 (97.33 percent of its capital stock as of December 31, 2007).

The address of the Bank's main office is Calle Centenario N°156, La Molina, Lima, Peru. As of December 31, 2008, the Bank and its Subsidiaries had 330 branches and agencies in Peru and 2 branches abroad (273 branches and agencies in Peru and 2 branches abroad as of December 31, 2007).

The Bank, whose operations are governed by the "Ley General del Sistema Financiero y de Seguros y Orgánica de la Superintendencia de Banca, Seguros y AFP" (General Law of the Financial and Insurance Systems and Organic of the SBS – Law 26702), hereinafter the "Banking Law", is authorized by the SBS to operate as a universal bank, in accordance with prevailing Peruvian legislation. The Bank is authorized to receive third-party deposits and invest them, together with its own capital, in loan placements and securities acquisitions; likewise, the Bank may grant guarantees and letters of credit, engage in any type of financing transaction or banking service and other activities as allowed by the Banking Law. Likewise, the Bank may engage in underwriting and brokerage activities and may establish and manage mutual funds, among other similar activities, provided that those activities are carried out by Subsidiaries organized for such purposes.

The accompanying consolidated financial statements include the Bank's financial statements and those of its Subsidiaries in which the Bank has more than 50 percent of direct or indirect participation. The main financial data of the Bank and its Subsidiaries (hereafter "the Group"), which are included in the consolidation process as of December 31, 2008 and 2007, before eliminations for consolidation purposes, is as follows:

Entity	Activity and country	Percentage of participation		Assets	
		2008	2007	2008	2007
		%	%	S/(000)	S/(000)
Banco de Crédito del Perú	Banking, Peru	-	-	52,548,933	41,286,745
Banco de Crédito de Bolivia and Subsidiaries	Banking and financial, Bolivia	95.92	95.92	2,946,248	2,459,293
Inversiones BCP Ltda.	Holding, Chile	99.99	99.99	125,455	86,397
Crédito Leasing S.A.	Financial, Peru	100.00	100.00	772,904	970,524
Credifondo S.A.F. - Sociedad Administradora de Fondos – SAF	Mutual funds management, Peru	100.00	100.00	88,542	77,840
Creditítulos Sociedad Titulizadora S.A.	Securitization management, Peru	100.00	100.00	4,254	4,195
Credibolsa - Sociedad Agente de Bolsa S.A.	Brokerage, Peru	100.00	100.00	34,565	56,123
Solución Financiera de Crédito del Perú S.A.	Financial, Peru	100.00	100.00	112,060	121,758
Inmobiliaria BCP S.A.	Real estate, Peru	100.00	100.00	2,773	8,043
Inversiones Conexas S.A. (*)	Real estate, Peru	-	100.00	-	4,338
BCP - Sociedad de Propósito Especial (*)	Securitization management, Peru	-	100.00	-	486

(*) Entities absorbed by Inmobiliaria BCP S.A. on June 16, 2008.

The consolidated financial statements as of December 31, 2007 and for the year then ended, were approved by the General Shareholders Meeting dated March 28, 2008. The accompanying consolidated financial statements as of December 31, 2008, were approved by the Audit Committee and Management on February 25, 2009, and will be submitted for their final approval by the Board of Directors and the General Shareholders Meeting within the period established by law. In Management's opinion, the accompanying consolidated financial statements will be approved by the Board of Directors and the General Shareholders Meeting without modifications.

2 Significant accounting policies

In the preparation and presentation of the accompanying consolidated financial statements, the Bank and its Subsidiaries' Management has complied with the regulations established by the Superintendencia de Banca, Seguros y AFP (hereinafter "SBS" for its Spanish acronym) in force in Peru as of December 31, 2008 and 2007. Significant accounting principles and practices used in the preparation of the Bank and its Subsidiaries' consolidated financial statements are the following:

(a) Basis for presentation, use of estimates and accounting changes

(i) Basis for presentation and use of estimates

The accompanying consolidated financial statements have been prepared from the Bank's accounting records which are maintained in nominal Peruvian currency (Nuevos Soles), in accordance with SBS

	Liabilities		Equity		Net income (loss)	
	2008	2007	2008	2007	2008	2007
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
	48,449,001	38,078,910	4,099,932	3,207,835	1,334,546	883,438
	2,611,122	2,206,986	335,126	252,307	138,082	78,965
	21,038	-	104,417	86,397	13,868	9,142
	696,993	899,377	75,911	71,147	9,321	20,440
	3,947	6,618	84,595	71,222	33,566	34,504
	259	226	3,995	3,969	223	197
	11,219	22,227	23,346	33,896	14,094	24,644
	86,854	106,426	25,206	15,332	1,379	1,428
	145	8	2,628	8,035	1,435	(96)
	-	34	-	4,304	-	1,871
	-	1	-	485	-	(526)

regulations and, supplementary, with International Financial Reporting Standards - IFRS approved and in force in Peru as of December 31, 2008 and 2007, see paragraph (x.2) below.

The Subsidiaries and branches' accounting records are maintained in the currency of the country of their incorporation and their balances are translated into Nuevos Soles for consolidation purposes using the exchange rate prevailing as of the date of each balance sheet. The resulting translation differences are recognized in the consolidated income statements. On the other hand, the subsidiaries and branches financial statements were standardized to the SBS accounting rules, as applicable.

The preparation of consolidated financial statements requires Management to make estimates that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of material events in the notes to the consolidated financial statements. Actual results could differ from those estimates. Estimates are continually evaluated and are based on historical experience and other factors. The most significant estimates used in relation with the accompanying consolidated financial statements are the computation of the allowance for loan losses, the valuation of investments, the estimated useful life and recoverable amount of property, furniture and equipment and intangible assets (including goodwill), the provision for seized assets, and the valuation of derivative financial instruments. The accounting criteria used for each of these items are described in this note.

(ii) Accounting changes

On November 19, 2008, the SBS issued Resolution N° 11356-2008 "Regulation for the Evaluation and Classification of Debtors and Provisioning Requirements", which replaces Resolution N° 808-2003 and modifications thereto, see paragraph (e) below. This Resolution will take effect on January 1, 2010; nevertheless, the following requirements apply from December 1, 2008: the generic provisioning percentage for loans classified as normal (equivalent to 1 percent) was modified to specific percentages for each type of loan, see note 6(e) and; the pro-cyclical provisioning requirement came into force. The purpose of this provisioning requirement is, when certain macroeconomic conditions prevails, to include an additional provision to the fixed percentage described above for loans classified as normal. As of December 31, 2008, as the macroeconomic conditions for the activation of the pro-cyclical provisioning requirement were met, financial institutions had to record at least two thirds of the required provision; the balance must be recorded no later than February 28, 2009. Nevertheless, the Bank and its Subsidiaries recorded as of December 31, 2008 one hundred percent of the required provision.

On September 22, 2006, the SBS issued Resolution N° 1237-2006 "Risk Management Standards for Retail Borrowers with High Leverage Levels", which established a provisioning requirement aimed to cover unused revolving credit lines of micro-business and consumer loans; these provisions had to be recorded from June 30, 2007 onwards. Nevertheless, on July 16, 2007, the SBS issued Resolution N° 930-2007 which modified the indicated date of implementation, being the new date January 31, 2008. Finally, on August 26, 2008, the SBS issued Resolution N° 6941-2008 "Risk Management Standards for Retail Borrowers with High Leverage Levels", allowing a term up to December 31, 2008 to comply with the provisioning requirement and replacing Resolution N° 1237-2006. Resolution N° 6941-2008 updates and reinforces the matters contained in Resolution N° 1237-2006; however, the provisioning requirements for unused revolving lines for micro-business and consumer loans were not modified. In Management's opinion and applying the criteria established in Resolutions N° 6941-2008, the Bank is not required to record any additional provision to those already recorded as of December 31, 2008.

(b) Consolidation

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

Subsidiaries are consolidated from the date on which effective control is transferred to the Bank and are no longer consolidated from the date that control ceases. The consolidated financial statements include the financial statements of the entities described in note 1, which are part of Banco de Crédito del Perú Group, here after "BCP Group".

All inter-company transactions, balances and unrealized surpluses and deficits between companies of the BCP Group have been eliminated in the consolidation process. The minority interest resulting from the consolidation process is not significant and, for such reason, is not presented as a separate caption in the consolidated financial statements.

The individual accounting records of the companies that comprise BCP Group comply with the information requirements established by the SBS and by the legal regulators of the countries where they are located; their financial statements, which are included in annual reports and other public financial information, are presented in accordance with those requirements.

The accounting records of the subsidiaries and branches established abroad are maintained in the local currency of each country. For consolidation purposes, their balances have been translated into Nuevos Soles, the reporting currency, by using the exchange rate prevailing as of the date of each balance sheet. All the translation differences have been recorded in the consolidated income statements.

(c) Financial instruments

Financial instruments are classified as assets, liabilities or equity according to the substance of the contractual agreement that originated them. Interest, dividends, gains and losses generated by financial instruments classified as assets or liabilities are recorded as income or expense. Financial instruments are offset when the Bank and its Subsidiaries have a legally enforceable right to offset them and Management has the intention to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and liabilities carried in the consolidated balance sheet correspond to cash and due from banks, interbank funds, investments (trading, available-for-sale, held-to-maturity and permanent investments), financial instruments at fair value through profit and loss, loans, accounts receivable (presented in "Other assets, net" caption) and liabilities in general, except for the liability for deferred income tax and worker's profit sharing. In addition, all indirect loans are considered to be financial instruments. The specific accounting policies on recognition and measurement of these items are disclosed in the accounting policies described in this note.

(d) Recognition of revenues and expenses

Financial revenues and expenses for interests are recognized on an accrual basis over the related contract period for the transaction and the interest rates determined based on negotiations with clients, except for interest generated from past due, refinanced, restructured or under legal collection loans, and loans classified in the categories of doubtful and loss. Interests related to such loans are recognized as revenue on a cash basis. When Management determines that the debtor's financial condition has improved and the loan is reclassified as current and/or in the categories of normal, with potential problems or substandard, interest is again recorded on an accrual basis.

Interest revenues include income on fixed income securities and trading securities, as well as discount and premium recognition on financial instruments.

Dividends are recognized as income when they are declared.

Commissions on financial services are recognized as income when collected, except for commissions related to the issuance of credit cards, which are recorded on an accrual basis.

Other revenues and expenses are recorded on an accrued basis.

(e) Loans and allowance for loan losses

Direct loans are recorded when disbursement of funds to the client is made. Indirect (off-balance sheet) loans are recorded when documents supporting such facilities are issued. Loans with changes in their payment schedules due to difficulties in the debtors' compliance with original payment terms are considered refinanced or restructured.

Leasing operations are registered as financial leases, recording as loans the principal of the installments pending collection. Financial revenues are based on a pattern that reflects a constant interest rate over the leasing period.

As of December 31, 2007 Management of the Bank and its Subsidiaries determined the allowance for loan losses in accordance with the guidelines established by SBS Resolution N° 808-2003 "Regulations for the Evaluation and Classification of Debtors and Provisioning Requirements" and modifications thereto. As of December 31, 2008, as explained in note 2(a)(ii), the provision for loan losses was determined using the criteria established by SBS Resolution N° 11356-2008 "Regulations for the Evaluation and Classification of Debtors and Provision Requirements" and SBS Resolution N° 6941-2008 "Risk Management Standards for Retail Borrowers with High Leverage Levels". In accordance with such criteria, Management periodically conducts a formal review and analysis of the loan portfolio; classifying all clients/loans under one of the following risk categories: normal, potential problems, substandard, doubtful or loss, based on the client's non-payment risk.

For commercial loans, the risk classification takes into consideration several factors, such as the payment history of the loan, the Bank's dealing history with the client/debtor's management, the debtor's operating history, repayment capability and availability of funds, the status of any collateral or guarantee received, the debtors financial statements, its risk classification granted by other financial institution and other relevant factors. For micro-business, consumer and residential mortgage loans, the risk classification is based on how long payments are overdue.

In accordance with prevailing regulation, the computation of the allowance is made considering the risk classification assigned and using specific percentages, which vary depending on whether the client's debts are secured or not with highly liquid preferred guarantees (cash deposits and rights on credit certificates), or readily preferred guarantees (treasury bonds issued by the Peruvian Government, securities included in the Lima Stock Exchange Selective Index, among others) or preferred guarantees (primary lien/pledge on financial instruments, securities and property, agriculture or mining pledge, insurance on export credits, among others), considered at their net realizable value as determined by an independent appraiser. Likewise, for Credits Affected by Counterparty Substitution (CACS); the provision requirement, for the secured amount, depends on the risk classification of the counterparty, regardless of the risk classification of the client/debtor.

Likewise, when calculating the allowance for clients classified as doubtful or loss for more than 36 and 24 months, respectively, the value of any collateral is disregarded and the required allowance is calculated as if such loans were not supported by any collateral.

The allowance for direct loans is presented as an asset deduction, while the allowance for indirect loans is presented as a liability in the caption "Others liabilities, net", note 9(a).

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

As of December 31, 2008, the Bank has an allowance for loan losses that exceeds the minimum amount required by the SBS, with the aim of covering additional risks that are identified in the loan portfolio for approximately S/14.6 million (S/74.2 million as of December 31, 2007). This allowance complies with SBS requirements.

(f) Foreign currency transactions

Assets and liabilities denominated in foreign currency are recorded by applying to the foreign currency amount the exchange rate prevailing at the transaction date and are expressed in Peruvian currency at the end of each month using the exchange rates established by the SBS, as explained in note 3. Exchange gains or losses generated from the restatement of foreign currency transactions at the exchange rates prevailing as of the dates of the consolidated balance sheets are recorded in the consolidated income statement.

(g) Derivative financial instruments

Derivate financial instruments are recorded in accordance with SBS Resolution N° 1737-2006 "Regulation for Trading and Accounting of Derivatives for Financial Entities" and modification, as explained below:

Trading

Derivate financial instruments are initially recognized in the consolidated balance sheet at cost, thereafter they are recognized at fair value. Fair values are obtained based on market exchange and interest rates. Gains and losses arising from changes in fair values are recorded in the consolidated income statement.

In the case of foreign currency forwards and interest rate and currency swaps, they are recorded at their estimated fair value, with an asset or liability being recognized in the consolidated balance sheet, as applicable, and the corresponding gain or loss being recognized in the consolidated income statement. In addition, forward and swap operations are also recorded in off-balance sheet accounts at their notional amount, note 18(d).

Hedge

A derivative financial instrument that seeks to achieve a financial hedge for a given risk is designated as for "hedge purposes" if, at its negotiation, it is foreseen that the changes in fair value or cash flows are expected to be highly effective in offsetting the fair value or cash flow changes of the hedged item attributable to the hedge risk at the inception, which must be documented when the financial derivative is negotiated and during the period that the hedge relation exists. A hedge is considered as highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80 percent to 125 percent.

If the SBS considers the documentation to be unsatisfactory or finds weaknesses in the methodologies applied, it may require the immediate termination of the hedge relationship and the recording of the derivative financial instrument as trading.

As of December 31, 2008 and 2007, as indicated by the SBS, the Bank and its subsidiaries have derivative financial instruments for hedging purposes, see note 9(c).

Embedded derivatives

Certain derivatives embedded in other financial instruments (host contract) are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement unless the Bank and its subsidiaries choose to designate the hybrid contracts (host and embedded derivative) at fair value through profit and loss.

As of December 31, 2008, the Bank has Certificates Indexed to Credicorp stock price that will be settled in cash (Certificates Indexed to Credicorp stock price and Credit Linked Notes - acquired in order to provide financial instruments with the same characteristics, risks and benefits to its clients - as of December 31, 2007); which are hybrid instruments with embedded derivatives that are not closely related to the risk of the host contract. In this regard, the Bank has decided to classify these instruments at fair value through profit and loss. Therefore, the separation of the embedded derivative is not required, notes 9(b) and 9(d).

(h) Trading, available-for-sale, and held-to-maturity investments

Initially, the Bank and its Subsidiaries record these investments at their acquisition cost and afterwards at their valuation criteria in accordance with their classification, which is determined as follows:

- **Trading securities** - Are investments maintained for sale in the short term and updated daily at their market value through individual valuation, recognizing gains and losses generated in the consolidated income statement.

Interest income from these investments is recognized when accrued and dividends when declared.

- **Available-for-sale securities** - Are investments that are not maintained for sale in the short term and are not to be held until their maturity. These investments are valued based on the global portfolio at the lower of their average acquisition cost or estimated fair value. The allowances recorded for these investments do not affect the results of the period, being recorded in a specific equity account until the sale of the investments takes place. When sold, the unrealized losses, previously recognized reducing equity, are included in the result of the year. In the same way, when the Bank estimates that unrealized losses recorded are due to other than temporary impairment circumstances, such amount is recorded affecting the results of the year.

Interest income from these investments is recognized when accrued and dividends when declared.

In the case of debt securities, financial entities must update their book value every month through the accrual of capital discounts or premiums.

- **Securities held-to-maturity** – Are investments that Management has decided to maintain until their maturity. They are recorded at their acquisition cost, which must be individually adjusted for downgrades in the issuer's credit rating affecting the consolidated income statement. Interest accrued on, as well as any premium or discount amortizations related to these investments, are recognized monthly as part of the cost and in the consolidated income statement.

An allowance is recorded individually for changes in the issuer's credit risk similar to the treatment for direct loans. This allowance affects the consolidated results of the year. The consolidated results of the year are not affected by fluctuations in their market value, except when a significant reduction occurs.

If a held-to-maturity security is sold, any securities acquired from the same issuer can not be recorded in this category within the term of one year, unless expressly authorized by the SBS.

The difference between the proceeds received from the sale of any of the above described investments and their book value is recognized in the consolidated income statement.

In any of the aforementioned cases, if the SBS deems necessary to require the constitution of a provision for any investment, such provision must be determined by the SBS based on each individual investment and recorded in the consolidated income statement.

As mentioned in paragraph (x.1)(i), SBS Resolution N° 10639-2008 and its modifications will replace the existing regulations on investments recognition and valuation in order to harmonize its requirements with the accounting criteria and practices established in IAS 39. Said Resolution will take effect starting March 2009 and should be applied prospectively.

(i) Permanent investments

Comprise long term investments made in companies considered of interest for the Bank and its Subsidiaries. These investments are recorded using the equity participation method, i.e. the proportional gains or losses generated by the companies are recorded in the consolidated income statement.

The equity value must be determined according to SBS requirements. In the case of investments listed on security exchanges, when their market value shows a decreasing trend due to non-temporary circumstances, the SBS will require the recording of an allowance amounting to the difference between the market value and the equity value.

As mentioned in paragraph (x.1)(i), SBS Resolution N° 10639-2008 and its modification will replace the existing rules on recognition and valuation of investments. In the case of permanent investments, they must be initially recorded at their fair value including transaction costs that are directly attributable to their acquisition; thereafter, these investments should be recorded using the equity method. Likewise, these investments will be described as "Investments in subsidiaries and associates" eliminating the "Permanent investments" category.

(j) Property, furniture and equipment and depreciation

Property, furniture and equipment are recorded at acquisition cost, less accumulated depreciation and accumulated amount of impairment, if applicable. Maintenance and repair costs are charged to the consolidated income statement and significant renewals and improvements are capitalized when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow for the asset. The cost, the corresponding accumulated depreciation and the impairment loss of an asset sold or retired are

eliminated from the corresponding accounts and the related gain or loss is included in the consolidated income statement.

Work in progress and in transit units are accounted at their acquisition cost. These goods are not depreciated until they are received or finished and placed into service.

Land is not depreciated. Depreciation is computed on a straight-line basis over the following estimated useful lives:

	Years
Buildings and other constructions	33
Installations	10
Furniture and fixtures	10
Computer hardware	4
Equipment and vehicles	5

The useful life assigned and the selected depreciation method are periodically reviewed to ensure that they are consistent with the economic benefit and useful life expectations of property, furniture and equipment items.

(k) Seized assets, assets received as payments and realizable assets

Realizable assets include assets purchased specifically for granting them as part of financial leasing operations and are recorded initially at their acquisition cost; assets not granted in leasing operations are recorded at cost or market value, the lower.

Seized assets (which include assets from terminated leasing contract due to non-payment) are initially recorded at the value assigned to them through legal proceeding, out-of-court settlement, market value or at the unpaid value of the debt, the lower. At the time of initial recognition, a provision equivalent to 20 percent of the above determined value must be recorded; for this purpose it is permitted to reclassify the allowance for loan losses that was originally provided for the related loan.

Thereafter, additional provisions should be recorded using the following criteria:

- **Assets that are not real state** - A monthly provision equivalent to one twelfth of the book value of the asset (net of the 20 percent provision) will be provided starting from the first month of seizure or recovery, until reaching a provision of one hundred percent of the seized or recovered value.

- **Real estate** - After three and a half years, uniform monthly provisions must be provided for at the end of each month over the net book value obtained in the eighteenth or twelfth month, depending on whether the SBS extension term approval was obtained or not, respectively, until reaching a provision of one hundred percent of the seized or recovered value.

The required update of the market value of seized assets (which should be determined by an independent appraiser and not older than 1 year), necessarily implies the constitution of an impairment provision, when the net realization value is lower than its net book value. If the net realization value is higher than the net book value, the increased value can not be recognized for accounting purposes.

(l) Intangible assets

Intangible assets included in the "Other assets, net" caption of the consolidated balance sheets comprise principally software acquisitions and developments used in the Bank and its Subsidiaries' operations. Software licenses acquired by the Bank and its Subsidiaries are capitalized considering the incurred cost to acquire or put in use the specific program. These assets are amortized using the straight-line method based on their estimated useful lives, which are from 3 to 5 years.

The useful life and the amortization method are reviewed periodically to ensure that they are consistent with the anticipated pattern of economic benefits from intangible assets.

(m) Goodwill

Goodwill included in the "Other assets, net" caption of the consolidated balance sheets, results from the difference between the estimated market value of the net assets acquired from the minority shareholders of Solución Financiera de Crédito del Perú S.A., and the amount paid for such assets on March 2003. Goodwill was amortized using the straight-line method over its estimated useful life, which was 5 years; therefore, as of December 31, 2008, goodwill is fully amortized.

(n) Bonds and subordinated notes issued

Include the liability from the issuance of different types of bonds and subordinated notes, which are recorded at their face value, recognizing the accrued interest in the consolidated results of the year. Discounts

granted or premiums generated in their placement are deferred in the "Other assets, net" and "Other liabilities, net" captions of the consolidated balance sheets, respectively, and are amortized during the term of each bond.

(o) Income tax and workers' profit sharing

Income tax and worker's profit sharing are computed based on taxable income determined for tax purposes, which is based on income tax principles that differ from accounting principles used by the Bank and its Subsidiaries; therefore, the accounting for income tax and workers' profit sharing are in accordance with IAS 12.

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

Deferred tax assets and liabilities are recognized without taking into consideration the time in which it is estimated that temporary differences will be written off. Deferred assets are recognized when sufficient future tax benefits are probable for applying the deferred assets. As at the date of the consolidated balance sheet, Management evaluates the non-recognized deferred assets and the balance of the recognized assets, recording deferred assets not previously recognized to the extent that probable future tax benefits will allow their recovery, or reducing the deferred assets to the extent that it is not likely that sufficient future tax benefits will be available to use part or all of the deferred assets recognized in the accounting records.

In accordance with the accounting standard (IAS 12), the Bank and its Subsidiaries determines its deferred tax and workers' profit sharing considering the tax rate applicable to its non-distributed earnings; any additional tax on dividends distribution is recorded on the date a liability is recognized.

(p) Supplementary plan for workers' profit sharing

The Bank has granted supplementary profit sharing participation to certain executives and employees who have at least one year of service, in the form of stock appreciation rights (SARs) over a certain number of Credicorp's shares (the Bank's main shareholder). Such SARs options are granted at the market price of the shares of Credicorp on the date of the grant and are exercisable at that price, allowing the employee to obtain a gain from the difference between the fixed exercise price of the share at the date of execution and the market price, note 16.

The recorded expense in each year is the estimated market value of the rights that can be exercised by the beneficiaries at the consolidated balance sheets date. The price of the SAR's is estimated using a binomial method in accordance with IFRS 2 "Share-based payments".

When the Bank changes the price or the terms of the SARs, the effect of such change is recognized in the consolidated income statement.

(q) Impairment

When changes on certain events indicate that the value of an asset could not be recovered, the Bank and its Subsidiaries review the value of property, furniture and equipment, goodwill and intangible assets in order to verify if there is no permanent impairment in their values. When the book value of the asset exceeds its recoverable value, a loss for impairment is recognized in the consolidated income statements for each caption mentioned above. The recoverable value is the greater amount between the net sale price and its useful value. The net sale price is the amount that can be obtained from the sale of an asset in a free market, while the useful value is the present value of the estimated future cash flows by the continuous use of an asset and its disposal at the end of its useful life. The recoverable amounts are estimated for each asset or, if not possible, for each cash generating unit.

(r) Fiduciary activities

Assets and revenues from fiduciary operations in which there is a commitment to return such assets to a client and in which the Bank and its Subsidiaries participate as a trustee, have been excluded from these consolidated financial statements, because the Bank and its Subsidiaries are not owners of such assets and they do not assume the risk and rewards that arise from their ownership. The Bank and its Subsidiaries record these operations in the caption "Off-balance sheet accounts" of the consolidated balance sheets and the commissions for these activities are include in each caption "Other income" of the consolidated income statements.

(s) Provisions

Provisions are only recognized when the Bank and its Subsidiaries have a present (legal) obligation as a result of past events, it is probable that an outflow of resources will be required to settle such obligation, and the amount has been reliably estimated. Provisions are reviewed in each period and are adjusted to reflect

the best estimate as of the consolidated balance sheet date. When the effect of the time value of money is significant, the amount recorded as a provision is equal to the present value of future payments required to settle the obligation.

(t) Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in notes to the consolidated financial statements unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recognized in the consolidated financial statements; however, they are disclosed when their contingency degree is probable.

(u) Earnings per share

Basic and diluted earnings per share are computed based on the weighted average number of shares outstanding at the consolidated balance sheets dates. Additional shares that should be issued due to the capitalization of retained earnings are deemed to be stock splits; thus, for the computation of the weighted average number of shares, such shares are considered as if they had always been issued.

As of December 31, 2008 and 2007, the Bank and its Subsidiaries do not have financial instruments with dilutive effects; therefore, basic and diluted earnings per share are the same.

(v) Sale and repurchase agreements

Following SBS rules, investments sold subject to repurchase agreements ("repos") are presented in the consolidated financial statements as pledged assets when the transfer is made with an agreement to repurchase the collateral and legal ownership of the investments has not been transferred; being the liability with the counterparty included in the caption "Due to banks and correspondents" or "Deposits and obligations", as appropriate, in the consolidated balance sheets. The difference between the sale and the repurchase price is treated as interest, which is accrued during the term of the agreement using the effective interest method.

On the other hand, when legal ownership of the investment is transferred, which could happen even if there is an agreement to repurchase the transferred investment (repos), they are derecognized from the caption "Trading, available-for-sale and held-to-maturity investments, net", recognizing the future commitment to repurchase the investment at the agreed maturity as a contingent operation in the caption "Off-balance sheet accounts". The difference between the book value of the investment subject to the repurchase agreement and the future payment to be made is recorded in the caption "Other assets, net" (if the book value of the transferred investment is higher than the committed amount) and "Other liabilities, net" (if the book value of the investment is lower than the committed amount).

(w) Cash and cash equivalents

Cash and cash equivalents presented in the consolidated statements of cash flows correspond to deposits with less than a three-month maturity as of the acquisition date, including funds deposited in central banks and overnight deposits.

(x) New accounting rules

(x.1) Accounting regulations issued by the SBS that do not apply for the year ended December 31, 2008

(i) Recording and valuation of investments

SBS Resolution N° 10639-2008 dated October 31, 2008 and modification rule, modified the "Regulations for Investment Classification, Valuation and Provisions" and the Accounting Manual for Financial Companies; in order to harmonise the SBS accounting treatment of investments with the classification and valuation criteria contained in IAS 39 (Financial Instruments: Recognition and Measurement). This Resolution will take effect in March 2009 and should be applied prospectively.

The Resolution establishes criteria for the classification and valuation of investments in one of the following categories: (i) Investments at fair value through profit or loss, (ii) Available-for-sale investments, (iii) held-to-maturity investments and (iv) investments in subsidiaries and associates; the permanent investments category is eliminated.

It also modifies the following criteria regarding paragraphs (h) and (i) above:

Initial accounting record

The initial recording of investments at fair value through profit or loss shall be at fair value and excluding transaction costs. In the case of other investment categories, they are recorded at fair value and including transaction costs that are directly attributable to the acquisition of the investments.

Available-for-sale Investments

Investments in this category shall be valued at their fair value. Profit or loss arising from the fair value of investments in this category shall be recognised directly as equity, unless there is a permanent reduction in

their value (permanent impairment). When the instrument is sold or realized, the profit or loss, previously recognised as part of equity, shall be included in the results of the year.

(ii) Classification and loan provisioning (direct and indirect loans)

SBS Resolution N° 11356-2008 "Regulations for the Evaluation and Classification of Debtors and Provisioning Requirements", will replace SBS Resolution N° 808-2003 and modifications thereto starting January 1, 2010. According to this new regulation, certain changes must be implemented as of December 31, 2008, see paragraph (a)(ii), and other changes are applicable starting January 1, 2010. The most important changes applicable starting January 1, 2010 are the following:

- Loans, considering the established criteria, are to be recorded in one of the following eight categories: corporate loans, loans to large companies, loans to medium-sized companies, loans to small companies, loans to micro-business, revolving consumer loans, non-revolving consumer loans and mortgage loans.
- Considering the above detailed categories, new provisioning percentages (fixed and pro-cyclical components) for loans classified as normal were established.

(x.2) International financial reporting standards

Up to the date of these consolidated financial statements, the National Accounting Standards Board (CNC, for its Spanish acronym) has approved the application of IFRS 1 to 6, IAS 1 to 41, SIC 7 to 32 and IFRIC 1 to 12; which application is mandatory in Peru, except for financial entities when the SBS had issued specific accounting regulations.

As of December 31, 2008, there are several IFRS and IFRIC issued and in force at international level, which have been approved by the CNC but their application is in force starting January 1, 2009. These standards are: IAS 32 "Financial instruments – Presentation" (reviewed in 2006), IFRS 7 "Financial instruments: Disclosures", IFRS 8 "Operating segments", IFRIC 13 "Customer Loyalty Programmes", IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

Except for IFRS 7 and 8, which do not affect accounting records and their objective is to provide more information in the financial statements, the standards mentioned above modify certain accounting treatments. However, because these standards only apply in a supplementary manner to the accounting rules established by the SBS, they will not have any significant effect in the preparation of the Group's consolidated financial statements, unless the SBS adopts them in the future through the modification of the Accounting Manual for Financial Entities or issues specific regulations. The Bank and its Subsidiaries have not estimated the impact, if any, of the application of these standards in their consolidated financial statements, if such regulations were adopted by the SBS.

On the other hand, the following IFRS and IFRIC have been issued at international level as of December 31, 2008; but not yet approved by the CNC or the SBS; in this sense, there are no applicable to the Bank and its Subsidiaries' operations. Therefore, Management has not estimated their effect in the consolidated financial statements and consolidated operations.

- IFRS 1 revisions "First-time Adoption of International Financial Reporting Standards", IAS 27 "Consolidated and Separate Financial Statements", IAS 23 "Borrowing Costs" (Revised), IFRS 2 "Share-based Payment" (Revised), IAS 1 "Presentation of Financial Statements" (Revised 2007), IAS 32 "Financial Instruments: Presentation" and IAS 1 "Presentation of Financial Statements", IAS 39 "Financial Instruments: Recognition and Measurement" (Revised 2008) and IFRIC 15 "Agreements for the Construction of Real Estate"; all of these standards are in force for annual periods beginning on or after January 1, 2009.

- IFRS 3 (Revised) "Business Combination and Consolidation" and IAS 27 (Revised) "Separated Financial Statements Consolidation", internationally in force for annual periods beginning on or after July 1, 2009.

- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation", internationally in force for annual periods beginning on or after October 1, 2008.

- IFRIC 17, "Distributions of Non-Cash Assets to owners", internationally in force for annual periods beginning on or after July 1, 2009.

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

3 Foreign currency transactions and exposure to exchange risk

Transactions in foreign currency are completed using exchange rates prevailing in the market.

As of December 31, 2008, the weighted average market exchange rate published by SBS for transactions in US Dollars was S/3.137 for buying and S/3.142 or selling (S/2.995 and S/2.997 as of December 31, 2007, respectively). As of December 31, 2008, the exchange rate established by SBS to record assets and liabilities in foreign currencies was S/3.140 for each US Dollar and S/0.451 for each Bolivian Peso (S/2.996 and S/0.396, as of December 31, 2007, respectively). A detail of the Bank and its Subsidiaries' foreign currency assets and liabilities is shown below:

	2008		2007	
	U.S. Dollars	Bolivian Peso	U.S. Dollars	Bolivian Peso
	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Assets				
Cash and due from banks and interbank funds	2,951,045	71,470	2,370,944	64,016
Trading, available-for-sale, and held-to-maturity securities, net	1,797,530	245,528	392,773	157,654
Loans, net	6,825,405	93,338	5,435,550	69,039
Other assets	154,388	6,709	304,799	6,645
	11,728,368	417,045	8,504,066	297,354
Liabilities				
Deposits and obligations	(8,905,439)	(332,241)	(7,085,382)	(233,874)
Due to banks, correspondents and interbank funds	(1,044,994)	(23)	(1,208,898)	(2,418)
Bonds and subordinated notes issued	(319,660)	-	(339,846)	-
Other liabilities	(221,587)	(23,671)	(289,922)	(22,889)
	(10,491,680)	(355,935)	(8,924,048)	(259,181)
Net forward operations – net long position	(678,940)	(55,972)	320,602	(37,843)
Net currency swap position	31,458	-	7,227	-
Net currency and interest rates swap position	(277,347)	-	(50,420)	-
Net asset (liability) position	311,859	5,138	(142,573)	330

The derivatives net long position as of December 31, 2008, corresponds to foreign currency forward purchase and sale operations for approximately US\$886.0 and US\$1,620.8 million equivalent to S/2,781.9 and S/5,089.5 million, respectively, (US\$1,278.5 and US\$995.8 million equivalent to S/3,830.4 and S/2,983.4 million, respectively as of December 31, 2007), note 9(c).

The net currency swap position as of December 31, 2008, corresponds to operations involving Nuevos Soles exchanged for U.S. Dollars and vice versa, and have reference values of approximately US\$130.3 million and US\$98.8 million, equivalent to S/.409.2 million and S/.310.4 million respectively (US\$62.9 million and US\$55.7 million, equivalent to S/.188,4 million and S/.166.8 million, respectively as at the 31st of December 2007), see note 9(c).

The net currency and interest rate swap position as of December 31, 2008, corresponds to exchanges of principal and interest in Nuevos Soles for U.S. Dollars, and have reference values of approximately US\$277.3 million, equivalent to S/.870.9 million (US\$50.4 million equivalent to S/.151.1 million as at the 31st of December 2007) see note 9(c).

As of December 31, 2008, the Bank and its Subsidiaries have contingent operations in foreign currency for approximately US\$1,728 million, equivalent to approximately S/5,431 million (approximately US\$1,246 million, equivalent to approximately S/3,913 million, as of December 31, 2007), note 18.

In prior years, the devaluation (revaluation) of the Nuevo Sol with respect to the US Dollar and inflation (deflation), in accordance with the National Wholesale Price Index published by the Instituto Nacional de Estadística e Informática (National Institute of Statistics and Informatics), are as follows:

Year	Devaluation (revaluation)	Inflation
	%	%
2004	(5.2)	4.9
2005	4.5	3.6
2006	(6.8)	1.1
2007	(6.3)	3.9
2008	4.8	6.7

4 Cash and due from banks

As of December 31, 2008, cash and due from banks includes approximately US\$2,086.4 million and S/1,263.6 million (US\$959.0 million and S/695.6 million as of December 31, 2007) which represent the legal reserve that the Bank and its Subsidiaries must maintain related to its obligations with the public. These funds are deposited in the vaults of the Bank and its Subsidiaries and in the Central Reserve Bank of Peru - BCRP, and are within the limits established by prevailing legislation.

During 2008, BCRP modified several times the procedures and calculation basis for the legal reserve, as well as the interest rate that accrues the reserve that exceeds the minimum legal requirement in foreign currency. In Management's opinion, these modifications will not have a significant impact on the Bank and its Subsidiaries' operations.

Reserve funds kept in BCRP do not earn interest, except for the part of the mandatory reserve in foreign currency that exceeds the minimum legal reserve. As of December 31, 2008, this excess amounts to approximately US\$1,601.6 million, equivalent to approximately S/5,029.0 million, and earns interest in US Dollars at an annual rate of 0.40 percent (US\$1,222.5 million equivalent to approximately S/3,662.5 million, and earned interest in US Dollars at an annual rate of 3.50 percent as of December 31, 2007).

As of December 31, 2008, the Bank does not have overnight operations with BCRP (as of December 31, 2007, it had one operation amounting to US\$1,000 million, equivalent to S/2,996 million, this operation earned interests with a nominal annual rate of 4.45 percent and had a maturity of 2 days).

Deposits in local and foreign banks correspond to balances in Nuevos Soles and U.S. Dollars, as well as minor amounts in other currencies. All deposits are unrestricted and earn interests at market rates. As of December 31, 2008 and 2007, the Bank and its Subsidiaries do not have significant deposits in any specific financial institution.

5 Trading, available-for-sale and held-to-maturity investments, net

(a) This item is made up as follows:

	2008	2007
	S/(000)	S/(000)
Trading securities		
Mutual funds participation (b)	67,009	2,290
Peruvian Treasury bonds (c)	31,017	6,347
Sovereign bonds - Republic of Peru (c)	6,302	56,343
Corporate and leasing bonds	1,828	5,146
Listed equity securities	916	74,763
Other	5,368	6,312
	112,440	151,201
Investments available-for-sale		
BCRP negotiable certificates of deposit (d)	5,971,363	6,492,472
Peruvian Treasury bonds (c)	1,059,774	248,385
Treasury notes from the Central Bank of Bolivia (e)	683,001	372,695
Sovereign bonds - Republic of Peru (c)	435,047	511,375
Corporate and leasing bonds (f)	394,969	205,573
Mutual funds participation (b)	255,648	400,136
Participation in Bolivia's RAL fund (g)	230,061	169,696
Treasury bonds of foreign governments (h)	172,253	63,679
Bonds of international financial entities (i)	109,269	134,208
Listed equity securities	28,104	42,871
Securitization instruments	23,419	29,404
Non - listed equity securities	3,557	3,516
Other	-	494
	9,366,465	8,674,504
Held-to-maturity securities	-	65,523
	9,478,905	8,891,228
Allowance for investments available-for-sale and held-to-maturity securities (k)	(12,131)	(6,263)
Balance of trading, available-for-sale and held-to-maturity securities, net	9,466,774	8,884,965
Accrued interest of available-for-sale and held-to-maturity investments	65,976	53,089
Total trading, available-for-sale and held-to-maturity investments, net	9,532,750	8,938,054

(b) As of December 31, 2008 and 2007, the Bank and its Subsidiaries maintain participations in several Peruvian mutual funds. The market value of the participation quotas, classified as trading, amount approximately to US\$21.3 and US\$0.7 million, respectively, equivalent to approximately S/67.0 and S/2.3 million, respectively.

Likewise, the market value of the participation quotas, classified as available for sale, amount approximately to US\$81.4 and US\$133.7 million, respectively, equivalent to approximately S/255.6 and S/400.1 million as of December 31, 2008 and 2007, respectively.

(c) The Peruvian Treasury bonds correspond to global bonds issued in foreign currency by the Peruvian Government. As of December 31, 2008, these bonds accrued interest at annual rates that range between 6.19 and 7.65 percent (between 5.25 and 6.66 percent as of December 31, 2007), with maturities between February 2012 and March 2037 (between January 2008 and May 2018 as of December 31, 2007).

Sovereign bonds are issued in Nuevos Soles; by the Peruvian Government. As of December 31, 2008, these bonds accrued interest at annual rates that range between 3.27 and 7.64 percent (between 3.34 and

6.44 percent as of December 31, 2007), with maturities between March 2010 and August 2026 (between July 2008 and August 2026 as of December 31, 2007).

(d) BCRP negotiable certificates of deposit are negotiable financial instruments issued in public auctions at discount, denominated in Nuevos Soles and negotiated in the Peruvian secondary market. As of December 31, 2008, these certificates accrued annual interest rates that range between 6.55 and 7.06 percent (between 4.93 and 6.01 percent as of December 31, 2007), with maturities between January 2009 and April 2010 (between January 2008 and April 2010 as of December 31, 2007).

As of December 31, 2008, this amount includes S/3,354 million, corresponding to BCRP certificates readjusted to Nuevos Soles vs. U.S. Dollar exchange rate. These certificates accrued interests at annual rates that range between 0.34 and 1.55 percent, with maturities between January 2009 and April 2009.

(e) Treasury notes from the Central Bank of Bolivia are issued at discount and are denominated in Bolivian Pesos. As of December 31, 2008, these notes accrued interest at annual rates that range between 0.2 and 11.45 percent (between 1.80 and 8.50 percent as of December 31, 2007), with maturities between January and July 2009 (between January and October 2008 as of December 31, 2007).

(f) The Bank and its Subsidiaries holds corporate bonds, principally issued by Peruvian entities, with maturities between January 2009 and July 2035 as of December 31, 2008 (between January 2008 and May 2030, as of December 31, 2007). These bonds accrued interests at annual rates that range between 4.56 and 8.72 percent for bonds issued in Nuevos Soles (between 4.25 and 6.87 percent as of December 31, 2007) and between 4.73 and 11.0 percent for bonds issued in U.S. Dollars (between 3.16 and 11.00 percent as of December 31, 2007).

(g) The participation quotas in the Fund "Requirement of Cash Assets" (RAL for its Spanish acronym), are issued in Bolivian Pesos and comprises investments made by Banco de Crédito de Bolivia in the Central Bank of Bolivia as collateral for the deposits maintained with the public. RAL fund has restrictions for its use and it is required for all banks established in Bolivia; RAL fund accrued interest at annual average rates of 5.48 and 5.42 percent as of December 31, 2008 and 2007, respectively.

(h) As of December 31, 2008, includes US\$54.9 million, equivalent to S/172.3 million, of debt instruments issued by the Colombian Government (approximately US\$15.4 million, equivalent to S/46.2, as of December 31, 2007), with maturities between February 2009 and January 2017 (between January 2008 and January 2017 as of December 31, 2007) and accrued interest at annual rates that range between 2.85 and 6.78 percent (between 4.04 and 6.39 percent as of December 31, 2007).

(i) As of December 31, 2008, comprise US\$32.8 million, (equivalent to S/103.0 million), and S/6.3 million corresponding to debt instruments issued in US Dollars by Corporación Andina de Fomento – CAF and Nuevos Soles by Corporación Financiera de Desarrollo - COFIDE, respectively, (US\$32.8 million, equivalent to S/98.3 million, and S/35.9 million, respectively, as of December 31, 2007). As of December 31, 2008, such bonds have maturities between January 2009 and November 2011 (between April 2008 and November 2011 as of December 31, 2007) and accrued annual interest rates that range between 3.38 and 3.54 percent (between 3.81 and 5.89 percent, as of December 31, 2007).

(j) As of December 31, 2008 and 2007, the Bank has repurchase agreement operations (repos) over the following investments:

	2008	2007
	S/(000)	S/(000)
BCRP negotiable certificates of deposits	924,597	728,074
Treasury bonds of foreign governments	-	175,138
Peruvian Treasury bonds	-	114,157
	924,597	1,017,369

As of December 31, 2008, all of the Bank's total repurchase agreement operations (repos), were operations in Nuevos Soles, where legal ownership of the related investment was transferred to the counter party; these investments accrued effective annual interest rates that range between 6.75 and 7.00 percent (between 5.51 and 5.80 percent in Nuevos Soles and between 4.85 and 6.00 percent in U.S. Dollars, as of December 31, 2007) and their maturity are between January 2009 and November 2009 (between January 2008 and December 2008, as of December 31, 2007). These operations were recorded following SBS rules, note 2(v); thus, the commitment to repurchase the investments is included in the caption "Off-balance sheet accounts" and are presented as "Contingent operations", note 18(f).

(k) The movement in the allowance for available-for-sale and held-to-maturity investments is shown below:

	2008	2007
	S/(000)	S/(000)
Balance as of January 1st	6,263	8,966
Provision of the year, note 22	7,510	662
Recoveries	(1,434)	(2,332)
Income from sales	(208)	(1,033)
Balance as of December 31	12,131	6,263

The allowance recorded by the Bank and its Subsidiaries corresponds to specific investments for which Management estimates other than temporary impairment. As of December 31, 2008 and 2007, there are no additional allowances to be recorded that would affect the Bank and its Subsidiaries net equity as of such dates.

(l) As of December 31, 2008 and 2007, the reconciliation between the book value and the market value of available-for-sale and held-to-maturity investments is as follows:

	2008	2007
	S/(000)	S/(000)
Book value, net of allowance	9,354,334	8,733,764
Unrealized gains	196,097	49,927
Unrealized losses	(39,718)	(12,274)
Estimated market value	9,510,713	8,771,417

Management has estimated the market value of its available-for-sale and held-to-maturity investments using market price quotations available in the market or, if a price is not available, market value is estimated by discounting the expected future cash flows at an interest rate that reflects the risk classification of the financial instrument.

The Bank and its Subsidiaries have determined that the unrealized losses as of December 31, 2008 and 2007, arise from the variation of the interest rates and not for changes in the risk classification of its investments. Moreover, the Bank and its Subsidiaries have decided and have the ability to maintain these investments until the recovery of their fair value, which can occur at their maturity; therefore, no additional impairment to the one indicated in paragraph (k) exists for these investments.

(m) As of December 31, 2008 and 2007, trading, available-for-sale and held-to-maturity investments classified by their maturity date is as follows:

	2008	2007
	S/(000)	S/(000)
Up to 3 months	4,736,051	2,231,523
From 3 months to 1 year	2,466,296	4,646,925
From 1 to 3 years	296,301	925,030
From 3 to 5 years	302,632	166,624
More than 5 years	1,322,391	397,550
Without maturity (equity securities and mutual funds)	355,234	523,576
Total	9,478,905	8,891,228

6 Loans, net

(a) This item is made up as follows:

	2008	2007
	S/(000)	S/(000)
Direct loans		
Loans	22,637,415	17,323,725
Leasing receivables	5,678,520	3,350,430
Credit cards	2,684,599	2,028,837
Discounted notes	1,157,555	973,841
Advances and overdrafts	321,544	380,726
Factoring receivables	391,046	329,344
Refinanced and restructured loans	173,262	264,998
Past due and under legal collection loans	246,866	186,898
	33,290,807	24,838,799
Add (less)		
Accrued interest from performing loans	279,522	196,099
Deferred interest on discounted notes and leasing receivables	(782,852)	(491,825)
Allowance for loan losses (f)	(739,480)	(643,899)
Total direct loans	32,047,997	23,899,174
Indirect loans, note 18(a)	6,164,166	4,648,716

(b) As of December 31, 2008 and 2007, 51 percent of the commercial direct loan portfolio was concentrated in 487 and 463 clients, respectively.

(c) As of December 31, 2008 and 2007, the distribution of the loan portfolio by economic sector is as follows:

	2008		2007	
	S/(000)	%	S/(000)	%
Manufacturing	7,833,579	23.5	6,494,410	26.1
Mortgage loans	4,659,854	14.0	3,539,777	14.3
Commerce	4,095,918	12.3	2,395,001	9.6
Consumer loans	3,657,975	11.0	2,513,057	10.1
Mining	2,081,616	6.3	1,221,020	4.9
Communications, storage and transportation	2,011,562	6.0	983,516	4.0
Micro-business loans	1,942,957	5.8	1,381,577	5.6
Electricity, gas and water	1,710,740	5.1	1,050,868	4.2
Leaseholds and real estate activities	1,515,018	4.6	1,302,360	5.2
Community services	812,233	2.4	598,246	2.4
Financial services	720,572	2.2	969,799	3.9
Construction	712,102	2.1	284,423	1.2
Agriculture	650,807	2.0	851,254	3.4
Education, health and other services	366,766	1.1	467,154	1.9
Fishing	233,514	0.7	556,565	2.2
Other	285,594	0.9	229,772	1.0
Total	33,290,807	100	24,838,799	100

(d) As of December 31, 2008 and 2007, the Bank and its Subsidiaries' loan portfolio credit risk classification according to SBS standards, is as follows:

Risk category	2008						2007					
	Direct loans		Indirect loans		Total		Direct loans		Indirect loans		Total	
	S/(000)	%	S/(000)	%	S/(000)	%	S/(000)	%	S/(000)	%	S/(000)	%
Normal	31,768,209	95.4	6,073,461	98.5	37,841,670	95.9	23,122,171	93.1	4,540,341	97.7	27,662,512	93.8
Potential problems	903,651	2.7	77,720	1.3	981,371	2.5	1,120,783	4.5	87,377	1.9	1,208,160	4.1
Substandard	222,758	0.7	5,987	0.1	228,745	0.6	198,793	0.8	14,416	0.2	213,209	0.7
Doubtful	245,435	0.7	4,254	0.1	249,689	0.6	263,917	1.1	3,535	0.1	267,452	0.9
Loss	150,754	0.5	2,744	0.0	153,498	0.4	133,135	0.5	3,047	0.1	136,182	0.5
	33,290,807	100	6,164,166	100	39,454,973	100	24,838,799	100	4,648,716	100	29,487,515	100

(e) Financial entities in Peru should constitute their allowance for loan losses based on the aforementioned credit risk classification and using the following percentages:

(i) Since 2008, the normal category included a pro-cyclical component (note 2(a)(ii)) -

Type of loan	2008		2007
	Fixed-rate	Pro-cyclical component	Rate
	%	%	%
Commercial	0.70	0.45	1.00
Commercial with highly liquid preferred guarantees	0.70	0.30	1.00
Micro-business	1.00	0.50	1.00
Mortgage	0.70	0.40	1.00
Mortgage with highly liquid preferred guarantees (WHLPG)	0.70	0.30	1.00
Revolving consumer	1.00	1.50	1.00
Non revolving consumer	1.00	1.00	1.00
Non revolving consumer under eligible agreements	1.00	0.30	1.00

(ii) Other categories; depending upon if the loans are: Loans Without Guarantees (LWG), Loans With Preferred Guarantees (LWPG) or Loans With Readily Preferred Guarantees (LWRPG) or Loans with Highly Liquid Preferred Guarantees (LWHLPG):

Risk category	LWG	LWPG	LWRPG	LWHLPG
	%	%	%	%
Potential problems	5.00	2.50	1.25	1.00
Substandard	25.00	12.50	6.25	1.00
Doubtful	60.00	30.00	15.00	1.00
Loss	100.00	60.00	30.00	1.00

For loans subject to substitution of credit counterparty, see note 2(e), the provision requirement depends on the credit risk classification of the respective counterparty, regardless of the debtor credit risk classification.

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

	2008	2007
	S/(000)	S/(000)
Balance as of January 1st	698,899	668,476
Net provision, note 20	270,267	193,414
Loan portfolio written-off	(140,620)	(121,209)
Exchange rate and other	(14,568)	(41,782)
Balance as of December 31(*)	813,978	698,899

(*) The movement in the allowance for loan losses includes direct and indirect loans for approximately S/739.5 and S/74.5 million, respectively, as of December 31, 2008 (approximately S/643.9 and S/55.1 million, respectively, as of December 31, 2007). The allowance for indirect loan losses is included in the "Other liabilities, net" caption of the consolidated balance sheets, note 9(a).

In Management's opinion, the allowance for credit losses recorded as of December 31, 2008 and 2007, has been established in accordance with SBS regulations in force as of those dates, note 2(e).

(g) The loan portfolio is collateralized with guarantees received from clients, which are a principally in the form of mortgages, stand-by letters, financial instruments, and industrial and commercial pledges.

(h) Interest accrued on the loan portfolio is determined considering current interest rates prevailing in the markets where BCP Group operates.

(i) As of December 31, 2008 and 2007, the gross direct loan portfolio has the following maturity schedule:

	2008	2007
	S/(000)	S/(000)
Outstanding loans		
Up to 1 month	5,895,670	6,161,061
From 1 to 3 months	5,491,728	3,637,411
From 3 months to 1 year	8,116,794	4,483,301
From 1 to 3 years	5,286,952	4,438,973
From 3 to 5 years	3,141,984	2,346,392
More than 5 years	5,110,813	3,584,763
Past due loans		
Up to 4 months	109,269	66,680
More than 4 months	61,220	98,402
Loans under legal collection	76,377	21,816
Total	33,290,807	24,838,799

7 Permanent investments, net

(a) This item is made up as follows:

	2008					2007				
	Book value	Provision	Net book value	Unrealized gains	Estimated fair value	Book value	Provision	Net book value	Unrealized gains	Estimated fair value
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Listed equity securities (b)	124,450	-	124,450	58,283	182,733	86,330	-	86,330	183,765	270,095
Other investments (c)	35,082	(1,247)	33,835	-	33,835	18,957	(55)	18,902	-	18,902
	159,532	(1,247)	158,285	58,283	216,568	105,287	(55)	105,232	183,765	288,997
Allowance for impairment	(1,247)					(55)				
Total	158,285					105,232				

(b) As of December 31, 2008, this caption comprises a 3.14 percent participation in shares of Banco de Crédito e Inversiones de Chile - BCI Chile held by Inversiones BCP Ltda (2.93 percent as of December 31, 2007). As of December 31, 2008 and 2007, the estimated fair value of this investment corresponds to its quotation in the Santiago Stock Exchange (Chile).

(c) As of December 31, 2008, this caption mainly comprises S/15.5 and S/6.8 million corresponding to a 35.56 and 28.27 percent participation in shares of Visanet del Perú S.A.C. and Corporación de Servicios de Información - Infocorp S.A., respectively, held by Banco de Crédito del Perú (approximately S/5.4 and S/4.9 million, which represent a 34.83 and 28.27 percent participation, respectively as of December 31, 2007).

8 Property, furniture and equipment, net

(a) The movement of property, furniture and equipment and accumulated depreciation for the years ended December 31, 2008 and 2007 is as follows:

	Land	Buildings and other constructions	Installations	Furniture and fixtures	Computer hardware	Equipment and vehicles	Work in progress and in transit units	2008	2007
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Cost									
Balance as of January 1st	65,275	592,692	295,671	194,130	611,360	74,150	51,160	1,884,438	1,746,273
Additions	6,095	9,987	5,078	24,096	96,509	26,668	102,390	270,823	152,435
Sales	(733)	(2,637)	(589)	(365)	(37,258)	(1,283)	-	(42,865)	(14,270)
Transfers	-	36,442	65,388	-	-	-	(101,830)	-	-
Retirements and other	-	(2,583)	1,659	(33)	(4,899)	(87)	(188)	(6,131)	-
Balance as of December 31	70,637	633,901	367,207	217,828	665,712	99,448	51,532	2,106,265	1,884,438
Accumulated depreciation									
Balance as of January 1st	-	307,908	191,577	161,815	512,464	33,908	-	1,207,672	1,120,498
Depreciation of the year	-	14,323	20,923	7,463	50,724	7,508	-	100,941	97,845
Sales	-	(2,176)	(531)	(365)	(35,687)	(1,234)	-	(39,993)	(10,671)
Retirements and transfers	-	(1,399)	713	(33)	(4,885)	(87)	-	(5,691)	-
Balance as of December 31	-	318,656	212,682	168,880	522,616	40,095	-	1,262,929	1,207,672
Net book value	70,637	315,245	154,525	48,948	143,096	59,353	51,532	843,336	676,766

(b) Banks in Peru are not allowed to pledge their fixed assets.

(c) As of December 31, 2008, the Bank has property available for sale for approximately S/20.0 million, net of accumulated depreciation of approximately S/11.5 million (approximately S/20.2 million net of accumulated depreciation of approximately S/13.5 million as of December 31, 2007).

(d) Management periodically reviews the fixed assets' residual value, their useful life and the selected depreciation method to ensure that they are consistent with their economic benefits and life expectations. In Management's opinion, there is no evidence of impairment of property, furniture and equipment as of December 31, 2008 and 2007.

(e) As of December 31, 2008, the Bank and its Subsidiaries sold fixed assets for approximately S/5.6 million, which had a net cost of S/2.9 million (S/5.1 and S/3.6 million, respectively, as of December 31, 2007). As of December 31, 2008 and 2007, none of these sales were made to related parties.

9 Other assets and other liabilities

(a) These items are made up as follows:

	2008	2007
	S/(000)	S/(000)
Other assets, net		
Financial instruments at fair value through profit and loss -		
Citigroup indexed certificates (b)	386,398	467,035
Derivatives receivable (c)	234,074	134,623
Credit linked notes(d)	-	151,481
	620,472	753,139
Other, net		
VAT credits	396,843	166,274
Deferred income tax and workers' profit sharing, note 13(a)	223,672	232,809
Intangible assets, net (e)	192,968	132,358
Accounts receivable	149,903	103,618
Deferred expenses	72,055	31,931
Operations in process (f)	64,514	102,319
Income tax prepayments, net	43,150	-
Seized assets and realizable assets, net (g)	38,253	82,690
Repurchase agreements with transfer of legal ownership, note 2(v) y 5(j)	7,573	56,284
Terminated leasing contracts receivable, net of allowance	5,106	1,221
Other	14,963	17,017
	1,209,000	926,521
Total	1,829,472	1,679,660
Other liabilities, net		
Derivatives payable (c)	487,264	93,112
Payroll taxes, salaries and other personnel expenses payable	360,230	507,005
Accounts payable	238,244	246,507
Operations in process (f)	108,934	108,046
Provision for sundry risks (h)	92,938	104,111
Allowance for indirect loan losses, note 6(f)	74,498	55,077
Deferred income tax and workers' profit sharing, note 13(a)	24,863	74,664
Deposit Insurance Fund	12,356	9,784
Minority interest	5,634	10,300
Income tax, net of prepayments	3,788	39,593
Repurchase agreements with transfer of legal ownership, note 2(v) y 5(j)	-	15,335
Other	3,908	10,390
	1,412,657	1,273,924

(b) In connection with the liabilities that result from Credicorp's stock appreciation rights (SARs), (note 16), BCP signed several contracts with Citigroup Global Markets Holdings Inc., Citigroup Capital Limited and Citigroup Capital Market Inc.

These transactions consist of the purchase of up to 3,252,035 certificates indexed to the performance of the shares of Credicorp Ltd. (BAP) in the form of "warrants" issued by Citigroup, which are equivalent to the same number of Credicorp Ltd. shares. These certificates will be settled exclusively in cash with a maturity of 5 years, with the possibility of being settled totally or partially at any moment before their total or partial maturity.

According to SBS Resolution N° 1737-2006, note 2(g), the certificates have an embedded derivative, which risks are not closely related to the host contract. In this sense, the Bank has decided to designate these hybrid instruments (host contract and embedded derivative) at fair value through profit and loss; therefore, separation of the embedded derivative is not required.

As of December 31, 2008 and 2007, the Bank has acquired 2,357,523 and 2,009,523 certificates, respectively, at a total cost of US\$120.3 million and US\$89.4 million, respectively, equivalent to US\$51.0 and US\$44.5 per certificate on average, respectively. At those dates, the estimated market value amounted to US\$123.1 million and US\$155.9 million, respectively (US\$52.2 and US\$77.6 per certificate on average, as of December 31, 2008 and 2007, respectively). As of December 31, 2008, following SBS rules, the loss resulting from the difference between cost and estimated market value amounting to approximately S/191.0 million has been recorded in the caption "Other operating expenses" of the consolidated statement of income (gain of S/207.8 million as of December 31, 2007, recorded in the caption "Other non-financial income" of the consolidated statement of income), note 23.

(c) The table below presents the fair value of the derivative financial instruments, recorded as an asset or a liability, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured, note 18(d).

2008			
	Assets	Liabilities	Notional amount
	S/(000)	S/(000)	S/(000)
Derivatives held for trading (i)			
Forward exchange contracts	88,833	137,368	7,871,447
Interest rate swaps	103,362	119,888	2,402,810
Currency swaps	41,849	49,194	719,546
Derivatives held as hedges			
Cash flow hedge (ii):			
Interest rate swaps	-	55,253	1,846,012
Cross currency swap and interest rate swaps (*)	30	60,882	355,958
Fair value hedge (iii):			
Cross currency swap	-	64,679	514,912
	234,074	487,264	13,710,685
2007			
	Assets	Liabilities	Notional amount
	S/(000)	S/(000)	S/(000)
Derivatives held for trading (i)			
Forward exchange contracts	98,995	45,844	6,813,698
Interest rate swaps	26,243	32,250	1,827,082
Currency swaps	9,385	13,116	355,181
Derivatives held as hedges			
Fair value hedge (iii):			
Cross currency swap	-	1,902	151,058
	134,623	93,112	9,147,019

(*) On December 2007 and during the first months of 2008, the Bank entered into three cross currency swaps (CCS) contracts related with the fluctuation of interest and exchange rates of three fixed-rate corporate bonds issued (see note 12). These contracts, as indicated by the SBS, were initially designated as fair value hedges.

Afterwards, the Bank entered into three interest rate swaps (IRS) contracts aimed at mitigating the inherent risks in having a variable interest rate (Libor) for the hedged corporate bonds indicated in the previous paragraph; fixing their respective interest rates in U.S. Dollars. Therefore, in accordance with SBS regulations, the combined CCS and IRS were redesignated as cash flow hedges from the date of entering into the IRS contracts.

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

(ii) The Bank and its Subsidiaries are exposed to movements in future interest cash flows on non-trading assets and liabilities which bear interest at variable rates. The Bank and its Subsidiaries uses IRS and CCS as cash flow hedges of these interest rate risks. A schedule indicating as of December 31, 2008 the periods when the hedged cash flows are expected to occur and when they are expected to affect the consolidated income statement is as follows:

	Up to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years
	S/(000)	S/(000)	S/(000)	S/(000)
Cash outflows (liabilities)	(110,781)	(1,750,372)	(470,104)	(313,649)
Consolidated income statement	(30,548)	(33,583)	(22,549)	(6,391)

As of December 31, 2008, the unrealized loss arising from the cash flow hedges, which are included in the "Retained earnings for cash flow" caption of the consolidated equity, amount to S/71.3 million. Likewise, the transfer of net gain on cash flow hedges to the consolidated income statement amounts to S/2.9 million.

(iii) The Bank maintains CCS, which following SBS rules, are designated as fair value hedges of subordinated and corporate bonds issued in Nuevos Soles, see note 12; related to movements in the currency exchange rates and interest rates. The Bank uses these financial derivatives to reduce its funding risk in Nuevos Soles, generating liabilities in U.S. Dollars at market rates that will be used to fund loans granted in that currency.

(d) During 2007, the Bank acquired debt instruments in the form of "Credit linked notes", which were issued by Bear Stearns Global Asset Holdings Ltd. and were linked to the credit risk of debt instruments issued by the Peruvian Government or any successor of this ("Credit default swap"); these instruments were acquired by the Bank with the purpose of providing financial instruments with the same terms, risks and benefits to certain clients.

According to SBS Resolution N° 1737-2006, the notes included an embedded derivative which risks were not closely related to those of the host contract. In this sense, the Bank decided to designate these hybrid instruments at fair value through profit and loss; therefore, separation of the embedded derivative was not required.

During the first quarter of 2008 and before their maturity, the notes were liquidated at their respective market value, with no significant effect on the consolidated results of the Bank and its Subsidiaries.

(e) The movement of intangible assets for the years ended December 31, 2008 and 2007, is as follows:

Description	Software	Other developments	Intangibles in process	2008	2007
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Cost					
Balance as of January 1st	95,375	136,396	-	231,771	191,605
Additions (i)	43,962	41,691	11,843	97,496	79,036
Retirements and other (ii)	(1,009)	(1,942)	-	(2,951)	(38,870)
Balance as of December 31	138,328	176,145	11,843	326,316	231,771
Accumulated amortization					
Balance as of January 1st	40,524	58,889	-	99,413	107,099
Amortization of the year	18,885	18,001	-	36,886	30,862
Retirements and other (ii)	(1,009)	(1,942)	-	(2,951)	(38,548)
Balance as of December 31	58,400	74,948	-	133,348	99,413
Net book value	79,928	101,197	11,843	192,968	132,358

(i) During the year ended December 31, 2008 and 2007, the Bank has capitalized disbursements related to the implementation and development of sundry computer systems (mainly SAP-ERP and SERIVA, an integrated system for Capital Market operations).

(f) Operations in process include deposits received, loans disbursed and/or 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 balance sheets accounts until the first days of the following month. These transactions do not affect the Bank and its Subsidiaries' consolidated net income.

(g) The movement of this caption for the years ended December 31, 2008 and 2007, is as follows:

Descripción	Realizable assets	Seized assets	2008	2007
	S/(000)	S/(000)	S/(000)	S/(000)
Balance as of December 31	32,410	59,384	91,794	186,200
Provision				
Balance as of January 1st	-	103,510	103,510	127,594
Provision	-	7,343	7,343	11,596
Reversal of provision due to changes in regulations (*)	-	-	-	11,022
Sales	-	(57,312)	(57,312)	(46,702)
Balance as of December 31	-	53,541	53,541	103,510
Net book value	32,410	5,843	38,253	82,690

(*) In October 2005, the procedure to compute and record the provision for seized assets was modified by the SBS. BCP recalculated such provision, concluding that it presented an excess in the required provision; such excess was transferred to the consolidated balance sheet caption "Other liabilities, net". According to SBS regulations, this excess could not be reversed and had to be used to cover future losses in the value of other assets. As of December 31, 2007, the Bank had applied such excess to provide for additional requirements of provisions for seized assets.

During the years 2008 and 2007, the Bank and its Subsidiaries sold seized assets for approximately S/65.6 and S/65.0 million, respectively, generating a net gain of approximately S/41.6 and S/39.7 million, respectively, which is included in the caption "Other non - financial income" in the consolidated income statements, note 23.

In Management's opinion, the provision for seized assets recorded as of December 31, 2008 and 2007 complies with SBS regulations as of such dates.

(h) As of December 31, 2008 and 2007, comprises the allowance related to the estimated losses due to legal procedures against the Bank and its Subsidiaries, the adjustments to the fair value of the acquired liabilities in the merge with Banco Santander Central Hispano - Perú (in 2002) and other similar obligations that were recorded based on Management and its legal advisors' best estimates.

10 Deposits and obligations

(a) This item is made up as follows:

	2008	2007
	S/(000)	S/(000)
Non-interest bearing deposits and obligations		
In Peru	8,229,933	8,683,234
In other countries	1,568,408	1,256,052
	9,798,341	9,939,286
Interest bearing deposits and obligations		
In Peru	26,484,262	17,006,568
In other countries	7,266,973	5,613,096
	33,751,235	22,619,664
	43,549,576	32,558,950
Interest payable	230,998	141,138
Total	43,780,574	32,700,088

The Bank and its Subsidiaries have established a policy to pay interests on demand deposits and savings accounts according to sliding interest rate scale, based on the average balance maintained in those accounts. Additionally, according to such policy, it was established that the accounts having balances that were lower than a specified amount, for each type of account, do not bear interest.

Interest rates applied to the different deposits and obligations accounts are determined by the Bank and its Subsidiaries considering interest rates prevailing in the markets where they develop their operations.

(b) As of December 31, 2008 and 2007, the balance of deposits and obligations is made up as follows:

	2008	2007
	S/(000)	S/(000)
Time deposits (*)	16,498,333	12,510,430
Demand deposits	14,009,450	9,939,289
Saving accounts	9,322,212	7,133,508
Severance indemnities deposits	3,272,257	2,690,139
Bank certificates in foreign currency	447,324	277,195
Repurchase agreements with clients, note 5(j)	-	8,389
Total	43,549,576	32,558,950

(*) As of December 31, 2007, includes approximately S/151.5 million related to deposits which have the same terms and interest rates that the "Credit linked notes" issued by Bear Stearns Global Asset Holding Ltd., note 9(d).

(c) As of December 31, 2008 and 2007, approximately S/12,736.0 and S/9,649.3 million of the total deposits and obligations balances, respectively, are covered by the "Fondo de Seguro de Depósitos" (Deposit Insurance Fund). As of December 31, 2008, the "Fondo de Seguro de Depósitos" amounted to S/87,580.

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

	2008	2007
	S/(000)	S/(000)
Up to 3 months	7,991,125	7,279,828
From 3 months to 1 year	4,310,269	1,830,842
From 1 to 3 years	330,259	567,038
From 3 to 5 year	162,756	90,852
More than 5 years	3,703,924	2,741,870
Total	16,498,333	12,510,430

As of December 31, 2008 and 2007, the amounts over 5 years correspond mainly to time deposits received from an entity related to Credicorp Ltd.

11 Due to banks and correspondents

(a) This item is made up as follows:

	2008	2007
	S/(000)	S/(000)
By type		
Promotional credit lines (b)	344,552	587,827
Due to banks and correspondents with foreign financial institutions (c)	3,192,765	3,449,497
	3,537,317	4,037,324
Interest payable	44,210	27,245
Total	3,581,527	4,064,569
By term		
Short-term debt	1,843,255	2,639,118
Long-term debt	1,694,062	1,398,206
Total	3,537,317	4,037,324

(b) Promotional credit lines represent loans granted to BCP mainly by Corporación Financiera de Desarrollo (COFIDE) to promote the social development in Peru. As of December 31, 2008, their annual interest rates ranged between 6.20 and 7.75 percent (between 5.73 and 7.75 percent as of December 31, 2007). These credit lines are secured by a loan portfolio amounting to US\$109.7 million and US\$196.2 million, equivalent approximately to S/344.5 million and S/587.8 million as of December 31, 2008 and 2007, respectively. These lines include covenants specifying the use of the funds, financial conditions that the borrower must maintain and other administrative matters. In Management's opinion, such covenants are fulfilled by the Bank, as of December 31, 2008 and 2007.

(c) As of December 31, 2008, due to banks and correspondents with foreign financial institutions comprise mainly loans to fund foreign trade operations and working capital, granted by 37 foreign entities (33 as of December 31, 2007); of which 6 represent approximately 48.6 percent of the balance (5 represent approximately 46.0 percent of the balance as of December 31, 2007).

As of December 31, 2008, the balance included a syndicated loan obtained from several foreign financial entities in March 2008, amounting to US\$410 million (equivalent to S/.1,287.4 million), with maturity on March 2011 and a variable interest rate (Libor). This loan replaced three loans of US\$100 million each as of December 31, 2007 with a three-year maturity. The syndicated loan generates interest payments every six months at Libor + 0.70 percent during the first year, Libor + 0.75 percent for the second year and Libor + 0.85 percent for the third and final year; considering that it is subject to interest rate risk, it has been hedged using interest rate swaps for a nominal value equal to the principal and the same maturity schedule, see note 9(c).

Some of the loan agreements include standard covenants requiring the Bank to comply with financial ratios, use of funds and other administrative matters, which, in Management's opinion, do not limit the Bank's normal operations and has fully complied with as of the consolidated balance sheets dates, following international banking practices.

As of December 31, 2008, due to bank and correspondents with financial entities accrued annual interest at rates that ranged between 3.11 and 7.77 percent (between 4.88 and 5.73 percent as of December 31, 2007).

(d) As of December 31, 2008 and 2007, the balance of this caption, classified by maturity, is as follows:

	2008	2007
	S/(000)	S/(000)
Up to 3 months	1,036,636	1,688,879
From 3 months to 1 year	806,619	950,239
From 1 to 3 years	1,576,402	1,015,053
From 3 to 5 years	20,310	316,657
More than 5 years	97,350	66,496
Total	3,537,317	4,037,324

12 Bonds and subordinated notes issued

(a) This item is made up as follows:

	Weighted average annual interest rate		Maturity	Currency	2008	2007
	2008	2007				
	%	%			S/(000)	S/(000)
Bonds						
Corporate bonds (i)	6.91	6.59	Between November 2009 and July 2018	S/	720,610	391,000
Leasing bonds (i), (ii)	6.87	6.10	Between June 2009 and August 2018	S/ and US\$	688,065	519,905
Mortgage bonds (ii)	7.69	7.70	Between May 2011 and April 2012	S/	49,709	61,951
Subordinated bonds (i)	6.71	6.72	Between September 2009 and May 2027	S/	191,772	321,722
Mortgage certificates					118	200
					1,650,274	1,294,778
Subordinated notes (iii)						
Subordinated negotiable notes certificates (iv)	6.95	6.95	Noviembre de 2021	US\$	376,800	359,520
Subordinated notes (v)	7.17	7.17	Octubre de 2022	S/	445,172	483,280
					821,972	842,800
Total bonds and subordinated debt					2,472,246	2,137,578
Interest payable					24,981	22,706
Total					2,497,227	2,160,284

(f) During 2008, the Bank and its Subsidiaries redeemed bonds for S/413.3 million (S/219.1 million during 2007). The detail of the new issuances is the following:

Issuances 2008	Issued amount	Book value	Currency	Maturity
	S/(000)	S/(000)		
Corporate Bonds BCP				
First Issuance Series B (*)	125,000	119,802	S/.	27/03/2015
Second Issuance Series A (*)	85,000	81,421	S/.	18/04/2011
Third Issuance Series A	150,000	150,000	S/.	12/06/2018
Third Issuance Series B	50,000	50,000	S/.	10/07/2018
	410,000	401,223		
Leasing bonds BCP				
Sixth Issuance - Series A	100,000	100,000	S/.	20/08/2018
Credileasing				
Fourth Issuance Series A	32,945	32,945	US\$	08/02/2011
Fourth Issuance Series B	94,200	94,200	US\$	14/05/2011
Fourth Issuance Series C	78,500	78,500	US\$	23/06/2011
Fourth Issuance Series D	56,520	56,520	US\$	23/07/2011
Fifth Issuance Series A	40,000	40,000	S/.	28/02/2011
Fifth Issuance Series B	5,187	5,187	S/.	14/05/2011
	407,352	407,352		
Issuances 2007	Issued amount	Book value	Currency	Maturity
	S/(000)	S/(000)		
Corporate Bonds BCP				
First Issuance Series A (*)	150,000	153,386	S/.	19/12/2014
Leasing bonds BCP				
Second Issuance Series A	31,400	31,400	US\$	10/06/2009
Second Issuance Series B	47,100	47,100	US\$	13/07/2009
Second Issuance Series C	30,223	30,223	US\$	13/08/2009
Fourth Issuance Series A	15,000	15,000	S/.	01/11/2010
	123,723	123,723		
Credileasing				
Second Issuance Series A	29,960	29,960	US\$	10/06/2009
Second Issuance Series B	44,940	44,940	US\$	13/07/2009
Second Issuance Series C	28,837	28,837	US\$	13/08/2009
Fourth Issuance Series A	15,000	15,000	S/.	12/01/2010
	118,737	118,737		
Subordinated bonds BCP				
First Issuance Series A	15,000	15,000	S/.	25/05/2027

(*) As a result of several financial derivatives contracted, see note 9(c), cash flows from these bonds have been changed from Nuevos Soles to U.S. Dollars and the fixed interest rates in Nuevos Soles of 6.81 percent, 5.78 percent and 6.84 percent, respectively have been changed to a fixed interest rate in U.S. Dollars of 4.095 percent, 4.02 percent and 4.40 percent, respectively.

(ii) Leasing and mortgage bonds are collateralized by the fixed assets financed by the Bank.

(iii) The subordinated notes were issued through the Bank's Panamanian Branch and has certain financial and operating covenants which, in Management's opinion, the Bank is in compliance at the consolidated balance sheet dates.

(iv) In November 2016, the interest rate will change to a variable interest rate, established as Libor plus 2.79 percent, with quarterly payments. At that date, the Bank can redeem 100 percent of the debt, without penalties.

(v) In October 2017, the interest rate will change to a variable interest rate, established as the average of at least three valuations over the interest rate of return for sovereign bonds issued by the Peruvian Government (with maturity in 2037) plus 150 basis points, with semi annual payments. At that date, the Bank can redeem 100 percent of the debt, without penalties. A cross currency swap has been contracted over the terms of this debt, see note 9(c); as a result the principal amount and interest rate have been changed from Nuevos Soles to U.S. Dollars and from a fixed interest rate in Nuevos Soles to a variable interest rate of Libor six-month plus 99 basis points in U.S. Dollars.

(b) Bonds and subordinated notes balances classified by maturity are as follows:

	2008	2007
	S/(000)	S/(000)
Up to 3 months	5,387	167,779
From 3 months to 1 year	201,766	309,656
From 1 to 3 years	748,242	489,669
From 3 to 5 years	236,750	177,684
More than 5 years	1,280,101	992,790
Total	2,472,246	2,137,578

13 Deferred income tax and workers' profit sharing

(a) These items are made up as follows:

	2008	2007
	S/(000)	S/(000)
Deferred assets		
Allowance for loan losses	113,769	79,156
Stock appreciation rights provision, note 16	42,732	84,523
Provision for sundry expenses	31,919	27,766
Allowance for seized assets	11,452	16,458
Provision for sundry risks	4,134	10,219
Allowance for impairment of investments	2,427	-
Past due interests	5,810	11,420
Other	11,429	3,267
Total deferred assets, note 9(a)	223,672	232,809
Deferred liabilities		
Exchange difference	(17,136)	(4,103)
Leasing operations, net	(4,073)	(3,857)
Valuation of Citigroup indexed certificates	(3,009)	(66,704)
Other	(645)	-
Total deferred liabilities, note 9(a)	(24,863)	(74,664)
Net balance	198,809	158,145

(b) Amounts presented in the consolidated balance sheets as of December 31, 2008 and 2007, and in the consolidated income statements for the years then ended are shown below:

Consolidated balance sheets	Deferred assets		Deferred liabilities	
	2008	2007	2008	2007
	S/(000)	S/(000)	S/(000)	S/(000)
Income tax	192,082	200,069	(21,856)	(64,122)
Workers' profit sharing	31,590	32,740	(3,007)	(10,542)
	223,672	232,809	(24,863)	(74,664)

Consolidated income statements	Workers' profit sharing		Income tax	
	2008	2007	2008	2007
	S/(000)	S/(000)	S/(000)	S/(000)
Current	47,942	44,235	331,854	329,997
Deferred	(6,385)	(3,489)	(34,279)	(32,435)
	41,557	40,746	297,575	297,562

(c) Reconciliation of the effective tax rate to the statutory tax rate for the years 2008 and 2007 is as follows:

	2008	2007
	%	%
Income before income taxes	100.00	100.00
Theoretical expense	30.00	30.00
Effect on taxable income		
Non-taxable financial revenue	(16.25)	(13.03)
Effect of non-deductible expenses		
Non-deductible financial expenses	5.84	3.01
Other non - deductible expenses	2.85	4.38
Income tax, current and deferred	22.44	24.36

14 Net shareholders' equity

(a) Capital stock

As of December 31, 2008 and 2007, the Bank's capital stock is composed by 1,508.3 and 1,286.5 million, respectively, fully subscribed and paid common shares, each with a face value of one Nuevo Sol.

The General Shareholders Meeting held on March 28, 2008, approved the capitalization of retained income corresponding to year 2007 for an amount of S/221.8 million (equivalent approximately to US\$70 million).

The Board of Directors Meetings held on May 28, 2008 and October 29, 2008, approved a commitment to capitalize retained earnings corresponding to year 2008, for an amount of S/400.0 and S/320.0 million, respectively.

(b) Legal reserve

Pursuant to legislation in force, the Bank must reach a legal reserve of at least 35 percent of its paid-in capital. This reserve is to be funded through an annual appropriation of at least 10 percent of its net income. As of December 31, 2008 and 2007, the Bank has reached the minimal amount required.

The Bank's Subsidiaries established in Peru must also record this reserve in their individual financial statements. As of December 31, 2008 and 2007, the Subsidiaries' reported legal reserves amounts to approximately S/96.0 and S/76.5 million, respectively.

(c) Special reserve

The special reserve has been funded through the appropriation of accumulated results and is considered to be unrestricted.

The General Shareholders Meetings held on March 28, 2008, March 30, 2007 and March 31, 2006, approved an increase of the special reserve for approximately S/290.5, S/125.1 and S/107.3 million, respectively.

(d) Dividend distribution

The General Shareholders Meetings held on March 28, 2008, March 30, 2007 and March 31, 2006, agreed to distribute dividends for an amount of approximately S/371.2, S/536.5 and S/591.8 million, respectively.

Under current legislation, there is no restriction for overseas remittance of dividends or repatriation of foreign investment. Individual persons and corporations not domiciled in Peru must pay an additional tax of 4.1 percent on dividends received, which must be retained and paid by the entity that distributes the dividends.

(e) Shareholders' equity for legal purposes (Regulatory capital)

As of December 31, 2008, contingent assets and indirect loans weighted by credit risk and the minimal equity required for market risk applicable to currency risk, determined by the Bank following current legal regulations, amounted to approximately S/33,873.5 and S/150.5 million, respectively (S/25,775.4 and S/80.0 million as of December 31, 2007, respectively), generating a global leverage ratio for credit and market risk of 8.68 times the Bank' regulatory capital (8.44 times as of December 31, 2007). According to the Banking Law, this ratio cannot be higher than 11 times.

In June 2008, by means of Legislative Decree (LD) N°1028, the Banking Law was modified; requiring that regulatory capital must be equal to or more than 10 percent of assets and contingencies weighted by credit risk plus 10 times the regulatory capital required for operating and market risk; this ratio will increase gradually until July 2011 in accordance with the percentages and dates established in LD N°1028. In addition to credit and market risk, LD N°1028 seeks to cover the operating risks of financial institutions with new capital contributions. In Management's opinion, these modifications will have no significant impact on the Bank's operations.

15 Tax situation

(a) The Bank and its Subsidiaries are subject to Peruvian Tax Law. As of December 31, 2008 and 2007, the statutory income tax was 30 percent on taxable income.

(b) The exemption of income and capital gains taxes arising from the disposal of securities through the Lima Stock Exchange, as well as their interests and any interest or other earnings from debt instruments issued by the Peruvian public sector has been extended until December 31, 2009.

Starting January 1, 2010, interest and other capital gains from debt instruments issued by the Peruvian Republic and interest and capital gains from BCRP negotiable certificates of deposit used as monetary regulations, will not be subject to income tax.

(c) For income tax and value added tax purposes, the transfer prices agreed in transactions between related parties and with entities located in tax heavens, require the presentation of supporting documents and information on the valuation methods and criteria applied for the agreed price. Based on the analysis of the Bank and its Subsidiaries operations, Management and its internal legal advisors consider that no significant contingencies will result for the Bank and its Subsidiaries as a consequence of application of such provisions as of December 31, 2008 and 2007.

(d) The Tax Authority has the right to review and, if applicable, amend the annual income tax returns of the Bank and its Subsidiaries established in Peru up to four years after their presentation.

For the Bank its 2008 and 2007 income tax returns are pending to be reviewed by the Tax Authority. As at the date of this report, the 2006 income tax return is being reviewed.

For the Subsidiaries, except for year 2001 and 2003 tax returns for Credileasing and Soluciones en Procesamiento, respectively which have already been reviewed, and the tax returns for year 2006 for Credifondo and year 2007 for Credibolsa that are undergoing a review; as of the date of this report, years 2004 to 2008 are pending to be reviewed by the Tax Authority.

Because of the potential different interpretations that the Tax Authority may give to legal rules in force, it is not possible to determine to date whether the reviews will generate additional liabilities for the Bank and its Subsidiaries. Therefore, any higher tax, penalty, interest or sanction imposed as a result of such reviews will be applied to the results of the year in which they are determined. Nevertheless, in Management and its internal legal advisors' opinion, any possible additional tax assessment would not have significant consequences on the consolidated financial statements as of December 31, 2008 and 2007.

As indicated in note 17(b), the Bank has pending legal claims with the Tax Authority, related to income tax reviews for the years 1999, 2004 and 2005.

16 Stock appreciation rights

As indicated in note 2(p), the Bank and its Subsidiaries have granted options on Credicorp's (the Bank's majority shareholder) stock appreciation rights (SARs) to certain key executives and employees who have at least one year service to the Bank. At the grant date and in each one of the subsequent three years, the granted SARs may be exercised up to 25 percent of all SARs granted in the plan. The SARs expire after eight years.

At the end of the fourth year and until the expiration date of the SARs, all of the unexercised SARs may be exercised at any time. As of December 31, 2008 and 2007, 451,925 and 258,075 SARs had been exercised under this plan for an approximate amount of US\$17.8 and US\$12.3 million (equivalent to S/55.9 and S/36.7 million) for the years 2008 and 2007, respectively, plus the income tax on behalf of the executives and employees that is assumed by the Bank and its Subsidiaries, equivalent to 30 percent of the amount paid.

As of December 31, 2008 and 2007, the number of SARs issued and not exercised and their prices are as follows:

Year of issuance	Number of outstanding SARs issued as of December 31, 2008	Number of vested SARs as of December 31		Exercise price	
		2008	2007	2008	2007
				US\$	US\$
2000	-	-	49,750	8.00	8.50
2001	60,000	60,000	73,000	4.80	5.30
2002	60,000	60,000	92,500	6.48	6.98
2003	133,650	133,650	151,900	7.67	8.17
2004	183,450	183,450	226,450	10.49	10.99
2005	235,450	235,450	330,594	15.50	16.00
2006	329,550	299,550	277,550	24.82	25.32
2007	433,875	269,891	229,500	48.00	48.50
2008	551,250	240,469	-	72.04	-
	1,987,225	1,482,460	1,431,244		

Bank's Management has estimated the SARs' fair value as of December 31, 2008 and 2007, using the binomial option pricing model, with assumptions obtained from the relevant available market information. The key assumptions used are as follows:

Key assumptions	2008	2007
Expected volatility	34.98%	32.70%
Risk free interest rate	6.21%	3.50%
Expected lifetime	4.71 años	4.82 años
Quoted price of Credicorp shares at year-end	US\$49.96	US\$76.30

The movement of the SARs for the years ended December 31, 2008 and 2007 is as follows:

	2008			2007		
	Outstanding SARs	Vested SARs		Outstanding SARs	Vested SARs	
	Number	Number	Amount	Number	Number	Amount
			S/(000)			S/(000)
Balance as of January 1	1,936,025	1,431,244	252,309	1,610,600	1,137,552	108,255
Granted and vested	572,500	503,141	26,730	586,000	553,486	60,950
Exercised	(451,925)	(451,925)	(55,858)	(258,075)	(258,075)	(36,732)
Decrease	(69,375)	-	-	(2,500)	(1,719)	(271)
Increase (decrease) in the option fair value	-	-	(95,622)	-	-	120,107
Balance as of December 31	1,987,225	1,482,460	127,559	1,936,025	1,431,244	252,309

The liabilities recorded for this plan, including the income tax assumed by the Bank and its Subsidiaries, are included in "Payroll taxes, salaries and other personnel expenses payable"; in the caption "Other liabilities, net" of the consolidated balance sheets; and the expenses in the caption "Salaries and employees' benefits" of the consolidated income statements. During 2008 and 2007, the SARs prices were modified and informed to the Bank and its Subsidiaries executives and employees.

The Bank has signed several contracts with Citigroup by which it has acquired certificates linked to the yield of Credicorp's shares, note 9(b).

17 Commitments and contingencies

(a) Commitments

In November 2005, March 2006 and July 2007; the Bank's Panamanian Branch entered into several agreements with a foreign related party by which it guarantees the collection of BCP's future inflows from electronic messages sent through the Society for Worldwide Interbank Financial Telecommunications ("SWIFT") 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. For these transactions the related party was granted several loans, which are secured by the above mentioned future inflows; the amounts of the loans received are the following:

Year of Issuance	Loan amount US\$(million)	Equivalent amount in S/(million)	Maturity
2005	280.0	879.2	2012
2006	100.0	314.0	2016
2007	350.0	1,099.0	2017
2007	150.0	471.0	2014
2008	300.0	942.0	2015

The loans obtained by the related party include covenants that must be fulfilled by the Bank and its Subsidiaries which, in Management's opinion, have been fulfilled as of December, 2008 and 2007.

(b) Contingencies

As of December 31, 2008 and 2007, the Bank has received tax assessments from the Tax Authority as a result of:

The review of year 1999 income tax return: The Tax Authority determined a lower income tax credit balance for approximately S/5.9 million plus fines for approximately S/13.6 million, as of December 31, 2008. The Bank filed the corresponding claim, which was resolved in 2008 by a declaration of nullity and an order for a further examination of the disputed issues. At the date of this report, the Tax Authority is carrying out the ordered examination.

The review of years 2004 and 2005 income tax returns: The Tax Authority determined a higher income tax for approximately S/6.1 million plus interest and fines for S/3.4 million. The Bank has filed the corresponding claim and paid the amount demanded under protest.

In Management and its internal legal advisors' opinion any possible additional tax assessment would not have any significant consequences on the consolidated financial statements as of December 31, 2008 and 2007.

In addition, the Bank and its Subsidiaries have several pending legal claims, related to their normal operations which, in Management and its legal advisors' opinion, will not result in additional liabilities to the ones already recorded by the Bank and its Subsidiaries; therefore, Management has not considered necessary to provide for an additional amount, note 9 (h).

18 Off-balance sheet accounts

(a) This item is made up as follows:

	2008	2007
	S/(000)	S/(000)
Contingent operations (b)		
Guarantees and stand-by letters of credit	4,650,621	3,247,201
Import and export letters of credit (c)	783,245	1,294,193
Due from bank acceptances (c)	730,300	107,322
	6,164,166	4,648,716
Foreign currency forwards contracts (d)	7,871,447	6,813,698
Responsibilities under credit line agreements (e)	3,877,788	3,242,017
Repurchase agreements (f)	917,024	980,253
Foreign currency and interest rates swap contracts (d)	870,870	151,058
Foreign currency swap contracts (d)	719,546	355,181
Other contingent operations	4,999	27,796
Total contingent operations	20,425,840	16,218,719
Other off-balance sheet accounts		
Securities in custody	96,955,082	42,494,416
Risk classification of assets and contingent operations	68,835,524	51,489,217
Guarantees received (g)	46,200,240	32,316,671
Debt instruments under collection	8,406,938	6,760,332
Trust and debt trust commissions (h)	6,306,665	7,377,802
Interest Rate Swaps (d)	4,604,780	1,827,082
Written-off loans	3,066,972	2,884,411
Securities granted as warranties	2,915,045	604,167
Insurance coverages	2,750,143	2,668,009
Letters of credit advised	1,431,839	1,399,869
Other	12,709,515	16,061,046
Total other off-balance sheet accounts	254,182,743	165,883,022
Total	274,608,583	182,101,741

(b) In the normal course of its business, the Bank and its Subsidiaries are party transactions with off-balance sheet risk exposure. These transactions expose them to credit risk in addition to the amounts recognized in the consolidated balance sheets. The Bank's exposure to losses under commitments to extend credit, provide export and import letters of credit and guarantees is represented by the contractual amounts specified in the related contracts.

The Bank and its Subsidiaries applies the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments, including the requirement to obtain collateral to support off-balance sheet financial instruments when it is deemed necessary. Collateral held varies, but it may include deposits held in financial institutions, securities or other assets.

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

(c) Export and import letters of credit, guarantees and stand by letters are conditional commitments issued by the Bank and its Subsidiaries to guarantee the performance of a customer to a third party. Export and import letters of credit are mainly issued as credit enhancements for overseas commercial transactions. The related credit risk is reduced by the participation of third parties.

Due from bank on acceptances represent collection rights for the Bank and its Subsidiaries that arise at the time of negotiation of the letters of credit; a collection right from the local importer (in the case of imports) or a collection right from the correspondent bank (in the case of exports).

(d) Foreign currency forwards are commitments to buy or sell currency at a future date at a contracted price and the seller commits to pay at a determined date a specific foreign currency amount. These agreements are executed to satisfy client requirements and are recognized in the consolidated financial statements at fair market value. As of December 31, 2008 and 2007, they had maturities mainly not longer than one year.

Currency swap operations are agreements to exchange United States dollars for Nuevos Soles or vice versa. These contracts are entered into in order to satisfy the needs of clients and are recorded at their estimated fair values. As of December 31, 2008, foreign currency swaps had maturities between January 2009 and September 2015 (between April 2008 and December 2014 as of December 31, 2007).

Currency and interest rate swaps are agreements to exchange payment of U.S. Dollar denominated principal and interest for Nuevos Soles. These operations were carried out in order to hedge certain liabilities, see note 9(c), and are recorded at their estimated fair values. As of December 31, 2008, these contracts had maturities between April 2011 and October 2017 (December 2014 as of December 31, 2007).

Interest rate swaps are agreements to exchange fixed and variable interest rates in the same currency for a reference amount and based on a reference interest rate, for example Libor. As of December 31, 2008, interest rate swaps were carried out for trading purposes and to hedge certain liabilities, see note 9(c), and are recorded at their estimated fair values. As of December 31, 2008, they had maturities between March 2009 and February 2018 (between February 2008 and March 2017 as of December 31, 2007).

The risk in all such operations arises from the possibility of the counterparty failing to comply with the terms and conditions agreed and of the reference rates at which the transactions take place changing.

(e) Responsibilities under credit lines agreements do not correspond to commitments to grant credits; and include credit lines and other consumer loans (credit cards) that are cancelable upon notification to the client.

(f) Corresponds to the future commitment to reacquire investments subject to repurchase agreements (repos), in which the legal ownership of the investments has been transferred according to SBS regulations, note 2(v). As of December 31, 2008 and 2007, the investments subject to repurchase agreements are detailed in note 5(j).

(g) The balance of the caption "Guarantees received" is stated at the value of the guarantee agreed as of the date of the loan contract. This balance does not necessarily represent the market value of guarantees received by the Bank and its Subsidiaries.

(h) The Bank and its Subsidiaries provide custody, trust, corporate administration, investment management and consulting services to third parties, which imply that the Bank and its Subsidiaries are involved in decisions over consignment (distribution), and the purchase and sale of these products. Assets kept as trust are not included in the consolidated financial statements. As of December 31, 2008 and 2007, assets managed on behalf of the Bank and its Subsidiaries clients amounted to S/5,117.5 and S/6,880.5 million, respectively.

19 Financial income and expenses

These items are made up as follows:

	2008	2007
	S/(000)	S/(000)
Financial income		
Interest from loan portfolio	2,807,602	2,145,425
Interest from cash and due from banks and inter-bank funds	199,344	214,025
Interest from trading, available-for-sale and held-to-maturity investments	661,908	445,626
Fluctuation from derivative financial instruments position - forwards	94,308	43,300
Fluctuation from hedging derivatives instruments	49,592	-
Commissions on loan portfolio and other transactions	25,990	20,337
Other	17,068	15,168
	3,855,812	2,883,881
Financial expenses		
Interest on deposits and obligations	(891,042)	(624,135)
Interest and commissions on deposits from local financial entities and international organizations	(248,969)	(188,923)
Interest on due to banks and correspondents	(241,378)	(139,988)
Interest on bonds and subordinated notes issued	(161,202)	(116,880)
Fluctuation from hedging derivatives instruments	(48,375)	-
Deposit Insurance Fund Fee	(46,685)	(39,733)
Fluctuation from derivative financial instruments position – swaps	(20,939)	(9,277)
Other	(33,576)	(19,713)
	(1,692,166)	(1,138,649)
Gross financial margin	2,163,646	1,745,232

20 Provision for loan losses, net

This item is made up as follows:

	2008	2007
	S/(000)	S/(000)
Provision (recovery) for:		
Loan losses, note 6(f)	270,267	193,414
Country risk	2,042	(6,993)
Accounts receivable	154	(1,279)
Total	272,463	185,142

21 Banking services commissions, net

This item is made up as follows:

	2008	2007
	S/(000)	S/(000)
Income		
Transfer and collection services	322,572	249,958
Maintenance of accounts	156,979	138,061
Credit and debit card services	115,728	102,833
Commissions from parties affiliated to the credit / debit card network	92,274	72,532
Commissions for contingent operations (indirect loans)	81,745	70,855
Trust services	68,001	66,927
Commissions for special services - credipago	37,794	29,579
Insurance commissions	34,854	77,542
Fees for consulting and technical studies	28,500	28,485
Withholding and collection services	24,801	22,152
Brokerage services	13,940	29,261
Fees related to leasing transactions	12,676	10,347
Checks issuances	10,145	10,128
Other	86,546	93,279
	1,086,555	1,001,939
Expenses		
Credit and debit card	(43,628)	(34,571)
Leasing commissions	(14,101)	(11,011)
Issuances of checks	(7,870)	(3,776)
Credit / debit card network	(7,018)	(6,255)
Insurances	(6,809)	(52,713)
Consulting and technical studies	(3,692)	(4,018)
Other	(12,739)	(6,009)
	(95,857)	(118,353)
Balance, net	990,698	883,586

22 Net gain on securities

This item is made up as follows:

	2008	2007
	S/(000)	S/(000)
Net gain from purchase and sale of securities	72,364	16,873
Participation in permanent investments	23,683	16,148
Net (loss) gain from valuation of trading securities	(12,819)	29,176
Provision for impairment of trading, available-for-sale and held-to-maturity investments, note 5(k)	(7,510)	(662)
Other, net	(763)	(4,009)
Total	74,955	57,526

23 Other non financial income and other operating expenses

These items are made up as follows:

	2008	2007
	S/(000)	S/(000)
Other non financial income		
Recoveries of loans previously written-off	64,619	71,154
Income from Visa Inc. restructuring (a)	44,093	-
Net gain from sales of seized assets, note 9(g)	41,641	39,710
Collection of interest previously written-off	12,982	12,492
Income from technical outsourcing services	3,328	3,845
Gain from indexed certificates, note 9(b)	-	207,819
Other	67,923	29,118
Total	234,586	364,138
Other operating expenses		
Loss from indexed certificates, note 9(b)	(190,994)	-
Provision for legal claims	(9,586)	(10,361)
Expenses from third party services and other	(7,589)	(8,479)
Collection expenses	(2,363)	(4,341)
Maintenance of seized assets	(1,216)	(2,169)
Provision for accounts receivable	(815)	(3,391)
Provision for sundry risks	(84)	(6,976)
Other	(17,573)	(26,410)
Total	(230,220)	(62,127)

(a) On October 2007, the Visa organization of affiliated entities completed a global restructuring to combine its affiliated operating entities, including Visa International, under a single holding company, Visa Inc. The Bank and its Subsidiaries, as affiliate members of Visa International, received shares of Visa Inc., which on March 2008 was subject to an initial public offering (IPO) in the New York Stock Exchange (NYSE). The Bank and its Subsidiaries sold approximately 56 percent of their shares in Visa Inc. as part of the IPO, recording an income of S/44.1 million.

24 Salaries and employees' benefits

This item is made up as follows:

	2008	2007
	S/(000)	S/(000)
Salaries	501,033	389,558
Stock appreciation rights	(86,898)	253,455
Supplementary workers' profit sharing	108,336	90,192
Legal gratifications	76,413	67,954
Social security	58,596	46,017
Severance indemnities	43,238	34,002
Vacations, medical assistance and others	130,529	135,148
Total	831,247	1,016,326
Average number of employees	14,573	11,722

25 Earnings per share

(a) As of December 31, 2008, 2007 and 2006, the weighted average of outstanding shares was determined as follows:

	Outstanding shares	Shares for the calculation	Effective days before the year ended	Weighted outstanding average shares
	(in thousands)	(in thousands)		(in thousands)
2006				
Balances as of January 1, 2006	1,286,528	1,286,528		1,286,528
Capitalization of income in 2006	221,760	221,760	365	221,760
Balances as of December 31, 2006	1,508,288	1,508,288		1,508,288
2007				
Balances as of January 1, 2007	1,508,288	1,508,288	365	1,508,288
Balances as of December 31, 2007	1,508,288	1,508,288		1,508,288
2008				
Balances as of January 1, 2008	1,508,288	1,508,288	365	1,508,288
Balances as of December 31, 2008	1,508,288	1,508,288		1,508,288

(b) The computation of earnings per share as of December 31, 2008, 2007 and 2006, is shown below:

Year	Income (numerator)	Shares (denominator)	Earnings per share
	S/(000)	(in thousands)	S/
2008	1,334,546	1,508,288	0.8848
2007	883,438	1,508,288	0.5857
2006	661,574	1,508,288	0.4386

26 Risk Assessment

The Bank and its Subsidiaries' activities are mainly related to the use of financial instruments including derivatives. The Bank and its Subsidiaries accept deposits from their customers at both fixed and floating rates and with different terms, with the intention of obtaining profit from interest margins by investing those funds in high-quality assets.

The Bank and its Subsidiaries seek to increase these margins by consolidating its short-term funds and lending at longer periods at higher rates, while maintaining sufficient liquidity to comply with any withdrawals that may be made.

The Bank and its Subsidiaries seek to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standings. The exposure not only comprises loans and non-contingent advances but also any other indirect loans, such as credit letters and stand-by letters of credit.

The Bank and its Subsidiaries also trades financial instruments in the "Over-the-counter" and exchange markets, including derivative financial instruments, for benefiting from the short term movements in market values of shares and bonds, and the fluctuations of exchange and interest rates. Management establishes limits to the Group's exposure to market positions for daily and overnight operations. The exposure to exchange and interest rates related to these operations is normally offset and controlled through the fluctuations in the net cash amounts required to settle market positions.

Market risks

The Bank and its Subsidiaries are exposed 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, exchange rates and equity prices. Due to the nature of the Bank and its Subsidiaries' current activities, commodity price risk is not applicable.

The Bank and Subsidiaries separate 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 exchange ratios (ALM Book).

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

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

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

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

Liquidity risk

The Bank and its Subsidiaries are exposed to daily calls on its available cash resources from overnight deposits, current account, maturing deposits, loans drawdown, guarantees and other. The Bank and its Subsidiaries do not maintain cash resources to meet all of these needs, as experience shows that a minimum level of reinvestment of maturity funds can be predicted with high level of certainty. The Bank and its Subsidiaries' Management sets limits on the minimum proportion of funds available to meet such calls and the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demands.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the Bank and its Subsidiaries Management. 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 Group's the liquidity and its exposure to changes in interest and exchange rates.

Liquidity requirements to support calls under guarantees and stand by letters of credit are considerably less than the committed amount, because the Bank and its Subsidiaries do not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit not necessarily represents future cash requirements, as many of these commitments will expire without being funded.

The notes to the consolidated financial statements include an analysis of the Bank and its Subsidiaries' main assets and liabilities by maturities based on contractual maturity dates.

Cash flow and fair value risks due to changes in interest rates

The Bank and its Subsidiaries are exposed to the effect of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interests margins may increase as a result of such changes, but may reduce or create losses in case of unexpected movements arise. Management of the Bank and its Subsidiaries sets limits on the level of mismatch of interest rate reprising that may be undertaken, which is monitored periodically.

The Bank and its subsidiaries also negotiate business instruments in the stock and over-the-counter markets including financial derivatives instruments, aimed at taking advantage of short term movements in the market and to hedge the risk of fluctuations in exchange and interest rates.

Resources for investing are mainly obtained from short-term liabilities, the interest of which are agreed at fixed and variable interest rates prevailing in the market. Loans, customer deposits and other financing instruments are subject to risk derived from interest rate fluctuations. The relevant contract maturity characteristics and interest rates of such financial instruments are disclosed in Notes 5, 6(h) and (i), 10(a) and (d), 11 and 12.

Currency risk

The Bank and its Subsidiaries take on exposure to effects of fluctuations in the prevailing 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.

Most assets and liabilities are maintained in Nuevos Soles and U.S.Dollars. Foreign currency transactions are made at the free market exchange rates of the countries where the Bank and its Subsidiaries are established. As of December 31, 2008 and 2007, the Bank and its Subsidiaries' assets and liabilities by currencies are shown in note 3.

Credit risk

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

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

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

As of December 2008 and 2007, Management of the Bank and its Subsidiaries have estimated that their maximum exposure to credit risk is represented by the book value of the financial assets that presents credit risk, which comprise, mainly, deposits in banks, trading securities, investments available-for-sale, financial instruments at fair value through profit and loss, loans and indirect loans, without considering the fair value of the guarantees and collaterals. The exposure for each borrower, including banks, is further restructured by sub-limits covering on and off balance sheet exposures, and daily delivery risk limits to trading items such as forward foreign exchange contracts. Real exposures compared against established limits are monitored daily.

27 Fair value

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

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

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

- Cash and due from banks represent cash and short-term deposits that do not represent significant credit or interest risks; in consequence, their book value is equivalent to their fair value.
- Trading securities are recorded at their estimated fair value at the dates of the consolidated balance sheets; in consequence, their book and fair values are the same.
- Available-for-sale investments are recognized at the lower of cost or estimated fair value; in consequence, the unrealized potential gains have been considered when estimating fair value, which is determined considering stock-market prices or other valuation techniques; thus, their book value is different from their fair value as indicated in note 5(l).
- Loans' fair values are similar to their book value because they are mainly short-termed, granted at variable interest rates; and are shown net of their respective allowance for loan losses. The net amounts are considered by Management as the approximate recoverable amounts at the dates of the consolidated financial statements.
- Management considers that the book values of permanent investments approximates to their fair value, because most of them are not listed securities and are recorded at their equity value, except for certain investments held by Inversiones BCP Ltda., which estimated fair values are indicated in note 7(b).
- Financial instruments at fair value through profit and loss, included in the caption "Other assets" are recorded at their estimated fair value.
- The fair value of deposits and obligations is similar to its book value due, mainly, to their current maturities and interest rates, which are comparable to other similar liabilities in the market at the dates of the consolidated balance sheets.
- Due to banks and correspondents generate interest contracted at variable interest rates and/or preferred rates similar to the ones prevailing in the market. As a result, it is considered that their book value approximates their fair values.
- Bonds and subordinated notes accrue interest at fixed or variable rates. Their fair value was estimated using discounted cash flows at rates prevailing in the market for liabilities with similar characteristics; the estimated fair value approximates the book value as of the consolidated balance sheets dates.
- As disclosed in note 18, the Bank and its Subsidiaries have various commitments to extend loans, open documentary credits and outstanding guarantees and it has received guarantees in endorsement of the granted loans. Based on the level of fees currently charged for granting such commitments and open documentary credits, taking into account maturity and interest rates, together with the present creditworthiness of the counterparties, the Bank and its Subsidiaries has estimated that the difference between the book value and the fair value is not significant.

Considering the above detailed explanations, as of December 31, 2008 and 2007, Management considers that the estimated fair values of the Bank and its Subsidiaries financial instruments do not differ significantly from their book value, except for the fair values indicated in notes 5(l) and 7(b).

28 Financial information by geographical area

As of December 31, 2008 and 2007, segment information by geographical area is as follows (amounts expressed in millions of Nuevos Soles):

	2008					2007				
	Total income	Gross financial margin	Depreciation and amortization	Property, furniture and equipment	Total assets	Total income	Gross financial margin	Depreciation and amortization	Property, furniture and equipment	Total assets
Perú	4,543	1,919	128	792	44,059	3,759	1,572	120	633	32,519
Panamá	510	61	-	-	7,817	305	29	-	-	7,507
Bolivia	396	162	10	49	2,946	240	115	9	43	2,460
United States of America	32	22	-	2	673	70	29	-	1	1,228
Total	5,481	2,164	138	843	55,495	4,374	1,745	129	677	43,714

29 Transactions with related parties and related companies

(a) During the years 2008 and 2007, the Bank and its Subsidiaries have acquired bonds, granted loans, supplied and requested several services, correspondent relationships and other operations with Credicorp's subsidiaries, balances are shown below:

	2008	2007
	S/(000)	S/(000)
Assets		
Cash and due from banks	18,051	17,068
Loans, net	325,050	213,937
Other assets	16,310	14,203
Liabilities		
Deposits and obligations	4,877,663	2,757,560
Due to banks and correspondents	-	30,367
Bonds and subordinated notes issued	31,605	84,400
Other liabilities	3,556	2,840
Contingent operations	40,897	131,828
Other off-balance sheet accounts	1,193,437	992,436
Income		
Financial income	15,611	16,658
Financial expenses	277,330	122,134
Other income	89,794	24,390
Other expenses	55,742	18,625

Loans and other contingent credits with related entities, not Credicorp's subsidiaries, are as follows:

	2008	2007
	S/(000)	S/(000)
Direct loans	451,705	281,930
Indirect loans	74,022	42,022
Derivatives, market value	13,122	1,156
Deposits	108,860	94,940

Likewise, as of December 31, 2008 and 2007, the Bank and its Subsidiaries hold debt or equity instruments, presented as securities available-for-sale, issued by related entities for an amount of S/12.5 and S/16.8 million, respectively.

The Bank has contracted insurance coverage with El Pacífico-Peruano Suiza Compañía de Seguros y Reaseguros (PPS), the related premiums amounted to S/80.5 million in 2008 (S/56.7 million in 2007); the accrued part is recorded in the caption "Administrative expenses" of the consolidated statement of income.

The Bank receives fees from Pacífico Vida S.A for the selling of life insurance through its offices and agencies to customers who have saving accounts; fees received amounted to approximately S/6.2 and S/5.1 million in 2008 and 2007, respectively.

According to Peruvian legislation, loans to related parties can not be granted on terms more favorable than those that would have been offered to the general public. Management considers that the Group has complied with all legal requirements for transactions with related parties. Loans granted to related parties are secured by guarantees and collaterals. Loans granted to related parties as of December 31, 2008, have maturities between February 2009 and July 2017 and accrue interest at interest rates that range between 5.25 and 14.0 percent (maturities between January 2008 and September 2017 and interest rates between 5.8 and 9.3 percent, as of December 31, 2007). As of December 31, 2008, the allowance for loan granted to related parties amounts to US\$1.9 million (US\$1.1 million as of December 31, 2007) and was established based on an individual assessment of the related parties financial positions and the market where they operate.

(b) As of December 31, 2008 and 2007, the Group has participations quotas in several mutual funds managed by one of its Subsidiaries, the detail is the following:

	2008	2007
	S/(000)	S/(000)
Trading and available-for-sale investments		
Mutual funds - Credifondo U.S. Dollars	229,084	334,733
Mutual funds - Credifondo Nuevos Soles	29,146	20,603
Real estate fund - Credifondo	-	955
Total	258,230	356,291

As of December 31, 2008, the Bank had entered into foreign exchange sales with mutual funds managed by Credifondo S.A. Sociedad Administradora de Fondos, with a notional amount of S/.77,019 (sales operations with notional amounts of S/.100,145, as of December 31, 2007), which are included under the caption "Contingent operations" of the consolidated balance sheet, see note 18.

(c) Loans to employees and their families

The Bank and its Subsidiaries grant loans to their employees and families for terms that depends on the different types of loans granted to third parties. Loans granted to employees and their families are mainly mortgage loans and are included under the caption "Loans, net" of the consolidated balance sheets. Generally, interest rates applied are lower than market interests rates; however, others terms are similar to those prevailing in the market. As of December 31, 2008 and 2007, the balance of loans and other facilities granted to employees, family members, directors and key executives of the Bank and its Subsidiaries amounted to S/494.0 and S/346.1 million, respectively.

(d) The Bank's key executive's compensation for the years 2008 and 2007, considering all payments made, is as follows:

	2008	2007
	S/(000)	S/(000)
Stock appreciation rights, note 16	84,695	81,229
Salaries	16,542	16,582
Directors compensation	4,091	3,482
Other	25,409	38,798
Total	130,737	140,091

30 Explanation added for translation into English

The accompanying translated consolidated financial statements were originally issued in Spanish and are presented on the basis of accounting principles generally accepted in Peru for financial entities, as described in note 3. Certain accounting practices applied by the Bank and its Subsidiaries that conform to generally accepted accounting principles in Peru for financial entities may not conform in a significant manner with generally accepted accounting principles applied in other countries. In the event of a discrepancy, the Spanish language version prevails.

Consolidated balance sheets

Proforma - Unaudited

As of December 31, 2008 and 2007	Exhibit	2008	2007
Assets		US\$(000)	US\$(000)
Cash and due from banks:	1		
Non-interest bearing		1,052,908	615,012
Interest bearing		2,476,814	2,193,688
		3,529,722	2,808,700
Investments:			
Trading securities	2	36,084	50,995
Investments available-for-sale	3	3,405,393	3,377,558
		3,441,477	3,428,553
Loans, net:	4		
Loans, net of unearned income		10,444,723	8,187,848
Allowance for loan losses		(223,161)	(209,996)
		10,221,562	7,977,852
Financial assets designated at fair value through profit or loss		204,660	252,085
Property, furniture and equipment, net		261,967	217,049
Due from customers on acceptances		232,580	35,822
Assets seized, net		11,454	19,615
Intangible assets and goodwill, net		68,530	46,897
Other assets	5	326,445	200,423
Total assets		18,298,397	14,986,996

Consolidated balance sheets

Proforma - Unaudited (continued)

As of December 31, 2008 and 2007	Exhibit	2008	2007
Liabilities and Equity		US\$(000)	US\$(000)
Deposits and obligations:	6		
Non-interest bearing		3,128,662	2,625,259
Interest bearing		11,106,079	8,553,864
		14,234,741	11,179,123
Financial liabilities designated at fair value through profit or loss		162,344	82,724
Due to banks and correspondents	7	1,179,863	1,459,359
Bankers' acceptances outstanding		232,580	35,822
Bonds and subordinated notes issued	8	795,295	721,056
Other liabilities	5	298,081	375,545
Total liabilities		16,902,904	13,853,629
Shareholder's equity			
Capital stock		439,474	364,706
Reserves		388,062	282,189
Unrealized gain		33,203	58,575
Retained earnings		534,754	427,897
Total shareholder's equity		1,395,493	1,133,367
Total liabilities and shareholder's equity		18,298,397	14,986,996

Consolidated income statements

Proforma - Unaudited

For the years ended December 31, 2008 and 2007	2008	2007
	US\$(000)	US\$(000)
Interest and dividends income		
Interest on loans	959,490	697,585
Interest on deposits in banks	66,774	68,633
Interest from trading securities and investments available-for-sale	206,356	143,665
Other interest income	49,183	18,071
Total interest and dividends income	1,281,803	927,954
Interest expense		
Interest on deposits and obligations	(389,969)	(264,900)
Interest on bonds and subordinated notes issued	(54,262)	(36,497)
Interest on due to banks and correspondents and borrowed funds	(66,542)	(45,038)
Other interest expense	(42,446)	(18,764)
Total interest expense	(553,219)	(365,199)
Net interest income and dividends	728,584	562,755
Provision for loan losses	(51,275)	(33,074)
Net interest income after provision for loan losses	677,309	529,681
Other income		
Banking services commissions	336,844	281,310
Net gain on foreign exchange transactions	109,032	59,739
Net gain on sales of securities	40,881	20,993
Other	27,417	79,348
Total other income	514,174	441,390

Consolidated income statements

Proforma - Unaudited (continued)

For the years ended December 31, 2008 and 2007	2008	2007
	US\$(000)	US\$(000)
Other expenses		
Salaries and employees benefits	(294,115)	(335,903)
Administrative expenses	(229,862)	(182,105)
Depreciation and amortization	(43,526)	(38,238)
Provision for assets seized	(1,067)	(3,057)
Other	(79,161)	(19,224)
Total other expenses	(647,731)	(578,527)
Income before translation result and income tax	543,752	392,544
Translation result	(12,244)	29,562
Income tax	(107,979)	(90,453)
Net income	423,529	331,653
Basic and diluted earnings per share (1,508,288 shares)	0.28	0.22

Conciliation between Net income in Soles according to SBS Standards and net income under International Financial Reporting Standards (in thousands)

For the years ended December 31, 2008 and 2007	2008	2007
Net income in Soles according to SBS Standards	1,334,546	883,438
Average exchange rate	2.941	3.124
Expressed net income in dollars to exchange rate SBS	453,773	282,791
Translation result from monetary accounts in nuevos soles	(16,809)	12,347
Translation result from monetary accounts in US dollars	(12,244)	29,562
Effect on exchange rate by non monetary items	(6,258)	6,434
Adjustments that would be required to determine the net income under NIIF's instead of under SBS standards	5,067	519
Net income in US dollars according to International Financial Reporting Standards	423,529	331,653

1 Cash and due from banks

This item is made up as follows:

	2008	2007
	US\$(000)	US\$(000)
Cash and clearing	625,830	548,128
Deposits in Peruvian Central Bank - BCRP	1,952,952	1,798,581
Deposits in banks	948,519	457,163
	3,527,301	2,803,872
Accrued interest	2,421	4,828
Total	3,529,722	2,808,700

2 Trading securities

This item is made up as follows:

	2008	2007
	US\$(000)	US\$(000)
Shares		
Listed equity securities	161	24,947
Bonds and similar instruments		
Peruvian treasury bonds	11,885	20,925
Corporate and leasing bonds	583	1,711
Bank certificates	364	1,400
Participation in mutual funds	21,471	762
Bolivian government treasury bonds	1,341	707
Other	5	7
	35,649	25,512
	35,810	50,459
Accrued interest	274	536
Total	36,084	50,995

3 Investments available-for-sale

(a) This item is made up as follows:

	2008				2007			
	Amortized Cost	Unrealized gross amount		Estimated Market value	Amortized Cost	Unrealized gross amount		Estimated Market value
		Gains	Losses			Gains	Losses	
	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Fixed maturity								
BCRP deposit certificates	2,196,165	2,938	(2,818)	2,196,285	2,410,062	224	(3,281)	2,407,005
Corporate, leasing and subordinated bonds	125,452	4,566	(4,293)	125,725	68,626	1,970	(500)	70,096
Government treasury bonds	530,915	33,579	(2,245)	562,249	388,903	6,478	(271)	395,110
Participation in mutual funds	81,276	2,095	(478)	82,893	133,563	120	-	133,683
Central Banks of Bolivia deposit certificates	217,516	115	(81)	217,550	121,705	38	(96)	121,647
US Federal Agencies bonds	-	-	-	-	837	3	-	840
Participation in RAL's funds	73,268	-	-	73,268	56,641	-	-	56,641
Negotiable deposit certificates	-	-	-	-	2,692	1	-	2,693
Bonds from international financial institutions	34,799	116	(587)	34,328	44,796	143	-	44,939
Other	7,624	-	(267)	7,357	10,021	97	(4)	10,114
	3,267,015	43,409	(10,769)	3,299,655	3,237,846	9,074	(4,152)	3,242,768
Shares								
Listed securities	30,062	52,338	(97)	82,303	40,622	75,930	(367)	116,185
Non-listed securities	2,697	-	-	2,697	2,117	-	-	2,117
	32,759	52,338	(97)	85,000	42,739	75,930	(367)	118,302
	3,299,774	95,747	(10,866)	3,384,655	3,280,585	85,004	(4,519)	3,361,070
Accrued interest				20,738				16,488
Total				3,405,393				3,377,558

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

	2008		2007	
	Amortized Cost	Market Value	Amortized Cost	Market Value
	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Up to 3 months	1,861,291	1,862,261	639,850	640,105
From 3 months to 1 year	804,149	803,414	1,836,011	1,834,235
From 1 to 3 years	94,352	95,684	573,538	573,438
From 3 to 5 years	97,965	100,506	18,259	18,269
Over 5 years	409,258	437,790	170,188	176,721
Without maturity (shares)	32,759	85,000	42,739	118,302
Total	3,299,774	3,384,655	3,280,585	3,361,070

4 Loans, net

(a) This item is made up as follows:

	2008	2007
	US\$(000)	US\$(000)
Direct loans		
Loans	7,209,368	5,782,285
Leasing receivables	1,808,446	1,118,301
Credit card receivables	854,968	677,182
Discount notes	368,648	325,047
Factoring receivables	124,537	109,928
Advances and overdrafts	102,403	127,078
Refinanced and restructured loans	55,179	88,451
Past due and under legal collection loans	82,068	60,280
	10,605,617	8,288,552
Add (less)		
Accrued interest	89,020	66,268
Unearned interest	(249,914)	(166,972)
Allowance for loan losses	(223,161)	(209,996)
Total direct loans, net	10,221,562	7,977,852
Indirect loans	1,963,110	1,515,824

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

	2008		2007	
	US\$(000)	%	US\$(000)	%
Sector				
Manufacturing	2,495,420	23.5	2,166,916	26.1
Mortgage loans	1,390,060	13.1	1,121,775	13.5
Commerce	1,305,836	12.3	866,607	10.5
Consumer loans	1,164,670	11.0	864,491	10.4
Electricity, gas and water	546,005	5.1	341,708	4.1
Micro-business	606,168	5.7	493,360	6.0
Leaseholds and real estate activities	482,711	4.6	382,179	4.6
Mining	662,999	6.3	455,919	5.5
Communications, storage and transportation	640,524	6.0	389,859	4.7
Agriculture	207,733	2.0	167,338	2.0
Financial services	323,917	3.1	271,305	3.3
Construction	226,917	2.1	195,724	2.4
Fishing	74,367	0.7	129,770	1.6
Education, health and other services	128,022	1.2	105,834	1.3
Other	350,268	3.3	335,767	4.0
Total	10,605,617	100	8,288,552	100

(c) As of December 31, 2008 and 2007, the credit risk classification of the loan portfolio is as follows:

Credit risk classification	2008						2007					
	Direct loans		Indirect loans		Total		Direct loans		Indirect loans		Total	
	US\$(000)	%	US\$(000)	%	US\$(000)	%	US\$(000)	%	US\$(000)	%	US\$(000)	%
Normal	10,141,599	95.6	1,937,887	98.7	12,079,486	96.1	7,698,155	92.9	1,479,156	97.6	9,177,311	93.6
Potential problems	264,735	2.5	21,628	1.1	286,363	2.3	384,198	4.6	29,563	2.0	413,761	4.2
Substandard	70,356	0.7	1,657	0.1	72,013	0.6	68,145	0.8	4,878	0.3	73,023	0.7
Doubtful	79,545	0.8	1,178	0.1	80,723	0.6	90,469	1.1	1,196	0.1	91,665	0.9
Loss	49,382	0.4	760	0.0	50,142	0.4	47,585	0.6	1,031	-	48,616	0.6
Total	10,605,617	100	1,963,110	100	12,568,727	100	8,288,552	100	1,515,824	100	9,804,376	100

5 Other assets and other liabilities

This item is made up as follows:

	2008	2007
	US\$(000)	US\$(000)
Other assets		
Financial instruments:		
Accounts receivable	46,630	36,097
Operations in process	18,953	34,152
Value added tax	124,880	55,989
Income tax prepayments, net	13,743	2,110
	204,206	128,348
Non-financial instruments:		
Deferred expenses	22,455	9,820
Deferred income tax asset	62,494	45,294
Deferred workers' profit sharing	10,060	8,037
Investment in related companies	7,240	3,035
Other	19,990	5,889
	122,239	72,075
Total	326,445	200,423
Other liabilities		
Financial instruments:		
Tax, payroll salaries and other personnel expenses	113,817	170,852
Accounts payable	67,007	68,141
Operations in process	41,839	36,043
Contributions	-	24,072
Allowance for indirect loan losses.	23,726	18,383
	246,389	317,491
Non-financial instruments:		
Deferred income tax liability	33,922	19,623
Transfers received in process	2,896	16,096
Provision for sundry risks	10,939	19,069
Deposit insurance fund	3,935	3,266
	51,692	58,054
Total	298,081	375,545

6 Deposits and obligations

(a) This item is made up as follows:

	2008	2007
	US\$(000)	US\$(000)
Non-interest bearing deposits and obligations		
In Peru	2,724,717	2,206,016
In other countries	403,945	419,243
	3,128,662	2,625,259
Interest bearing deposits and obligations		
In Peru	8,712,457	6,633,435
In other countries	2,320,056	1,873,530
	11,032,513	8,506,965
	14,161,175	11,132,224
Interest payable	73,566	46,899
Total	14,234,741	11,179,123

(b) As of December 31, 2008 and 2007, deposits and obligations are classified by type as follows::

	2008	2007
	US\$(000)	US\$(000)
Time deposits	5,257,655	4,175,712
Demand deposits	4,458,300	3,260,787
Saving deposits	2,968,842	2,381,012
Severance indemnity deposits	1,039,887	896,283
Client - Repurchase agreements	294,030	325,908
Bank and Deposit negotiable certificates	142,461	92,522
Total	14,161,175	11,132,224

(c) Time deposits are classified by maturity as follows:

	2008	2007
	US\$(000)	US\$(000)
Up to 3 months	2,548,163	2,429,650
From 3 months to 1 year	1,372,824	611,096
From 1 to 3 years	105,241	189,265
From 3 to 5 years	51,833	30,525
More than 5 years	1,179,594	915,176
Total	5,257,655	4,175,712

7 Due to banks and correspondents

This item is made up as follows:

	2008	2007
	US\$(000)	US\$(000)
International funds and others	1,016,803	1,151,367
Promotional credit lines	109,730	196,204
Inter-bank funds	39,217	102,470
	1,165,750	1,450,041
Interest payable	14,113	9,318
Total	1,179,863	1,459,359

8 Bonds and subordinate notes issued

(a) This item is made up as follows:

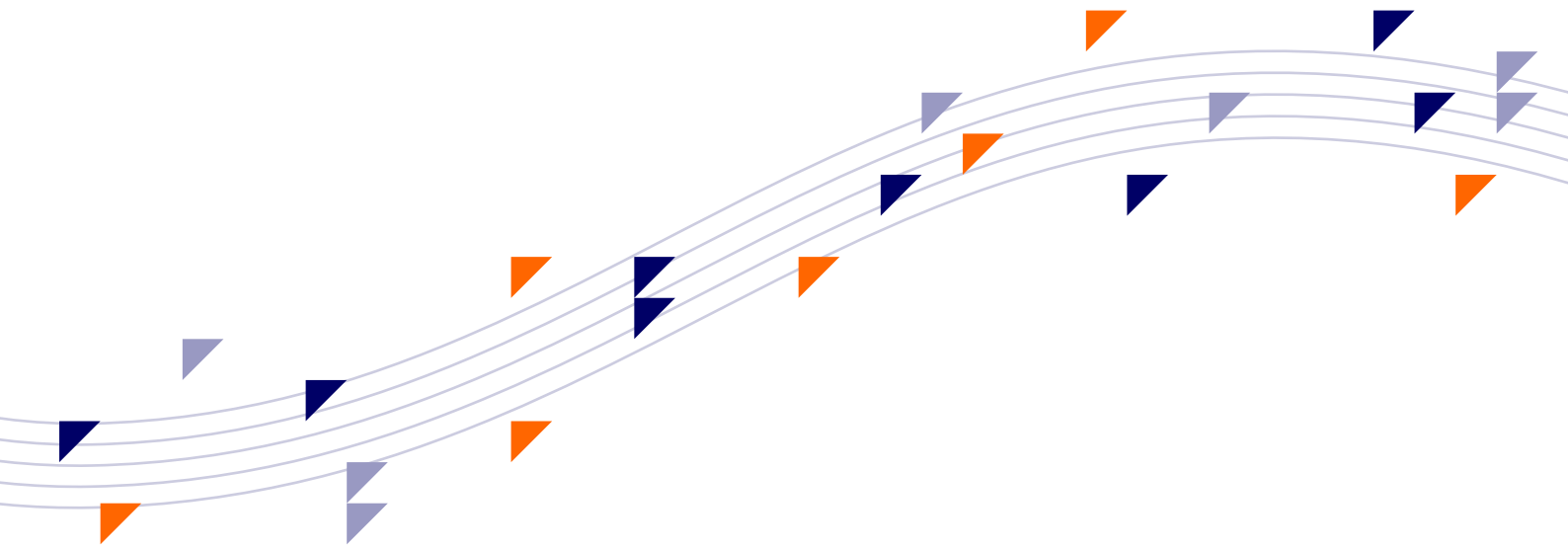
	Weighted average annual interest rate		Maturity	2008	2007
	2008	2007			
	%	%		US\$(000)	US\$(000)
Bonds					
Corporate bonds	6.91	6.59	Between November 2009 and July 2018	229,494	130,507
Leasing bonds	6.87	6.10	Between June 2009 and August 2018	219,129	173,535
Mortgage bonds	7.69	7.70	Between May 2011 and April 2012	15,868	20,744
Subordinated bonds	6.71	6.72	Between September 2009 and May 2027	61,074	107,383
Total bonds				525,565	432,169
Subordinate notes					
Subordinated negotiable certificates notes				120,000	120,000
Subordinated notes				141,774	161,308
Total subordinate notes				787,339	713,477
Interest payable				7,956	7,579
Total				795,295	721,056

(b) The bonds and subordinate notes issued as of December 31, 2008 and 2007, classified by maturity are shown below::

	2008	2007
	US\$(000)	US\$(000)
Up to 3 months	1,716	62,544
From 3 months to 1 year	64,257	96,823
From 1 to 3 years	238,294	163,441
From 3 to 5 years	75,398	59,306
Over 5 years	407,674	331,363
Total	787,339	713,477

Risk ratings

Risk ratings	Rating
Standard & Poor's	
Domestic currency	BBB- / Stable / A-3
Foreign currency	BBB- / Stable / A-3
Moody's	
Financial strength	D+
Long term deposits - foreign currency	Ba2
Long term deposits - domestic currency	Baa2 / P-2
Outlook	Stable
Subordinated debt - foreign currency	Baa3
Subordinated debt - domestic currency	Baa3
Fitch Ratings	
Long term issuances	BBB-
Long term issuances in domestic currency	BBB-
Short term issuances	F3
Short term issuances in domestic currency	F3
Outlook	Positivo
Subordinated debt	BB+
<i>Support</i>	BB+



Risk ratings	Rating
Company rating	A+
Short term time deposits	CP-1+ (pe)
1st Program of negotiable certificates of deposits	CP-1+ (pe)
2nd Program of negotiable certificates of deposits	CP-1+ (pe)
Leasing bonds	AAA (pe)
Medium and long term deposits	AAA (pe)
Mortgage certificates	AAA (pe)
Corporate bonds	AAA (pe)
Mortgage bonds	AAA (pe)
Subordinated bonds	AA+ (pe)
Common stock	1 ^a (pe)

Risk ratings	Rating
Company	A+
Short term time deposits	EQL 1+
Negotiable certificates of short term deposits	EQL 1+
Medium and long term deposits	AAA
Negotiable certificates of long term deposit	AAA
Corporate bonds	AAA
Leasing bonds	AAA
Mortgage bonds	AAA
Subordinated bonds	AA+
Common stock	1 ^a



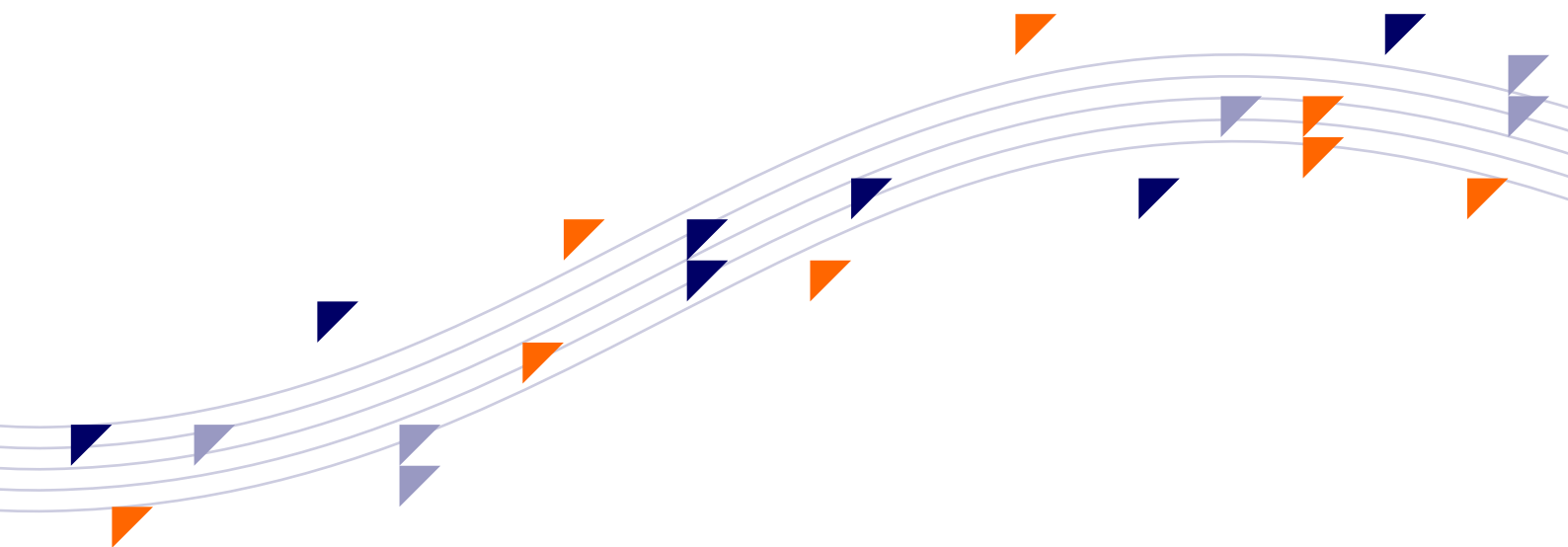
Board of Directors and Executive Committee

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Dionisio Romero S.	Chairman
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Fernando Fort M.	Director
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Executive Committee

Dionisio Romero S.	Chairman
Dionisio Romero P.	Director
Fernando Fort M.	Director
Reynaldo Llosa	Director
Juan Carlos Verme	Director
Benedicto Cigüeñas	Director



Management

Management

Walter Bayly	General Manager
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Central Management

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André Figuerola

Central Planning and Finance Manager

General Accounting
Treasury and Foreign
Exchange Operations

Pedro Rubio

Christian Laub

Andrés Arredondo
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Miguel del Mar
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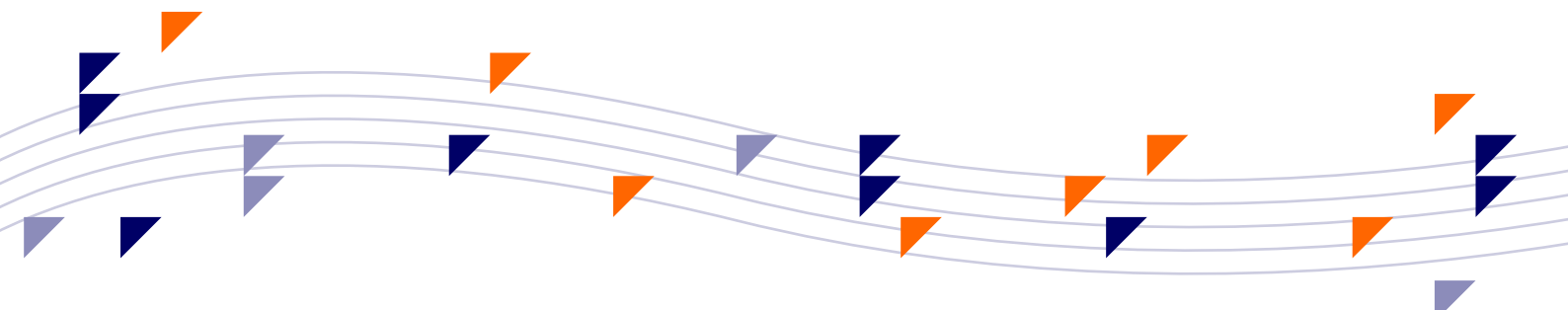
Central Wholesale Banking Manager

*Corporate Banking
Division*

Institutional Banking Division
Corporate Finance

*Middle Market Banking
Division*

Middle Market Banking Lima 1
Middle Market Banking Lima 2
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Investment Products
Management
Portfolio Management
Products and Technology
Management
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Percy Urteaga
Jorge Mujica
Enrique Rizo Patrón
Lionel Derteano
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**Central Retail
Banking Manager**

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Commercial Banking Lima 2
Commercial Banking Lima 3
Commercial Banking Lima 4
Commercial Banking
Provinces 1
Commercial Banking
Provinces 2
Sales
Real Estate Business

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Bruno Rivadeneyra
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Business Solutions
Infrastructure and IT
Operations
System Development
System Development
Process and Information
Management
Systems Action
Improvement

*Process and
Administration Division*

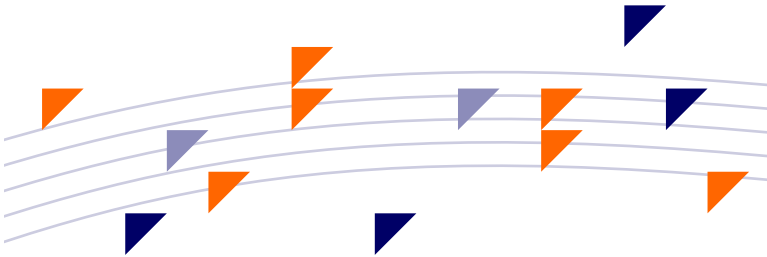
Operations
Retail Banking Collection
Fraud Prevention
Central Administration
Infrastructure Division

Marketing Division

Products
Customer Service Channels
Management
Commercial Management
Marketing
Insurance Banking
Quality



Walter Bayly
General Manager



Alvaro Correa
Central Planning and Finance Manager



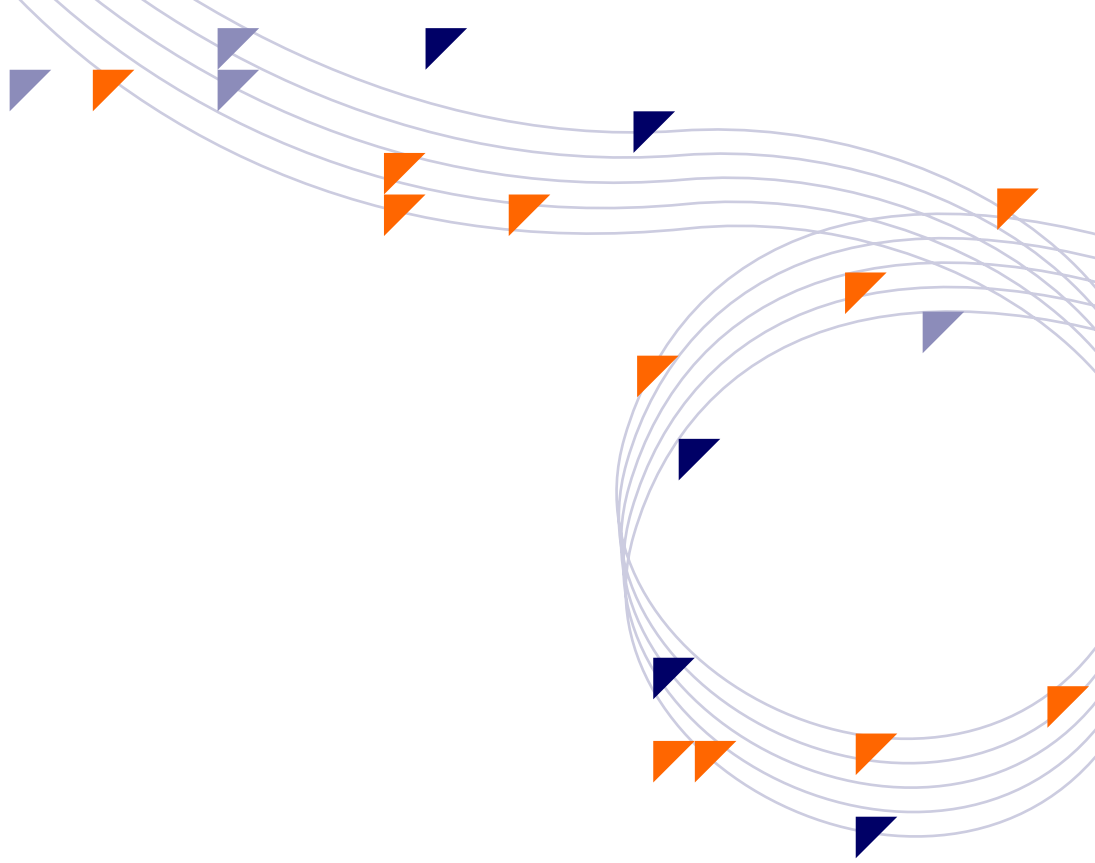
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Central Asset Management Manager



Gianfranco Ferrari
Central Retail Banking Manager



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Risks Division

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Division*

Foreign Bank Risk and
Corporate Credit Risk
Middle Market Banking
Credit - Lima

Middle Market Banking
Credit - San Isidro

Central Credit
Monitoring and Control of
Credit

Special Accounts

Risks Management

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Corporate Business Division

Institutional Relations

Investor Relations

Social Responsibility

Government Relations

Management and Human Development Division

Planning and Development

MGD Advisor

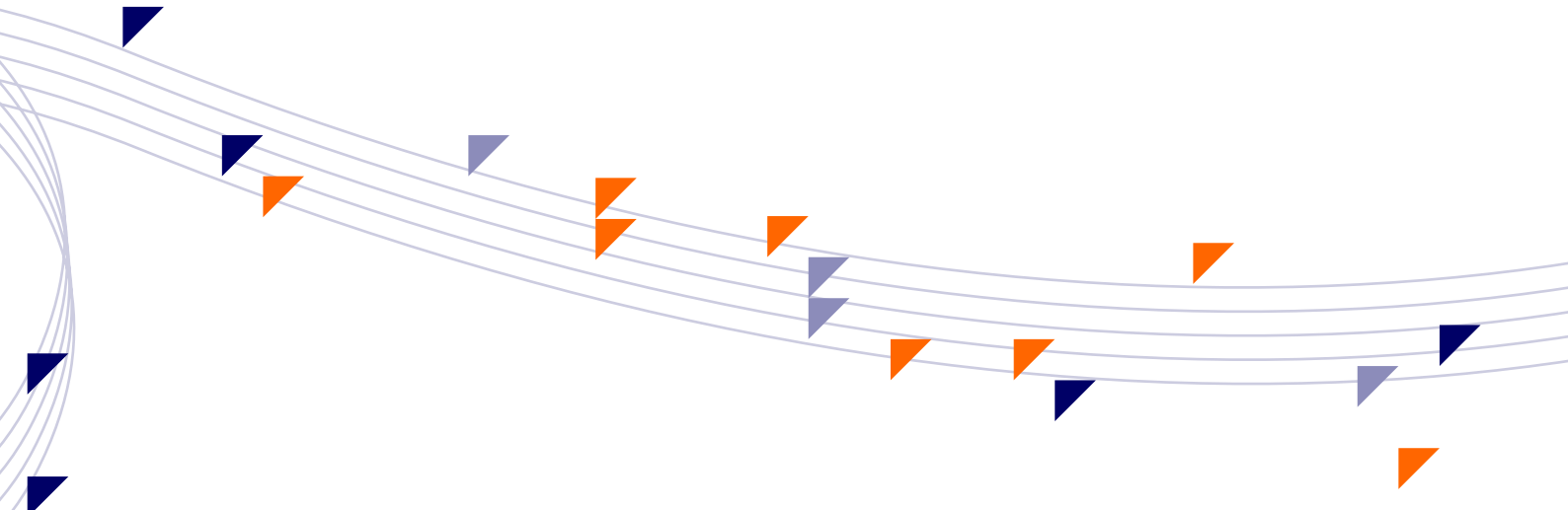
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Audit Division

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