As filed with the Securities and Exchange Commission on July 1st , 2002

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-14014

CREDICORP LTD.

(Exact name of registrant as specified in its charter)

BERMUDA

(Jurisdiction of incorporation or organization)

Clarendon House
Church Street
Hamilton HM 11
Bermuda

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Common Shares, par value $5.00 per share	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Common Shares, par value $5.00 per share 94,382,317

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X **No _**

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 __ **Item 18 X**

(Applicable only to issuers involved in bankruptcy proceedings during the past five years)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12,13 or 15 (d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes _ **No _**

TABLE OF CONTENTS

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise specified or the context otherwise requires, references to "$," "US$," "Dollars" and "U.S. Dollars" are to United States dollars and references to "S/," "Nuevo Sol" or "Nuevos Soles" are to Peruvian nuevos soles. The Nuevo Sol replaced the "Inti" as the currency of Peru in September 1991, with one Nuevo Sol equaling 1,000,000 Intis. The Inti, in turn, had replaced the "sol" in February 1985, with one Inti equaling 1,000 soles. Monetary amounts corresponding to dates or periods prior to September 1991 are stated in their Nuevo Sol equivalent rather than in Intis or soles. Each Nuevo Sol is divided into 100 céntimos (cents).

Credicorp Ltd., a Bermuda limited liability company (together with its consolidated subsidiaries, "Credicorp"), maintains its financial books and records in U.S. Dollars and presents its financial statements in accordance with International Accounting Standards ("IAS"). For a discussion of certain differences between IAS and United States generally accepted accounting principles ("U.S. GAAP"), together with a reconciliation of net income and shareholders' equity to U.S. GAAP for Credicorp, see Note 22 to Credicorp's consolidated financial statements for the years ended December 31, 1999, 2000 and 2001 (the "Credicorp Consolidated Financial Statements") included elsewhere herein. Because of the relative size of Banco de Credito del Peru, a Peruvian corporation (together with its consolidated subsidiaries, "BCP"), compared to Credicorp, for consolidation purposes, BCP has been treated as the predecessor entity to Credicorp, and Atlantic Security Holding Corporation, a Cayman Islands corporation (together with its consolidated subsidiaries, "ASHC"), and El Pacífico-Peruano Suiza Compañía de Seguros y Reaseguros, a Peruvian corporation (together with its consolidated subsidiaries, "PPS"), have been treated as significant acquisitions by BCP and accounted for under the purchase method of accounting. The asset and liabilities of Banco Capital and Banco Tequendama have been incorporated at their corresponding estimated fair values on the acquisition dates. See "Item 3. Key Information—(A) Selected Financial Data."

In addition to the Nuevo Sol amounts translated into U.S. Dollars for the purpose of preparing the Credicorp Consolidated Financial Statements (see Note 2 to the Credicorp Consolidated Financial Statements and "Item 3. Key Information—(A) Selected Financial Data"), this Annual Report contains certain Nuevo Sol amounts translated into U.S. Dollars at specified rates solely for the convenience of the reader. Neither of these translations should be construed as representations that the Nuevo Sol amounts actually represent such equivalent U.S. Dollar amounts or could be converted into U.S. Dollars at the rate indicated as of the dates mentioned herein or at all. Unless otherwise indicated (see specifically Note 3 to the Credicorp Consolidated Financial Statements and "Item 3. Key Information—(A) Selected Financial Data"), such U.S. Dollar amounts have been translated from Nuevos Soles at an exchange rate of S/3.44 = US$1.00, the December 31, 2001 exchange rate set by the Peruvian *Superintendencia de Banca y Seguros* (the Superintendency of Banks and Insurance, or "SBS"). The average of the bid and offered exchange market rates published by SBS for June 12, 2002 was S/3.469 per US$1.00. The translation of amounts expressed in nominal or constant Nuevos Soles with purchasing power as of a specified date by the then prevailing exchange rate may result in presentation of U.S. Dollar amounts that differ from the U.S. Dollar amounts that would have been obtained by translating nominal or constant Nuevos Soles with purchasing power as of another specified date by the prevailing exchange rate on that specified date. See "Item 3. Key Information—(A) Selected Financial Data —Exchange Controls" for information regarding the average rates of exchange between the Nuevo Sol (or predecessor currencies) and the U.S. Dollar for the periods specified therein. The Federal Reserve Bank of New York does not publish a noon buying rate for Peruvian Nuevos Soles.

Unless otherwise specified, the individual financial information for BCP, ASHC and PPS included herein has been derived from the audited consolidated financial statements of each such entity.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Certain of the statements contained in this Annual Report that are not historical facts, including, without limitation, certain statements made in the sections hereof entitled "Item 3. Key Information," "Item 4. Information on the Company," "Item 5. Operating and Financial Review and Prospects," and "Item 11. Quantitative and Qualitative Disclosures about Market Risk" are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in Peru, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) interest rate levels, (v) currency exchange rates, including the Nuevo Sol/U.S. Dollar exchange rate, (vi) increasing levels of competition in Peru and other emerging markets, (vii) changes in laws and regulations, (viii) changes in the policies of central banks and/or foreign governments, and (ix) general competitive factors, in each case on a global, regional and/or national basis. See "Item 3. Key Information—(D) Risk Factors," and "Item 5. Operating and Financial Review and Prospects."

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

(A) Selected Financial Data

The following table presents summary consolidated financial information for Credicorp at the dates and for the periods indicated. This selected financial data is presented in U.S. Dollars. This information should be read in conjunction with, and is qualified in its entirety by reference to, the Credicorp Consolidated Financial Statements, also presented in U.S. Dollars. The summary consolidated financial data as of December 31, 1997, 1998, 1999, 2000 and 2001 and for the five years ended December 31, 2001, are derived from Credicorp Consolidated Financial Statements audited by Dongo-Soria Gaveglio y Asociados, a member firm of PricewaterhouseCoopers, independent accountants. The report of Dongo-Soria Gaveglio y Asociados on the Credicorp Consolidated Financial Statements as of and for the three years ended December 31, 2001, appears elsewhere in this Annual Report. The summary consolidated financial information presented below and the Credicorp Consolidated Financial Statements are prepared and presented in accordance with IAS, which differ in certain respects from U.S. GAAP. See Note 22 to the Credicorp Consolidated Financial Statements, which provides a description of the principal differences between IAS and U.S. GAAP, as they relate to Credicorp, and a reconciliation to U.S. GAAP of Credicorp's net income and shareholders' equity.

SELECTED FINANCIAL DATA

	1997	1998	1999	2000	2001
	Year ended December 31,				
	(U.S Dollars in thousands, except percentages, ratios, and per common share data)				
INCOME STATEMENT DATA:					
IAS:					
Interest income	US$793,057	US$865,765	US$828,511	US$763,535	US$694,772
Interest expense	(402,556)	(469,244)	(462,739)	(389,748)	(318,542)
Net interest income	390,501	396,521	365,772	373,787	376,230
Provision for loan losses (1)	(88,330)	(165,694)	(181,220)	(170,102)	(119,422)
Net interest income after provision for loan losses	302,171	230,827	184,552	203,685	256,808
Fees and commissions from banking services	158,520	154,929	146,084	155,198	167,300
Net gains (loss) from sales of securities	31,408	8,397	56,110	8,954	31,737
Net gains on foreign exchange transactions	27,843	28,889	27,956	23,625	17,549
Net premiums earned	104,668	119,195	113,108	113,395	112,204
Other income	18,465	15,429	18,585	28,003	14,104
Claims on insurance activities	77,062	88,116	89,366	92,261	97,017
Other expenses	(397,098)	(424,885)	(407,011)	(402,726)	(404,623)
Income before result from exposure to inflation and Translation result, income tax, and minority interest	168,915	44,665	50,018	37,873	98,062
Result of exposure to inflation and translation result	(2,977)	25,232	7,129	(8,500)	(2,575)
Income tax	(43,213)	(19,278)	(8,751)	(6,124)	(25,135)
Minority interest	(12,665)	(8,523)	(4,894)	(5,553)	(15,839)
Net income	110,060	42,096	43,502	17,696	54,513
Net income per Common Share (2)	1.166	0.446	0.461	0.187	0.578
Diluted net income per Common Share (3)	1.147	0.439	0.453	0.184	0.568
Dividends paid per Common Share	0.50	0.45	0.20	0.10	0.10
U.S. GAAP:					
Net income:	104,244	35,323	45,943	15,836	55,851
Net income per Common Share (2)	1.104	0.374	0.487	0.168	0.592
BALANCE SHEET DATA:					
IAS:					
Total assets	7,803,457	7,952,475	7,613,547	7,623,470	7,581,841
Total loans (4)	4,573,781	5,104,450	4,737,689	4,454,085	4,064,479
Reserves for loan losses (1)	(209,810)	(270,082)	(307,343)	(341,487)	(344,433)
Total deposits	5,432,253	5,484,042	5,547,623	5,665,210	5,752,491
Shareholders' equity	743,404	752,387	779,701	782,730	796,773
U.S. GAAP:					
Shareholders' equity	749,311	728,967	777,414	785,853	796,773
SELECTED RATIOS:					
IAS:					
Net interest margin (5)	6.33%	5.68%	5.24%	5.45%	5.28%
Return on average total assets (6)	1.57	0.53	0.56	0.23	0.72
Return on average shareholders' equity (7)	15.64	5.63	5.68	2.27	6.90
Other expenses as a percentage of net interest and non-interest income (8)	54.50	59.08	56.19	57.58	56.76
Other expenses as a percentage of average assets	5.72	5.47	5.28	5.35	5.37
Shareholders' equity as a percentage of period end total Assets	9.53	9.46	10.24	10.27	10.51
Regulatory capital as a percentage of risk-weighted assets (9)	11.06	10.87	11.36	12.12	12.18
Total past due loan amounts as a percentage of total loans (10)	3.96	6.00	7.59	8.44	8.63
Reserve for loan losses as a percentage of total loans	4.59	5.29	6.49	7.67	8.47
Reserves of loan losses as a percentage of total loans and other contingent credits (11)	3.70	4.37	5.48	6.40	6.62
Reserves for loan losses as a percentage of total past due loans (12)	115.76	88.21	85.42	90.80	98.18
Reserves for loan losses as a percentage of substandard loans (13)	69.09	56.60	47.64	43.15	45.38

(1) Provision for loan losses and reserve for loan losses include provisions and reserves with respect to total loans and other credits.

(2) As of December 31, 2001, Credicorp had issued 94.4 million Common Shares of which 14.9 million treasury shares are held by BCP, ASHC and PPS. Per Common Share data presented assumes 94.4 million Common Shares outstanding on all periods. Credicorp believes that this presentation is appropriate since all share issuances were in the form of share dividends. On February 26, 1998, Credicorp declared a stock dividend increasing the number of Common Shares issued from 85.8 million to 94.4 million. See "Item 8.— Dividend Policy."

(3) Diluted per Common Share data presented assumes 96.0 million Common Shares outstanding on all periods (see the preceding Note (2)), which includes 1.6 million corresponding to the stock option plan. See Note 14 to the Credicorp Consolidated Financial Statements.

(4) Net of unearned interest, but prior to reserve for loan losses. In addition to loans outstanding, Credicorp had contingent credits of US$1,091.3 million, US$1,072.9 million, US$873.7 million, US$761.6 million and US$940.9 million, at December 31, 1997, 1998, 1999, 2000 and 2001, respectively. See Note 18 to the Credicorp Consolidated Financial Statements.

(5) Net interest income as a percentage of average interest-earning assets, computed as the average of period-beginning and period-ending balances on a quarterly basis.

(6) Net income as a percentage of average total assets, computed as the average of period-beginning and period-ending balances.

(7) Net income as a percentage of average shareholders' equity, computed as the average of period-beginning and period-ending balances.

(8) Total other expenses as a percentage of the sum of net interest income and noninterest income.

(9) Regulatory capital calculated in accordance with SBS requirements. ASB's risk-weighted assets are calculated using risk-based guidelines adopted by the Basel Accord as implemented in the Cayman Islands. See "Item 5. Operating and Financial Review and Prospects—(B) Liquidity and Capital Resources--Financial Condition—Regulatory Capital."

(10) BCP considers loans past due after no more than 15 days, except for installment loans, which include mortgage loans but excludes consumer loans, which are considered past due after 90 days. ASHC considers past due all overdue loans except for consumer loans, which are considered past due when the scheduled principal and/or interest payments are overdue for more than 90 days. See "Item 4. Information on the Company—(B) Business Overview—(13) Selected Statistical Information—(iii) Loan Portfolio-Classification of the Loan Portfolio Based on the Borrower's Payment Performance."

(11) Other contingent credits primarily consist of guarantees and letters of credit. See Note 18 to the Credicorp Consolidated Financial Statements.

(12) Reserve for loan losses, as a percentage of all past due loans, with no reduction for collateral securing such loans. Reserve for loan losses includes reserves with respect to total loans and other credits, and do not include US$14.2 million and US$7.4 million of generic reserves which are part of the special reserve equity account at December 31, 2000 and 2001, respectively. See Note 1 above and Note 6-e to the Credicorp Consolidated Financial Statements.

(13) Reserve for loan losses, as a percentage of loans classified in categories C, D or E.

Exchange Controls

Credicorp has been designated as a non-resident for Bermuda exchange control purposes, and as such there are no restrictions on its ability to transfer funds in and out of Bermuda or to pay dividends to United States residents who are holders of Common Shares, other than in respect of local Bermuda currency.

As Credicorp relies almost exclusively on dividends from BCP, ASHC, PPS and its other subsidiaries for the payment of dividends to holders of Common Shares and corporate expenses, to the extent these subsidiaries are restricted by law from paying dividends to Credicorp, Credicorp's ability to pay dividends on the Common Shares will be adversely affected.

In addition, Credicorp presents its financial statements and pays dividends in U.S. Dollars. BCP and PPS prepare their financial statements and pay dividends in Nuevos Soles. The Peruvian currency has been devalued numerous times during the past two decades. If the value of the Nuevo Sol falls relative to the U.S. Dollar between the date of declaration and the date of payment of dividends, the value of such dividends to Credicorp would be adversely affected.

Although substantially all of the customers of BCP, ASHC and PPS are located in Peru, as of December 31, 2001, approximately 84.3% of BCP's loan portfolio, 100% of ASHC's loan portfolio and 71.5% of PPS's premiums were denominated in U.S. Dollars. A devaluation of the Nuevo Sol would therefore have the effect of increasing the cost to the borrower or insured of repaying these loans or making premium payments, in Nuevo Sol terms, which is the currency in which most of the customers of BCP, ASHC and PPS generate revenues. As a result, a devaluation could lead to increased nonperforming loans or unpaid premiums.

Among the economic circumstances that could lead to a devaluation would be a decline in Peruvian foreign reserves to inadequate levels. Although the current level of Peru's foreign reserves compares favorably with those of other Latin American countries, there can be no assurance that Peru will be able to maintain adequate foreign reserves to meet its foreign currency denominated obligations, or that Peru will not devalue its currency should its foreign reserves decline. See "Item 4. Information on the Company—(B) Business Overview—(9) Peruvian Government and Economy."

Since March 1991, there have been no exchange controls in Peru and all foreign exchange transactions are based on free market exchange rates. Prior to March 1991, the Peruvian foreign exchange market consisted of several alternative exchange rates. Additionally, during the last two decades, the Peruvian currency has experienced a significant number of large devaluations and Peru has consequently adopted and operated under various exchange rate control practices and exchange rate determination policies, ranging from strict control over exchange rates to market-determination of rates. Current Peruvian regulations on foreign investment allow the foreign holders of equity shares of Peruvian companies to receive and repatriate 100% of the cash dividends distributed by the company. Such investors are allowed to purchase foreign exchange at free market exchange rates through any member of the Peruvian banking system.

The following table sets forth the high and low month-end rates and the average and the end-of-period rates for the sale of Nuevos Soles for Dollars for the periods indicated.

Year ended December 31,	High(1)	Low (1)	Average(2)	Period-end(3)
	(Nominal Nuevos Soles per U.S. Dollar)			
1992	1.640	.960	1.244	1.630
1993	2.175	1.705	2.008	2.165
1994	2.250	2.170	2.197	2.175
1995	2.330	2.190	2.257	2.320
1996	2.607	2.350	2.462	2.600
1997	2.730	2.650	2.674	2.730
1998	3.160	2.770	2.945	3.159
1999	3.510	3.330	3.403	3.510
2000	3.531	3.453	3.495	3.527
2001	3.623	3.435	3.508	3.446
2002 (through June 12)	3.478	3.435	3.460	3.470

Source: SBS

(1) Highest and lowest of the 12 month-end exchange rates for each year based on the offered rate.
(2) Average of month-end exchange rates based on the offered rate.
(3) End of period exchange rates based on the offered rate.

The following table sets forth the high and low rates for the sale of Nuevos Soles for Dollars for the indicated months.

	High(1)	Low (1)
	(Nominal Nuevos Soles per U.S. Dollar)	
2001		
December	3.450	3.430
2002		
January	3.473	3.445
February	3.484	3.470
March	3.469	3.448
April	3.455	3.430
May	3.470	3.430
June (through June 12)	3.474	3.466

Source: Economatica

(1) Highest and lowest of the daily closing exchange rates for each month based on the offered rate.

The average of the bid and offered exchange market rates published by the SBS for June 12, 2002 was S/3.469 per US$1.00.

(B) Capitalization and indebtedness

Not applicable.

(C) Reasons for the offer and use of proceeds

Not applicable.

(D) Risk Factors

Investors should carefully consider all of the information in this Annual Report and the following investment considerations, which should not be considered an exhaustive statement of all potential risks and uncertainties, before making an investment decision.

Peruvian Country Risk

Substantially all of BCP's and PPS's operations and customers are located in Peru. In addition, although AHSC is based outside of Peru, substantially all of its customers are located in Peru. Accordingly, the results of operations and the financial condition of Credicorp will be dependent on the level of economic activity in Peru. Credicorp's results of operations and financial condition could also be affected by changes in economic or other policies of the Peruvian government (which has exercised and continues to exercise a substantial influence over many aspects of the private sector) or other political or economic developments in Peru, including government induced effects over inflation, devaluation and economic growth.

Peruvian Political Risk

Credicorp's financial condition and operating results can be affected by economic policy changes difficult to foresee due to the current political conditions in Peru, in which policies adopted by the strongly controlled goverment of Alberto Fujimori are being questioned. President Alejandro Toledo, who took office on July 28, 2001 replacing the transitory government that held power since November 2000, faces regulations that have to be approved by a fragmented Congress. There can be no assurance that the Toledo government will continue with the current economic policies, nor that the progress achieved can be sustained. The ability of BCP, AHSC and PPS to grow in the future will depend on the performance of the Peruvian economy. The operations of the principal subsidiaries of Credicorp can be adversely affected by changes in economic policy principles.

Exchange Controls and Devaluation of the Nuevo Sol

Even though Credicorp's financial statements are stated in U.S. Dollars, and its dividends are paid in U.S. Dollars, BCP and PPS will continue to prepare their financial statements and pay dividends in Nuevos Soles. While the Peruvian government currently imposes no restrictions on a company's ability to transfer Dollars from Peru to other countries, to convert Peruvian currency into Dollars or to remit dividends abroad, Peru has had restrictive exchange controls in the past and there can be no assurance that the Peruvian government will continue to permit such transfers, remittances or conversion without restriction. See "—(A) Selected Financial Data—Exchange Controls."

Although the current level of Peru's foreign reserves compares favorably with those of other Latin American countries, there can be no assurance that Peru will be able to maintain adequate foreign reserves to meet its foreign currency denominated obligations, or that Peru will not impose exchange controls should its foreign reserves decline. A decline in Peruvian foreign reserves to inadequate levels, among other economic circumstances, could lead to a devaluation which may cause losses in Credicorp's clients and counterparties, thereby weakening their financial condition and increasing our credit risk with them.

Status of Credicorp as a Holding Company

As a holding company, Credicorp's ability to make dividend payments, if any, and to pay corporate expenses will be dependent primarily upon the receipt of dividends and other distributions from the its operating subsidiaries. Credicorp's principal subsidiaries are BCP, PPS and AHSC. There are various regulatory restrictions on the ability of Credicorp's subsidiaries to pay dividends or make other payments to Credicorp. To the extent Credicorp's subsidiaries do not have funds available or are otherwise restricted from paying dividends to Credicorp, Credicorp's ability to pay dividends to its shareholders will be adversely affected. Currently, there are no restrictions on the ability of BCP, AHSC or PPS to remit dividends abroad. In addition, the right of Credicorp to participate in any distribution of assets of any subsidiary, including BCP, PPS and AHSC, upon any such subsidiary's liquidation or reorganization or otherwise (and thus the ability of holders of Credicorp securities to benefit indirectly from such distribution), will be subject to the prior claims of creditors of that subsidiary, except to the extent that any claims of Credicorp as a creditor of such subsidiary may be recognized as such. Accordingly, Credicorp's securities will effectively be subordinated to all existing and future liabilities of Credicorp's subsidiaries, and holders of Credicorp's securities should look only to the assets of Credicorp for payments.

Loan Portfolio Quality and Composition

Given that approximately 75% of Credicorp's revenues are related to banking activities, loan quality considerations may have an adverse impact on the financial condition and results of operations of Credicorp. Loan portfolio risk associated to loans given to economic sectors or clients in certain market segments can be mitigated through adequate diversification policies. Nevertheless, Credicorp believes that significant opportunities exist for increased middle market and consumer lending in Peru and that higher average interest rates can frequently be charged on such loans compared with loans in its core corporate banking business, clients that operate mostly in industrial and commercial economic sectors. Accordingly, Credicorp's strategy includes a greater emphasis on middle market and consumer loans, as well as continued growth of its loan portfolio in general. This increase in the portfolio exposure could be accompanied by greater credit risk, not only due to the speed and magnitude of the increase, but also to the shift to lending into the middle market and consumer sectors, where Credicorp lacks the experience that it has in its more traditional lending activities, particularly corporate lending. Given the changing composition of its loan portfolio, the historical loss experience may not be indicative of future loan loss experience.

Regulatory Matters

Credicorp is subject to extensive supervision and regulation in Peru, through the SBS's consolidated supervision regulations. BCP's and PPS's operations are supervised and regulated by the SBS and the Banco Central de Reserva, the Peruvian central bank. Peru's Constitution and the SBS's statutory charter grant the SBS the authority to oversee and control banks and other financial institutions. The SBS and the Central Bank have general administrative responsibilities over BCP, including designation of capitalization and reserve requirements. In the past few years, the Central Bank has, on numerous occasions, changed the deposit reserve requirements applicable to Peruvian commercial banks and both the rate of interest paid on deposit reserves and the amount of deposit reserves on which no interest is payable by the Central Bank. Changes in the supervision and regulation of BCP, such as changes in deposit reserve requirements or in the amount of interest payable on deposit reserve requirements, may adversely affect the business, financial condition and results of operations of BCP. See "Item 4. (B) Business Overview–11. Supervision and Regulation—(ii) BCP."

Insurance Business and Regulation

Credicorp is subject to extensive supervision and regulation in Peru, through the SBS's consolidated supervision regulations. Regulation of insurance constantly changes as real or perceived issues arise. New legislation or regulations may adversely affect PPS' ability to underwrite and price risks accurately and, thus, underwriting results, as well as PPS' ability to write business profitably. PPS is unable to predict whether and to what extent new laws and regulations that would affect its business will be adopted in the future, the timing of any such adoption and what effects, if any, they would have on its operations, profitability and financial condition. Credicorp's operating performance and financial condition depend on PPS' ability to underwrite and set rates accurately for a full spectrum of risks. Rate adequacy is necessary to generate sufficient premium to offset losses, loss adjustment expenses and underwriting expenses and to earn a profit. In order to price accurately, PPS must collect and analyze a substantial volume of data; develop, test and apply appropriate rating formulae; closely monitor and timely recognize changes in trend; and project both severity and frequency with reasonable accuracy. If PPS fails to accurately assess the risks that it assumes or does not accurately estimate its retention, PPS may fail to establish adequate premium rates, which could reduce income and have a material adverse effect on its operating results or financial condition. There is inherent uncertainty in the process of establishing property and casualty loss reserves. Reserves are estimates based on actuarial and statistical projections at a given point of time of what PPS ultimately expects to pay out on claims and the cost of adjusting those claims, based on the facts and circumstances then known. Factors affecting these projections include, among other things, changes in medical costs, repair costs and regulation.

Increased Competition

Particularly in the years preceding 1997, as the Peruvian economy improved and the political situation stabilized, BCP experienced increased competition, including increased pressure on margins, primarily as a result of new entrants into the market, including foreign and recently privatized commercial banks and local and foreign investment banks, with substantial capital, technology and marketing resources. In particular, larger Peruvian companies gained access to new sources of capital, including access through the local and international capital markets, and BCP's existing and new competitors have increasingly emphasized the higher margin middle market and retail banking sectors. Such increased competition, with entrants which may have greater access to capital at lower costs, may in the future affect BCP's loan growth as well as reduce the average interest rates that BCP can charge its customers. Competitors may also appropriate greater resources and be more successful in the development of technologically advanced products and services that may adversely affect the acceptance of BCP's products, or lead to adverse changes in spending and saving habits of BCP's customer base. BCP may not be able to maintain its market share if it is not able to match its competitors' loan pricing or the terms and characteristics of their products and services. Many established banks, financial institutions, and other institutions with resources significantly greater than BCP's may develop products that directly compete with the BCP's products. Even if BCP's products prove to be more effective than those developed by other entities, such other entities may be more successful in marketing their products than BCP because of greater financial resources, stronger sales and marketing efforts, and other factors. If these entities are successful in developing products that are more effective or less costly than the products developed by BCP, BCP's products may be unable to compete successfully with any of those products.

Fluctuation and Volatility of Capital Markets and Interest Rates

Credicorp may suffer losses related to its investments in fixed income and equity securities, and its positions in currency markets, because of changes in market prices, defaults, or other reasons, including fluctuations in market interest rates. A downturn in the capital markets may lead Credicorp to register net losses due to the decline in the value of these positions, in addition to negative net revenue from trading positions caused by volatility in prices in the financial markets, even in the absence of a general downturn.

Fluctuations in market interest rates, or changes in the relative structure between short-term interest rates and long-term interest rates, could adversely affect interest rates charged on interest-earning assets, by decreasing them in relation to interest rates paid on interest-bearing liabilities, resulting in a decrease in net interest income.

ITEM 4. INFORMATION ON THE COMPANY

(A) History and Development of the Company

Credicorp Ltd. ("Credicorp" or the "Company") is a limited liability company incorporated in Bermuda in 1995 to act as a holding company, to coordinate the policy and administration of its subsidiaries and engage in investing activities. Credicorp's principal objective is to coordinate and manage the business plans of its subsidiaries in an effort to implement universal banking services in Peru, while diversifying regionally. It conducts its financial business exclusively through its subsidiaries. Credicorp's address is Centenario 156, La Molina, Lima 12 , Peru, and its phone number is 51-1-349-0590.

Credicorp is the largest financial services holding company in Peru and is closely identified with its main subsidiary, Banco de Credito del Peru, the country's largest bank and leading supplier of integrated financial services in Peru. Credicorp is engaged principally in commercial banking (including trade finance and leasing), capital market activities (including corporate finance, brokerage services, asset management, and trust, securitization, custody and proprietary trading and investment) and insurance (including commercial property, transportation and marine hull, automobile, life, health and pension fund underwriting insurance). As of December 31, 2001, Credicorp's total assets were US$7.6 billion and shareholders' equity was US$796.8 million, and for 2000 and 2001 net income was US$17.7 million and US$54.5 million, respectively. See "Presentation of Financial Information," the Credicorp Consolidated Financial Statements, "Item 3. Key Information—(A) Selected Financial Data" and "Item 5. Operating and Financial Review and Prospects." The following table presents certain financial information for Credicorp by principal business segment as of and for the year ended December 31, 2001 (see Note 19 to the Credicorp Consolidated Financial Statements):

	Year ended December 31, 2001		
	Total Revenues	Operating Income	Total Assets
	(U.S. Dollars in millions)		
Commercial Banking	US$ 835	US$ 364	US$6,628

Insurance	151	15	395
Capital Markets	52	12	559
Credicorp	US$1,038	US$ 391	US$7,582

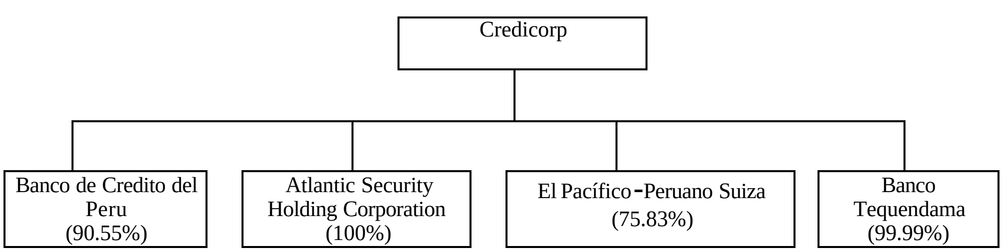
Credicorp conducts its commercial banking and investment banking activities primarily through BCP, the largest (in terms of total assets and net income) full service Peruvian commercial bank ("Peruvian commercial bank," "Peruvian insurance company" and similar terms when used in this Annual Report do not include the assets, results or operations of any foreign parent company of such Peruvian entity or the foreign subsidiaries thereof), and ASHC, a diversified financial services company. Credicorp's insurance activities are conducted through PPS, the largest (in terms of premiums written and net income) Peruvian insurance company.

Credicorp was formed in 1995 for the purpose of acquiring through an exchange offer (the "Exchange Offer") the common shares of BCP, ASHC and PPS. Pursuant to the Exchange Offer, in October 1995, Credicorp acquired 90.1% of BCP; 98.2% of ASHC; and 75.8% of PPS. Credicorp acquired in March 1996, pursuant to an exchange offer, the remaining 1.8% outstanding shares of ASHC.

Credicorp owns 99.99% of Inversiones Credito, which is a non-financial entity with assets of US$49.4 million, the main investment of which was a 40% stake in the private Peruvian pension fund manager, AFP Union, until its sale in November 1999, and currently its principal investments are in shares of Peruvian electric utilities. In January 1997, Credicorp purchased 99.99% of a Colombian banking concern, Banco Tequendama, which has US$384.8 million in assets which include a minor presence in Venezuela. In December 1997, Credicorp purchased 97.0% of Banco Capital, a Salvadoran bank, and 100% of Casa de Bolsa Capital, a Salvadoran brokerage firm, for US$5.9 million and US$800,000, respectively. Credicorp later increased its stake in Banco Capital to 99.5%, which was subsequently entirely sold to another Salvadoran bank in November 2001 for US$32.3 million, resulting in a US$6.3 million profit.

In 1997, Credicorp acquired 39.5% of Banco de Credito de Bolivia ("BCB") from BCP for US$9.2 million. In July 1998, Credicorp acquired 97% of Banco de La Paz, a Bolivian bank with US$52.1 million in assets, which was subsequently merged with BCB in January 1999, at which time Credicorp also increased its beneficial ownership of BCB to 55.79%, with BCP owning, directly or indirectly, 44.21%. In November 2001 BCP bought back a 53.1% stake from Credicorp for US$30.0 million.

The following tables show the organization of Credicorp and its principal subsidiaries as of December 31, 2001 and their relative percentage contribution to Credicorp's total assets, total revenues, net income and stockholders' equity at the same date (see "—(C) Organizational Structure"):



As of and for the year ended December 31, 2001(1)	
Net Income	Stockholders'

	Total Assets	Total Revenue	(Loss)	Equity
Banco de Credito del Peru	79.3%	82.1%	84.0%	62.8%
Atlantic Security Holding Corporation	7.7%	2.7%	8.5%	16.4%
El Pacífico-Peruano Suiza	6.2%	9.0%	34.2%	13.7%
Banco Tequendama	4.9%	4.2%	-3.4%	4.4%
Others	1.9%	2.0%	-23.3%	2.7%

(1) Percentages determined based on the Credicorp Consolidated Financial Statements.

In March 2002, Credicorp made a tender offer for outstanding BCP shares for S/.1.80 per share, approximately equal to book value, disbursing directly and through its subsidiary PPS an amount of approximately US$35.3 million, with which its equity stake in this subsidiary increased 6.6%, from 90.6% to 97.2%.

(B) Business Overview

1. Strategy

Credicorp improved its business position in several important respects during 2001. It achieved a significant recovery in profitability, strengthened its financial position and improved its operations. These improvements were obtained despite continuing high provisions for loan losses and other contingencies, primarily as a result of the fact that the countries in which Credicorp operates experienced an adverse business environment caused by political instability and depressed economic activity in 2001. Nevertheless, BCP, as well as the rest of Credicorp's subsidiaries, have a solid capital base and the capability to offer advanced financial products.

Credicorp devises its business strategy to meet challenges, which in 2002 are mainly the increase in volumes of loans and services in areas that assure profitability and adequate control of risk. Credicorp has identified target market segments with low banking penetration and increased the sale of transactional products which contribute to improve our clients' business productivity.

In 2001 Credicorp pursued a business strategy focused on excellence in customer service, improving the quality of products and services offered, as well as the quality of human resources that determine the quality of their delivery and execution. Programs to improve the quality of client service were developed through the Continuous Improvement and Quality Culture programs, while specific complementary actions were also taken that contribute to the creation of a culture focused on quality and to infuse personnel with a mentality and philosophy of quality and service toward the client. Advances were made in 2001 in various quality standards, such as service wait-time at branch offices, where the 80% satisfactory target level was reached, as well as continued increases in the Complete Quality Indicator.

Loan quality continued to improve during 2001, with the application of credit risk analysis procedures that were completely renewed in 1999, a key component of the conservative strategy for credit business, which increased risk control. The improvement in loan quality and the decrease in past-due loans made it possible to reduce provision expense in 2001. It should be noted that Credicorp did not take advantage of several programs offered by the Peruvian and other governments aimed at improving loan quality in the banking system and permitting financial institutions to defer provision expenses to subsequent years.

Credicorp will continue with its policy of attempting to contain costs, tighten its operating structure, achieve improvements in efficiency through reductions in operating costs, and revise procedures to make them simpler and more efficient. New cost reduction programs and other streamlining procedures will continue to be applied as part of the strategy to enhance operating efficiencies throughout the group. During 2001, efforts made to conclude different projects implementing operational changes made it possible to exceed several efficiency objectives, reduce operating costs and show improvements in productivity indicators. Operations and functions that were considered inefficient or redundant were targeted for consolidation within the strategy to consolidate the operations support departments of its subsidiaries. As part of this effort, the interconnection of the computer systems of BCP and Banco de Credito de Bolivia was completed in July 2001, and use a unified technological platform and follows the successful interconnection experience with Solucion Financiera de Credito. Moreover, the interconnection improves economies of scale in systems development, reducing costs in new product research and development.

Credicorp intends to promote the sale of insurance policies throughout BCP's office network, utilizing this promotion as a key means of fostering growth in this area and taking advantage of the synergies that should be generated among the Group's subsidiaries. Cross-marketing products through BCP's nationwide branch network, particularly by incorporating personal insurance products, into BCP's sales and delivery systems has achieved significant distribution efficiencies.

Another aspect of Credicorp's business strategy is the decision to increase efforts to improve the offering of its traditional and new non-financial products and services. Services are aimed at strengthening ties with clients, assuring their loyalty and reciprocity in businesses with Credicorp, as well as reducing costs using electronic channels, which provide a continuing and significant increase in fee income. Customers are offered diverse services based on technology standing at the forefront of electronic banking that take advantage of an extensive multi-channel distribution network. During the year new and improved services that help Credicorp's clients increase their productivity were offered, especially with the enhanced facilities of electronic banking, of collection services for notes payables and factoring operations via Internet, which in many cases showed growth of more than 30% in 2001.

In its second year the internet portal *viaBCP*, designed to strengthen BCP's existing financial business, improved the quality and extent of its services. *viaBCP* offers electronic banking transactions and a broad range of products and pages with content, including guides to investing in securities, analysis and other advice for investors, a guide for opportunities in business and a page specialized in real estate. It gives access to a variety of products, including insurance and capital markets products, providing clients with a channel to communicate and carry out their transactions. It also allows closer contact with the client in a changing marketplace and at a more sophisticated level. The number of operations carried out on the Internet has quadrupled since its launch in 2000. The number of operations as of December 31, 2001, exceeded a million per month and represented 7% of all of the BCP's operations.

During 2001 improvements in efficiency and in service quality indicators of the different distribution channels were attained. Approximately 1.3 million clients in Peru carried out 14.5 million transactions a month, of which 54% were performed through electronic distribution channels, which included 21% in automatic teller machines, 3% by the "call center," 7% on the Internet and 5% through remote banking. To improve the efficiency of these processes, the bank maintained the policy of encouraging the use of electronic distribution channels by applying more attractive rates than those charged at our branch offices.

Banco Tequendama, in Colombia, will continue centering its strategy in raising the volume of its operations, after stabilizing its results with the support from Credicorp. During 2001, the loan portfolio increased 16.1%, while deposits grew 39.3%. ASB will continue with the strategy begun in 2001 to attempt to achieve sustained growth in managing third-party funds and slowly balance its investment portfolio making it less exposed to market volatility. The outlook also appears favorable in the case of Pacífico Peruano Suiza as its lines of health and medical assistance should have positive results. Nevertheless, there are difficult conditions in the international reinsurance market, which is raising its rates due to the worldwide higher risk of terrorism. The negative effect on volumes and margins will require additional reductions of operating costs.

In recent years, Credicorp's overall strategy of expanding new retail lines to offset decreasing financial margins in traditional wholesale lines was not aggressively applied due to the high credit risk and market risk environment, choosing to focus instead on lower risk business opportunities, increasing its corporate loan portfolio and developing methods of generating fee based income. Nonetheless, management continues to believe that it does have certain competitive advantages in serving the retail segment of the Peruvian population, and that in time it will resume growth in retail lines more aggressively than it has done recently.

Credicorp has made efforts in recent years to expand into select Latin American markets outside Peru where its size and market knowledge provide it with a competitive advantage. Recent examples of these efforts include Credicorp's purchases of Colombia's Banco Tequendama in January 1997, and El Salvador's Grupo Capital in December 1997, which was subsequently sold in November 2001. Credicorp continued its expansion in Bolivia purchasing Banco de La Paz in July 1998, and in 1999 as BCB acquired part of Banco Boliviano Americano's portfolio of loans and deposits. See "—2. Commercial Banking." Credicorp may review additional acquisition candidates from time to time, and also form other strategic relationships with companies to the extent consistent with these efforts, as in the case of BCP's memorandum of understanding with Banco Popular Español of Spain establishing a basis for mutual cooperation between these institutions, and BCP's participation as a network partner in Conexión Américas, Bank of America's treasury management system, and its strategic alliance with Banco de Credito e Inversiones, in Chile. As a result of such recent acquisitions, and subsequent operating results, management intends to focus its efforts on the consolidation of each entity within its respective market and into the group as a whole.

In November of 1999, Credicorp sold its stake in the private pension fund, AFP Union. This decision was taken in conjunction with the decision of our strategic partner, AIG, to exit this business; furthermore, Credicorp was a minority shareholder in AFP Union. Management does not feel that its overall business strategy was altered by this sale.

Credicorp is exploring the possibility of a merger of Banco Tequendama with a Colombian bank of similar size or smaller, in order to establish an organization that would attain a market share that is appropriate and efficient in the present Colombian economic environment, and would be positioned to avail itself of future opportunities in the financial markets there. As of June 2002, there is no agreement or understanding regarding any such transaction. While a merger remains the strategy of choice, if it is not accomplished, Credicorp is not contemplating the investment of additional funds in Colombia, but rather the implementation of a reduction in the existing infrastructure to a level commensurate with the portfolio under management.

Credicorp has made efforts in recent years to diversify its earnings base by expanding into select Latin American markets outside of Peru where its size and market knowledge provide it with a competitive advantage. Recently, management has decided to exit the Venezuelan market where it has a minor presence through Banco Tequendama. Regarding the Bolivian market, management continues to believe that it does have significant competitive advantages and expects to increase its exposure to that market in the future, even though the economic situation of that country is currently depressed.

Additionally, management has decided to cautiously enter the Ecuadorian market through credit facilities directed to corporations.

Credicorp's common stock, par value US$5.00 per share (the "Common Shares"), is listed on both the New York Stock Exchange, Inc. and the Lima Stock Exchange, and is quoted in U.S. Dollars on each such Exchange. See "Item 9. The Offer and Listing--(A) Offer and Listing Details--Price History of Company's Stock."

2. Commercial Banking

The majority of Credicorp's commercial banking business is carried out through BCP, Credicorp's largest subsidiary and the largest and oldest bank in Peru. As of December 31, 2001, BCP ranked first among Peruvian banks with S/20.8 billion (US$6.1 billion) in total assets, S/12.7 billion (US$3.7 billion) in loans, S/17.7 billion (US$5.1 billion) in deposits and S/1,830 million (US$531 million) of shareholders' equity. Net income for 2000 and 2001 was S/68.6 million (US$19.9 million) and S/179.9 million (US$52.2 million), respectively. As of December 31, 2001, BCP's loans represented approximately 27.2% of the Peruvian banking system and BCP's deposits represented approximately 30.8% of the Peruvian banking system, changing from 26.1% and 31.6%, respectively, as of December 31, 2000. At December 31, 2001, BCP had the largest branch network of any commercial bank in Peru with 210 branches, including 106 in Lima and the adjoining city of Callao. BCP also operates foreign branches in New York and Nassau, Bahamas, and has representative offices in Bogota, Colombia, and Santiago, Chile. In addition, BCP has a Bahamian banking subsidiary.

A portion of Credicorp's commercial banking business is also carried out by ASHC, which principally serves Peruvian private banking customers through offices in Panama and Miami. At December 31, 2001, ASHC had total assets of US$705.9 million and shareholders' equity of US$128.7 million (compared with US$747.3 million and US$131.0 million, respectively, as of December 31, 2000). ASHC's net income decreased to US$5.6 million in 2001 from US$11.3 million in 2000, which in turn decreased from US$14.9 million in 1999. The decrease in income from 2000 to 2001 was principally the result of higher reserves to cover the deterioration of the investment portfolio. Loans outstanding, net of provisions, in ASHC's portfolio totaled US$261.5 million, US$225.0 million and US$176.1 million at December 31, 1999, 2000 and 2001, respectively, representing a decrease of 13.9% between 1999 and 2000 and of 21.6% between 2000 and 2001. Deposits decreased 2.4% to US$555.7 million at December 31, 2001 from US$569.2 million at December 31, 2000, at which time they had increased 2.5% from US$555.1 million at December 31, 1999. Third party assets under management increased 46.9% in 2001, from US$278.1 million to US$406.2 million, principally due to decreasing interest rates paid on deposits and to the introduction of new products, notably mutual funds. ASHC's past due loans as a percentage of total loans continued at 0.0% from 1996 through 2001, while reserves for possible loan losses increased from US$405 thousand in 2000 to US$688 thousand in 2001.

Credicorp conducts commercial banking activities in Bolivia through BCB, a full service commercial bank with, as of December 31, 2001, US$536.7 million in deposits, US$655.1 million in assets and US$391.5 million in loans. In 1999, BCB purchased part of the loan portfolio and deposits of Banco Boliviano Americano S.A., an institution placed in administration for its liquidation. The loan portfolio acquired and the liabilities amounted to US$81.7 million and US$127.1 million, respectively. The US$45.4 millions difference was compensated with bonds issued by Banco Central de Bolivia. As of December 31, 2001, BCB was the third largest Bolivian bank in terms of loans, with a 13.6% market share, and second largest in terms of deposits, with a 15.2% market share. As of December 31, 2001, BCB operated 53 branches located throughout Bolivia. BCB's results have been consolidated in the BCP financial statements since the date of its acquisition in November 1993.

Credicorp also carries out commercial banking operations in Colombia and Venezuela through Banco Tequendama, which as of December 31, 2001 had US$227.4 million in deposits, US$384.9 million in assets and US$245.1 million in loans. In the past four years, Credicorp has supported Banco Tequendama's operations with capital contributions of US$5 million in 1998 and US$6 million in 1999 and the purchase of US$24 million of distressed loans and assets received in lieu of loan repayment. See "—(c) Organizational Structure."

Credicorp's commercial banking business is organized into Wholesale Banking (which includes the Corporate Banking operations of ASHC) and Retail Banking. Wholesale Banking is responsible for (i) corporate banking, (ii) corporate finance, (iii) middle market banking, (iv) medium-term lending and lease finance and (v) international trade finance. Retail Banking is in charge of (i) small business and personal lending, (ii) mortgage lending, (iii) credit cards and (iv) consumer lending. Although attracting deposits is a function of all of the banking areas, Credicorp's deposit taking activities are concentrated primarily in the Consumer and Personal retail banking areas of BCP and the Private Banking division of ASHC.

Credicorp's total loan portfolio experienced significant increases of 26.7% in 1996, 18.8% in 1997, and 11.6% in 1998, but decreased 7.2% in 1999, 6.0% in 2000 and 8.7% in 2001. These changes, together with changes in its client mix, could be accompanied by increased risk, not only due to the speed and magnitude of the increases, but also to the shift to middle market and consumer lending sectors with respect to which Credicorp lacks the experience that it has in its more traditional lending activities, particularly corporate lending. Given the changing composition of Credicorp's loan portfolio, Credicorp's historical loan loss experience may not be indicative of its future loan loss experience.

(i) Wholesale Banking

Credicorp conducts wholesale banking primarily through BCP's Wholesale Banking division, ASHC's Corporate Banking division and, as of January 1997, through Banco Tequendama. Given the modernization and internationalization of the Peruvian financial markets, BCP's Wholesale Banking division not only competes with local banks but also with international banks offering very competitive rates. BCP's traditional relationships continue, however, to provide a competitive advantage to the Wholesale Banking division's efforts.

BCP's Wholesale Banking division has traditionally generated the majority of BCP's loans. BCP estimates that approximately 72.0% of its loans and 92.8% of its other extensions of credit (primarily guarantees and letters of credit) at December 31, 2001 were to customers of its Wholesale Banking division. BCP has the largest capital base of any Peruvian bank, which provides it with more resources than any other Peruvian bank to address the financing needs of its corporate clients. See "—(B) Business Overview—8. Competition." Because Peruvian companies were not able to access international sources of credit until the mid-1990's, BCP has established longstanding client relationships with virtually all of the major industrial and commercial groups in Peru. BCP's Wholesale Banking division provides its customers with short and medium term, local and foreign currency loans; foreign trade-related financing; and lease financing. BCP's Wholesale Banking division is divided into: (1) corporate banking, which provides services, such as electronic banking services to assist corporations with the daily management of their treasury cash flow, to companies with annual revenues in excess of US$15 million, (2) corporate finance, which provides underwriting and financial advisory services to corporate and middle market clients, (3) middle market banking, which serves mid-sized companies, (4) international trade finance, responsible for the relationship with financial institutions abroad, and (5) business services, that develops transactional services. The corporate finance and leasing (Credileasing) areas have been incorporated into BCP's Wholesale Banking division since the first half of 1996.

Although state-controlled corporations are served by BCP's Wholesale Banking division, mostly in connection with international trade finance, BCP has not extended any substantial loans directly to the Peruvian government or to regional or municipal governments.

Corporate Banking

Credicorp conducts its corporate banking activities primarily through BCP and to a lesser extent ASHC. BCP's Corporate Banking area has been the traditional strength of BCP's lending business, providing banking services to virtually all of the major industrial and commercial enterprises in Peru. BCP believes that it has an advantage in servicing the larger corporations in Peru because of its strong capital base and relative size compared to other Peruvian banks. BCP's Corporate Banking area primarily provides its customers with local and foreign currency loans and has primary responsibility for maintaining client relationships with BCP's largest banking clients. In addition, BCP's Corporate Banking area provides services such as letters of credit and standby letters of credit; domestic collections and nationwide funds transfer; payments through BCP's New York branch; and foreign exchange facilities. Loan contribution for this area represented 45% of total BCP loans. The composition of these loans was approximately 90% foreign currency-denominated (U.S. Dollars) and 10% Nuevo Sol-denominated.

ASHC's Corporate Banking division makes working capital and bridge loans. As of December 31, 2001, approximately 74.0% of ASHC's loans were to Peruvian companies, an additional 1.8% were to companies in the United States, and the remainder were to borrowers in Latin American countries other than Peru.

Corporate Finance

BCP's Corporate Finance area provides a wide range of underwriting and financial advisory services to corporate clients and middle market businesses and has a leading position in the local market. The Corporate Finance area was incorporated into BCP's Wholesale Banking division in the first quarter of 1996 in order to enhance its effectiveness as the demands of Peru's larger corporations move away from loan-based operations toward capital market-based operations. It focuses its transactions in the capital markets, mainly in debt and equity issues, project financing, corporate financing, financial restructurings and mergers and acquisitions.

During 2001, the most important operations included the structuring of long-term instruments for companies, such as corporate, mortgage and securitization bonds and short-term instruments, such as commercial notes and certificates of deposit. During the year, bonds for US$347 million were placed in capital markets, an increase of 37% compared with 2000. BCP's share in the structuring of fixed income instruments for companies was 35% in 2001.

Among the most important long-term operations were the structuring of the Second Tranche of the First Bond Program of Southern Peru Copper Corp. for US$100 million, US$73 million of which was placed in December. Alicorp was advised in the issue of Securitization Bonds for up to S/.210 million, placing S/.125 million in September corresponding to the First Tranche. Another financing program initiated was the structuring of the First Issue of Mortgage Bonds of Banco de Credito del Peru, the first of its type in the Peruvian market, for up to US$30 million.

The Corporate Finance area was particularly active placing commercial paper, instruments that allowed companies to obtain short-term resources, in the capital market. Such operations were structured for Ferreyros, Alicorp, Quimpac and Ransa Comercial.

There were also important operations in equity securities, including the exchange offers of common shares for investment shares of Compania Minera Milpo and Alicorp, in addition to the public offer of common shares of Tecsur.

In operations related to project financing and structured loans, the unit arranged syndicated loans for important Peruvian companies and for other Latin American countries in sectors such as electricity generation and transmission, cement and oil, and adviced the Bolivian government on the privatization of Servicios Electricos Tarija (SETAR), a firm involved in electricity generation and distribution.

Middle Market Banking

The Middle Market Banking division generally serves the same industries and offers the same products as the Wholesale Banking division; however, its focus is on providing its customers with working capital loans, primarily secured by accounts receivables, by arranging financing for medium and long term investment programs, including leasing services offered through Credito Leasing ("Credileasing"). Credicorp conducts middle market lending primarily through BCP and Banco Tequendama, and, to a much lesser extent, through ASHC. The Middle Market Banking division of BCP, after growing significantly in earlier years, contracted during 1999, 2000 and again in 2001 from US$1.3 billion to US$1.0 billion. Stringent credit quality requirements continued to be applied since 1998 due to adverse economic conditions related to the economic impact of "El Niño" and adverse capital flows brought by the international financial crisis. However, Credicorp expects this sector to grow and increase in relative importance as the Peruvian economy grows.

Despite decreased loan quality in the sector, Credicorp sees significant opportunities in lending to middle market businesses, particularly in Peru's agriculture, fishing and construction industries, where special emphasis has been placed and specific task units have been created to attend to the needs of these economic groups.

BCP's medium-term financing products, which include structured loans, project financing and syndicated transactions, are designed to accommodate specific clients' needs. Through these products BCP has been an active lender and financial advisor to Peru's mining, technology and energy sectors. As of December 31, 2001, US$16.4 million of the balance of medium-term loans corresponded to resources available from credit lines of the Inter-American Development Bank made available to the banking system via the Peruvian development financing company, Corporación Financiera de Desarrollo ("COFIDE"), and from other multilateral organizations. In addition to its regular sources of funds, BCP is an intermediary in several medium-term credit lines for project financings in certain sectors for COFIDE and such international financial institutions as Corporación Andina de Fomento (Andean Development Corporation or "CAF") and the International Finance Corporation ("IFC").

Credicorp performs its leasing operations either directly through BCP or through a specialized subsidiary of BCP, Credileasing. At December 31, 2001, Credicorp's leasing operations totaled S/943.8 million (US$274.0 million), 78.4% of which were recorded on the books of Credileasing. BCP's lease finance business is currently estimated to be the largest in Peru, with a market share of approximately 23.3% at December 31, 2001. The principal means of financing for Credileasing is through the issuance of specific leasing bonds, of which a total of S/516.6 million (US$150.0 million) were outstanding as of December 31, 2001. Management estimates that Credileasing's market share among specialized leasing companies was 31.9% at December 2001. Leasing customers are primarily companies engaged in manufacturing, communications, commerce and fishing concerns that lease such items as machinery, equipment and vehicles.

The agricultural loan portfolio, with a balance of approximately US$159 million, counts with a professional team of specialists that provide technical and financial assistance to other business units in assessing companies with operations in this sector. The unit collects and maintains an up-to-date database of valuable information that permits an accurate understanding of markets as well as forecasting. It also carries out feasibility studies and comparative analysis to which clients have access. Working in conjunction with organizations that represent the sector, management also offers training and specialist consultancy services to companies in the agricultural sector.

At the end of 2001, US$55 million of agricultural loans were structured under the government sponsored program of Agricultural Financial Relief (*Programa de Rescate Financiero Agropecuario, RFA*), which represented an opportunity to improve the solvency of our clients and the quality of the portfolio. The individual analysis of the restructuring proposals continues and by the end of the program, the total of restructured credits could reach US$100 million.

Financial margins in the middle market continue to be attractive. Because of their size, middle market companies in Peru generally do not have access to the local or international capital markets or to credit from foreign banks. In addition, Credicorp believes that middle market companies have benefited significantly from the overall economic improvements in Peru over the past few years. Loan quality problems have been addressed through procedures and organizational changes that have focused on improving the loan approval and credit-risk assessment processes. See "—(iii) Credit Policy and Review."

International Trade Finance

Credicorp's International Trade Finance operations are focused primarily on providing short-term credits for international trade, funded with internal resources or with credit lines from foreign banks and institutions. Medium-term lines of credit funded by international commercial banks and other countries' governmental institutions are also provided. In addition, the International Trade Finance division earns fees by providing customers with letters of credit or international collections, and providing foreign exchange services to clients. The International Trade Finance division is also in charge of promoting international trade activities, by structuring Peruvian overseas commercial missions and introducing Peruvian businesses to potential foreign clients and vice versa.

In 2001, Peruvian exports increased 1.0% from US$7.0 billion to US$7.1 billion, principally due increased exports of mining products and non-traditional exports. In turn, BCP's export facilities volume increased 17.0% to US$2,604.6 million, amounting to 37.6% of total Peruvian exports (38.6% in 2000). Total Peruvian imports were US$7.2 billion in 2001, decreasing 2.0% from US$7.0 billion in 2000 principally due to decreased demand for consumer and capital goods. BCP's import facilities volume in 2001 was US$1,274.7 million, representing a 10.1% increase from 2000 and 17.3% of total imports (15.7% in 2000).

BCP has a large network of foreign correspondent banks. BCP's New York branch is also active in providing trade finance services. ASHC's trade finance activities are conducted by its Corporate Banking division. ASHC has concentrated its extensions of credit on short-term trade transactions with Latin American countries other than Peru.

Business Services

This unit is responsible for both the development and marketing of transactional or "cash management" services for BCP's corporate and institutional clients. Services developed are aimed at strengthening ties with clients, assuring their loyalty and reciprocity in the business carried out with the Bank, as well as reducing costs using electronic channels and increasing fee income.

In 2001, the unit offered a total of 34 transactional services, that clients could request through a business executive specializing in "cash management." During the year, the unit improved the report and query system and handling procedures of the Collections Service; created electronic mechanisms for the payment of CTS (Severance Indemnity Deposits, see –(iv) Deposits); launched a third version of Cobra-T, the factoring service using the Internet; and, added important functions to the electronic banking system TeleCredito Infoxpress. Furthermore, it is anticipated that an Electronic Bill Collection facility and Peru's first system of digital certificates for financial transactions, called *Accesoempresarial*, will soon be operational.

(ii) Retail Banking

Credicorp's retail banking activities are conducted by BCP and, to a much lesser extent, by BCB in Bolivia, and, since January 1997, by Banco Tequendama in Colombia and Venezuela. After several years of significant growth, lending by BCP's retail units decreased during 1999, 2000 and again in 2001, particularly with respect to loans to small businesses, but this reduction was partly offset by an increase in consumer lending and home mortgage loans. Retail Banking as a group accounted for approximately 28.0% of BCP's total loans at the end of 2001 versus 26.5% and 27.4% at the end of 1999 and 2000, respectively. With the segmentation of its retail client base, BCP is able to focus on the cross-selling of products and improving per-client profitability. Credicorp expects the Retail Banking businesses to be one of the principal growth areas for BCP's lending activities.

At BCP, Retail Banking operations are divided into two divisions, Service Banking and Personal Banking, the latter of which is further subdivided into Exclusive Banking, Consumer Banking, Business Banking and Institutional Banking. The Service Banking division carries out personal loan authorization and collection, has invested substantially during the past few years to improve delivery channels in order to provide better quality and more efficient service, and is also responsible for the development and sales of third-party processing services that generate fee income from transactions and mass processing to meet the needs of our clients.

The Exclusive Banking unit principally serves a select number of customers with the most profitable personal accounts, high-income individuals and specializes in offering personalized service. Consumer Banking is in charge of servicing BCP's traditional retail client base, and is also in charge of mortgage lending and credit cards. Business Banking manages small business banking, which targets companies with annual revenue of less than US$750,000, and personal banking, which targets middle- and upper-income individuals. Small business banking provides primarily sales and inventory financing and working capital loans, complemented by cash credits through overdrafts. Institutional Banking focuses principally on serving non-profit organizations, state-owned companies and other major institutions that may be assigned to be served by this unit.

Each of the units offer their clients diverse credit alternatives, transactional services and deposits. Products include Visa and American Express credit cards, mortgage loans, car loans, consumer credits, credits for small- and medium-sized companies and payroll payment services, in addition to different types of deposits. The sale of processing services is offered through *Servicorp*, the company dedicated to the sale of processing solutions to third parties to intensify the use of the distribution channels.

Exclusive Banking

Exclusive Banking continued in 2001 with the process of maintaining the current client base, as well as the addition of new ones through the development of sophisticated sales plans. The segment has 68 thousand select clients with total deposits of US$779 million and US$316 million in loans. Belonging to this segment offers the benefit of preferential interest rates for loans and deposits and access to a business executive that provides specialized assistance. These clients receive preferential service in different delivery channels, such as shorter waiting times in carrying out operations in branch offices. In this segment, an effort is made to assure reciprocity of business opportunities the client may have with BCP, increasing the level of client satisfaction and providing incentives to make increased use of our products. In 2001, the number of products placed per client rose to 3.9 compared with 3.4 in 2000.

Exclusive Banking clients have access to a *Cuenta Maestra*, which allows them to manage their funds through a single account in local currency or dollars, and provides the facility of a checking account, a savings account and a time deposit account. In 2001, *Cuenta Maestra* had 30 thousand clients with total deposits of US$185 million.

During the year, BCP provided incentives to invest in mutual fund products as a savings alternative to Retail Banking clients. This resulted in the migration of part of the deposits in *Cuenta Maestra* to these funds. At the close of 2001, the amount managed in mutual funds belonging to Retail Banking clients rose to US$283 million from US$140 million as of December 31, 2000.

Small Business Lending

Small business lending is the largest segment within BCP's Personal Banking operations and is carried out by the Business Banking unit. This unit, which serves 41,000 corporate and individual customers whose annual sales are less than US$1 million, encountered increased loan quality problems during 1998 and 1999. Demand for small business products and services decreased due to the poor development of Peruvian economic sectors mostly related to domestic consumer demand, which negatively affected this segment's loan quality and loan growth. After several years of continuous growth, it decreased 19.4% in 1999, again 17.7% in 2000, and a further 11.9% to US$356.2 million in 2001.

Business Banking has divided its clients into different areas: Small Businesses, with annual sales of less than US$300,000; and Consolidated Businesses, which have sales between US$300,000 and US$1 million in a year. These businesses benefit from products specially designed for their needs, such as the Cash Credit for Businesses, a revolving credit line re-paid in quotas, as well as the usual credit products: discounted notes, letters of credit, guarantees and stand-by credits.

Among the principal results obtained by the Business Bank during 2001 are the US$39 million disbursement for the Cash Credit for Businesses product, as well as sales of 2,150 life and multiple risk insurance products.

Mortgage Lending

BCP was the largest mortgage lender with a market share of 25% of total mortgage loans in the Peruvian banking system as of December 31, 2001. This was to a large extent the result of campaigns aimed at clients with the highest demand for this type of loans and improvements in the quality of procedures followed in granting credits and the constitution of guarantees.

Credicorp expects BCP's mortgage lending business to continue to grow given the low levels of penetration in the financial market, the increasing demand for housing and the current economic outlook for controlled inflation and renewed GDP growth in Peru. BCP had S/1,248.9 million (US$362.6 million) of outstanding mortgage loans at December 31, 2001 compared to S/1,267.2 million (US$367.9 million) at the end of 2000, declining because of lower lending in the Bolivian market where BCB reduced its mortgage loans by US$18.1 million.

Mortgage financing is available only to customers with minimum monthly income in excess of US$900. BCP will finance up to 75% of the appraised value of a property where monthly mortgage payments do not exceed 30% of the stable net income. The maximum maturity of the mortgage loans BCP offers is 25 years. Within the mortgage lending business, BCP offers variable and fixed interest rates on home mortgage loans denominated in both U.S. Dollars and Nuevos Soles; however, BCP's mortgage portfolio is almost exclusively variable rate and U.S. Dollar-denominated.

Credit Cards

Credit cards were not widely used as a method of payment in Peru during the hyperinflationary years prior to 1992. Since that time the number of outstanding credit cards has been growing rapidly, in percentage terms, as inflation has fallen, and BCP expects strong demand for credit cards to continue.

The market for credit cards in Peru has grown significantly as improving economic conditions have led to increased consumer spending, with credit cards increasingly being seen as a convenient way to make payments. Although credit cards existed previously in the Peruvian banking system they were infrequently used by customers, since merchants tended to charge high usage fees to compensate for the effects of inflation. In addition to interest income, BCP derives fee income from customer application and maintenance fees, retailer transaction fees, merchant processing fees and finance and penalty charges on credit cards.

The number of active credit cards issued by BCP increased from 28,840 as of December 31, 1990 to 110,000 in 1999, 136,000 in 2000, and to 158,000 at year-end 2001. In 1998 Solución Financiera de Credito ("Solución") purchased a credit card loan portfolio allowing it to launch this line of business which included approximately 16,600 cards in 2001. BCB issues credit cards in Bolivia with approximately 22,000 outstanding.

BCP's credit cards are primarily and had been historically issued through Visa, but in May 2000 BCP began offering American Express cards. BCP estimates that its credit cards account for almost 30% of the credit cards issued by the banking system in Peru as of December 31, 2001. The estimated total number of credit cards issued in Peru as of December 31, 2001 was approximately 1.1 million, of which approximately 53% were issued by other non-banking entities or department stores.

In 1997, VISANET was established to process credit and debit card transactions and to widen their acceptance, with the participation of major local banks and Visa International. BCP is the largest shareholder of VISANET, holding approximately 36% of the shares of the Company. In 1997, the number of electronic payment terminals ("POS") was approximately 1,500, increasing to 5,882 as of December 2000, and further to 8,415 at December 2001. At the end of 2001 the number of Visa cards issued in Peru, including credit and debit cards, stood at approximately 2.7 million, while the number of transactions processed during the year grew 13.6% to 20.5 million, and purchases grew 10.9% to US$673 million.

BCP's total credit card billings during 2001 was S/939.0 million (US$272.6 million), and the credit balance as of December 31, 2001 was S/429.3 million (US$124.6 million), representing 3.4% of total loans. In 2001 the BCP increased its market share of total purchases made with Visa credit cards to 39.4% from 37.5% in 2000, as a result of a strategy that sought wider use of the cards at the lower end of the consumer market. As part of this strategy, financing with fixed installment payments using the Visa credit card was offered in the last quarter of the year. As of December 31, 2001, BCP's credit card portfolio had balances past due of approximately 4.6%. BCP is taking steps to improve its card approval and collection process. These measures include issuing cards only to persons with stable net monthly incomes above US$400 and developing better methods for verifying applicants' information and credit history. Additionally, BCP has developed a mathematical scoring system to better assess the risk-reward variables associated with consumer lending. In the segment of clients who do not regularly have access to credit cards, campaigns were launched to increase the use of the Credimás debit card as a form of payment. This resulted in a year-on-year increase of 32% in the use of this card, with total billing of US$125 million. See "— (iii) Credit Policy and Review."

Consumer Finance

Credicorp operates Solución, a mass consumer finance entity in Peru formed by BCP with Banco de Credito e Inversiones ("BCI") of Chile in 1996. Financiera de Credito del Peru , formerly a 99.99% owned subsidiary of BCP, was used as a base to set up Solución, of which BCP holds a 55% share and BCI holds a 45% share.

Solución, offers lending products through direct sales calls and through its own branches, as well as through BCP's branch network. During 2001, due to measures aimed at raising loan volumes while pursuing a prudent credit risk policy, it maintained a growing trend in its portfolio. Thus it increased its total portfolio from S/.177.7 million on December 31, 2000, to S/.233.3 million a year later. The consumer credit portfolio totaled S/.77.6 million in 2000 and S/.64.5 million in 2001, while that of micro-businesses went from S/.100.1 million to S/.161.0 million respectively.

These increases were driven by measures such as the strengthening of sales channels with an increase in the number of sales staff which drove the headcount from 1,155 to 1,497 in 2001, as well as training and incentive programs. Likewise the network of branches went from 27 to 31, while customer coverage and service improved.

Institutional Banking

This unit serves some 1,400 non-profit institutions, among which there are state and international bodies, as well as universities and non-governmental organizations. This area is strategic because of the business potential of its clients, which require a great variety of products and services, offering great potential for income from fees and cross-sales. They are principally users of deposit and investment management products, requiring the highest quality services. Their deposits totaled US$508 million at the end of 2001 with managed equity of US$81 million. The services most frequently used by these customers included debt collection, Telecredito, payroll payments and foreign exchange.

(iii) Credit Policy and Review

Credicorp applies uniform credit policies and approval and review procedures, which are based on conservative criteria adopted by BCP, to all of its subsidiaries. Credicorp's General Manager is in charge of setting the general credit policies for the different business areas of Credicorp. These policies are set within the guidelines established by the Banking Law (as defined below) and SBS regulations, and the guidelines set forth by Credicorp's Board of Directors.

The credit approval process is based primarily on an evaluation of the borrower's repayment capacity and on commercial and banking references. A corporate borrower's repayment capacity is determined by analyzing the historical and projected financial condition of the company and of the industry in which it operates. An analysis of the company's current management, banking references and past experiences in similar transactions, and the collateral to be provided, are other important factors in the credit approval process. For BCP's individual borrowers, the information that is presented by the prospective borrower is evaluated by a credit officer and the application is passed through a scoring program for approval by a centralized credit unit.

During 1997, BCP initiated a series of changes in the credit approval, risk control and recovery procedures of the middle market and small business units. Credit risk analysis responsibilities were transferred from the business units to a central credit risk division. Final implementation of these changes took place through mid-1998.

Success in the small business and personal lending areas depends largely on the ability to obtain reliable credit information about prospective borrowers. In this regard, BCP, together with several partners, formed a credit research company called Infocorp in November 1995. In addition, the SBS has expanded its credit exposure database service to cover all businesses or individuals with any amount borrowed from a Peruvian financial institution. Formerly the coverage began when the credit risk exposure exceeded S/13,558, although information on borrowings below such amount is limited to individuals with amounts owed to more than one institution.

Credicorp has a strictly enforced policy with respect to the lending authority of its loan officers and has in place procedures to ensure that these limits have been adhered to before a loan is disbursed. Under BCP's new credit approval process, the lending authority for middle market and small business loans has been centralized into a specialized credit risk analysis unit, whose officers have been granted lending limits, thus allowing middle market and small business loan officers to concentrate on their client relations. To ensure that loan officers and credit analysis officers are complying with their lending authority, the credit department and BCP's internal auditors consistently examine credit approvals.

The following table briefly summarizes BCP's policy on lending limits for loan officers and credit risk analysis officers. Requests for credit facilities in excess of the limits set forth below are reviewed by Credicorp's General Manager, Executive Committee or, if the amount of the proposed facility is sufficiently large, Board of Directors.

	Wholesale	**Personal and Small Business**
	(U.S. Dollars)	
Loans supported by liquid collateral or not exceeding two years(1)		
Loan Officer and Credit Analysis Officer	US$ 210,000	US$ 40,000
Chief Lending and Chief Credit Analysis Officer	600,000	200,000
Area Manager	1,950,000	400,000
Senior Credit Officer	4,500,000	1,500,000
Loans supported by other collateral or exceeding two years(2)		
Loan Officer and Credit Analysis Officer	70,000	40,000
Chief Lending and Chief Credit Analysis Officer	200,000	100,000
Area Manager	650,000	200,000
Senior Credit Officer	1,500,000	800,000

(1) Liquid collateral includes cash deposits, stand-by letters of credit, securities or other liquid assets with market price and accepted drafts.

(2) Other collateral includes securities with no market value, non-accepted drafts, real estate, mortgages, security interests on equipment or crops, and assets involved in leasing operations.

Credicorp believes that an important factor for maintaining the quality of its loan portfolio is the selection and training of its loan officers. Credicorp requires loan officers to have degrees in economics, accounting or business administration from competitive local or foreign universities. In addition, the training program consists of a six-month rotation through all of the business-related areas of Credicorp and the credit risk analysis area. After the training period is over, trainees are assigned as assistants to loan officers for a period of at least one year before they can be promoted to loan officers. Loan officers also receive additional training throughout their careers at Credicorp. Furthermore, officers are generally required to have held previous positions as loan officers.

In general, Credicorp is a secured lender. As of December 31, 2001, approximately US$2.1 billion of the loan portfolio and contingent credits were secured by "preferred" collateral (see "—13. Selected Statistical Information (iii) Loan Portfolio –Classification of the Loan Portfolio"). Liquid collateral is a small portion of the total collateral. In general, if Credicorp requires collateral for the extension of credit, it requires collateral valued at between 10% and 50% above the facilities granted. The appraisal of illiquid collateral, in particular real estate assets, machinery and equipment, is performed by independent experts when required for specific reasons. BCP's policy generally is to require that the appraised value of illiquid collateral exceed the loan amount by at least 20%. In cases where a borrower encounters difficulties, Credicorp seeks to obtain additional collateral.

The existence of collateral does not affect the loan classification process according to regulations in effect as of December 1998. However, pursuant to Law 26702, secured loans, or the portion thereof covered by collateral, classified in Class "B," "C," or "D" risk categories have a lower loan loss provision requirement. If a borrower is classified as substandard or below, then Credicorp's entire credit exposure to that borrower is so classified. See "—(n) Selected Statistical Information—Loan Portfolio—Classification of the Loan Portfolio."

Credicorp conducts unannounced internal audits as well as an annual audit by external auditors, consistent with bank regulatory practice in the respective jurisdictions in which it operates.

ASHC's policy is to provide funding to customers on the basis of approved lines of credit. ASHC's Credit Committee meets weekly to discuss the entire credit risk inherent in the risk portfolio, composed by loans and trading securities, to approve the extension or renewal of credit facilities for ASHC's Miami agency and to review facilities approved by the committee charged with overseeing extensions of credit by ASHC's Panama branch. ASHC's loan officers operate within established credit limits ranging from US$25,000 to US$500,000. Regardless of whether an approved facility exists for a client, any transaction in excess of US$500,000 requires the approval of senior management. In addition, all credit extensions are monitored by ASHC's General Manager and reviewed and approved quarterly in their entirety by the Credit Committee of the Board of Directors of ASHC.

(iv) Deposits

Credicorp's deposit taking operations are led by BCP's Consumer and Personal Banking divisions and ASHC's Private Banking division. See "—13. Selected Statistical Information—Deposits."

The main objective of BCP's retail banking operations has historically been to develop a diversified and stable deposit base in order to provide a low cost source of funding. This deposit base has traditionally been one of BCP's important strengths. At December 31, 2001, BCP's deposits amounted to S/17.6 billion (US$5.1 billion), 2.3% over the December 2000 balance. BCP has historically relied on the more traditional, low-cost deposit sources such as demand deposits, savings and Severance Indemnity Deposits, or *Compensación por Tiempo de Servicio* ("CTS" deposits), which are deposits that employers must make by law on behalf of their employees as severance contributions. At December 31, 2001, these core deposits represented 60.8% of BCP's total deposits. BCP's extensive network of offices facilitates access to this type of stable and low cost source of funding. At the same time, term deposits and foreign currency certificates of deposit, especially U.S. Dollars, decreased due to market conditions that led to excess liquid funds. Additionally, BCP's corporate clients are an important source of funding for BCP. As of December 31, 2001, BCP's Wholesale Banking division accounted for approximately 18.0% of total deposits, of which 35.6% were demand deposits, 57.9% time deposits, and 6.5% savings. Of all deposits from BCP's wholesale banking division, most (72.9%) were foreign currency-denominated (almost entirely U.S. Dollars) and the balance (27.1%) were Nuevo Sol-denominated.

ASHC's Private Banking division's clients have traditionally provided a stable funding source for ASHC, as many are long-time clients who maintain their deposits with ASHC. As of December 31, 2001, ASHC had approximately 3,000 customers. Currently, about 95% of ASHC's private banking clients are Peruvian. In the future, the Private Banking division intends to diversify its customer base geographically. During 2001, ASHC's core deposit base decreased US$13.5 million to US$555.7 million as of December 31, 2001.

All Credicorp subsidiaries have programs in place to comply with the "know your customer" regulations in place in the countries in which they operate. Peru has long-standing laws criminalizing money laundering activities, and such laws were further strengthened in 1996 with the adoption of Law 26702, which incorporated the guidelines of the Organization of American States ("OAS") directly into Peruvian law. Under Law 26702, the SBS has the authority to request detailed reports with respect to the movement of funds and the identity of depositors. According to recently enacted regulations, financial institutions must adopt internal mechanisms, special personnel training programs and procedures to detect and report unusual or suspicious transactions as defined therein. In addition to the provisions under Peruvian law, BCP established an internal "know your customer" policy in 1995. As an additional precaution, ASHC will open accounts only for individuals or entities that are recommended by senior officers of ASHC or BCP. See "—(iii) Credit Policy and Review."

3. Capital Markets

Credicorp's capital markets businesses include: (i) trading and brokerage services, (ii) treasury, foreign exchange and proprietary trading, (iii) asset management, (iv) trust, custody and securitization services, and (v) investments by PPS. BCP has the largest capital markets/brokerage distribution system in Peru, offering such services through 17 of its branches, all of which are interconnected with its brokerage subsidiary and have access to current market information. Capital market and brokerage services are relatively new in Peru; however, management estimates that, with the expected growth and restructuring of the Peruvian business sector, the market for these services will increase significantly, even though it was negatively affected by the international financial crisis of 1998. The majority of Credicorp's capital markets and brokerage activities are conducted through BCP (where in 1996 all such services were brought under one division) and, to a lesser extent, through ASHC.

(i) Trading and Brokerage Services

The majority of Credicorp's trading and brokerage activities are conducted primarily through BCP and, to a lesser extent, through ASHC.

BCP's subsidiary, Credibolsa Sociedad Agente de Bolsa S.A. ("Credibolsa"), is the leading brokerage house on the Lima Stock Exchange. During 2001, Credibolsa had a total trading volume of US$1.8 billion, decreasing from US$1.9 billion in 2000. Credibolsa had 19.2% of the total trading volume in variable return instruments and 29.0% of the volume in trading of fixed income instruments on the Lima Stock Exchange in 2001. Credibolsa's trading volume was generated by domestic customers, both retail and institutional, and by foreign institutional clients as well as by Credicorp's proprietary trading. In an environment of low profitability and high competition, over the past years, Credibolsa has been able to increase its profitability by expanding its sources of revenues. In addition to providing basic brokerage services, Credibolsa serves as a local market advisor for specialized stock market transactions and is one of the principal agents in the equity offerings of recently privatized companies in Peru. During 2001, Credibolsa made public share offers for S/.164 million in equity securities, serving approximately 3,000 clients. In the fixed income market, Credibolsa made primary placements totaling US$160 million and S/.300 million. Noteworthy was the placement of Bonos Ransa, the first bonds acquired exclusively by individuals. Credibolsa's role in the Commodities Market stood out, both in terms of traded volume and for having generated regulatory changes that helped increase the use of this market. See "—2. Commercial Banking—Wholesale Banking—Corporate Finance."

(ii) Treasury, Foreign Exchange and Proprietary Trading

BCP's treasury and foreign exchange groups are active participants in money market and foreign exchange trading. These groups manage BCP's foreign exchange positions and reserves and are also involved in analyzing liquidity and other asset/liability matters. During 2000**,** the trading desk played an important role in short-term money markets in Nuevos Soles and in foreign currencies. It was active in the auctions of certificates of deposit by Peru's *Banco Central de Reserva* ("Central Bank") and in financings through certificates of deposit, interbank transactions and guaranteed negotiable notes, among other instruments. During 2001, the trading desk experienced a slight increase in demand for foreign exchange but competition remained strong. Its foreign exchange transaction volume was US$13.3 billion in 2001, similar to 2000, while its foreign exchange trading services market share was approximately 20% (22% in 2000).

BCP's proprietary trading consists of trading and short-term investments in securities, which are primarily Peruvian instruments. These short-term investments are primarily made to facilitate its corporate finance efforts.

ASHC trades for its own account primarily by making medium-term investments in fixed income, equity securities and sovereign debt from Latin American emerging markets. The portfolio includes non-investment grade debt securities of U.S. public companies and, to a much lesser extent, private U.S. debt and equity issues. Such securities are subject to substantial volatility and there can be no assurance as to their future performance. As of December 31, 2001, ASHC had approximately US$316.4 million invested in these types of securities. ASHC generally utilizes its own funds for these activities rather than borrowings or deposits. ASHC also holds an equity investment in Credicorp and an affiliate with a fair value of approximately US$90.9 million at December 31, 2001 (US$58.4 million at December 31, 2000). ASHC's investment portfolio, as well as future purchases, sales, overall investment strategy and the general profile of the trading portfolio are reviewed on a monthly basis by an investment committee comprised of members of Senior Management. Quarterly, the Board of Directors of ASHC review and approve exposure limits for countries with transfer risk. The credit risk by counterparty is evaluated on a consolidated basis, including direct and indirect risk, such as interbank placements, loans, commitments, guarantees received, and trading securities purchased in the secondary market.

(iii) Asset Management

Credicorp's asset management business is carried out by BCP and ASHC.

In June 1994, BCP created Credifondo S.A., Sociedad Administradora de Fondos Mutuos de Inversión en Valores ("Credifondo") to establish, advise and operate mutual funds in Peru. In 2001 it continued to be the largest mutual fund manager with 33.0% of the market at year end which amounted to US$1.2 billion, increasing 160% from US$450 million in 2000. During 2001, volumes grew in part due to decreased interest paid on banking deposits.

As of December 31, 2001, Credifondo managed five separate funds with a total of 12,990 participants: an equity fund, a U.S. Dollar-denominated bond fund, a Nuevo Sol-denominated bond fund, a U.S. Dollar-denominated short term fund, and a closed-end U.S. Dollar-denominated real estate investment fund. As of December 31, 2001, the equity fund had assets of S/0.8 million (US$0.2 million); the U.S. Dollar-denominated bond fund had assets of US$276.3 million (US$122.7 million at December 31, 2000); the Nuevo Sol-denominated bond fund had assets of S/139.0 million (US$40.4 million) (US$3.0 million at December 31, 2000); the U.S. Dollar-denominated short term fund had assets of US$73.2 million (US$25.6 million at December 2000); and the real estate fund had assets of S/44.4 million (US$12.9 million). At December 31, 2001, the total amount of funds managed by Credifondo was equal to US$403.0 million, increasing from US$165.5 million at December 31, 2000.

ASHC's Asset Management group, created in 1989, conducts ASHC's management of third-party funds which, considering the aggregate of third-party assets under management, had total assets under management of US$422.0 million as of December 31, 2001, compared to US$278.1 million as of December 31, 2000, increasing principally due to the decline of interest rates paid on banking deposits which led clients to transfer from deposits to investment products, and the introduction of new products which include outsourced mutual funds managed by specialized fund administrators. Investment decisions for funds, except for outsourced funds, are made by senior officers within ASHC, in accordance with guidelines of the Investment Committee.

(iv) Trust, Custody and Securitization Services

BCP's Trust and Custody unit holds US$4.2 billion in securities for 96 thousand domestic and foreign clients. Custody services provided by BCP include the physical keeping of securities and the payment of dividends and interest. In addition, BCP acts as paying agent for securities for which it does not keep custody. BCP is one of the few banks in Peru that qualifies to serve as a foreign custodian for U.S. mutual funds. Trust services include escrow, administration and representation services, supervision of transactions done for its clients and transfer settlement and payment services for local securities issues, allowing clients to be adequately represented in their activities in the local and international securities markets. In 1997, BCP formed Creditítulos, to provide asset securitization services, and during 1998 it structured the first securitization of real estate assets in Peru. In 2001 it structured a seven year S/.125 million securitization of future revenue flows for Alicorp S.A. During 2000 BCP formed La Fiduciaria S.A., the first specialized Trust Services Company in Peru, in which Credicorp holds a 45% equity stock, that started operating in April 2001 and managed US$135 million in equity trusts as of December 2001.

(v) Investments by PPS

PPS's investments are made primarily to meet its solvency equity ratio and to provide reserves for claims. PPS historically has invested only in Peruvian securities and assets, although non-Peruvian investments may be made with prior SBS approval, provided that the particular class of investments is permitted by regulations of Peru's Central Bank. PPS's investment strategies and portfolio generally are reviewed and approved monthly by its Board of Directors. Senior management does have investment authority, however, with respect to temporary investments using cash surpluses. For a discussion of PPS's investment activities, see "—4. Insurance—(iii) Investment Portfolio."

4. Insurance

Credicorp conducts its insurance operations exclusively through PPS, which provides a broad range of insurance products. In 2001, the six most significant lines together constituted 86.9% of the total premiums written by PPS, and consisted of commercial property damage (including fire, earthquake and related coverage but not personal injury, tort or other liability risk), as well as automobile, health, marine hull, life, pension fund underwriting and life annuities. PPS is the leading Peruvian insurance company, with a market share of 32.2% based on gross insurance premiums and 31.5% based on net premiums written in 2001.

Consolidated net income for 2001 was S/210.6 million (US$61.1 million), increasing from S/0.7 million (US$0.2 million) in 2000. Net profits increased mainly because of non-recurring gains from the sale of a long-term equity position in Peruvian brewer Backus & Johnston ("Backus") shares. Operating expenses during 2001 were 18.4% of net premiums written, lower than 18.6% in 2000 and 20.6% in 1999.

Net underwriting results decreased 7.8% to S/35.9 (US$10.4) million in 2001. The ratio of net underwriting results (net underwriting results to net premiums) declined from 6.3% during 2000 to 5.0% in 2001, mainly because of increased provisions and higher net claims. Total premiums increased 18.0% to S/724.1 million (US$210.2) during 2001 from S/613.1 (US$178.2) million in 2000. Premiums written, net of reinsured premiums and of technical reserves, were S/449.0 million in 2001, increasing 1.4% over 2000.

PPS's business is highly concentrated: its client base consists of 18,000 companies and 58,000 individuals, not including those affiliated to group health insurance programs through the companies where they are employed. Revenues from policies written for the three largest and twenty largest customers represented 6.1% and 17.9% of total premiums, respectively, as of December 31, 2001, and 6.9% and 22.0%, respectively, as of December 31, 2000. The ten largest brokers accounted for approximately 21.8% of total premiums as of December 31, 2001. This concentration is attributable primarily to the relatively low premium levels of its personal insurance products compared to that of the commercial property line (where PPS traditionally has ceded to reinsurers substantially all premiums written). Accordingly, although PPS cedes to reinsurers a substantial portion of its commercial property-casualty premiums, significant losses by one or more major customers could result in significant claims for PPS.

El Pacífico Vida, PPS's life insurance subsidiary, which is 38% owned by a subsidiary of American International Group ("AIG"), had total premiums of S/215.6 million (US$62.6) in 2001, 17.3% over premiums in 2000, which in turn increased 21.3% over 1999. PPS expects to increase its life insurance sales in Peru in the next few years and believes that AIG's participation in El Pacífico Vida will provide the company with an advantage in competing for market share, which stood at 34.9% of the individual life and at 27.1% of the legal life segments in 2001. The individual life insurance and the life annuities markets are expected to have the highest growth rates. Credicorp, through BCP's branch network, during 2001 sold 20,000 term life insurance policies covering accident and natural causes.

In August 1999, PPS formed a new subsidiary called Pacífico S.A. Entidad Prestadora de Salud ("PacíficoSalud"), a private health service provider that offers an alternative to public social security, which began operations on September 1, 1999. It had total revenue of US$22.8 million in 2001 and of US$16.0 million in 2000.

(i) Underwriting, Clients and Reinsurance

Underwriting decisions for substantially all of PPS's insurance risks are made through its central underwriting office, although certain smaller local risks are underwritten at PPS's two regional offices. PPS's own underwriting staff inspects all larger commercial properties prior to the underwriting of commercial property or other risks related thereto with agents and brokers inspecting properties for smaller risks.

PPS utilizes reinsurance to limit its maximum aggregate losses and minimize exposure on large risks. Reinsurance is placed with reinsurance companies based on evaluation of the financial security of the reinsurer, terms of coverage and price. PPS's principal reinsurers in 2001 were American International Underwriters, Aon Group Limited, Marsh Limited, Guy Carpenter, Heath Lambert, Converium (formerly Zurich Re), Munchener Ruck, Kolnische Ruck, Mapfre Re, and Willis Limited. Premiums ceded to reinsurers represented 25.1%, 23.8% and 24.8% of premiums written in 1999, 2000 and 2001, respectively. PPS acts as a reinsurer on a very limited basis, providing its excess reinsurance capacity to other Peruvian insurers that are unable to satisfy their reinsurance requirements. As of December 31, 2001, premiums for reinsurance written by PPS totaled S/7.2 million (US$2.1 million).

Although PPS historically has obtained reinsurance for a substantial portion of its earthquake-related risks and maintains catastrophic reserves, there can be no assurance that a major catastrophe would not have a material adverse impact on its results of operations or financial condition.

(ii) Claims and Reserves

Net claims paid as a percent of net premiums written (*i.e*., the net loss ratio) decreased to 63.9% in 2001 from 66.2% in 2000 and 66.5% in 1999. The net loss ratio from the health and medical assistance insurance line, which represented 23.4% of total premiums in 2001, decreased to 86.2% from 110.0% in 2000. Automobile risks, 9.2% of PPS's premiums in 2001, decreased to 59.7% in 2001 from 76.0% in 2000. The property casualty line, 15.6% of total premiums, increased to 77.9% from 51.0% in 2000, mainly due to losses from the earthquake in the South of Peru. Marine hull insurance claims, 4.3% of premiums, decreased to 43.7% from 79.0% in 2000. The net loss ratio from private pension fund insurance, 8.8% of total premiums, increased from 67.9% in 2000 to 91.4% in 2001.

PPS is required by law to establish claims reserves in respect of pending claims in its property-casualty business, reserves for future catastrophic events affecting certain of its lines of business, reserves for future benefit obligations under its in-force life and accident insurance policies, and unearned premium reserves in respect of that portion of premiums written that is allocable to the unexpired portion of the related policy periods (collectively, "Technical Reserves").

PPS establishes claims reserves with respect to claims that have been reported and for which loss amounts have been estimated. Pursuant to SBS regulations, such reserves are reflected as liabilities in PPS's financial statements, net of any related reinsurance recoverables. Peruvian law requires the establishment of reserves for incurred but not reported ("IBNR") claims, and recently adopted SBS regulations that require gradual additional reserves through December 31, 2002. As of December 31, 2001, PPS had provisioned the required additional IBNR reserves amounting to US$1.3 million in its statutory consolidated financial statements. Pursuant to internal policies, however, PPS sets aside approximately 35% of its monthly health insurance premiums as IBNR reserves. Peruvian law does not require reserves for estimated claims expenses.

Pursuant to SBS regulations, PPS establishes pre-event reserves for catastrophic risks with respect to earthquake coverages in the commercial property, business interruption, and engineering lines. As of December 31, 2001, established reserves of US$4.8 million were 80% of the amount required by the regulations, compared to US$5.6 million and 100% compliance at December 2000. During 2001, US$1.4 million of catastrophic reserves were applied to claims related to the earthquake in the South of Peru. As allowed by the SBS, PPS will replenish these reserves during 2002 and 2003 in quarterly installments. PPS records as liabilities in its financial statements actuarially determined reserves calculated to meet its obligations under its life and accident policies and its pension fund underwriting business, using mortality tables, morbidity assumptions, interest rates and methods of calculation prescribed by law. PPS also establishes unearned premium reserves to cover the risks of policy lapse or termination prior to the end of the policy period in accordance with percentages established by the SBS.

There can be no assurance that ultimate claims will not exceed PPS's reserves.

(iii) Investment Portfolio

PPS's net investment income and realized capital gains on invested assets together accounted for 40.3% and 12.9% of PPS's revenues for the years ending December 31, 2001 and 2000, respectively, increasing due to the gains from the sale in November 2001 of the long-term equity position in Backus, which generated a net gain of US$30.7 million (US$23.3 million net of minority interest).

As of December 31, 2001, the book value of PPS's investment portfolio, after the sale of Backus and including Credicorp as discussed below, was S/598.3 million (US$173.7 million), with S/573.0 million (US$166.4 million) invested in securities, primarily bonds and net of S/40.9 million (US$11.9 million) of provisions for lower market value, and S/25.3 million (US$7.3 million) invested in real estate and other assets, net of S/38.4 million in depreciation charges and S/7.3 million of provisions for lower market value assessment.

As of December 31, 2001, the market value of the listed equity securities portfolio was S/98.8 million (US$28.7 million), which includes Credicorp Ltd. shares for S/.73.3 million, decreasing compared to S/.420.0 million in December 2000, that included the S/335.4 million (US$97.4 million) investment in Backus and a S/52.9 million (US$15.4 million) investment in Credicorp. See "—13. Selected Statistical Information—Loan Portfolio—Concentration of Loan Portfolio and Lending Limits."

PPS's investment portfolio, before the sale of Backus, was highly concentrated in equity securities, which combined with limited investments in fixed income securities, made both the value and the income of the investment portfolio vulnerable to extreme volatility. With part of the proceeds from the Backus sale, additional investments have been primarily made in fixed income securities. Because the investments in specific securities are large, there can be no assurance that PPS could readily dispose of significant portions of its securities portfolio at market values. Accordingly, there are risks associated with the potential illiquidity of PPS's securities holdings in the event that significant claims give rise to the need to liquidate rapidly a portion of such holdings.

Part of PPS's strategy is to maintain an adequate foreign exchange position in U.S. Dollars, since a significant portion of its premiums are denominated, and much of its operations are conducted, in U.S. Dollars. In 2001, approximately 72% of the gross premiums received by PPS were denominated in U.S. Dollars. As of December 31, 2001, PPS had US$97.7 million in short and medium-term U.S. Dollar-denominated deposits and U.S. Dollar-denominated corporate bonds of Peruvian companies (US$14.7 million as of December 2000).

5. Pension Fund Management

Until November, 1999, Credicorp participated in the Peruvian private pension fund administration system, the *Sistema de Administración de Fondo de Pensiones* (the "AFP System"), instituted by the Peruvian government in June 1993, through its indirect 39.99% interest in AFP Unión. In 1998, AFP Unión, whose senior management previously worked at BCP, was the third largest, in terms of managed funds, of the five pension fund administrators ("AFPs") operating in Peru. American International Group ("AIG"), through its subsidiaries, also held a 40% interest in AFP Unión while Backus held the remaining 19.99% interest. As of December 31, 1998, the paid-in capital of AFP Unión was S/39.2 million (US$12.5 million). AFP Unión, like most of the other AFPs currently operating in

Peru, experienced losses from the beginning of operations in June 1993 through fiscal year 1996. AFP Unión had net income of S/9.1 million (US$3.3 million) in 1997 and of S/8.7 million (US$ 2.8 million) in 1998, although as of December 31, 1998 it had cumulative retained losses of S/14.0 million (US$4.5 million). Credicorp, Backus and AIG sold their interests in AFP Union in November 1999.

6. Distribution Network

(i) Commercial Banking

BCP's branch network consisted, as of December 31, 2001, of 106 branches in Greater Lima and 104 branches in the provinces of Peru, the largest number of branches, with the most extensive country coverage, of any privately held bank in Peru. Credicorp believes that BCP's branch network has been largely responsible for BCP's success in attracting stable, relatively low-cost deposits. BCP has installed in Peru the most extensive nationwide network of 383 ATMs, in addition to other electronic channels including the Internet, that provide clients with more services and reduce congestion in the branches. BCP also operates a branch in New York and in Nassau, Bahamas, and has representative offices in Bogota, Colombia, and Santiago, Chile. BCP also owns a banking subsidiary in the Bahamas. During 2002, BCP expects to start operating an agency in Miami and Panama, while closing its branch in Nassau, which it is anticipated will improve service to clients in the Central America region.

ASHC has banking offices in Panama and Miami, and a representative office in Lima. Tequendama operates 17 branches in Colombia and 3 branches in Venezuela. BCB operates 53 offices located throughout Bolivia, of which 18 are principally dedicated to transactions made on behalf of the Central Bank of Bolivia. Solución has 11 offices in Lima and 20 in other cities of Peru.

(ii) Capital Markets

Credicorp offers capital market products and services through BCP and ASHC. BCP offers clients a wide range of such products and services, such as brokerage, mutual fund and custody services, through its branch network in Lima and, on a more limited basis, throughout the rest of Peru. In addition, Credicorp also distributes such products through ASHC.

(iii) Insurance

PPS, like other major Peruvian insurance companies, sells its products both directly and through independent brokers and agents, with 45.4% of premiums written for the year ended December 31, 2001 attributable to insurance products sold directly by PPS. Directly written policies tend to be for large commercial clients, as well as life and health insurance lines.

A significant element of Credicorp's current market strategy is to expand PPS's sales network by selling certain insurance products through BCP's branch network. PPS already has begun offering, in collaboration with BCP, a life and health insurance product called Segurimax as well as a personal life insurance product that combines accidental death coverage with renewable term life insurance.

7. Operations Support

Credicorp's operations are primarily supported by BCP's support departments. Commercial Banking operations are supported by BCP's Credit Department, which evaluates and helps administer credit relationships, establishes credit policies and monitors credit risk. See "—2. Commercial Banking—(iii) Credit Policy and Review." BCP's Planning and Finance division is responsible for planning, accounting and investor relations functions. Planning and Finance is also responsible for analyzing the economic, business and competitive environment in order to provide the necessary feedback for senior management's decision-making. BCP's Administration division has responsibility for institutional and public relations, human resources, the legal department, security, maintenance and supplies.

The Banking Services division is in charge of managing distribution channels, as well as the mass procedures aimed at satisfying requirements of retail banking, while the Systems and Organization Division is responsible for processes and information about technological and organizational matters. The Distribution Channels unit operates the branch network, which, as of December 31, 2001, consisted of 106 branches in Greater Lima and 104 branches in the provinces of Peru, the largest number of branches, with the most extensive country coverage, of any privately held bank in Peru. At the same time, in order to improve operating efficiency, BCP is continually evaluating its branch network to monitor branch profitability. In 1996, BCP relocated its transaction processing activities from its branches to a central operation.

In 2001 BCP continued to introduce important technological developments and investments, expanding its service to customers with a greater number of points of contacts as well as improvements in quality and at lower costs. BCP has 1.3 million customers who carry out 14.5 million transactions per month and have access to the largest and most varied distribution network in the country. Towards the end of 2001, 54% of customer transactions were carried out via self-service, having increased from only 25% in 1996, of which 54% were performed through electronic distribution channels, 21% were in automatic teller machines, 3% by the "call center," 7% on the Internet and 5% through remote banking.

This level of self-service activity reflects an increase in Credicorp's use of new technologies to improve its services to its customers, including a network of 383 Automatic Teller Machines — the largest in the country — put at the disposal of 800,000 bank card holders, the availability of the phone banking service Comunica-T, which increased the capacity of its automated "Call Center", receiving up to 600,000 calls per month, Saldomatic terminals, which are specialized devices placed in the branches for self-service consultation of account balances and movements, and internet banking. To improve the efficiency of these processes, the bank maintained the policy of encouraging the use of electronic distribution channels by applying more attractive rates than those charged at its branch offices.

After a 15-month effort, in July 2001, the new technological platform of Banco de Credito de Bolivia started its operations by interconnecting with systems in Peru. The interconnection project has given Banco de Credito de Bolivia a technological edge over its competitors and has provided an important boost in the Banco de Credito de Bolivia's goal of becoming the leader in the Bolivian financial market. It also made possible economies of scale in the area of systems development. This project involved adapting all systems and their applications as well operational processes to the needs and norms of the Bolivian banking system. The operations of Banco de Credito de Bolivia are processed from the mainframe computers in Peru using high speed fiber-optic communications. The unified technological platforms allowed for the immediate application of *Servimatic*, the system that handles client service at teller windows, and to use improved credit and debit card products.

The sale of products through the network of distribution channels doubled during 2001, while *Servicorp*, the company dedicated to the sale of processing solutions to third parties, increased income by 20%. With the collection of loans as one of its most representative services, *Servicorp* stressed the sale of third-party processing services, including the processing checks from other banks, in addition to collection services and forms processing for several pension fund administrators. The closed circuit television channel *Canal BCP* was launched, providing programming and advertising through monitors that inform our clients of the order of service at teller windows in our branch offices.

The Internet portal *viaBCP* continued strengthening its position by offering new services, such as *viaBox*, *viaPrecios*, and *viaEmpresarial*, without neglecting those already in production. The growth of *viaInversiones* and of the transactions channel *Mis Cuentas*, especially stand out. *Mis Cuentas* had 100,000 clients as of year-end 2001 and generates a saving of 90% compared with the cost of transactions in branch offices. *Mis Finanzas Personales* and *viaInmuebles* allowed BCP to reaffirm its position as an innovative bank.

In the market of electronic banking solutions for companies, BCP is also in a leading position with the services offered, launching during 2001 products like the electronic bill collection, receipt of pending payments from clients (*Pagonet*) and electronic payment to the Customs Service. At the same time, the third phase of *Cobra-T* was successfully concluded, and is being adopted by a large number of corporate clients.

ASHC and PPS have independent operations support departments. Credicorp's current strategy is to integrate the operations support departments of its subsidiaries.

BCP spent approximately US$17 million during 2001 to improve its information systems. Also, procedures involving systems development and programming were reviewed, identifying improvement opportunities in order to propose a new work scheme. Findings by this study made it possible to successfully redesign procedures by which resources are allocated to systematization projects, in order to assign priorities and develop them in agreement with the Bank's business plan. Credicorp intends to make expenditures of US$25 million on information systems during 2002. The strategic plan 2002-2004, aimed at raising levels of excellence in systems management to worldwide standards, includes the following projects: the implementation of "middleware" applications; the centralization of approvals of requirements for changes in procedures; the implementation of technology that ensures high system availability; and the use of integrated software tools.

8. Competition

(i) Banking

The Peruvian banking sector is currently comprised of 15 banking institutions, decreasing from 18 as of December 31, 2000. As of December 31, 2001, BCP ranked first among all Peruvian banks in terms of assets, deposits and loans, representing approximately 27.3%, 30.8% and 27.2%, respectively, of the Peruvian banks, compared to market shares of 26.2%, 31.6% and 26.1%, respectively, at December 31, 2000. As of December 2001, the next four largest banks (Banco Continental, Banco Wiese Sudameris, Interbank and Santander) had deposits representing 20.6%, 19.7%, 8.4% and 6.0%, respectively, and loans representing 15.4%, 21.7%, 7.8%, and 8.0%, respectively, of the Peruvian banks.

The Peruvian banking industry experienced consolidation and increased foreign entry following passage of the Banking Law in 1991 and Decree 770 in 1993, which liberalized the banking industry and removed all restrictions on foreign ownership of Peruvian financial institutions. See "—10. The Peruvian Financial System—(i) General." Among banks new to Peru in the last several years are BNP-Andes, Banco del Trabajo, Solventa and Serbanco. Some of these banks which opened in Peru, after initially focusing on satisfying the demand for consumer loans, sold part of their loans in 1998 to Solución and are now serving other sectors or have merged into other banks. Banks which have undergone privatization include: Banco Continental, the country's third largest bank, which was acquired by Banco Bilbao Vizcaya of Spain in association with Peru's Grupo Brescia, and Interbank, purchased in July 1994 by IFH Peru S.A. in association with Banco Osorno y La Union of Chile. Recent acquisitions of Peruvian banks by non-Peruvian companies include: (i) Banco Interandino and Banco Mercantil, which were purchased by Banco Santander of Spain, (ii) Banco de Lima, which was acquired by Banco Sudameris of France,

(iii) Banco del Sur, which was purchased in early 1996 by a group made up of the Luksic group of Chile, Banco Central Hispano of Spain and HSBC Holdings of Great Britain, and (iv) Extebandes, which was purchased in January 1998 by Standard Chartered Bank of the UK. During 1999 Banco de Lima merged with Wiese, Banco Sur with Santander, Banco del País with Nuevo Mundo, and Progreso with Norbank, while Banex was liquidated and Solventa was turned into a finance company. During 2000, Orion and Serbanco were liquidated, while in 2001 Interbank and Latino agreed to merge, NBK Bank merged with Banco Financiero and Nuevo Mundo was liquidated.

Credicorp believes that the consolidation and increased foreign ownership within the Peruvian banking industry will continue in the coming years, as banks seek alliances or merge in order to maintain viability in an increasingly competitive environment. Such increased competition may in the future affect Credicorp's loan growth and reduce the average interest rates that it may charge its customers, as well as reduce fee income.

In the Wholesale Banking division, BCP's Corporate Banking division has experienced increased competition and a resulting decline in margins over the last few years, primarily as a result of new entrants into the market, including foreign and recently privatized commercial banks and local and foreign investment banks, and, since 1999, due to excess liquidity at major Peruvian banks. In addition, Peruvian companies have gained access to new sources of capital through the local and international capital markets. Credicorp does not intend to pursue corporate lending opportunities that are unprofitable in order to maintain market share. As a result, Credicorp does not expect Corporate Banking to grow at the levels experienced in 1997. However, Credicorp will seek to maintain its close relationships with corporate customers, focusing on providing prompt responses to their requirements and setting competitive prices. In this regard, Credicorp is updating its information systems to improve customer service and to allow management to obtain information on customer and business profitability more efficiently. In addition, Credicorp intends to expand the range of BCP's investment banking and cash management products.

In retail banking, Credicorp has found that small businesses are able to borrow from banks at better rates than those provided by suppliers and that the rates offered by BCP are competitive with those of other banks. Credicorp believes that BCP's reputation as a sound institution, together with its nationwide branch network coverage, provides it with an advantage over its principal competitors.

In its core corporate lending and trade finance businesses, ASHC principally competes with larger institutions such as Citibank. ASHC attributes its ability to compete effectively with larger lending institutions to its aggressive marketing efforts, its ability, as a smaller, more flexible institution, to make decisions quickly and to respond rapidly to customers' needs, and to its historic association with BCP and superior knowledge of the region and specially of the Peruvian market.

(ii) Insurance

Peruvian insurance companies compete principally on the basis of price and also on the basis of name recognition, customer service and product features. PPS believes that its competitive pricing, solid image, and quality of customer service are significant aspects of its overall competitiveness. In addition, PPS believes that its long relationship with AIG provides PPS with competitive advantages through access to AIG's expertise in underwriting, claims management and other business areas. While increased foreign entry into the Peruvian insurance market may put additional pressure on premium rates, particularly for commercial coverages, PPS believes that in the longer term foreign competition will increase the quality and strength of the industry. PPS believes that its size and its extensive experience in the Peruvian insurance market provide it with a competitive advantage over foreign competitors.

However, competition in the Peruvian insurance industry has increased substantially since the industry was deregulated in 1991, with competition being particularly strong with respect to large commercial policies, for which rates and coverages typically are individually negotiated. The loss by PPS to competitors of even a small number of major customers or brokers could have a material impact on PPS's premium levels and market share.

9. Peruvian Government and Economy

While Credicorp is incorporated in Bermuda, substantially all of BCP's and PPS's operations and customers are located in Peru. In addition, although ASHC is based outside of Peru, a substantial number of its customers are located in Peru. Accordingly, the results of operations and financial condition of Credicorp could be affected by changes in economic or other policies of the Peruvian government (which has exercised and continues to exercise a substantial influence over many aspects of the private sector) or other political or economic developments in Peru, including a devaluation of the Peruvian Nuevo Sol relative to the U.S. Dollar or the imposition of exchange controls by the Peruvian government. See "Item 3. Key Information—(A) Selected Financial Data--Exchange Controls." In addition, Credicorp's results of operations and financial condition are dependent on the level of economic activity in Peru.

(i) Peruvian Government

During the past several decades, Peru has had a history of political instability that included military *coups d'état* and different governmental regimes with changing policies. Past governments have frequently played an interventionist role in the nation's economy and social structure. Among other things, past governments have imposed controls on prices, exchange rates, local and foreign investment, and international trade, have restricted the ability of companies to dismiss employees, and have expropriated private sector assets. In 1987, the administration of President Alan García attempted to nationalize the banking system. Facing an attempt by the state to control BCP, the majority shareholders of BCP at that time sold a controlling interest in BCP to its employees, which prevented the government from gaining control of BCP. See "—(C) Organizational Structure."

In the past, Peru experienced significant levels of terrorist activity, with *Sendero Luminoso* (the "Shining Path") and the *Movimiento Revolucionario Tupac Amaru* (the "MRTA") having escalated their acts of violence against the government and the private sector in the late 1980s and early 1990s. President Alberto Fujimori's government made substantial progress upon being elected to office in 1990 in suppressing Shining Path and MRTA terrorist activity, including the arrest of the leader and the principal second level of leadership in each terrorist group and approximately 2,000 others. In addition, approximately 3,000 additional persons surrendered to and aided the government under an amnesty law. Notwithstanding the success achieved, some isolated incidents of terrorist activity continue to occur, such as the seizure in December 1996 by the MRTA of the Japanese ambassador's residence in Lima.

From the time that President Fujimori took office in July 1990, his government implemented a broad-based reform of Peru's political system, economy and social conditions, aimed at stabilizing the economy, reducing bureaucracy, eradicating corruption and bribery in the judicial system, promoting private investment, developing and strengthening free markets, strengthening education, health, housing and infrastructure and suppressing terrorism. On April 9, 1995, President Fujimori was elected to a second five-year term, with approximately 64% of the vote, and continued to implement the political and economic policies discussed in this section. In 2000, President Fujimori won a third five-year term in a controversial two round election. In the April 2000 presidential election, Fujimori's 49.9% victory was short of gaining a first round majority vote, forcing a second round election in May which was boycotted by the opposition candidate. After taking office for his third term in July 2000, under severe social protests, in September Fujimori was forced to call for general elections due to the outbreak of corruption scandals, and later resigned in favor of a transitory government headed by the president of Congress, Valentín Paniagua.

Mr. Paniagua took office in November 2000 and in July 2001 transferred the presidency to Alejandro Toledo, the winner of the elections decided in the second round held on June 3, 2001, which ended two years of political turmoil. However, return of investor and consumer confidence was slow after the prolonged recession and lingering doubts about whether the government of President Alejandro Toledo would be able to achieve the consensus needed to govern and promote sustained growth. Slowness in delivering on electoral promises made by Toledo also fueled impatience, although the government launched programs to increase employment.

(ii) Peruvian Economy

Early in his presidency, President Fujimori liberalized price and wage controls in the private sector, eliminated all restrictions on capital flows, instituted emergency taxes to reduce the fiscal deficit, and liberalized interest rates. Furthermore, the government established an agenda to institute a wide-ranging privatization plan and re-establish relations with the international financial community. President Toledo has offered to continue these market oriented policies but faces opposition from a fragmented Congress and social pressures for more interventionist actions.

In the late 1980s and early 1990s the performance of the Peruvian economy was volatile, with the country's gross domestic product ("GDP") contracting by 11.7% in 1989, contracting by 5.2% in 1990, increasing by 2.2% in 1991 and contracting by –0.4% in 1992. In recent years, however, the results of President Fujimori's stabilization plan have resulted in GDP increasing 4.8% in 1993, 12.8% in 1994, 8.6% in 1995, 2.5% in 1996, 6.7% in 1997, -0.5 in 1998, 0.9% in 1999, 3.1% in 2000. In 2001 economic activity remained almost unchanged with GDP growing only 0.2%. It should be noted that GDP growth figures for these years were revised downwards by the national statistical institute, the INEI, in 2000, which recalculated Peru's economy in 1999 at around $52 billion using a 1994 base year, some 10% below the previous estimate based on 1979 figures.

Peru's economic performance across economic sectors was mixed in 2001. Primary sectors, especially mining, expanded while those linked to internal demand remained depressed. Construction output contracted 6.0%, hurt by cutbacks in public spending and stalled private investment. In the last quarter of the year, however, that sector showed a strong statistical rebound from a year earlier. Manufacturing output, which carries considerable weight in the GDP index, declined 1.1%.

Weak demand for consumer and capital goods led to a 2.0% fall in imports, reaching US$7.2 billion, while exports rose 1.0% to US$7.1 billion spurred by mining products and some non-traditional goods. Exports, however, were affected by low metals prices. The 2001 trade gap narrowed to a deficit of US$101 million from US$321 million a year earlier while the current account ended the year at 2.0% of GDP compared to 3.0% the previous year. Net foreign exchange reserves rose to US$8.6 billion from US$8.2 billion the previous year.

The central government generated an economic deficit of 2.5% of GDP in 2001, lower than the 3.2% of GDP in 2000. The decline was primarily due to a severe contraction in public expenditures, especially during the early months of the year. To help cover the fiscal gap, the government issued S/.700 million in domestic bonds. While the government's issuance of bonds contributed to the development of local capital markets, it also created a crowding-out effect by forcing the private sector to compete with more attractive interest rates that could be offered by the government.

The inflation rate in Peru, as measured by the Lima consumer price index, has fallen from 7,650.0% in 1990 to 139.2% in 1991, 56.7% in 1992, 39.5% in 1993, 15.4% in 1994, 10.2% in 1995, 11.8% in 1996, 6.5% in 1997, 6.0% in 1998, and 3.7% both in 1999 and 2000 and became a price level decrease of 0.1% in 2001.

Real interest rates have behaved erratically since 1995 but fell gradually over this period until September 1998, at which time the trend reversed due to the liquidity constraints brought by the international financial crisis. The nominal monthly interest rate on loans in Nuevos Soles declined from 72% in December 1993 to 30.4% in December 1997, but increased to 37.1% in December 1998, resuming in 1999 its declining trend by decreasing to 32.0% in December 1999, to 26.5% in December 2000, and further to 23.0% in December 2001, partly in response to the general interest rate decline in international markets.

Peru's trade balance increased from a deficit of US$1.7 billion in 1997, as a result of trade liberalization and a strong local currency which triggered imports, to US$2.5 billion in 1998 due to decreases in agricultural produce exports and fishmeal production induced by "El Niño", but decreased to a deficit of US$0.6 billion in 1999, US$0.3 billion in 2000, and further to US$0.1 billion in 2001 principally due to the help of lower imports following weak aggregate demand and continued exports growth. Peru's current account registered a deficit of US$3.6 billion in 1998 due to the trade deficit and expenditures in financial services, but decreased to US$1.8 billion in 1999, to US$1.6 billion in 2000, and further to US$1.1 billion in 2001. Peru's financial account, had a surplus of US$1.1 billion in 1999 and 2000, but slightly declined to US$1.0 billion in 2001 due to increased short-term capital outflow. The flow of direct foreign investment into Peru was US$670 million in 1999, US$1.0 billion in 2000, and US$0.7 billion in 2001.

There can be no assurance that economic growth will not be reduced or negative in the future or that inflation (whether as a result of an "overheating" of the Peruvian economy, whose foreign trade deficit continues to increase, or otherwise) in Peru will not increase, such events may have an adverse effect on the business, financial condition, results of operations and prospects of Credicorp and adversely affect the market price of the Common Shares. In addition, deposits in the Peruvian financial system are currently much higher than in the late 1980's when hyperinflation caused a lack of confidence in the financial system. A return to high levels of inflation could cause a lack of confidence in the financial system, resulting in withdrawal of deposits.

Although BCP and PPS both earn much of their revenue in U.S. Dollars, if the rate of inflation exceeds the rate of devaluation of the Nuevo Sol relative to the U.S. Dollar, profitability will be negatively impacted because revenues, expressed in Nuevos Soles, generally will not increase in line with Nuevo Sol-denominated expenses. The results of both BCP and PPS were negatively impacted by this effect in 1994 and 1995.

Peru's recent economic reforms have also caused a reduction of the fiscal deficit. Nevertheless, a deficit of 0.8% resulted in 1998, which increased to 3.1% in 1999 and 3.2% in 2000, but declined to 2.5% in 2001, principally due to lower public investment. In addition, efforts to increase tax revenues have been successful, with tax collections increasing from 6.7% of GDP in 1989 to 12.3% of GDP in 2001.

In October 1995, Peru reached a preliminary Brady agreement with the Bank Advisory Committee representing commercial creditors holding Peru's past due short-, medium- and long-term debt. On June 5, 1996, Peru published the Term Sheet for the 1996 Financing Plan pursuant to which creditors are offered various repayment options. The Peruvian government finalized the Brady agreement in March 7, 1997, achieving a reduction of Peru's external debt (approximately US$4.9 billion) and a restructuring of future maturities. Additionally, in July 1996 Peru reached an agreement with the Paris Club countries, resulting in the rescheduling of 1996-1998 maturities.

In 1999 Peru signed a three-year extended fund facility accord with the IMF, the third consecutive IMF program it has followed giving the country a stable framework for macroeconomic planning. However, the fall in tax revenue and increased spending in 1999 meant Peru failed to fulfill the fiscal goal agreed upon with the IMF of a primary fiscal surplus of 0.5%, which is the public sector's result before capital costs or gains, debt servicing and privatization income. In fact, Peru reported a primary sector deficit of 0.1% in 1999 and of 0.2% in 2000. Peru renegotiated economic targets of its three-year program of 2000, and the IMF approved a new one-year program in March 2001, and a second agreement in February 2002, which calls for a 1.9% fiscal deficit in this year.

10. The Peruvian Financial System

As Credicorp's activities is conducted primarily through banking and insurance subsidiaries operating in Peru, a summary of the Peruvian financial system is set forth below.

(i) General

At December 31, 2001, the Peruvian financial system consisted of the following principal participants: the Central Bank, the SBS, 15 banking institutions (not including Banco de la Nación), five finance companies, and seven leasing companies. In addition, Peru has various mutual mortgage associations, municipal and rural savings and credit associations, municipal public credit associations, and savings and credit cooperatives.

The present text of *Ley General del Sistema Financiero y del Sistema de Seguros y Orgánica de la Superintendencia de Banca y Seguros* (the General Law of the Financial System, the Insurance System and Organic Law of the Superintendency of Banking and Insurance, or "Law 26702") was passed in December 1996. In general, Law 26702 provides for tighter loan loss reserve standards, brings asset risk weighting in line with the Basel Accord guidelines, widens the supervision by the SBS to include holding companies, and includes specific treatment of a series of recently developed products in the capital markets and derivatives areas. The primary law governing the Peruvian financial system, prior to Law 26702 had been Legislative Decree 637, passed in 1991 as amended by Legislative Decree 770, which substantially reformed the Peruvian financial system, modifying regulations initially issued in 1930.

(ii) Central Bank

The Central Bank was created in 1931. Pursuant to the Peruvian Constitution, its primary role is to ensure the stability of the Peruvian monetary system. The Central Bank regulates Peru's money supply, administers international reserves, issues currency, determines Peru's balance of payments and other monetary accounts, and furnishes information regarding the country's financial situation. It also represents the government of Peru before the International Monetary Fund and the Latin American Reserve Fund.

The highest decision-making authority within the Central Bank is the seven member Board of Directors. Each Director serves a five-year term. Of the seven Directors, four are selected by the executive branch and three are selected by the Congress. The Chairman is one of the executive branch nominees, but must be approved by the Congress.

The Board of Directors develops and oversees monetary policy, establishes reserve requirements for entities within the financial system, and approves guidelines for the management of international reserves. All entities within the financial system are required to comply with the decisions of the Central Bank.

(iii) SBS

The SBS, whose authority and activities are discussed under "—11. Supervision and Regulation," is the regulatory authority charged with implementation and enforcement of the norms contained in Law 26702 and, more generally, with the supervision and regulation of all financial institutions in Peru.

(iv) Financial System Institutions

Under Peruvian law, financial system institutions are classified as banks, financing companies, other non-banking institutions, specialized companies, and investment banks. A banking institution is defined by law as an enterprise whose principal business consists of the receipt of monies from the public, whether in deposits or under any other contractual form, and the use of such monies (together with its own capital and funds obtained from other sources) to grant loans or discount documents, or in operations subject to market risks. BCP is classified as a bank.

Banks

Banks, as defined by Law 26702, are permitted to carry out various types of financial operations, including the following: (i) receiving demand deposits, time deposits, savings deposits and deposits in trust, (ii) granting direct loans, (iii) discounting or advancing funds against bills of exchange, promissory notes, and other credit instruments, (iv) granting mortgage loans and accepting bills of exchange in connection therewith, (v) granting conditional and unconditional guaranties, (vi) issuing, confirming, receiving and discounting letters of credit, (vii) acquiring and discounting certificates of deposit issued by banks and finance companies, warehouse receipts, bills of exchange and invoices of commercial transactions, (viii) performing credit operations with local and foreign banks, as well as making deposits in such institutions, (ix) issuing and placing local currency and foreign currency bonds, as well as promissory notes and negotiable certificates of deposits, (x) issuing certificates in foreign currency and entering foreign exchange transactions, (xi) purchasing banks and non-Peruvian institutions which conduct financial intermediation or securities exchange transactions, in order to maintain an international presence, (xii) purchasing, holding and selling gold and silver as well as stocks and bonds listed on one of the Peruvian stock exchanges and issued by companies incorporated in Peru, (xiii) acting as financial agent for investments in Peru for external parties, (xiv) purchasing, holding and selling instruments evidencing public debt, whether internal or external, as well as obligations of the Central Bank, (xv) making collections, payments and transfers of funds, (xvi) receiving securities and other assets in trust and leasing safety deposit boxes, (xvii) and issuing and administering credit cards and accepting and performing trust functions.

In addition, banks may carry out financial leasing operations by forming separate departments or subsidiaries, promote and direct operations in foreign commerce, underwrite initial public offerings, and provide financial advisory services apart from the administration of their clients' investment portfolios. By forming a separate department within the bank, universal banks may also act as trustees in trust agreements.

Law 26702 authorizes banks to operate, through their subsidiaries, warehouse companies, securities brokerage companies and leasing companies, and to establish and administer mutual funds.

Branches of foreign banks enjoy the same rights and are subject to the same obligations as branches of Peruvian banks. Multinational banks, with operations in various countries, may engage in the same activities as Peruvian banks, although their foreign activities are not subject to Peruvian regulations. To carry out banking operations in the local market, such banks must maintain a certain portion of their capital in Peru, in an amount not less than the minimum amount required of Peruvian banks.

Finance Companies

Under Law 26702, finance companies are authorized to carry out the same operations as banks, with the exception of (i) issuing loans as overdrafts in checking accounts, (ii) engaging in certain derivative operations, (iii) originating securitization operations, (iv) and establishing subsidiaries in certain specialized fields, such as bonded warehouses, currency transportation and custody, among others.

Other Financial Institutions

The Peruvian financial system has a number of less significant entities which may provide credit, accept deposits or otherwise act as financial intermediaries on a limited basis. Leasing companies are specialized in financial leasing operations by which goods are leased over the term of the contract with the option of purchasing such goods at a predetermined price. Savings and loans associations or cooperatives may accept certain types of savings deposits and provide other similar financial services.

Peru also has numerous mutual housing associations, municipal savings and credit associations, savings and credit cooperatives and municipal credit bureaus. The impact of these institutions on the financial system in Peru has not been significant.

Insurance Companies

Since the deregulation of the Peruvian insurance industry in 1991, insurance companies are authorized to conduct all types of operations and to enter into all forms of agreements necessary to offer risk coverage to customers. Insurance companies may also invest assets, subject to the regulations on investment limits and reserves established in Law 26702 and the regulations issued by the SBS.

Law 26702 is the principal law governing insurance companies in Peru. The SBS is charged with the supervision and regulation of all insurance companies, and the formation of a corporation as an insurance company requires prior authorization of the SBS.

Prior to 1991, all reinsurance activities were conducted through Reaseguradora Peruana S.A., an entity controlled by the Peruvian government. Today, Peruvian insurance companies are permitted to seek reinsurance from other sources.

The insurance industry has experienced consolidation in recent years with the number of companies decreasing from 19 in 1991 to 12 in 1996, but increasing to 16 as of December 31, 2001, as new insurance companies specializing in life insurance are created.

11. Supervision and Regulation

(i) Credicorp

There are no applicable regulatory controls under the laws of Bermuda that would be likely to have a material impact upon Credicorp's future operations. Under Bermuda law, there is no regulation applicable to Credicorp, as a holding company, that would require Credicorp to separate the operations of its subsidiaries incorporated and existing outside Bermuda. Since Credicorp's activities will be conducted primarily through subsidiaries in Peru, the Cayman Islands, Colombia and El Salvador, a summary of Peruvian banking and insurance regulations and Cayman Islands banking regulations is set forth below.

Certain requirements set forth in Law 26702, which regulates the Peruvian financial and insurance companies, through its provisions for the consolidated supervision of financial institutions which are regulated by SBS Resolution No.446-2000, dated June 2000, are applicable to Credicorp. Accordingly, various reporting and risk control guidelines, limitations, ratios, and capital requirements are applicable to both BCP and Credicorp.

Since Credicorp's Common Shares are listed on the Lima Stock Exchange, in addition to the New York Stock Exchange, Credicorp is subject to certain reporting requirements of the *Comision Nacional de Seguros y Valores* ("CONASEV") and the Lima Stock Exchange. See "Item 9. The Offer and Listings—(c)Markets—The Lima Stock Exchange—(ii) Market Regulation."

(ii) BCP

Overview

The operations of BCP are regulated by Peruvian law. The regulatory framework for the operations of the Peruvian financial sector is set forth in Law 26702. Implementation and enforcement of the general norms contained in Law 26702 are carried out by various means pursuant to periodic resolutions issued by the SBS. See "—10. The Peruvian Financial System." The SBS, under the direction of the Superintendent of Banks and Insurance Companies, supervises and regulates those entities that Law 26702 classifies as financial institutions, including commercial banks, finance companies, small business finance companies, savings and loan corporations, financial services companies such as trust companies and investment banks, and insurance companies. Financial institutions must seek the authorization of the SBS before initiating new operations.

BCP's operations are supervised and regulated by the SBS and the Central Bank. Violators of specified provisions of Law 26702 and its underlying regulations are subject to administrative sanctions and criminal penalties. Additionally, the SBS and the Central Bank have the authority to fine financial institutions and their directors and officers if they violate Peruvian laws or regulations or such financial institutions' bye-laws.

CONASEV is the Peruvian government institution charged with promoting the securities markets, supervising the proper management of businesses that trade in the markets, and regulating their activities and accounting practices. One of CONASEV's main functions is to ensure fair competition in the Peruvian securities market. BCP must inform CONASEV of significant events affecting its business and is required to provide financial statements to the Lima Stock Exchange on a quarterly basis. BCP is regulated by CONASEV through Credibolsa, BCP's wholly owned brokerage house, and Credifondo, BCP's wholly owned mutual fund administration company. CONASEV examines Credibolsa and Credifondo on a regular basis.

Under Peruvian law, banks are permitted to conduct brokerage operations and administer mutual funds, but must conduct such operations through subsidiaries. Bank employees, however, may market the financial products of the bank's brokerage and mutual fund subsidiaries. Banks are prohibited from issuing insurance policies, but are not prohibited from distributing insurance policies issued by insurance companies.

Authority of the SBS

Peru's Constitution and Law 26702 (which contains the statutory charter of the SBS) grant the SBS the authority to oversee and control banks and financial institutions (with the exception of brokerage firms), insurance and reinsurance companies, companies that receive deposits from the general public, and other similar entities as defined in the law. In addition, the SBS supervises the Central Bank to ensure that it abides by its statutory charter and bye-laws.

The SBS is granted administrative, financial and operating autonomy. Its goals are to protect the interest of the general public, solidify the financial stability of the institutions under its control, and ensure that regulations are observed and that violators are punished. Its responsibilities include: (i) reviewing and approving, with the assistance of the Central Bank, the establishment and organization of its subsidiaries by regulated institutions, (ii) overseeing the merger, dissolution, and reorganization of banks, financial institutions, and insurance companies, (iii) supervision of companies in the financial and insurance system and of related companies, through ownership or management control as stated in the law, including banking and nonbank holding companies, for which information on an individual and consolidated basis is required, (iv) reviewing the bye-laws and amendments thereto of these companies, (v) setting forth the criteria for valuing assets, liabilities, and minimum capital requirements authorizing the transfer of bank shares when the law allows for such a transfer, (vi) and controlling the *Central de Riesgos* (Bank Risk Assessment Center) to which all banks are legally required to provide information on all businesses or individuals without regard to the amount of the credit risk. The information compiled by this center is available to all banks to allow them to monitor individual borrowers' overall exposure to Peruvian banks.

Capital Adequacy Requirements

Since the approval of Legislative Decree 637 in 1991, the SBS issued new capitalization requirements for credit institutions, adopting a framework structurally similar to that proposed by the Basel Committee on Banking Regulations and Supervisory Practices of International Settlements (the "Basel Accord"). Weights assigned to various classes of assets, and the contents of the classifications, initially were more stringent under Decrees 637 and 770 than under the Basel Accord. Law 26702 has adopted criteria similar to the Basel Accord and provides for five categories of assets, with different risk weights assigned to each category. The categories range from Risk-free Assets, to which a weighting of 0% is assigned, to Assets, which require a weighing of 100%. Banks are required to prepare and submit to the SBS, within the first 15 days of each month, a report analyzing the bank's assets and portfolio for the previous month and totaling the bank's regulatory capital. Foreign currency denominated assets are valued in Nuevos Soles at the SBS average exchange rate in effect as of the date of each such report.

Regulations for the supervision of market risks, enacted in May 1998, require banks to establish internal policies and procedures to monitor these risks, as well as market risk exposure limits. Regulations define market risks as the probable loss derived from exposure to various classes of commodities, securities, foreign exchange, derivative operations or commercial assets that banks may hold, that could be registered or not in their balance sheets.

According to Article 184 of Law 26702, regulatory capital consists of the sum of (i) paid-in-capital, legal reserves, discretionary reserves (if any), generic reserves for losses in the loan portfolio or other indirect credit exposure (up to 1% of the total value of both) and a percentage of certain subordinated bonds issued by the bank, less (ii) equity investments in all subsidiaries consolidated into the financial statements. The resulting amount is adjusted to reflect profits or losses from previous years and from the current year, as well as to reflect adjustments for exposure to inflation and for the deficit in the reserves, less the balance, if any of the reserve for asset revaluation. According to Article 184, regulatory capital can be segmented and applied to cover credit risks and market risks. Beginning in March 1999, the SBS issued regulations requiring the segregation of regulatory capital to cover foreign exchange risk exposure, and, starting in June 30, 2000, to cover risk related to investments in equity shares.

Law 26702 requires that the total amount of risk-weighted assets not exceed 11 times the regulatory capital of the bank, meaning that BCP must maintain regulatory capital at a level of at least 9.09% of its total risk-weighted assets. The limit of 11 times risk-weighted assets to regulatory capital was phased in becoming effective in December 1999. Any bank that is not in compliance with the capital adequacy requirements of Law 26702 is required to post a special deposit with the Central Bank, which is frozen until such bank is within the capital adequacy requirements. Regulatory capital in excess of credit risk requirements may be applied to cover market risks. In general, foreign exchange risk positions require a coverage of 9.09% of regulatory capital. As of December 31, 2001, BCP's unconsolidated amount of risk-weighted assets was 9.4 times regulatory capital, or regulatory capital was 10.7% of risk-weighted assets which included US$272.1 million of market risk assets.

Legal Reserve Requirements

Pursuant to Article 67 of Law 26702, all banks must create a legal reserve. Each year a bank must allocate 10% of its net income to its legal reserve until its legal reserve is equal to 35% of its paid-in capital stock. Any subsequent increases in paid-in capital will imply a corresponding increase in the required level of the legal reserves to be funded as described above. As of December 31, 2001, BCP's unconsolidated legal reserve was S/502.2 million (US$145.8 million), equivalent to 50.0% of BCP's paid-in capital as of such date.

Provisions for Loan Losses

Guidelines for the establishment of provisions for loan losses by Peruvian credit institutions, including commercial banks, are set by the SBS. Law 26702 grants authority to the SBS to establish generic loan reserves of up to 1% on loans classified in the Normal (A) risk category. Additionally, Law 26702 does not allow for the consideration of collateral in determining the net amount of outstanding credit risk subject to provision.

See "Item 5. Operating and Financial Review and Prospects—(A) Operating Results—Results of Operations for the Three Years Ended December 31, 2001—Provision for Loan Losses."

Provisions for Country Risk

SBS Resolution No. 505, enacted in June 2002, requires the establishment of provisions for exposure to country risk, which is defined as including sovereign risk, transfer risk and expropriation or nationalization risk, that may affect operations with companies or individuals in foreign countries. Additionally, the SBS established guidelines of the procedures and responsibilities for the management of country risk, which should be applied not later than October 31, 2002. Operations subject to country risk should have required provisions registered by January 31, 2003. Procedures already followed by Credicorp for the control of its exposure in different countries are similar to the guidelines of this Resolution, except for the required provisions. Nevertheless, Credicorp does not expect that these provisions will be of a significant amount.

Central Bank Reserve Requirements

Under Law 26702, banks and finance companies are required to maintain an *encaje* (legal reserve) for certain obligations. The Central Bank may approve additional and marginal reserves. The exact level and method of calculation of the reserve requirement is set by the Central Bank. For purposes of calculating the required legal reserve, the following, pursuant to regulations issued by the SBS, are obligations: demand and time deposits, savings accounts, securities, certain bonds and funds administered by the bank.

Since August 2000 the rate of the legal reserve has been 6% (formerly 7%), which is calculated upon all obligations subject to the legal reserve. The reserve may be kept in cash by the corresponding bank or finance company, with a minimum of 1% held in deposits in current accounts in the Central Bank. As of December 31, 2000, additional reserves for obligations in foreign currency are determined in two steps. First, foreign currency obligations exceeding the base amount, set as the average daily balance during July 2000, are subject to a 20% reserve requirement (which was 45% during 1997). In the second step, the obligations equal to or less than the base amount average balance are subject to a reserve requirement "average rate" of approximately 36% since August 2000. This average rate was approximately 43% during 1997, decreasing 4.5 percentage points in the last months of 1998, and again by 3 percentage points in August 2000. The legal reserve (6%) and the additional reserve must be calculated in Nuevos Soles for obligations in local currency and in U.S. Dollars for obligations in foreign currency. The Central Bank also establishes the interest rate payable from time to time on the reserves that exceed the legal 6% requirement. The Central Bank oversees compliance with the reserve requirements.

In the past few years, the Central Bank has on numerous occasions changed the deposit reserve requirements applicable to Peruvian commercial banks and both the rate of interest paid on deposit reserves and the amount of deposit reserves on which no interest is payable by the Central Bank. Changes in the supervision and regulation of BCP, such as changes in deposit reserve requirements or in the amount of interest payable on deposit reserve requirements, may adversely affect the business, financial condition and results of operations of Credicorp.

Lending Activities

The Banking Law sets maximum amounts of credit that each financial institution may extend to a single borrower. For purposes of the Banking Law, a single borrower includes an individual or an economic group. An economic group constituting a single or common risk, according to Law 26702, includes a person, such person's close relatives and companies in which such person or close relatives have significant share ownership or decision-making capability. According to current regulations, shareholders who own or control directly or indirectly at least one-tenth of a company's shares are considered the significant shareholders. Significant decision-making capability is present when, among other factors, a person or group may exercise material and continuous influence in the decisions of others or when a person or company holds board members or principal officers in another, or when it can be assumed that one company or person is the beneficial recipient of credit facilities granted to another company.

The limits for credits to one borrower vary according to the type of borrower and the collateral taken. The limitation applicable to credits to any Peruvian borrower is 10% of the bank's regulatory capital, applied to both unconsolidated and consolidated records, which may be increased to up to 30% if the loan is collateralized in a manner acceptable under Law 26702. As of December 31, 2001, the 10.0% credit limit per borrower of BCP, unconsolidated, was S/138.1 million (US$40.1 million) for unsecured loans, and the 30.0% limit amounted to S/414.2 million (US$120.3 million) for secured loans. If a financial institution exceeds these limits, the SBS may impose a fine on the institution.

In certain very specific circumstances and in order to regulate the market, the Central Bank has the authority to establish maximum limits on the interest rates that commercial banks and other financial institutions may charge on loans pursuant to Article 52 of the organic law of the Central Bank. No such limits are currently in place. There can be no assurance that in the future the Central Bank will not establish maximum limits on the interest rates that commercial banks or other financial institutions may charge.

Related Party Transactions

Law 26702 regulates and limits transactions with related parties and affiliates. In 1997, the SBS and CONASEV enacted regulations with precise definitions of indirect ownership, related parties and economic groups, which serve as the basis for determining transaction limits and for the subsequent development of specific standards for the consolidated supervision of financial and mixed conglomerates formed by financial companies.

The total amount of loans to directors, employees or close relatives of any such person may not exceed 7% of a bank's paid-in capital in the aggregate. All loans made to any single related party borrower may not exceed 0.35% of paid-in capital (*i.e.*, 5% of the overall 7% limit).

In addition, under Law 26702 as amended by Law 27102, the aggregate amount of loans to related party borrowers, considered as an economic group, may not exceed 30% (previously 75%) of a bank's regulatory capital. For purposes of this test, related party borrowers include any corporation holding, directly or indirectly, 4% or more of a bank's shares, directors, certain of a bank's principal executive officers or persons affiliated with the administrators of the bank. See "—Lending Activities" above for the meaning of "economic group" under Law 26702. Loans to individual related party borrowers are also subject to the limits on lending to a single borrower described under "—Lending Activities" above. All loans to related parties must be made on terms no more favorable than the best terms that the bank offers to the public.

Ownership Restrictions

Banks must have at least two unrelated shareholders at all times. Law 26702 establishes certain restrictions on the ownership of a bank's shares. Restrictions are placed on the ownership of shares of any bank by persons that have committed certain crimes, as well as by public officials that have supervisory powers over banks or which are majority shareholders of an enterprise of a similar nature. All transfers of shares in a bank must be reported after the fact to the SBS by the bank. Transfers involving the acquisition by any individual or corporation, whether directly or indirectly, of more than 10% of a bank's capital stock must receive prior authorization from the SBS. The SBS may deny authorization to such transfer of shares if the purchasers (or their shareholders in the case of juridical persons) are legally disabled, have engaged in illegal activity in the areas of banking, finance, insurance or reinsurance, or if objections are raised on the basis of the purchaser's moral fitness or economic solvency. The decision of the SBS on this matter is final, and cannot be overturned in the courts. If a transfer is effected without obtaining the prior approval of the SBS, the purchaser may be fined an amount equivalent to the value of the securities transferred. In addition, the purchaser will be required to sell the securities within thirty days, or the fine will double, and the purchaser is disqualified from exercising its voting rights at shareholders' meetings. Foreign investors receive the same treatment as Peruvian nationals and are subject to the limitations described above.

Risk Rating

Law 26702 and SBS Resolution No. 672, enacted in October 1997, require that all financial companies be rated by at least two risk rating companies on a semi-annual basis (updated in March and September), in addition to the SBS's own assessment. Criteria to be considered in the rating include risk management and control procedures, loan quality, financial strength, profitability, liquidity and financial efficiency. Five risk categories are assigned, from "A", lowest risk, to "E", highest risk, allowing for sub-categories within each letter. As of March 2002, BCP was assigned the "A" risk category by its two rating agencies.

Deposit Fund

Law 26702 provides for mandatory deposit insurance to protect all types of deposits of financial institutions by establishing the *Fondo de Seguro de Depósitos* (Deposit Insurance Fund, or the "Fund") for individuals, associations, not-for-profit companies, and demand deposits of non-financial companies. Financial institutions must pay an annual premium calculated on the basis of the type of deposits accepted by the entity and the risk classification of such entity, made by the SBS and at least two independent risk-rating agencies. The annual premiums begin at 0.45% of total funds on deposit under the coverage of the Fund, if the bank is classified in the lowest risk category, and increase to 1.45% applicable to banks in the highest risk category. The maximum amount that a customer is entitled to recover from the Fund is S/66,572.00 from June through August, 2002.

Intervention by the SBS

The SBS has the power to seize the operations and assets of a bank, with Law 26702, as amended by Law 27102, allowing for three levels: a supervisory regime, an intervention regime and the liquidation of the bank. Any of these actions maybe taken upon the occurrence of certain events, including if such bank: (i) interrupts payments on its liabilities, (ii) repeatedly fails to comply with the instructions of the SBS or the Central Bank, (iii) repeatedly violates the law or the provisions of the bank's bye-laws, (iv) repeatedly manages its operations in an unauthorized or unsound manner; or (v) its regulatory capital falls or is reduced by more than 50%. Rather than seizing the operations and assets of a bank, the SBS may adopt other measures, including (i) placing additional requirements on a commercial bank, (ii) ordering it to increase its capital stock or divest certain or all of its assets, or (iii) imposing a special supervision regime during which the bank must adhere to a financial restructuring plan.

The SBS intervention regime, given the occurrence of stated events, halts a bank's operations and may last for a maximum of 45 days, which may be extended for a second period of up to 45 additional days, during which time the SBS may institute measures such as: (i) canceling losses by reducing reserves, capital and subordinated debt, (ii) segregating certain assets and liabilities for transfer to another financial institution, and (iii) merging the intervened bank with another acquiring institution according to the program established by Urgent Decree No. 108-2000, of November 2000. After the intervention, the SBS will proceed to liquidate the bank except if the preceding option (iii) was applied.

(iii) ASHC

General

Atlantic Security Bank ("ASB"), a subsidiary of ASHC, is a Cayman Islands bank with a branch in Panama and an agency in Miami. ASB is regulated by the banking authorities of the Cayman Islands and the Panama branch is regulated by the banking authorities of Panama. The Miami agency is regulated by the U.S. Federal Reserve Bank in Atlanta and by the state banking authorities of Florida. The supervision of ASB by Cayman Islands and Panamanian banking authorities is less extensive than the supervision and regulation of U.S. banks by U.S. banking authorities. In particular, ASB does not have a lender of last resort and its deposits are not guaranteed by any government agency.

ASB is licensed in the Cayman Islands pursuant to the Banks and Trust Companies Law (2000 Revision) (the "Cayman Banking Law"). ASB holds an unrestricted Category B Banking License and a Trust License. As a holder of a Category B License, ASB may not take deposits from any person resident in the Cayman Islands other than another licensee or an exempted or an ordinary non-resident company which is not carrying on business in the Cayman Islands.

ASB also may not invest in any asset which represents a claim on any person resident in the Cayman Islands except a claim resulting from: (i) a loan to an exempted or an ordinary non-resident company not carrying on business in the Cayman Islands; (ii) a loan by way of mortgage to a member of its staff or to a person possessing or being deemed to possess Caymanian status under the Immigration Law, for the purchase or construction of a residence in the Cayman Islands to be owner-occupied; (iii) a transaction with another licensee; or (iv) the purchase of bonds or other securities issued by the government of the Cayman Islands, a body incorporated by statute, or a company in which the government is the sole or majority beneficial owner. In addition, ASB may not, without the written approval of the Governor, carry on any business in the Cayman Islands other than for which the "B" license has been obtained.

There are no specified ratio or liquidity requirements under the Cayman Banking Law but the Cayman Islands Monetary Authority (the "Authority") will expect observance of prudent banking practices. As a matter of general practice, the ratio of liabilities to capital and surplus should not exceed 40-to-1 and the ratio of risk-weighted assets to capital and surplus should not exceed 8.33-to-1 (12%). There is a statutory minimum net worth requirement of US$480,000 but, in the normal course of events, the Authority will require a bank or trust company to maintain a higher paid-up capital appropriate to its business. It is the practice of the Authority to require compliance with the guidelines promulgated by the Basle Accord on Banking Regulations and Supervisory Practices although, in special circumstances, different gearing and/or capital risk asset ratios may be negotiated. Monitoring of compliance with the Cayman Banking Law is the responsibility of the Authority.

Continuing Requirements

Under the law of the Cayman Islands, ASB is under the following continuing requirements: (i) to ensure good standing under the Cayman Islands Companies Law, including the filing of annual and other returns and the payment of annual fees, (ii) to file with the Registrar of Companies particulars of any change in the information or documents required to be supplied to him and to pay the annual fees, (iii) to file quarterly with the Authority forms MA and BS, (iv) to file with the Authority audited accounts within three months of each financial year; in the case of a locally incorporated bank which is not part of a substantial international banking group, current practice is also to request a senior officer or board member to discuss these accounts each year personally at a meeting with the Authority, and (v) to file an annual questionnaire.

ASB is required by the Cayman Banking Law to have at least two directors. Additionally, ASB must receive prior approval from the Authority (i) for any proposed change in the directors or senior officers, though in exceptional cases a waiver can be obtained enabling changes to be reported after the event or even annually in the case of a branch of a substantial international bank, (ii) for the issue, transfer or other disposal of shares (it is rare for a waiver to be granted in respect of shares except in the case of a branch of a substantial international bank and where the shares are widely held and publicly traded), (iii) for any significant change in the "business plan" filed on the filing of the original License application, or (iv) to open a subsidiary, branch, agency or representative office outside the Cayman Islands. Finally, ASB must obtain the prior approval of the Authority to change its name and must also notify the Authority of any change in the principal office and authorized agents in the Cayman Islands.

(iv) Banco Tequendama

The Colombian financial system operates within the framework of Law 45, which has been modified repeatedly since 1990 in order to make it more competitive and to follow the Basle Accord guidelines, including the requirement to report consolidated financial statements. Banking regulations are applied by *Banco de la República* (the "Colombian Central Bank") and by the *Superintendencia Bancaria* (the Banking Superintendency). The Colombian Central Bank is in charge of monetary and exchange rate policies, setting legal reserves and possible interest rate controls. It acts as banker to Colombia's financial institution and acts as the lender of last resort. The Banking Superintendency supervises financial activities to ensure compliance with Colombia's law of financial institutions, with the exception of brokerage houses that fall under the jurisdiction of the *Superintendencia de Valores* (the Securities Superintendency).

(v) Banco de Credito de Bolivia

The Bolivian banking system operates under the *Ley de Bancos y Entidades Financieras* (the Law of Banks and Financial Entities) No. 1488, enacted on April 14, 1993, which gives supervisory powers to the Superintendency of Banks and Financial Entities. Additionally, the Central Bank of Bolivia regulates financial intermediation and deposit gathering activities, determines monetary and foreign exchange policies, establishes reserve requirements on deposits and capital adequacy guidelines that banks and financial companies must follow. The *Superintendencia de Valores* (the Securities Superintendency) supervises brokerage activities, as conducted through Credibolsa S.A., Banco de Credito de Bolivia's subsidiary, which operates under the *Ley del Mercado de Valores* (the Securities Markets Law) No. 1834, enacted on March 31, 1998.

(vi) PPS

Overview

The operations of PPS are regulated by Peruvian Law 26702. The SBS is responsible for the supervision and regulation of Peruvian financial institutions, including insurance companies. Peruvian insurance companies must submit reports to the SBS regarding their operations. In addition, the SBS conducts on-sight examinations of insurance companies at least on an annual basis, primarily to review compliance with the solvency margin and reserve requirements, investment requirements and the rules governing the recognition of premium income. If the SBS determines that a company is unable to meet solvency margin or technical reserve requirements, or is unable to pay claims as they come due, it may either liquidate the company or permit it to merge with another insurance company.

Under Peruvian law, insurance companies may engage in certain credit risk operations, such as guarantees, bonds and trusteeships, but are prohibited from offering other banking services, operating mutual funds or offering portfolio management services. In addition, insurance companies may not conduct brokerage operations for third parties.

Establishment of an Insurance Company

Insurance companies must seek the authorization of the SBS before commencing operations. Peruvian law establishes certain minimum capital requirements for insurance and reinsurance companies. These requirements must be met through cash investments in the company. The statutory amounts are expressed in constant value and are adjusted quarterly based on the *Indice de Precios al Por Mayor* (the Wholesale Price Index).

Peruvian insurance companies are prohibited from having an ownership interest in other insurance or reinsurance companies or in private pension funds.

Solvency Requirements

Pursuant to Law 26702, the SBS regulates the solvency margin of Peruvian insurance companies, based upon calculations that take into account the amount of premiums written and losses incurred during a specified period prior to date on which the calculation is made.

Insurance companies must also maintain "solvency equity," which must at least be equal to the highest of (a) the solvency margin, or (b) the minimum capital requirement, as established by law, or (c) the company's overall indebtedness, calculated in accordance with the provisions of Law 26702. The required amount of solvency equity is recalculated at least quarterly and is adjusted for inflation. If the insurance company has outstanding credit risk operations, part of the solvency equity should be segregated for their coverage.

Legal Reserve Requirements

Peruvian law also requires that all insurance companies establish a legal guarantee reserve for policyholders, by setting aside 10% of adjusted income before taxes, until the reserve reaches at least 35% of paid-in capital. For PPS, the minimum capital required as of June 30, 2002 is S/11.5 million (US$3.3 million).

Reserve Requirements

Pursuant to Law 26702 and regulations issued by the SBS, Peruvian insurance companies must establish Technical Reserves. See "—4. Insurance—(ii) Claims and Reserves." In addition, although Law 26702 requires insurance companies to create a reserve for IBNR claims, SBS regulations implementing such law consider gradual additional reserves through December 31, 2002. However, estimated IBNR claims are reflected as a liability, net of recoveries and reinsurance, in the Credicorp Consolidated Financial Statements, and estimated by taking into consideration the arithmetic progression of the percentages computed over the actual figures for the years 1994 through 1999, inclusive. See Note 2(e) to the Credicorp Consolidated Financial Statements.

Investment Requirements

Pursuant to Law 26702, the total amount of an insurance company's "solvency equity" and Technical Reserves must be permanently supported by diversified assets, which assets may not be pledged or otherwise encumbered. The investment regulations further specify that deposits in and bonds of one financial institution together cannot exceed 10% of the total of an insurer's "solvency equity" and Technical Reserves. In general, no more than 20% of an insurance company's "solvency equity" and Technical Reserves may be invested in instruments (including stocks and bonds) issued by a company or group of companies. In addition, in order for an insurance company to invest in non-Peruvian securities, such securities should be rated by an internationally recognized credit rating company. Securities owned by insurance companies must be registered in the Public Registry of Securities of Peru or the analogous registry of their respective country.

Related Party Transactions

Law 26702 generally provides that insurance companies may not extend credit to or guarantee the obligations of employees or members of the Board of Directors, except for home mortgage loans to employees.

Ownership Restrictions

Law 26702 establishes the same types of restrictions with respect to the ownership and transfer of insurance company shares as it does with respect to the ownership and transfer of shares in banks. See "—11. Supervision and Regulation—(ii) BCP—Overview."

13. Selected Statistical Information

The following tables present certain selected statistical information and ratios for Credicorp for the periods indicated. The selected statistical information should be read in conjunction with the information included under "Item 5. Operating and Financial Review and Prospects—(A) Operating Results" and the Credicorp Consolidated Financial Statements and the notes thereto included elsewhere herein. *The statistical information and discussion and analysis presented below for 2001, 2000 and 1999 reflect the consolidated financial position of Credicorp and subsidiaries, including BCP, ASHC, PPS, Banco Tequendama and Banco Capital, as of December 31, 2001, 2000 and 1999 and the results of operations for 2001, 2000 and 1999.*

(i) Average Balance Sheets and Income from Interest-Earning Assets

The tables below set forth selected statistical information based on Credicorp's average balance sheets prepared on a consolidated basis. Except as otherwise indicated, average balances, when used, have been classified by currency (Nuevos Soles or foreign currency (primarily U.S. Dollars)), rather than by the domestic or international nature of the balance, because a substantial amount of the relevant transactions of Credicorp were effected in Peru or on behalf of Peruvian residents and in Nuevos Soles or U.S. Dollars. In addition, except as noted, such average balances are based on the quarterly ending balances in each year, with any such quarter-end balance denominated in Nuevos Soles having been translated into U.S. Dollars based on the applicable SBS Exchange Rate as of the date of such balance. Nominal average interest rates have, in certain cases, been restated as real average interest rates using the formula described below. Management believes that adjusting average balances and average interest rates for inflation in this manner provides more meaningful information for investors than unadjusted average balances and rates and does not believe that the quarterly averages present trends materially different from those that would be presented by daily averages.

Real Average Interest Rates

The real average interest rates set forth in the tables below have been calculated by adjusting the nominal average interest rates on Nuevo Sol-denominated and foreign currency-denominated assets and liabilities using the following respective formulas:

$$R(s) = \frac{[1+N(s)]}{[1+I]} - 1 \qquad\qquad R(d) = \frac{[(1+N(d)(1+D)]}{[1+I]} - 1$$

Where:

R(s) = real average interest rate on Nuevo Sol-denominated assets and liabilities for the period.
R(d) = real average interest rate on foreign currency-denominated assets and liabilities for the period.
N(s) = nominal average interest rate on Nuevo Sol-denominated assets and liabilities for the period.
N(d)= nominal average interest rate on foreign currency-denominated assets and liabilities for the period.
D = devaluation rate of the Nuevo Sol relative to the U.S. Dollar for the period.

I = inflation rate in Peru for the period (based on the Peruvian wholesale inflation rate).

Under these adjustment formulas, assuming positive nominal average interest rates, the real average interest rate on a portfolio of Nuevo Sol-denominated assets or liabilities would be equal to the nominal average interest rate on that portfolio if the inflation rate were zero. The real average interest rate would be less than the nominal average interest rate if the inflation rate were positive, and the real average interest rate would be greater than the nominal average interest rate if the inflation rate were negative (*i.e.*, becomes a deflation rate). In addition, the real average interest rate would be negative if the inflation rate were greater than the average nominal interest rate.

Similarly, assuming positive nominal average interest rates, the real average interest rate on a portfolio of foreign currency-denominated assets or liabilities would be equal to the nominal average interest rate on that portfolio if the difference between the inflation rate and the devaluation rate were zero. The real average interest rate would be less than the nominal average interest rate if the inflation rate were greater than the devaluation rate, and the real average interest rate would be greater than the nominal average interest rate if the inflation rate were less than the devaluation rate. In addition, the real average interest rate would be negative if the inflation rate were greater than the sum of (i) the average nominal interest rate, (ii) the devaluation rate, and (iii) the product of (A) the average nominal interest rate and (B) the devaluation rate.

The formula for the real average rate for foreign currency-denominated assets and liabilities (*R(d)*) reflects a gain or loss in purchasing power caused by the difference between the devaluation rate of the Nuevo Sol and the inflation rate in Peru during the relevant period.

The following example illustrates the calculation of the real average interest rate for a foreign currency-denominated asset during a particular period bearing a nominal average interest rate of 20% per year (*N(d)* = 0.20) during the period, assuming a 15% annual devaluation rate (*D* = 0.15) and a 25% annual inflation rate (*I* = 0.25) during the period:

$$R(d) = \frac{[(1+0.20)(1+0.15)]}{[1+0.25]} - 1 = 10.4\% \text{ per year}$$

The real average interest rate is less than the nominal average interest rate in this example because the inflation rate is greater than the devaluation rate. If the inflation rate had been less than the devaluation rate (e.g., 25% and 40%, respectively), the real average interest rate would have been greater than the nominal average interest rate. If the inflation rate had been equal to the devaluation rate (e.g., 25% and 25%, respectively), the real average interest rate would have been equal to the nominal average interest rate. At any annual inflation rate above 38% in the original example (which is equal to the sum of *N(d)*, *D*, and the product of *N(d)* and *D* in that example), the real average interest rate would be negative.

The following tables show quarterly average balances for all of Credicorp's assets and liabilities, interest earned and paid amounts, and nominal rates and real rates for Credicorp's interest-earning assets and interest-bearing liabilities, all for the years ended December 31, 1999, 2000 and 2001. Loan fees, which are not material, are included in the tables as interest earned.

Average Balance Sheets
Assets, Interest, and Average Interest Rates

Year ended December 31,

(U.S. Dollars in thousands, except percentages)

ASSETS: (1)	1999				2000				2001			
	Average Balance	Interest Earned	Real Avg. Rate	Nominal Avg. Rate	Average Balance	Interest Earned	Real Avg. Rate	Nominal Avg. Rate	Average Balance	Interest Earned	Real Avg. Rate	Nominal Avg. Rate
Interest-earning assets:												
Deposits in Central Bank												
Nuevos Soles	US$ ----	US$ ----	-3.59%	0.00%	US$ ----	US$ -----	-3.57%	0.00%	US$ ----	US$ -----	-3.57%	0.00%
Foreign Currency	908,168	50,409	10.70	5.55	1,031,965	63,839	3.57	6.19	1,033,486	39,472	-2.05	3.82
Total	908,168	50,409	10.70	5.55	1,031,965	63,839	3.57	6.19	1,033,486	39,472	-2.05	3.82
Deposits in other banks												
Nuevos Soles	16,242	8,085	41.29	49.78	31,625	7,033	17.88	22.24	14,775	2,465	12.52	16.68
Foreign Currency	451,565	11,348	7.51	2.51	327,303	13,453	1.55	4.11	605,492	23,586	-1.97	3.90
Total	467,807	19,433	8.69	4.15	358,928	20,486	2.99	5.71	620,267	26,051	-1.63	4.20
Investment securities												
Nuevos Soles	81,311	10,309	6.29	12.68	105,387	16,382	11.42	15.54	131,386	15,725	7.97	11.97
Foreign Currency	280,540	53,664	24.94	19.13	473,898	57,262	9.33	12.08	734,502	66,882	2.94	9.11
Total	361,851	63,973	20.75	17.68	579,285	73,644	9.71	12.71	865,888	82,607	3.70	9.54
Total loans (2)												
Nuevos Soles	542,369	121,688	15.50	22.44	522,016	138,498	22.02	26.53	559,968	137,438	20.10	24.54
Foreign Currency	4,326,703	566,064	18.60	13.08	4,019,793	460,344	8.71	11.45	3,819,865	406,817	4.40	10.65
Total	4,869,072	687,752	18.25	14.12	4,541,808	598,842	10.24	13.19	4,379,833	544,255	6.41	12.43
Total dividend-earning assets (3)												
Nuevos Soles	177,854	5,503	-2.75	3.09	176,305	4,880	-0.90	2.77	124,130	1,106	-2.71	0.89
Foreign Currency	194,770	1,441	5.65	0.74	168,075	1,844	-1.39	1.10	108,545	1,281	-4.54	1.18
Total	372,623	6,944	1.64	1.86	344,380	6,724	-1.14	1.95	232,675	2,387	-3.56	1.03
Total interest-earning assets												
Nuevos Soles	817,776	145,586	11.12	17.80	835,332	166,793	15.69	19.97	830,259	156,734	14.64	18.88
Foreign Currency	6,161,746	682,925	16.50	11.08	6,021,034	596,742	7.21	9.91	6,301,891	538,038	2.41	8.54
Total	6,979,522	828,511	15.87	11.87	6,856,366	763,535	8.24	11.14	7,132,150	694,772	3.83	9.74
Noninterest-earning assets:												
Cash and due from banks												
Nuevos Soles	70,156				65,298				77,033			
Foreign Currency	209,502				205,962				189,794			
Total	279,659				271,260				266,827			
Reserves for loan losses												
Nuevos Soles	(34,977)				(33,630)				(30,588)			
Foreign Currency	(255,869)				(312,001)				(316,810)			
Total	(290,846)				(345,631)				(347,398)			
Premises and equipment												
Nuevos Soles	176,849				169,659				169,398			
Foreign Currency	106,936				99,331				88,335			
Total	283,785				268,990				257,733			
Other non-interest-earning assets												
Nuevos Soles	251,262				224,479				196,808			
Foreign Currency	391,740				328,187				340,796			
Total	643,002				552,666				537,604			
Total non-interest-earning assets												
Nuevos Soles	463,290				425,806				412,651			
Foreign Currency	452,309				321,478				302,115			
Total	915,599				747,284				714,766			
Total average assets												
Nuevos Soles	1,281,066	145,586	5.05	11.36	1,261,138	166,793	9.19	13.23	1,242,910	156,734	8.59	12.61
Foreign Currency	6,614,055	682,925	15.71	10.33	6,342,512	596,742	6.72	9.41	6,604,006	538,038	2.04	8.15
Total	7,895,121	828,511	13.98	10.49	7,603,650	763,535	7.13	10.04	7,846,916	694,772	3.08	8.85

(1) Does not include out-of-period adjustments.

(2) Figures for total loans include past due loans, but do not include accrued but unpaid interest on such past due loans in the year in which such loans became past due. Accrued but unpaid interest for years prior to the year in which a loan became past due is included.

(3) As per IAS, dividends are considered interest income.

Average Balance Sheets
Assets, Interest, and Average Interest Rates

	Year ended December 31,											
	1999				2000				2001			
LIABILITIES (1)	**Average Balance**	**Interest Earned**	**Real Avg. Rate**	**Nominal Avg. Rate**	**Average Balance**	**Interest Earned**	**Real Avg. Rate**	**Nominal Avg. Rate**	**Average Balance**	**Interest Earned**	**Real Avg. Rate**	**Nominal Avg. Rate**
Interest-bearing liabilities:					*(U.S. Dollars in thousands, except percentages)*							
Demand deposits												
Nuevos Soles	US$171,684	US$10,646	0.18%	6.20%	US$152,873	US$10,001	2.74%	6.54	US$210,110	US$6,532	-0.57%	3.11
Foreign Currency	451,212	11,257	7.50	2.49	424,693	8,101	-0.60	1.91	504,118	4,785	-4.75	0.95
Total	622,896	21,903	5.48	3.52	577,565	18,102	0.29	3.13	714,228	11,317	-3.52	1.58
Savings deposits												
Nuevos Soles (2)	258,495	19,907	1.60	7.70	221,784	14,165	2.59	6.39	236,524	10,168	0.58	4.30
Foreign Currency	1,190,351	42,852	8.65	3.60	1,102,687	36,323	0.75	3.29	1,061,811	21,140	-3.77	1.99
Total	1,448,846	62,759	7.40	4.33	1,324,471	50,488	1.06	3.81	1,298,335	31,307	-2.98	2.41
Time deposits												
Nuevos Soles	345,796	50,952	8.23	14.73	311,150	43,236	9.83	13.90	379,206	32,854	4.79	8.66
Foreign Currency	2,756,567	246,665	14.26	8.95	2,848,093	215,079	4.91	7.55	2,803,521	183,887	0.54	6.56
Total	3,102,364	297,618	13.59	9.59	3,159,243	258,314	5.39	8.18	3,182,727	216,741	1.04	6.81
Due to banks and correspondents												
Nuevos Soles	28,972	2,388	2.11	8.24	27,412	1,138	0.44	4.15	17,107	611	-0.12	3.57
Foreign Currency	845,075	78,071	14.57	9.24	512,667	61,705	9.28	12.04	456,941	58,566	6.44	12.82
Total	874,047	80,459	14.15	9.21	540,079	62,843	8.83	11.64	474,048	59,177	6.21	12.48
Total interest-bearing liabilities												
Nuevos Soles	804,947	83,894	4.16	10.42	713,219	68,540	5.70	9.61	842,946	50,164	2.17	5.95
Foreign Currency	5,243,205	378,845	12.46	7.23	4,888,139	321,208	3.95	6.57	4,826,390	268,378	-0.40	5.56
Total	6,048,152	462,739	11.35	7.65	5,601,359	389,748	4.17	6.96	5,669,337	318,542	-0.02	5.62
Non-interest-bearing liabilities and stockholders' equity:												
Other liabilities												
Nuevos Soles	92,952				94,488				53,194			
Foreign Currency	1,003,869				1,132,052				1,333,667			
Total	1,096,821				1,226,541				1,386,861			
Stockholders' equity												
Nuevos Soles	493,143				479,279				511,322			
Foreign Currency	257,005				296,472				279,397			
Total	750,148				775,751				790,719			
Total non-interest-bearing liabilities and stockholders' equity												
Nuevos Soles	586,095				573,767				564,515			
Foreign Currency	1,260,874				1,428,525				1,613,064			
Total	1,846,969				2,002,292				2,177,579			
Total average liabilities and stockholders' equity												
Nuevos Soles	1,391,042	83,894	0.02	6.03	1,286,986	68,540	1.57	5.33	1,407,462	50,164	-0.13	3.56
Foreign Currency	6,504,079	378,845	10.99	5.82	6,316,664	321,208	2.50	5.09	6,439,454	268,378	-1.72	4.17
Total	7,895,121	462,739	9.06	5.86	7,603,650	389,748	2.34	5.13	7,846,916	318,542	-1.43	4.06

____

(1) Does not include out-of-period adjustments.
(2) Includes the amount paid to Central Bank for deposit insurance fund.

Changes in Net Interest Income and Expense: Volume and Rate Analysis

	2000/1999			2001/2000		
	Increase/(Decrease) due to changes in:			Increase/(Decrease) due to changes in:		
	Volume	Rate	Net Change	Volume	Rate	Net Change
			(U.S. Dollars in thousands)			
Interest Income:						
Interest-earning deposits in Central Bank						
Nuevos Soles	US$ --	--	--	US$ --	--	--
Foreign Currency	6,871	6,559	13,430	94	(24,461)	(24,367)
Total	6,871	6,559	13,430	94	(24,461)	(24,367)
Deposits in other banks						
Nuevos Soles	7,657	(8,709)	(1,052)	(3,747)	(821)	(4,568)
Foreign Currency	(3,123)	5,227	2,105	11,434	(1,302)	10,133
Total	4,535	(3,482)	1,053	7,687	(2,122)	5,565
Investment securities						
Nuevos Soles	3,052	3,020	6,072	4,041	(4,698)	(657)
Foreign Currency	36,987	(33,388)	3,599	31,489	(21,870)	9,620
Total	40,039	(30,368)	9,671	35,531	(26,568)	8,963
Total loans(1)						
Nuevos Soles	(4,567)	21,377	16,810	10,069	(11,130)	(1,060)
Foreign Currency	(40,153)	(65,567)	(105,720)	(22,896)	(30,631)	(53,527)
Total	(44,720)	(44,190)	(88,910)	(12,826)	(41,761)	(54,587)
Total dividend-earning assets						
Nuevos Soles	(48)	(576)	(624)	(1,444)	(2,330)	(3,774)
Foreign Currency	(197)	601	404	(653)	90	(563)
Total	(245)	25	(220)	(2,097)	(2,240)	(4,337)
Total interest-earning assets						
Nuevos Soles	3,125	18,082	21,207	(1,013)	(9,046)	(10,059)
Foreign Currency	(15,596)	(70,587)	(86,183)	27,836	(86,540)	(58,704)
Total	(12,470)	(52,506)	(64,976)	26,823	(95,586)	(68,763)
Interest Expense:						
Demand deposits						
Nuevos Soles	(1,166)	521	(645)	3,744	(7,213)	(3,469)
Foreign Currency	(662)	(2,494)	(3,155)	1,515	(4,832)	(3,317)
Total	(1,828)	(1,972)	(3,800)	5,260	(12,045)	(6,786)
Savings deposits						
Nuevos Soles	(2,827)	(2,915)	(5,742)	941	(4,939)	(3,997)
Foreign Currency	(3,156)	(3,373)	(6,529)	(1,346)	(13,837)	(15,184)
Total	(5,983)	(6,288)	(12,271)	(405)	(18,776)	(19,181)
Time deposits						
Nuevos Soles	(5,105)	(2,611)	(7,716)	9,457	(19,839)	(10,382)
Foreign Currency	8,190	(39,777)	(31,587)	(3,366)	(27,825)	(31,191)
Total	3,085	(42,388)	(39,303)	6,091	(47,664)	(41,573)
Due to banks and correspondents						
Nuevos Soles	(129)	(1,121)	(1,250)	(428)	(99)	(527)
Foreign Currency	(30,709)	14,343	(16,366)	(6,707)	3,569	(3,139)
Total	(30,838)	13,222	(17,616)	(7,135)	3,469	(3,666)
Total interest-bearing liabilities						
Nuevos Soles	(9,560)	(5,794)	(15,354)	12,467	(30,843)	(18,376)
Foreign Currency	(25,655)	(31,982)	(57,637)	(4,058)	(48,772)	(52,830)
Total	(35,215)	(37,776)	(72,991)	8,409	(79,615)	(71,206)

---

(1) Figures for total loans include past due loans, but do not include accrued but unpaid interest on such past due loans in the year in which such loans became past due. Accrued but unpaid interest for years prior to the year in which a loan became past due is included.

Interest-Earning Assets, Net Interest Margin and Yield Spread

The following table shows for each of the periods indicated, by currency, the levels of average interest-earning assets, net interest income, gross yield, net interest margin and yield spread, all on a nominal basis.

	Year ended December 31,		
	1999	**2000**	**2001**
	(U.S. Dollars in thousands, except percentages)		
Average interest-earning assets			
Nuevos Soles	US$ 817,776	US$ 835,332	US$ 830,259
Foreign Currency	6,161,746	6,021,034	6,301,891
Total	6,979,522	6,856,366	7,132,150
Net interest income			
Nuevos Soles	61,692	98,253	106,570
Foreign Currency	304,080	275,534	269,660
Total	365,772	373,787	376,230
Gross yield (1)			
Nuevos Soles	17.80%	19.97%	18.88%
Foreign Currency	11.08%	9.91%	8.54%
Weighted-average rate	11.87%	11.14%	9.74%
Net interest margin (2)			
Nuevos Soles	7.54%	11.76%	12.84%
Foreign Currency	4.93%	4.58%	4.28%
Weighted-average rate	5.24%	5.45%	5.28%
Yield spread (3)			
Nuevos Soles	7.38%	10.36%	12.93%
Foreign Currency	3.86%	3.34%	2.98%
Weighted-average rate	4.22%	4.18%	4.12%

(1) Gross yield is interest income divided by average interest-earning assets.
(2) Net interest margin represents net interest income divided by average interest-earning assets.
(3) Yield spread, on a nominal basis, represents the difference between gross yield on average interest-earning assets and average cost of interest-bearing liabilities.

Interest-Earning Deposits With Other Banks

The following table shows the short-term funds deposited with other banks broken down by currency as of the dates indicated. Deposits held in countries other than Peru are denominated in several currencies; however, the substantial majority of such deposits are denominated in U.S. Dollars. These currencies were converted to U.S. Dollars in accordance with the methodology described in the introduction to this section "—13. Selected Statistical Information."

	At December 31,		
	1999	**2000**	**2001**
	(U.S. Dollars in thousands)		
Nuevo Sol-denominated:			
Peruvian Central Bank	US$ 0	US$ 0	US$ 0
Commercial banks	14,541	16,619	8,168
Total Nuevo Sol-denominated	US$ 14,541	US$ 16,619	US$ 8,168
Foreign Currency-denominated:			
Peruvian Central Bank (U.S. Dollars)	US$ 861,385	US$ 1,060,440	US$ 1,091,351
U.S. Dollars, other	365,022	382,850	513,709
Other	8,493	4,243	6,383
Total Foreign Currency-denominated	US$ 1,234,900	US$ 1,447,533	US$ 1,611,443
Total	US$ 1,249,441	US$ 1,464,152	US$ 1,619,611

(ii) Investment Portfolio

The following table shows the net book value of Credicorp's investment securities by type at the dates indicated. Figures shown in this table include marketable securities as investments. See Notes 5 and 7 to the Credicorp Consolidated Financial Statements.

	At December 31, 1999	2000	2001
	(U.S. Dollars in thousands)		
Nuevo Sol-denominated:			
Peruvian government bonds	US$ 0	US$ 0	US$ 0
Equity securities	122,807	134,320	81,730
Bonds	8,124	11,648	67,027
Certificate notes	28,651	80,846	91,624
Other investment	1,232	18,024	15,294
Total Nuevo Sol-denominated	US$160,814	US$ 244,838	US$ 255,675
Foreign Currency-denominated:			
Equity securities	US$133,073	US$ 116,737	US$ 76,917
Bonds	179,591	278,233	366,137
Investment in Peruvian debt	21,660	35,902	49,467
Other investment	266,327	277,308	390,522
Total Foreign Currency-denominated	US$600,651	US$708,180	US$883,043
Total securities holdings:	US$761,465	US$953,018	US$1,138,718
Allowance for decline in value of marketable securities (1)	(3,500)	(3,215)	(3,231)
Total net securities holdings	US$757,965	US$949,803	US$1,135,487

(1) The allowance for decline in value of marketable securities reflects the amount of reserves at December 31 of each year, which can differ from income statement amounts of provision for fluctuation in value of investment securities if the securities for which the provision was taken during the year are no longer in Credicorp's portfolio at year-end, or if their market value by year-end exceeds their acquisition cost, thus allowing a recovery of provision before year-end.

The weighted-average yield on Credicorp's Nuevo Sol-denominated, interest and dividend-earning investment portfolio was 6.1% in 1999, 7.6% in 2000, and 6.6% in 2001. The weighted-average yield on Credicorp's foreign currency-denominated portfolio was 11.6% in 1999, 9.2% in 2000, and 8.1% in 2001. The total weighted-average yield of Credicorp's portfolio was 9.7% in 1999, 8.7% in 2000, and 7.7% in 2001.

The following table shows the maturities of Credicorp's investment securities by type at December 31, 2001:

	Within 1 year	After 1 year but within 5 years	Maturing After 5 year but within 10 years	After 10 Years	Total
	(U.S. Dollars in thousands, except percentages)				
Nuevo Sol-denominated:					
Equity securities (1)	US$ 40,534	US$ 11,255	US$ 0	US$ 29,941	US$ 81,730
Bonds and debentures	20,979	38,192	7,856	0	67,027
Peruvian Central Bank certif. notes	91,624	0	0	0	91,624
Other investments	14,386	12	165	731	14,934
Total Nuevo Sol-denominated	US$ 167,523	US$ 49,459	US$ 8,021	US$ 30,672	US$ 255,315
Foreign Currency-denominated:					
Equity securities	US$ 16,236	US$ 40,257	US$ 0	US$ 20,424	US$ 76,917

	Within 1 year	After 1 year but within 5 years	Maturing After 5 year but within 10 years	After 10 Years	Total
			(U.S. Dollars in thousands, except percentages)		
Bonds	115,261	176,145	69,346	5,385	366,137
Investment in Peruvian debt	372	2,006	552	46,537	49,467
Other investments	301,722	50,678	13,057	25,065	390,882
Total Foreign Currency-denominated	US$ 433,591	US$ 269,086	US$ 82,955	US$ 97,411	US$ 883,403
Total securities holdings:	US$ 601,114	US$ 318,545	US$ 90,976	US$ 128,083	US$1,138,718
Allowance for decline in value(2)	(3,231)				(3,231)
Total net securities holdings	US$ 597,883	US$ 318,545	US$ 90,976	US$ 128,083	US$1,135,487
Weighted average yield					7.74%

(1) Equity securities in Credicorp's trading account are categorized as maturing within one year, while other equity securities are categorized according to their maturity.
(2) The allowance for decline in value of marketable securities reflects the amount of reserves at December 31 of each year, which can differ from income statement amounts of provisions for fluctuation in value of investment securities if the securities for which the provision was taken during the year are no longer in Credicorp's portfolio at year-end, or if their market value by year-end exceeds their acquisition cost, thus allowing a recovery of provision before year-end.

Credicorp has established a reserve to be charged in the event that the value of any security held in Credicorp's portfolio falls below historical cost. If the price of any security in Credicorp's portfolio falls below its acquisition price, SBS guidelines require Credicorp to increase the reserve in the amount of the difference between the acquisition cost and the current market value. The provisions taken to establish this reserve are charged to Credicorp's income. At December 31, 2001, this reserve was US$3.2 million, remaining similar to the amount as of December 31, 2000.

(iii) Loan Portfolio

Loans by Type of Loan

The following table shows Credicorp's loans by type of loan, at the dates indicated:

	At December 31,				
	1997	1998	1999	2000	2001
			(U.S. Dollars in thousands)		
Loans	US$3,112,213	US$3,645,065	US$3,517,221	US$3,219,491	US$2,917,267
Discounted notes (1)	595,436	504,395	217,141	160,204	151,592
Advances and overdrafts	332,275	265,656	202,904	164,472	45,501
Leasing transactions (1)	220,540	260,537	247,723	281,625	274,042
Factoring	67,827	38,529	67,575	62,510	56,616
Refinanced loans	64,252	84,088	125,331	189,682	268,626
Past due loans (2)	181,238	306,180	359,794	376,101	350,835
Total loans:	US$4,573,781	US$5,104,450	US$4,737,689	US$4,454,085	US$4,064,479
Total past due loans amounts	181,238	306,180	359,794	376,101	350,835
Total performing loans	US$4,392,543	US$4,798,270	US$4,377,895	US$4,077,984	US$3,713,644

(1) Figures are net of unearned interest.
(2) Net of unearned interest.

The categorization of the loan portfolio as set forth in the table above is based on the regulations of the SBS, which Credicorp has applied to loans generated by BCP and ASHC. These categories do not correspond to the classifications used in preparing the breakdown of the loan portfolio by business unit set forth under Item 4.(B) Business Overview—2. Commercial Banking. Pursuant to the guidelines of the SBS, loans are categorized as follows:

Loans: Includes basic term loans documented by promissory notes and other extensions of credit, such as mortgage loans, credit cards and other consumer loans in various forms, including trade finance loans to importers and exporters on specialized terms adapted to the needs of the international trade transaction.

Discounted notes: A loan discounted at the outset; the client signs a promissory note or other evidence of indebtedness for the principal amount payable at a future date. Discounted loans also include discounting of drafts, where Credicorp makes a loan supported by a draft signed by one party and discounted by another party, with recourse to both parties.

Advances and overdrafts: Extensions of credit to clients by way of an overdraft facility in the client's checking account; this category also includes secured short-term advances.

Leasing transactions: Involves the acquisition by Credicorp of an asset and the leasing of that asset to Credicorp's client.

Refinanced loans: Includes loans that were refinanced because the client was unable to pay at maturity. Under SBS regulations, a loan is required to be categorized as a refinanced loan when a debtor is experiencing payment problems, unless the debtor is current on all interest payments and pays down at least 10% of the principal amount of the original loan. The SBS has required refinanced loans as a separate category since 1992, and since July 1999, has distinguished a sub-group entitled *Restructured Loans*, defined as those loans extended under the bankruptcy protection procedures established in the Equity Restructuring Law.

Past due loans: Includes overdue loans categorized according to the SBS guidelines. See "— Past Due Loan Portfolio" for further detail.

Loans by Economic Activity

The following table shows Credicorp's total loan portfolio composition based on the borrower's principal economic activity:

	At December 31,					
	1997		**1998**		**1999**	
	(U.S. Dollars in thousands, except percentages)					
Economic Activity	Amount	% Total	Amount	% Total	Amount	% Total
Manufacturing................	US$1,380,951	30.19%	US$1,487,158	29.13%	US$1,490,067	31.45%
Commerce......................	1,020,394	22.31	986,227	19.32	711,054	15.01
Agriculture	255,165	5.58	203,844	3.99	195,270	4.12
Mining...........................	240,706	5.26	316,928	6.21	332,034	7.01
Construction	136,328	2.98	182,799	3.58	123,306	2.60
Financial Services............	97,865	2.14	232,056	4.55	151,953	3.21
Communication, Storage and Transportation	473,391	10.35	352,193	6.90	279,523	5.90
Realty Businesses and Leasing Services	188,963	4.13	233,141	4.57	221,251	4.67
Electricity, Gas and Water	62,463	1.37	76,493	1.50	127,053	2.68
Education, Health and Other Services.............	263,566	5.76	157,004	3.08	74,845	1.58
Consumer Loans (1)	320,136	7.00	506,271	9.92	485,660	10.25
Others (2).......................	133,853	2.93	370,336	7.26	545,673	11.52
Total..........................	US$4,573,781	100.00%	US$5,104,450	100.00%	US$4,737,689	100.00%

Economy Activity	2000 Amount	2000 %Total	2001 Amount	2001 %Total
	At December 31,			
	(U.S. Dollars in thousands, except percentages)			
Manufacturing	US$1,330,529	29.87%	US$1,230,417	30.27%
Commerce	663,863	14.90	572,825	14.09
Agriculture	280,482	6.30	159,420	3.92
Mining	339,374	7.62	321,409	7.91
Construction	121,564	2.73	124,056	3.05
Financial Services	112,228	2.52	81,746	2.01
Communication, Storage And Transportation	221,277	4.97	194,613	4.79
Realty Businesses and Leasing Services	206,272	4.63	211,286	5.20
Electricity, gas and water	191,831	4.31	159,389	3.92
Education, Health and Other Services	56,295	1.26	56,051	1.38
Consumer Loans (1)	284,728	6.39	262,240	6.45
Others (2)	645,642	14.50	691,027	17.00
Total	US$4,454,085	100.00%	US$4,064,479	100.00%

(1) Includes credit card and mortgage loans, and other consumer loans.
(2) Includes personal banking and small business loans, and other sectors.

As of December 31, 2001, 73.5% of the loan portfolio was concentrated in Lima and 82.8% was concentrated in Peru. An additional 9.9% and 6.3% of the loan portfolio was concentrated in Bolivia and Colombia, respectively.

Concentrations of Loan Portfolio and Lending Limits

Credicorp's loans and other contingent credits to the 20 customers (considered as economic groups) to which it had the largest exposure as of December 31, 2001 were US$1,013.2 million on that date, of which US$924.1 million were outstanding loans representing 22.7% of the total loan portfolio. See "—11. Supervision and Regulation—(ii) BCP—Lending Activities" for the definition of economic group in accordance with SBS regulations. Total loans and other contingent credits outstanding and available to these customers ranged from US$164.5 million to US$25.6 million, including two customers each having over US$80.0 million. Total loans and other contingent credits outstanding and available to Credicorp's 20 largest customers were ranked in the following risk categories as of December 31, 2001: Class A (normal)—86.1%; Class B (potential problems)—10.3%; Class C (substandard)—3.6%; Class D (doubtful)—0%; and Class E (loss)—0%. See "—Classification of the Loan Portfolio."

BCP's loans to a single borrower are subject to lending limits imposed by Law 26702. See "—11. Supervision and Regulation." The applicable Law 26702 lending limits depend on the nature of the borrower involved and the type of collateral received. The sum of loans to and deposits in either another Peruvian universal bank or Peruvian financial institution, plus any guarantees of third party performance received by BCP from such institution, may not exceed 30% of BCP's regulatory capital, as defined by the SBS. The sum of loans to and deposits in non-Peruvian financial institutions, plus any guarantees of third party performance received by BCP from such institutions, are limited to either 5%, 10% or 30% of BCP's regulatory capital, depending upon the governmental supervision to which the institution is subject and upon whether it is recognized by the Central Bank as an international bank of prime credit quality. The limits on lending to non-Peruvian financial institutions increase to 50% of BCP's regulatory capital if the amount by which such loans exceed the 5%, 10% or 30% limits is backed by certain letters of credit.

The limit on loans to individuals not resident in Peru or companies that are not financial institutions are 5% of BCP's regulatory capital; however, this limit increases to 10% if the additional 5% is guaranteed by a mortgage or certain publicly-traded securities. The limit rises to 30% if the additional amount is guaranteed by certain banks or by cash deposits in BCP. Lending on an unsecured basis to individuals or companies resident in Peru that are not financial institutions is limited to 10% of BCP's regulatory capital. This limit rises to 15% if the additional 5% is guaranteed by a mortgage, certain securities, equipment or other collateral and to 20% if the additional amount is either backed by certain debt instruments guaranteed by other local banks, or a foreign bank determined by the Central Bank of prime credit quality, or by other highly liquid securities at market value. Finally, the single borrower lending limit for loans backed by a cash deposit at BCP or by debt obligations of the Central Bank is 30% of BCP's regulatory capital. With an unconsolidated regulatory capital of S/1,380.8 million (US$400.9 million) at December 31, 2001, BCP's legal lending limits vary from S/69.0 million (US$20.0 million) to S/690.4 million (US$200.5 million). Credicorp's consolidated lending limits, based on its regulatory capital on a consolidated basis of US$723.0 million at December 31, 2001, would range from US$36.1 million to US$361.5 million. Management believes that as of December 31, 2001, BCP was in compliance with all Law 26702 lending limits.

As of December 31, 2001, Credicorp complied with the applicable legal lending limits in each of the other jurisdictions where it operates. In addition to these regulatory limits, Credicorp has established an internal limit of 15% of BCP's consolidated equity plus generic reserves (or approximately US$75 million at December 31, 2001) as the maximum amount of loans and other contingent credits that Credicorp, on a consolidated basis, may extend to any customer. Such limit is calculated quarterly based on Credicorp's consolidated equity plus generic reserves at quarter-end. A limited number of exceptions to Credicorp's internal limits have been authorized by the Board of Directors from time to time, considering the credit quality of the borrower, the term of the loan and the amount and quality of collateral taken by Credicorp. Credicorp may, in appropriate and limited circumstances, increase or choose to exceed this limit in the future.

In the event that customers to which Credicorp has significant credit exposure are not able to meet their obligations to Credicorp, and any related collateral is not sufficient to cover such obligations, or if a reclassification of one or more of such loans or other contingent credits results in an increase in provisions for loan losses, there may be an adverse impact on the financial condition and results of operations of Credicorp.

Loan Portfolio Denomination

The following table presents Credicorp's Nuevo Sol and foreign currency-denominated loan portfolio at the dates indicated.

	At December 31,					
	1997		1998		1999	
Total loan portfolio:	*(U.S. Dollars in thousands, except percentages)*					
Nuevo Sol-denominated…….	US$ 624,220	13.65%	US$ 556,889	10.91%	US$ 529,089	11.17%
Foreign Currency-Denominated…………………	3,949,561	86.35	4,547,561	89.09	4,208,600	88.83%
Total loans…………………….	US$4,573,781	100.00%	US$5,104,450	100.00%	US$4,737,689	100.00%

	At December 31,			
	2000		2001	
Total loan portfolio:	*(U.S. Dollars in thousands, except percentages)*			
Nuevo Sol-denominated……	US$ 563,124	12.64%	US$ 579,229	14.25%
Foreign Currency-Denominated………………..	3,890,961	87.36%	3,485,250	85.75%

Total loans…………………….	US$4,454,085	100.00%	US$4,064,479	100.00%

Maturity Composition of the Performing Loan Portfolio

The following table sets forth an analysis of Credicorp's performing loan portfolio at December 31, 2001, by type and by the time remaining to maturity. Loans are stated before deduction of the reserves for loan losses.

		Maturing			
	Amount at December 31, 2001	**Within 3 months**	**After 3 months but within 12 months**	**After 1 but within 5 years**	**After 5 years**
	(U.S. Dollars in thousands, except percentages)				
Loans………………………	US$2,917,267	US$1,144,781	US$840,584	US$709,711	US$222,190
Discounted notes (1) ……	151,592	137,867	9,714	1,642	2,369
Advances and overdrafts..	45,501	45,501	0	0	0
Leasing transactions (1)...	274,042	20,368	55,531	166,982	31,160
Factoring…………………..	56,616	21,972	24,102	8,928	1,615
Refinanced loans…………	268,626	139,139	61,742	40,156	27,590
Total……………………..	US$3,713,644	US$1,509,628	US$991,673	US$927,419	US$284,924
Percentage of total performing loan portfolio…	100.00%	40.65%	26.70%	24.97%	7.67%

(1) Figures are net of unearned interest.

Interest Rate Sensitivity of the Loan Portfolio

The following table sets forth the interest rate sensitivity of the loan portfolio at December 31, 2001, by currency and by the time remaining to maturity over one year

	Amount at December 31, 2001	**Maturing After 1 year**
	(U.S. Dollars in thousands)	
Variable Rate		
Nuevo Sol-denominated:....................	US$ 84,643	US$ 73,026
Foreign Currency-denominated	1,361,452	409,756
Total	US$1,446,095	US$ 482,782
Fixed Rate		
Nuevo Sol-denominated:....................	494,586	62,557
Foreign Currency-denominated :..........	2,123,798	667,004
Total	US$2,618,384	US$ 729,561
Total...........................	US$4,064,479	US$1,212,343

Classification of the Loan Portfolio

Credicorp classifies BCP's loan portfolio (which includes the loan portfolio of BCB) in accordance with SBS regulations and in the future intends to classify the loan portfolio of ASHC in accordance with SBS regulations as well. According to SBS regulations, banks must classify all loans and other credits into one of four categories based upon the purpose of the loan; these categories are commercial, micro-business, consumer and residential mortgage. Commercial loans are generally those that finance the production and sale of goods and services, including commercial leases, as well as credit card debt on cards held by business entities. Micro-business loans, exclusively targeted for the production and sale of goods and services, are made to individuals or companies with total assets of no more than US$20,000, or with no more than US$20,000 in total loans received from the financial system. Consumer loans are generally loans granted to individuals, including credit card transactions, overdrafts on personal demand deposit accounts, leases, and financing goods or services not related to a business activity. Residential mortgage loans are all loans to individuals for the purchase, construction, remodeling, subdivision or improvement of the individual's own home, in each case backed by a mortgage. Loans made with this purpose made to directors and employees of a company are also considered residential mortgage loans. All other mortgage-backed loans are considered commercial loans. The classification of the loan determines the amount the bank is required to reserve should the borrower fail to make payments as they come due.

Regulations promulgated by the SBS also require Peruvian banks to classify all loans into one of five other categories depending upon the degree of risk of nonpayment of each loan. Credicorp reviews its loan portfolio on a continuing basis, and the SBS reviews the portfolio as it deems necessary or prudent. In classifying its loans based upon risk of nonpayment, Credicorp, in compliance with SBS guidelines, assesses the following factors: the payment history of the particular loans, the history of Credicorp's dealings with the borrower, management, operating history, repayment capability and availability of funds of the borrower, status of any collateral or guarantee, the borrower's financial statements, general risk of the sector in which the borrower operates, the borrower's risk classification made by other financial institutions, and other relevant factors. The classification of the loan determines the amount of the loan loss provision required to be set aside. Law 26702 further requires banks to establish a generic loan loss provision of up to 1% of the bank's loan and credit portfolio classified as A (normal).

Under current regulations, collateral is not subtracted from the amount of the loan or credit outstanding to determine the amount of the loan or credit to be reserved against. Instead, a lower loan provision is allowed to be reserved on the portion of the loan or credit that is secured. For the purpose of determining the reservable amount, collateral is valued according to SBS regulations which require that an appraisal be determined based on expected market valuation. Only assets classified as "preferred" or, since May 2000, as "highly liquid preferred" are acceptable as collateral, which, according to SBS regulations, (1) are relatively liquid, (2) their ownership is legally documented, (3) have no liens and (4) their appraisal is constantly updated. Regulations consider cash deposits, real estate mortgages, pledges on securities or on other goods, among other things, allowable "preferred" or "highly liquid preferred" collateral.

Beginning June 30, 2000, current regulations require the following reserves for commercial, micro-business and mortgage loans: a 1% generic reserve on loans and credits classified in the A (Normal) category, and a 5%, 25%, 60% and 100% specific reserve on loans and credits in risk categories B, C, D and E, respectively. Whenever such loans or credits, or the portions thereof, are secured with "preferred" collateral, required reserves for risk categories B, C, D and E would be: 2.5%, 12.5%, 30% and 60%, respectively. Loans or credits, or the portions thereof, secured with "highly liquid preferred" collateral require at least one half of the amount established for the "preferred" collateral case. When the collateral is insufficient to secure the outstanding balances, the higher percentage requirements are applicable on the unsecured portion of the loans or credits. In the case of consumer loans, the required reserves are as follows: a 1% generic reserve on loans classified in the A (Normal) category, and a 5%, 30%, 60% and 100% specific reserve on loans in risk categories B, C, D and E, respectively.

In August 2000, with Resolution No. 537-2000, the SBS allowed a distinction between different phases of the economic cycle, to permit a lower provision requirement when banks face particularly adverse economic conditions. In the new regulation, provisions required for credits classified as A

(Normal) and B (Potential Problem) are divided into a fixed and a variable component. The variable part of the provision requirement can be reduced provided that, when the economic cycle improves, it will gradually increase back to its maximum percentage. Loans classified in the A category have a 0.75% fixed provision requirement, and a 0.25% maximum variable component. Loans in the B category have a 3.75% fixed and a 1.25% variable maximum requirement, although applicable percentages may decrease depending on the availability and quality of collaterals.

The five loan risk categories have the following characteristics:

Class "A." Loans or credits in this category are known as "normal" credits. The debtors on commercial loans or credits that warrant this classification are those that have complied on a timely basis with their obligations and at the time of evaluation of the credit do not present any reason for doubt with respect to the repayment of interest and principal on the loan on the agreed upon dates, and where Credicorp has no reason to believe that the status will change before the next evaluation. To place a loan or credit in Class A, a clear understanding of the use to be made of the funds and the origin of the cash flows to be used by the debtor to repay the loan or credit is required. Micro-business and consumer loans warrant Class A classification if payments are current or up to eight days past-due. Residential mortgage loans warrant Class A classification if payments are current or up to thirty days past-due. Loans or credits in this category require a general reserve of 1% of the total of such loans or credits outstanding.

Class "B." Loans or credits in this category are known as credits with "potential problems." Debtors on commercial loans or credits included in this category are those that at the time of the evaluation of the credit demonstrate certain deficiencies, which, if they are not corrected in a timely manner, imply risks with respect to the recovery of the loan. Certain common characteristics of loans or credits in the category include: delays in loan payments which are promptly covered; a general lack of information required to analyze the credit; out-of-date financial information; temporary economic or financial imbalances on the part of the debtor which could effect its ability to repay the loan; market conditions that could affect the economic sector in which the debtor is active; material overdue debts or pending judicial collection actions initiated by other financial institutions; noncompliance with originally contracted conditions; conflicts of interest within the debtor company; labor problems; unfavorable credit history; noncompliance with internal policies of the debtor company; excessive reliance on one source of raw materials or one buyer of the debtor's products; and low inventory turnover ratios or large inventories that are subject to competitive challenges or technological obsolescence. Micro-business and consumer loans are categorized as Class B if payments are between nine and 30 days late. Residential mortgage loans become Class B when payments are between 31 and 90 days late. As of June 30, 2000 a 5% specific reserve on total loans outstanding in this category is required. When the loan is secured with "preferred" collateral, the percentage is 2.5%, except for consumer loans.

Class "C." Loans or credits in this category are known as "substandard" credits. Debtors on commercial loans or credits whose loans or credits are placed in this category demonstrate serious financial weakness, often with operating profits or available income insufficient to cover financial obligations on agreed upon terms, with no reasonable short-term prospects for a strengthening of the debtor's financial capacity. Loans or credits demonstrating the same deficiencies that warrant classification as category B credits warrant classification as Class C credits if those deficiencies are such that if they are not corrected in the near term, they could impede the recovery of principal and interest on the loan on the originally agreed terms. Additionally, commercial loans are classified in this category when payments are between 60 and 120 days late. If payments on a micro-business or consumer loan are between 31 and 60 days late, such loans are classified as Class C. Residential mortgage loans are classified as Class C when payments are between 91 and 120 days late. As of June 30, 2000 commercial, micro-business and mortgage loans or credits included in this class require a specific provision of 25% of the outstanding amount (12.5% when secured with “preferred” collateral), whereas consumer loans require a 30% provision.

Class “D.” Loans or credits included in this category are known as “doubtful” credits. Debtors on commercial loans or credits included in this classification present characteristics of actual credit risk that make doubtful the recovery of the loan. Although the loan recovery is doubtful, if there is a reasonable possibility that in the near future the creditworthiness of the debtor might improve, a Class D categorization is appropriate. These credits are distinguished from Class E credits by the requirement that the debtor remain in operation, generate cash flow, and make payments on the loan, albeit at a rate less than its contractual obligations. Additionally, commercial loans are classified in this category when payments are between 121 and 365 days late. Micro-business and consumer loans are categorized as Class D if payments are between 61 and 120 days late. Residential mortgage loans are Class D when payments are between 121 and 365 days late. As of June 30, 2000 loans or credits included in this class require a specific provision of 60% of the outstanding amount. When the loan is secured with “preferred” collateral, the percentage is 30%, except for consumer loans.

Class “E.” Loans or credits in this class are known as “loss” credits. Commercial loans or credits which are considered unrecoverable or which for any other reason do not justify carrying on the books of Credicorp as an asset on the originally contracted terms must be so categorized. Additionally, commercial loans are classified in this category when payments are between more than 365 days late. Micro-business and consumer loans are categorized as Class E if payments are more than 120 days late. Residential mortgage loans become Class E when payments are more than 365 days late. As of June 30, 2000 loans or credits included in this class require a specific provision of 100% of the outstanding amount. When the loan is secured with “preferred” collateral, the percentage is 60%, except for consumer loans.

SBS regulations consider as refinanced or restructured credits those loans or credits that change their payment schedules due to difficulties in the debtor’s ability to repay the loan, with restructured loans being those issued under the protection of the Equity Restructuring Law. Refinanced credits had to be classified as class “C” or in a higher risk category until May 2000 when the requirement was relaxed allowing both refinanced and restructured loans to be classified according to regular guidelines.

ASHC historically has classified its loan portfolio voluntarily in accordance with the U.S. Federal Reserve classification guidelines, according to which all credits are classified as “normal,” “special mention,” “substandard,” “doubtful” or “loss.” Pursuant to such guidelines, the loan loss provisions taken in any given year are based on an evaluation of the quality of the loan portfolio and the related collateral, general economic conditions and other factors that management believes deserve recognition in estimating possible loan losses. Based upon this analysis, a specified percentage of the loans in each category is required to be reserved. A loan which is deemed substandard or below is classified for the full amount, not partially. In accordance with the U.S. Federal Reserve guidelines, special mention (0%-10% reserve) includes those credits that have a potential weakness that merits management’s close attention; substandard (10-25% reserve) credits are those that are inadequately protected by the current sound worth or paying capacity of the debtor; doubtful (50% reserve) includes those credits that have the same weaknesses exhibited in substandard, plus additional problems that cause doubt as to whether or not full repayment will occur; and loss (100% reserve) refers to those credits that are considered uncollectible.

The following table shows Credicorp’s loan portfolio at the dates indicated:

Level of Risk Classification	At December 31, 1997 Amount	1997 % Total	1998 Amount	1998 % Total	1999 Amount	1999 % Total
	(U.S. Dollars in thousands, except percentages)					
A: Normal	US$3,570,557	78.0%	US$3,892,883	76.3%	US$3,313,254	69.9%
B:Potential Problems	526,049	11.5	566,411	11.1	633,054	13.4
C: Substandard	232,021	5.1	304,327	5.9	386,797	8.2
D: Doubtful	177,078	3.9	235,627	4.6	281,349	5.9
E: Loss	68,076	1.5	105,202	2.1	123,235	2.6
Total	US$4,573,781	100.0%	US$5,104,450	100.0%	U$4,737,689	100.0%
C+D+E	US$477,175	10.5%	US$645,156	12.6%	US$791,381	16.7%

Level of Risk Classification	At December 31, 2000 Amount	2000 % Total	2001 Amount	2001 % Total
A: Normal	US$3,127,630	70.2%	US$2,864,087	70.5%
B: Potential Problems	456,386	10.3	441,323	10.9
C: Substandard	446,569	10.0	316,945	7.8
D: Doubtful	232,183	5.2	196,501	4.8
E: Loss	191,317	4.3	245,623	6.0
Total	US$4,454,085	100.0%	US$4,064,479	100.0%
C+D+E	US$870,069	19.5%	US$759,069	18.6%

All of the Class E loans and substantially all of the Class D loans are past due. Class C loans, although generally not past due, have demonstrated credit deterioration such that management has serious doubts as to the ability of the borrower to comply with the present loan repayment terms. The majority of these Class C loans are to companies in the Peruvian manufacturing sector and, to a lesser extent, the agricultural sector. The manufacturing sector loans are primarily secured by warrants and liens on goods or by mortgages, whereas the agricultural credits tend to be secured by trade bills and marketable securities. The Class C loans reflect the financial weakness of the individual borrower rather than any trend in the Peruvian manufacturing or agricultural industries in general. In addition, the collateral securing these loans is only considered for purposes of establishing the reserve and not for purposes of the classification. Credicorp believes that the collateral securing its Class C loans has not been significantly impaired by the credit deterioration of the borrower.

Classification of the Loan Portfolio Based on the Borrower's Payment Performance

Credicorp considers loans to be past due depending on their type. BCP considers loans past due after no more than 15 days, except for consumer loans and other installment loans, which include mortgage loans, which are considered past due after 30 days. Beginning in January 1st, 2001, the SBS put in effect through a new chart of accounts accounting rules requiring Peruvian banks to consider past due overdrafts after 30 days. ASHC considers past due all overdue loans except for consumer loans, which are considered past due when the scheduled principal and/or interest payments are overdue for more than 90 days. Accrued interest on past due loans is recognized only when and to the extent received. With the exception of discounted notes and overdrafts, accrued but unpaid interest is reversed for past due loans. The following table sets forth the repayment status of Credicorp's loan portfolio as of December 31 of each of the last three years:

	At December 31,				
	1997	**1998**	**1999**	**2000**	**2001**
	(U.S. Dollars in thousands, except percentages)				
Current	US$4,392,543	US$4,798,270	US$4,377,895	US$4,077,984	US$3,713,644
Past due:					
Overdue 16-119 days	56,496	160,282	134,628	108,830	54,291
Overdue 120 days or more	124,742	145,898	225,166	267,271	296,544
Subtotal	US$ 181,238	US$ 306,180	US$ 359,794	US$ 376,101	US$ 350,835
Total loans	US$4,573,781	US$5,104,450	US$4,737,689	US$4,454,085	US$4,064,479
Past due loan amounts as a Percentage of total loans	3.96%	6.00%	7.59%	8.44%	8.63%

With respect to consumer installment loans, BCP, in accordance with SBS regulations adopted in the first quarter of 1996, only recognizes as past due installments for consumer installment loans that are past due for fewer than 90 days. The entire amount of a consumer installment loan will be considered past due if any amount is past due more than 90 days.

Past Due Loan Portfolio

The following table analyzes Credicorp's past due loan portfolio by type of loan at the dates indicated:

	December 31,				
	1997	**1998**	**1999**	**2000**	**2001**
Past due loan amounts:			*(U.S. Dollars in thousands)*		
Loans	US$ 65,346	US$178,142	US$224,298	US$286,345	US$263,553
Discounted notes	88,026	87,768	79,356	17,930	9,577
Advances and overdrafts in demand deposits	21,138	18,383	21,012	17,161	15,332
Leasing transactions	5,374	7,827	11,986	18,796	19,686
Refinanced loans	1,354	14,060	23,142	35,869	42,687
Total past due portfolio	US$181,238	US$306,180	US$359,794	US$376,101	US$350,835
Reserves:					
Specific reserves	US$183,311	US$242,074	US$282,948	US$ 324,448	US$ 314,004
Generic reserves	26,499	28,008	24,395	17,039	30,429
Total reserves for loan losses	209,810	270,082	307,343	US$341,487	US$344,433
Total past due portfolio net of total Reserves	US$(28,572)	US$ 36,098	US$ 52,451	US$ 34,614	US$ 6,402

The amount of interest income collected from loans classified as past due during fiscal years 2000 and 2001 was US$23.6 million and US$24.1 million, respectively. In accordance with Credicorp's accounting policies, interest on loans classified as past due is recorded on a cash basis. As of December 31, 2000 and 2001, the interest that would have been recorded on these loans in accordance with their original terms and conditions amounted to approximately US$122.9 million and US$121.8 million, respectively.

Loan Loss Reserves

The following table shows the changes in Credicorp's reserves for loan losses and movements at the dates indicated:

	Year ended December 31,				
	1997	1998	1999	2000	2001
	(U.S. Dollars in thousands)				
Reserves for loan losses at The beginning of the year….	US$160,601	US$209,810	US$270,082	US$307,343	US$341,487
Additional provisions……….	88,330	165,694	181,220	170,102	119,422
Acquisitions and transfers....	–	11,236	--	--	--
Recoveries of write-offs………	1,335	4,866	5,903	7,825	14,935
Write-offs…………………….	(39,780)	(119,994)	(156,976)	(135,320)	(124,690)
Monetary Correction and Other……………………….	(676)	(1,530)	7,114	(8,463)	(6,721)
Reserves for loan losses at the End of the year…………….	US$209,810	US$270,082	US$307,343	US$341,487	US$344,433

In November 1999, a US$24.0 million charge was made by BCP against retained earnings, which was applied to increase generic loan loss reserves, assigned to loans with Normal (A) risk classification. Credicorp accounted for these generic reserves as an appropriation of retained earnings in a special reserve equity account. As of December 31, 2001 the special reserve account amounting to US$34.6 million, was composed of US$7.5 million segregated as generic loan loss reserves while US$27.1 million have been segregated as additional provisions for seized assets (US$14.2 million and US$14.5 million at December 31, 2000, respectively). See Notes 6-e and 9-d to the Credicorp Consolidated Financial Statements.

For a discussion of the risk elements in the loan portfolio and the factors considered in determining the amount of specific reserves, see "—Classification of the Loan Portfolio." As required under SBS regulations, discretionary charges for generic reserves were based on Management's assessment of the general risk posed to the loan portfolio by the economic conditions existing in Peru.

Under current Peruvian banking regulations, there is a substantial delay between the identification of a loan as non-performing and the partial or full charging-off of such loan. This delay may span years, as banks are required to exhaust legal remedies and demonstrate the absolute non-collectability of a loan (generally through liquidation or bankruptcy of the borrower). However, prior to 1994, the high level of inflation in Peru had the effect of substantially reducing the amount of loans to be charged-off and, therefore, Credicorp did not charge-off any loans during the years 1991 through 1993. Since 1995, Credicorp has sold certain of its past due loans to a non-Peruvian wholly-owned subsidiary for a nominal amount with the same effect as if the loans had been charged-off following regulations in effect since this year. Accordingly, Credicorp believes that its past due loan amounts are not materially different from what they would be were it permitted to charge-off loans prior to demonstrating the absolute non-collectability of the loan. In 1997, SBS regulations facilitated the charge-off process reducing the period required for the loans to be past-due and new regulations in effect since January 2000 require a case-by-case prior approval by the Board of Directors and by the SBS.

Allocation of Loan Loss Reserves

The following table sets forth the amounts of reserves for loan losses attributable to commercial, consumer and residential mortgage loans at the dates indicated:

,	At December 31,			
	1998	**1999**	**2000**	**2001**
		(U.S. Dollars in thousands)		
Commercial loans	US$ 215,991	US$ 264,395	US$297,026	US$301,267
Consumer loans	39,181	21,561	17,272	18,714
Residential mortgage loans	9,759	14,956	16,778	17,814
Leasing transactions	5,151	6,431	10,411	6,638
Total reserves	US$ 270,082	US$ 307,343	US$ 341,487	US$ 344,433

At this time, complete information regarding reserves for loan losses by category is only available for fiscal years 1998, 1999, 2000 and 2001.

(iv) Deposits

The following table presents the components of Credicorp's deposit base at the dates indicated:

	At December 31,		
	1999	**2000**	**2001**
		(U.S. Dollars in thousands)	
Demand deposits:			
Nuevo Sol-denominated	US$ 270,561	US$ 266,609	US$ 288,999
Foreign Currency-denominated	723,515	692,582	753,144
Total	US$ 994,076	US$ 959,191	US$ 1,042,143
Savings deposits:			
Nuevo Sol-denominated	US$ 266,206	US$ 248,719	US$ 281,549
Foreign Currency-denominated	1,246,177	1,266,986	1,269,426
Total	US$1,512,383	US$1,515,705	US$1,550,975
Time deposits: (1)			
Severance Indemnity Deposits (CTS)			
Nuevo Sol-denominated	US$ 38,358	US$ 40,292	US$ 40,849
Foreign Currency-denominated	456,442	493,671	487,319
Total	US$ 494,800	US$ 533,963	US$ 528,168
Foreign Currency Bank Certificates			
Foreign Currency-denominated	US$ 158,552	US$ 120,207	US$ 110,654
Other deposits: (1)			
Nuevo Sol-denominated	US$ 272,849	US$ 297,451	US$ 383,559
Foreign Currency-denominated	2,114,963	2,238,693	2,136,992
Total	US$2,387,812	US$2,536,144	US$2,520,551
Total deposits:			
Nuevo Sol-denominated	US$847,974	US$ 853,071	US$ 994,956
Foreign Currency-denominated	4,699,649	4,812,139	4,757,535
Total	US$5,547,623	US$5,665,210	US$5,752,491

(1) Includes leasing bonds. See Note 10 to the Credicorp Consolidated Financial Statements.

The following table sets forth information regarding the maturity of Credicorp's time deposits in denominations of US $100,000 or more at December 31, 2001:

	At December 31, 2001 (U.S. Dollar in thousands)
Certificates of deposits:	
Maturing within 30 days	US$ 12,176
Maturing after 30 but within 60 days	4,245
Maturing after 60 but within 90 days	4,420
Maturing after 90 but within 180 days	8,106
Maturing after 180 but within 360 days	689
Maturing after 360 days	100
Total certificates of deposits	US$ 29,736
Time deposits:	
Maturing within 30 days	US$ 931,883
Maturing after 30 but within 60 days	123,741
Maturing after 60 but within 90 days	242,295
Maturing after 90 but within 180 days	194,687
Maturing after 180 but within 360 days	23,463
Maturing after 360 days	6,226
Total time deposits	US$ 1,522,295
Total	US$ 1,552,031

(v) Return on Equity and Assets

	At December 31,		
	1999	2000	2001
Return on assets(1)	0.56%	0.23%	0.72%
Return on equity (2)	5.68%	2.26%	6.90%
Dividend payout ratio(3)	21.70%	53.34%	69.25%
Equity to assets ratio (4)	9.55%	10.17%	10.07%

(1) Net income as a percentage of average total assets, computed as the average of period beginning and period ending balances.
(2) Net income as a percentage of average shareholder's equity, computed as the average of period beginning and ending balances.
(3) Dividends declared per share divided by net income per share.
(4) Average equity divided by average total assets, both averages computed as the average of quarter-ending balances.

(vi) Short-Term Borrowings

Credicorp's short-term borrowings, other than deposits, amounted to US$218.8, US$141.3 and US$76.1 million as of December 31, 1999, 2000 and 2001, respectively. Borrowed amounts declined during 1999, 2000 and 2001 mostly due to excess liquidity at BCP. Foreign trade lines of credit comprise the most important short-term borrowing category and the only category exceeding 30% of net equity during 1999. Trade lines of credit comprised approximately 69%, 68% and 76% of all short-term borrowings during 1999, 2000 and 2001, respectively.

The following table presents Credicorp's short-term borrowings:

	At December 31,		
	1999	2000	2001
	(U.S. Dollars in thousands)		
Year-end balance	US$ 218,791	US$ 141,251	US$ 76,135
Average balance (1)	US$ 442,475	US$ 182,283	US$ 106,673
Maximum quarter-end balance	US$ 654,651	US$ 270,560	US$ 163,456
Weighted average nominal Year-end interest rate	6.76%	9.80%	4.52%
Weighted average nominal Interest rate (1)	6.86%	8.39%	7.23%

(1) Determined from the average of quarter-end amounts.

(C) Organizational Structure

Although historically there has been substantial overlap among the shareholders of BCP, ASHC and PPS, for reasons related to the regulatory, political and economic environment in Peru, they have been managed independently from one another. Credicorp was formed in 1995 by the management of BCP for the purpose of acquiring, pursuant to the Exchange Offer, the common shares of BCP, ASHC and PPS. In the October 1995 Exchange Offer, Credicorp acquired 90.1% of BCP (391,973,951 shares), 98.2% of ASHC (39,346,169 shares), and 75.8% of PPS (5,537,474 shares) in exchange for 60,815,152 Common Shares at a ratio of 0.10401, 0.33708 and 1.2249 Common Shares per common share of BCP, ASHC and PPS, respectively. The Common Shares commenced trading on the New York Stock Exchange immediately upon consummation of the Exchange Offer, with a closing price on such day of US$11.61 (adjusted to reflect stock dividends through May 1999). On March 19, 1996, Credicorp acquired pursuant to an exchange offer with the same terms as the Exchange Offer the remaining 1.8% of the outstanding shares of ASHC (702,674 shares) in exchange for 237,859 Common Shares at a ratio of 0.33708 Common Shares per common share of ASHC. The closing price of the Common Shares on the New York Stock Exchange on the date of consummation of that exchange offer was US$10.98 (adjusted to reflect stock dividends). See "Item 9. The Offer and Listing—(A) Offer and Listing Details—Price History" and "Item 8. Financial Information— Dividend Policy."

Credicorp's management, which consists of certain principal executive officers of BCP, ASHC and PPS, believes that a unified financial group with a coordinated strategy is best able to take advantage of growth in the Peruvian economy and deregulation of the financial services sector, and to achieve synergies from the cross-selling of financial services and products (*e.g.*, through BCP's extensive branch network). Credicorp, through its subsidiaries, is now the largest Peruvian provider of financial services in Peru.

BCP began operations in 1889 as Banco Italiano and changed its name to Banco de Credito del Peru in 1941. BCP has been the largest commercial bank in Peru since the 1920s. Members of the Romero family have been shareholders of the bank since 1918 and became the controlling shareholders in

1979. Mr. Dionisio Romero, Chairman of the Board and Chief Executive Officer of Credicorp, was on the board of directors of BCP from 1966 to 1987, becoming Chairman in 1979. In response to the attempt by the then President of Peru, Alan García, in 1987 to nationalize the Peruvian banking industry, the majority shareholders at that time, including Mr. Romero, sold a controlling interest in BCP and transferred management to its employees, which prevented the government from gaining control of the bank. Upon the election of Alberto Fujimori as President of Peru in 1990 and the introduction of market reforms, the Romero family reestablished its shareholding in BCP and Mr. Romero and several key managers of BCP returned to the bank. The Romero family exchanged their BCP shares in the Exchange Offer, and now hold 15.56% of the Common Shares of Credicorp. See "Item 7. Major Shareholders and Related Party Transactions—(A) Major Shareholders."

ASHC was organized in December 1981 as a wholly-owned subsidiary of BCP, under the name Credito Del Peru Holding Corporation ("BCP International"), in the Cayman Islands and became the first Peruvian bank to establish an offshore banking presence to serve its Peruvian customers. In 1983, BCP dividended the shares of BCP International to the shareholders of BCP to protect its privately held status in the event BCP were nationalized. BCP International established its first physical presence offshore (previously having been operated through BCP's corporate offices) by opening an office in Panama in 1984, and in 1986 opened an agency in Miami and changed its name to Atlantic Security Holding Corporation. As a result of the attempted expropriation in 1987, ASHC's operations and management were made independent of BCP.

Credicorp owns 75.83% of PPS, which was formed in 1992 as a result of a merger between El Pacífico Compañía de Seguros y Reaseguros S.A. and Compañía de Seguros y Reaseguros Peruano-Suiza S.A., and is the largest Peruvian insurance company in terms of premiums sold.

Credicorp owns 99.99% of Inversiones Credito S.A., with holdings of equity shares in Peruvian electric utilities, the principal asset of which was 40% of the shares of AFP Unión which were sold in November 1999. Through Inversiones Credito del Peru, Credicorp acquired on May 16, 1996, substantially all of the shares of Inversiones El Pacífico-Peruano Suiza S.A. for US$5.5 million.

BCB (formerly Banco Popular, S.A., Bolivia), another significant subsidiary of Credicorp, was acquired by BCP for US$6.2 million in November 1993. After transferring to BCP a 53.1% stake in November 2001, Credicorp holds directly 2.7% of BCB's equity with the rest held through BCP. Banco de Credito Overseas Limited ("BCOL"), a Bahamian bank through which BCP takes offshore U.S. Dollar deposits and makes U.S. Dollar-denominated loans to large Peruvian customers; Solucion Financiera, which specializes in consumer lending; and Credileasing, which conducts lease financing operations and which began operating in July 1996.

Additionally, in January of 1997, Credicorp purchased 99.99% of Banco Tequendama, a Colombian bank with US$390 million in assets and a minor presence in Venezuela, for US$48.01 million. Credicorp purchased Banco Tequendama from the *Fondo de Garantía de Depósitos y Protección Bancaria* ("FOGADE"), the Venezuelan government entity responsible for the re-privatization of assets seized by that government in connection with the widespread problems faced by the Venezuelan banking sector beginning in 1994. Credicorp, along with FOGADE and FOGADE's financial adviser, have been sued in Aruba by the former owners of Banco Tequendama, who are seeking compensation for damages. The former owners originally sued unsuccessfully in Colombia. Credicorp, which received an indemnity from FOGADE in connection with the purchase of Banco Tequendama, does not believe that the suit will be successful. The Judge in the Court of first instance in Aruba dismissed the claim and the plaintiff appealed. The case is now in the Superior Court of Aruba and a final decision is expected during 2002.

In December 1997, Credicorp extended its presence into El Salvador, through the acquisitions of Banco Capital, a bank, for US$5.8 million and Casa de Bolsa Capital, a brokerage, for US$800,000. Credicorp sold its shares in Banco Capital in November 2001.

(D) Property, Plant and Equipment

At December 31, 2001, Credicorp had 363 branches, representative and similar offices, of which 106 were branch offices of BCP in Greater Lima. Credicorp's principal properties include the headquarters of BCP, at Calle Centenario 156, Las Laderas de Melgarejo, La Molina, Lima, Peru, and the headquarters of PPS at Avenida Arequipa 660, Lima, Peru. Credicorp owns each of these properties, except for approximately 50 properties which it holds under leases. There are no material encumbrances on any of Credicorp's properties.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

(A) Operating Results

1. Critical Accounting Policies

Accounting policies applied by Credicorp are integral to the understanding of the results of operations and of the management's discussion and analysis of results of operations and financial condition. The accounting policies are described in Note 2 –Accounting Principles and Policies, to the Credicorp Consolidated Financial Statements, which are prepared in accordance with IAS. Additionally, Note 22 to the Credicorp Consolidated Financial Statements describes significant differences between IAS and generally accepted accounting principles of the United States of America (U.S. GAAP).

Some of these accounting policies are considered the most critical because, in our opinion, they have an important effect on the financial position and results of the Bank and require the most difficult, subjective or complex judgements. The following is a summary of those critical accounting policies.

Provision for loan losses

The allowance for loan losses represent the estimate of the probable losses on the loan portfolio at the end of each reporting period. The methodology for determining reserves for loan losses is further described in "Item 4. (B) Business Overview —13. Selected Statistical Information—Loan Portfolio—Classification of the Loan Portfolio." The determination of the amount of allowance for loan losses involves by its nature judgements, particularily with respect to the amount of allowance related to consumer credit, which are reviewed on a portfolio basis and with consideration of past due installments. The allowance determined for loans reviewed on an individual basis requires judgements in identifying the factors affecting the risk and assigning a specific rating. Many factors can affect the estimate of the range of losses in each of the categories in which we estimate the allowance on a portfolio basis such as the specific definition of the methodology used to measure historical delinquency and the definition of the relevant historical period to be considered in such measurements. Additionally factors affecting the specific amount of provision to be recorded within the estimated ranges are judgmental in nature and include specific clients against which legal proceedings have been brought, the economic conditions in the different countries where loans are granted, loan loss experience, our appraisal of the loan portfolio, and other factors which, in our opinion, require current recognition in estimating possible loan losses. The provision is increased if objective evidence exists that Credicorp cannot recover the outstanding amount. The provision is the difference between the book value and the recoverable amount determined by the present value of expected future cash flows including the recoverable amount of the guarantees. Although our models are frequently revised and improved, changes in the Peruvian economy and the relatively short credit history in a more stable economic environment, results in greater uncertainty in these models than in more stable macro economic environments. The use of different estimates or assumptions could produce different provisions for consumer loan losses and the changes in the macro-economic, political and regulatory Peruvian environment could affect the determination of the allowance for loans losses (see "Item 3. Key information –(D) Risk Factors").

Classification of securities in trading, available for sale and held-to-maturity

The accounting treatment of our securities depends on whether we classify them at acquisition as *trading*, *available-for-sale* or *held-to-maturity*. Classification on acquisition in each of the categories implies judgement about our expectations as to our strategy concerning each specific security. Changes in circumstances may modify our strategy with respect to a specific security requiring a transfer between the three categories indicated above.

Fair value of financial instruments –

Financial instruments recorded at fair value in our balance sheet include mainly securities classified as *trading* and *available-for-sale* and other trading assets including derivatives. Fair value is defined as the value at which a position could be closed-out or sold in a transaction with a willing and knowledgeable party. We estimate fair value using quoted market prices when available. When quoted market prices are not available we use a variety of models which includes pricing models and quoted prices of instruments with similar characteristics or discounted cash flows. The determination of fair value when quoted market prices are not available involves management judgment. For example, there is often limited historical market data to rely upon when estimating the impact of holding a large or aged position. Similarly, judgment must be applied in estimating prices when no external parameters exist. Other factors that can affect the estimates are incorrect model assumptions and unexpected correlations. The imprecision in estimating these factors may affect the amount of revenue or loss recorded for a specific asset or liability.

Use of estimates

In presenting the financial statements, management makes estimates and assumptions that also include the amount of valuation allowances on deferred tax assets, the amount of insurance reserves, the selection of useful lives of certain assets and the determination of whether a specific asset or group of assets has been impaired. Estimates, by their nature, are based on judgment and available information. Therefore, actual results could differ from those estimates.

2. Historical Discussion and Analysis

The following discussion is based upon information contained in the Credicorp Consolidated Financial Statements and should be read in conjunction therewith. The Credicorp Consolidated Financial Statements have been prepared in accordance with IAS, which differ in certain significant respects from U.S. GAAP. See Note 22 to the Credicorp Consolidated Financial Statements, which provides a description of the principal differences between IAS and U.S. GAAP as they relate to Credicorp, and a reconciliation to U.S. GAAP of Credicorp's net income and shareholders' equity. The discussion in this section regarding interest rates is based on nominal interest rates. For a comparison of nominal interest rates with real interest rates, see "Item 4. Information on the Company—(B) Business Overview—13. Selected Statistical Information—Average Balance Sheets and Income from Interest-Earning Assets—Real Average Interest Rates."

Because of the relative size of BCP compared to Credicorp, for consolidation purposes, BCP has been considered as the predecessor entity and the historical consolidated financial statements of Credicorp prior to the consummation of the Exchange Offer on October 20, 1995 are those of BCP. ASHC and PPS have been treated as significant acquisitions by BCP and accounted for under the purchase method of accounting based on their respective fair values as of October 31, 1995. The financial information and discussion and analysis presented below for 1999, 2000 and 2001 reflect the financial position and results of operations for the twelve months of 1999, 2000 and 2001 of Credicorp's subsidiaries. See "Item 3. Key Information—(A) Selected Financial Data."

At December 31, 2001, approximately 82.7% of Credicorp's deposits and 85.8% of its loans were denominated in foreign currencies, reflecting the historic lack of confidence in the Peruvian currency as a result of high inflation rates in prior years. With the reduction in the rate of inflation, Credicorp has begun to attract more Nuevo Sol-denominated deposits and to offer more Nuevo Sol-denominated loans. Nevertheless, Credicorp expects the majority of its deposits and loans to continue to be denominated in foreign currencies.

Results of Operations for the Three Years Ended December 31, 2001

The following table sets forth, for the years 1999, 2000 and 2001, the principal components of Credicorp's net income:

	Year ended December 31,		
	1999	**2000**	**2001**
	(U.S. Dollars in thousands)		
Interest income	US$828,511	US$763,535	US$694,772
Interest expense	462,739	389,748	318,542
Net interest income	US$365,772	US$373,787	US$376,230
Provision for loan losses	181,220	170,102	119,422
Net interest income after Provision	US$184,552	US$203,685	US$256,808
Noninterest income	361,843	329,175	342,894
Claims on insurance activities	89,366	92,261	97,017
Other expenses	407,011	402,726	404,623
Income before translation result, income tax and minority interest	US$50,018	US$37,873	US$98,062
Translation result (loss) gain	US$7,129	US$(8,500)	US$(2,575)
Income tax	(8,751)	(6,124)	(25,135)
Minority interest	(4,894)	(5,553)	(15,839)
Net income	US$43,502	US$17,696	US$54,513

Credicorp's consolidated net income increased from 2000 to 2001, following a decrease from 1999 to 2000. 2001 net income included a non-recurring gain of US$19.0 million from the sale of Banco Capital and the shares of Backus (see "Item 4. (B) Business Overview –4. Insurance"). These transactions produced gains of US$6.0 million and US$23.3 million, respectively, against which provisions of US$10.6 million were made for possible losses in the investment portfolio and for possible losses in the loan portfolio of Banco de Credito de Bolivia. Without including this benefit, the profit for 2001 would have been US$35.5 million, double that of 2000 due to lower provisions for bad loans and higher non-financial income, offset by higher provisions for assets received in lieu of payment and other contingencies. Net Income declined in 2000 to US$17.7 million, lower than the US$43.5 million recorded in 1999, which included a non-recurring gain of US$33.6 million, net of provisions, from the sale in November 1999 of equity shares in the private pension fund AFP Union. The sale, net of amortized costs, meant earnings of US$46.6 million, against which provisions of US$13.0 million were charged. Fiscal year 1999 profit not including this gain drops to US$9.9 million, lower than that of 2000. The improvement in 2000 was principally due to lower costs which offset translation losses, compared to translation gains in 1999.

Net Interest Income

Net interest income represents the difference between interest income on interest-earning assets and the interest paid on interest bearing liabilities. The following table sets forth the components of net interest income:

	Year ended December 31,		
	1999	2000	2001
	(U.S. Dollars in thousands)		
Interest income:			
Loans	US$687,752	US$598,842	US$544,255
Deposits	19,433	20,486	26,051
Deposits in Central Bank	50,409	63,839	39,472
Investment securities	63,973	73,644	82,607
Dividends	6,944	6,724	2,387
Total interest income	US$828,511	US$763,535	US$694,772
Interest expense:			
Saving deposits	US$69,470	US$49,924	US$31,307
Time deposits	294,399	254,043	216,741
Borrowing from other financial institutions	80,459	62,843	59,177
Demand deposits	18,411	22,938	11,317
Total interest expense	US$462,739	US$389,748	US$318,542
Net interest income	US$365,772	US$373,787	US$376,230

(1) Pursuant to IAS, dividends earned on equity investments are reflected as interest income.

Credicorp's net interest income increased 0.7% in 2001 compared to 2000, which in turn increased 2.2% compared to 1999.

Interest Income. Interest income decreased 9.0% in 2001 compared to 2000, which in turn represented a 7.8% decrease compared to 1999. Interest income decreased during 2001 principally due to lower securities and loan interest rates, compounded by lower loan volumes. In 2001 BCP's total loan volume decreased 6.0%, with Middle Market loans lower by 7.3%, Corporate loan volume decreased by 6.4%, while Retail loans declined 3.9%, principally due to the decrease by 15.5% of Small Business segment loans. Such changes reflect the continuing policy of Credicorp's management to tighten credit requirements in the Middle Market and Small Businesses, while the Corporate sector showed high volatility given excess liquidity and reduced economic activity. See "Item 4. (B) Business Overview—13. Selected Statistical Information." However, average nominal interest rates received by Credicorp on its loan portfolio decreased to 12.4% in 2001 from 13.2% in 2000 and 14.1% in 1999. With respect to foreign currency-denominated loans, the average nominal interest rate was 13.1% in 1999, decreasing to 11.5% in 2000, decreasing again to 10.7% in 2001, and, with respect to interest rates in Nuevo Sol-denominated loans, they increased from 22.4% in 1999 to 26.5% in 2000, but decreased to 24.5% in 2001.

The quarterly average balance of Credicorp's foreign currency-denominated loan portfolio decreased 5.0% to US$3,819.9 million in 2001 from US$4,019.8 million in 2000, which in turn represented a 7.1% decrease from US$4,326.7 million in 1999. The average balance of Credicorp's

Nuevo Sol-denominated loan portfolio increased 7.3% to US$560.0 million in 2001 from US$522.0 million in 2000, while represented a 3.8% decrease from US$542.4 million in 1999. Credicorp's excess liquidity continued through 2001, but the adverse economic situation meant it was difficult to place loans adequately. In turn, an increasing proportion of loans went to segments presenting lower risk, but also lower margins. See "Item 4. (B) Business Overview—2. Commercial Banking—(ii) Retail Banking" and "Item 4. (B) Business Overview—13. Selected Statistical Information."

The increase that is sought for the loan portfolio could be accompanied by increased risk, not only due to the speed and magnitude of the increase, but also to the shift to middle market and consumer lending, sectors in which Credicorp lacks the experience that it has in its more traditional lending activities, particularly corporate lending. Given the changing composition of Credicorp's loan portfolio, Credicorp's historical loss experience may not be indicative of its future loan loss experience.

Interest expense. Interest expense decreased 18.3% in 2001 compared to 2000, which in turn represented a 15.8% decrease compared to 1999. Lower interest expense in 2001 was principally due to decreased deposit rates, while decreased interest expense in 2000 was mainly due to a combination of lower volume and lower deposit rates. Interest rates paid, with respect to foreign currency-denominated deposits, decreased from 6.8% in 1999 to 5.9% in 2000 and further to 4.8% in 2001, and with respect to Nuevo Sol-denominated deposits, decreased from 10.5% in 1999 to 9.8% in 2000, and further to 6.0% in 2001. The decrease in the average nominal interest rate paid on both foreign currency-denominated deposits and Nuevo Sol-denominated deposits in 2001 resulted primarily from excess liquidity in the major banks in Peru, which began during 1999 after the end of the Brazilian financial crisis, and to declining rates in international capital markets. See "Item 4. (B) Business Overview—8. Competition" and "Item 4. (B) Business Overview—13. Selected Statistical Information."

Credicorp's average foreign currency-denominated deposits decreased 0.1% to US$4,369.4 million in 2001 from US$4,375.5 million in 2000, which in turn represented a 0.5% decrease from US$4,398.1 million in 1999. Credicorp's average Nuevo Sol-denominated deposits increased 20.4% to US$825.8 million in 2001 from US$685.8 million in 2000, which in turn represented a 11.6% decrease from US$775.9 million in 1999. See "Item 4. (B) Business Overview—13. Selected Statistical Information."

Net interest margin. Credicorp's net interest margin (net interest income divided by average interest-earning assets) recovered from 5.2% in 1999 to 5.5% in 2000, but declined to 5.3% in 2001. The lower net interest margin in 2001 was mainly due to lower returns on investments and loans, which was not fully offset by increased lending in higher margin Nuevo Sol-denominated loans due to the stability of the exchange rate. During 2000 the net interest margin improved mainly due to lower cost of funds and to increased lending in higher margin Nuevo Sol-denominated loans due to the stability of the exchange rate. See "Item 4. (B) Business Overview—13. Selected Statistical Information."

Provision for Loan Losses

Credicorp classifies by risk category all of its loans and other credits. Credicorp establishes specific loan loss reserves based on the classification of particular loans (see "Item 4. (B) Business Overview —13. Selected Statistical Information—Loan Portfolio—Classification of the Loan Portfolio"), as well as generic loss reserves, which until June 30, 1995 were encouraged, but not required, by applicable regulations. As of June 30, 1995, SBS regulations required generic reserves of between 1% to 3% of certain loans. Law 26702, issued in December 1996, and its applicable regulations issued in August 1997, established new overall specific provision requirements and a generic loan loss provision of up to 1% of the bank's total loan and credit portfolio classified as A (Normal). The new required provisions was established incrementally according to a schedule through June 2000. See "Item 4. (B)

Business Overview—13. Selected Statistical Information—Loan Portfolio—Classification of the Loan Portfolio." Credicorp's policy is to maintain generic reserves of not more than 2% of BCP's total credit exposure (loans plus contingent liabilities), net of specific reserves and certain readily marketable collateral, provided that the general reserves not be less than 5% of total consumer and credit card loans. Credicorp's policy is also to maintain general reserves with respect to ASHC in amounts it deems appropriate. See "Item 4. (B) Business Overview—13. Selected Statistical Information—Loan Portfolio—Classification of the Loan Portfolio." Credicorp does not anticipate that the expansion of its loan portfolio or the consolidation of the activities of its subsidiaries will necessitate a change in its generic reserve policy.

The following table sets forth the movements in Credicorp's reserve for loan losses:

	Year ended December 31,				
	1997	1998	1999	2000	2001
	(U.S. Dollars in thousands)				
Reserves for loan losses at the beginning of the year….	US$160,601	US$209,810	US$270,082	US$307,343	US$341,487
Additional provisions……….	88,330	165,694	181,220	170,102	119,422
Acquisitions and transfers….	–	11,236	--	--	--
Recoveries of write-offs………	1,335	4,866	5,903	7,825	14,935
Write-offs…………………….	(39,780)	(119,994)	(156,976)	(135,320)	(124,690)
Monetary Correction and Other……………………….	(676)	(1,530)	7,114	(8,463)	(6,721)
Reserves for loan losses at the end of the year…………….	US$209,810	US$270,082	US$307,343	US$341,487	US$344,433

Provisions for loan losses, charged against income net of recoveries, decreased 29.8% in 2001 compared to 2000 and 6.1% in 2000 compared to 1999. In spite of lower charges required in 2001, provisioning to offset risk continued to be high compared to prior periods principally due to continued deterioration in the credit quality in the Middle and Small Business segments resulting from the delay in the recovery of economic activity and on-going decreased domestic demand caused by the economic slowdown, which in-turn is induced by the political instability in Peru and lower international demand for exports. The Middle Market and Small Business segments continued to require most of the provisions made during 2001. The effects of the increase in specific provisions were substantially offset by write-offs of specific provisions amounting to US$124.7 million in 2001, 7.9% lower than in 2000, which in turn declined 13.8% compared to 1999. The loans charged-off are primarily attributable to the removal of loans that were fully provided and considered unrecoverable pursuant to loan provision regulations in effect since 1998, which decreased the amount of time loans were required to remain fully provided before being charged-off.

Generic provisions, which totaled US$24.4 million as of December 31, 1999, decreased to US$17.0 million at December 31, 2000, but grew to US$30.4 million at December 31, 2001. Additionally, as of December 31, 2001, US$7.5 million of generic provisions were included in the special reserve equity account as appropriations of retained earnings (US$14.2 million at December 31, 2000). See Notes 6-e and 13-d to the Credicorp Consolidated Financial Statements.

Reserves as a percentage of past due loans was 98.2% at year-end 2001, higher than the level of 90.8% which existed at year-end 2000, and reserves as a percentage of substandard loans increased to 45.4% at year-end 2001 from 43.2% at year end 2000. Including US$7.5 million and US$14.2 million of loan loss reserves in the special reserve equity account at December 31, 2001 and 2000, respectively, reserves as a percentage of past due loans was 100.3% and as a percentage of substandard loans was 46.4% in 2001, increasing from 94.6% and 44.9% in 2000, respectively. Given the changing composition of Credicorp's loan portfolio, Credicorp's historical loss experience may not be indicative of its future loan loss experience.

Noninterest income

The following table reflects the components of Credicorp's noninterest income:

	Year ended December 31,		
	1999	2000	2001
	(U.S. Dollars in thousands)		
Fees and commissions from banking services	US$146,084	US$155,198	US$167,300
Net (loss) gains from sales of securities	56,110	8,954	31,737
Net gains on foreign exchange transactions	27,956	23,625	17,549
Net premiums earned	113,108	113,395	112,204
Other income	18,585	28,003	14,104
Total non-interest income	US$361,843	US$329,175	US$342,894

Credicorp's noninterest income increased 4.2% to reach US$342.9 million in 2001 compared to 2000, after having decreased 9.0% from 1999. The increase in 2001 is mainly due to gains from securities transactions which reflect the sale of Banco Capital and the shares of Backus (see "Item 4. (B) Business Overview –4. Insurance"), and to the 6.1% rise in banking fees, which offset declines in other areas. The higher income from banking fees came mainly from credit card services, brokerage fees and corporate finance, which offset decreased collections and guarantees fees. The decrease in 2000 was principally due to lower gains from securities transactions which reflect a loss in 2000 compared to the benefit in 1999 from the sale of Credicorp's equity stake in AFP Unión. Fee and commission income grew 7.9% in 2000 from 1999, composed mainly by account maintenance charges, credit card fees, collection fees, fund transfer fees and fees relating to foreign trade operations.

Net gains from the sale of securities, principally equities, resulted in a net gain of US$31.7 million in 2001 compared to a gain of US$9.0 million in 2000, which in turn decreased from US$56.1 million in 1999. The increase in 2001 is mostly due to gains from the sale of Banco Capital and the shares of Backus (see "Item 4. (B) Business Overview –4. Insurance"). Gains in 1999 show proceeds from the sale of shares held in the private pension fund AFP Unión, which, net of provisions, totaled US$33.6 million. Regulations prior to the new banking law, Law 26702, required banks to establish a reserve equal to the market value of equity securities held for more than one year. As a result, BCP generally did not hold any equity securities for longer than one year. The reserves for decline in value of the investment portfolio amounted to US$3.5 million at December 1999 and US$3.2 million at both year end 2000 and 2001. See "Item 4. (B) Business Overview—13. Selected Statistical Information—(ii) Investment Portfolio."

Credicorp's gains from foreign exchange transactions decreased 25.7% in 2001 compared to 2000, after decreasing 15.5% in this year. Gains from foreign exchange transactions do not arise from proprietary trading on the part of Credicorp. Revenue decreased in 2001 compared to 2000 principally due to lower transaction volumes. Decreased gains in 2000 compared to 1999 were principally due to lower buy/sell spread partially offset by increased volumes. The buy/sell spread on U.S. Dollars decreased from 0.29% in 1996 to 0.23% in 1997, to 0.19% in both 1998 and 1999, to 0.16% in 2000 and further to 0.15% in 2001, reflecting increased stability and competition in the foreign exchange markets.

Other income decreased 49.6% in 2001 compared to 2000, after increasing 50.7% in 2000. Other income principally consists of customer service charges and certain nonrecurring income items. Other income declined in 2001 mainly due to lower gains on sale of foreclosed assets and other properties and equipment, after their high growth in 2000.

Net premiums decreased 1.1% to US$112.2 million in 2001, after remaining almost unchanged in 2000 compared to 1999. In 2001 general insurance lines grew 14.9%, with fire insurance growth of 35.7%, while life insurance lines increased 16.8%, life annuities grew 32.9% and pension fund benefits insurance grew 28.8% compared to 2000. During 2000 net premiums increased in the life insurance lines which was partly offset by declining premiums in general insurance lines. Life insurance lines growth in 2000 was principally in pension fund benefits insurance, 12%, while group life insurance and individual life insurance policies grew 10%, and life annuities increased 97% compared to 1999. Within general insurance lines, the health and medical assistance insurance line grew 15%, while the automobile insurance line, technical lines, and transportation insurance declined 20%,11% and 8%, respectively, mostly due to the Peruvian slowdown in economic activity. See "Item 4. (B) Business Overview—4. Insurance."

Claims on Insurance Activities

During 2001, claims on insurance activities increased 5.2% to US$97.0 million, after growing 3.2% in 2000. Nevertheless, the net loss ratio decreased to 63.9% in 2001, compared to 66.2% in 2000, with the health insurance ratio remaining at a high 86.2% even after taking measures to reduce claims, and fire with a 77.9% ratio due to claims caused by the earthquake in the south of Peru, which occurred in the second quarter of 2001. Claims grew in 2000 principally in health insurance, at PacíficoSalud, and in auto insurance, which had net loss ratios of 92%, 110% and 76%, respectively. See "Item 4. (B) Business Overview—4. Insurance."

Other Expenses

The following table reflects the components of Credicorp's other expenses:

	Year ended December 31,		
	1999	**2000**	**2001**
	(U.S. Dollars in thousands)		
Salaries and employee benefits..............	US$178,833	US$171,403	US$173,974
General and administrative......................	148,221	140,121	141,851
Depreciation and amortization................	43,663	47,520	46,732
Provision for seized assets	18,495	22,565	7,447
Other...	17,799	21,117	34,619
Total other expenses..............................	US$407,011	US$402,726	US$404,623

Credicorp's other expenses (aside from provisions for loan losses) increased 0.5% in 2001 compared to 2000, which in turn decreased 1.1% compared to 1999. The increase in 2001 is due mostly to higher provisions for contingencies, and increases in personnel and general expenses, which were partly offset by lower seized assets provisions. During 2000, decreased expenses were due mostly to lower personnel and general and administrative expenses partly offset by higher provisions for seized assets and increased depreciation and amortization.

Personnel expenses grew 1.5% in 2001 compared to 2000, after a 4.2% decrease in 2000 compared to 1999. The number of Credicorp's personnel increased to 9,375 in 2001 from 9,212 in 2000, which in turn decreased from 9,345 in 1999. Considering only BCP, the number of personnel increased to 7,747 in 2001 from 7,417 in 2000, which in turn decreased from 7,522 in 1999.

Credicorp's general and administrative expenses (which include taxes other than income taxes) remained almost unchanged in 2001 compared to 2000, after declining 5.5% in 2000 compared to 1999. General expense containment in 2001 was achieved mostly by reducing office supplies and operating charges and marketing expense, which were offset by higher third party fees and maintenance and systems expenses. Lower expenses in 2000 were the consequence of continuing wide-ranging cost reduction efforts, which principally reduced office supplies and operating charges, communications costs, and cash and securities transport costs, partly offset by higher marketing and systems expenses. Depreciation and amortization decreased by 1.7% during 2001.

Other expenses increased 63.9% in 2001 compared to 2000, after increasing 18.6% in 2000 compared to 1999. Other expenses consist primarily of certain contingency provisions, net asset disposals, costs and other miscellaneous items. Increased expenses in 2001 were mostly due to higher provisions for contingencies and comissions principally paid by PPS. Expenses increased in 2000 mainly due to higher provisions for contingencies not covered by regular insurance policies and higher write-offs of receivables related to asset disposals including incurred legal fees.

Translation Result

Since Credicorp's financial statements are kept in U.S. Dollars, the functional currency, the translation result reflects exposure to devaluation of net monetary positions in other currencies. In 2001 Credicorp had a US$2.6 million translation loss, lower than the US$8.5 million loss in 2000, after a US$7.1 million gain in 1999. While the translation gain in 1999 was principally due to devaluation of the Nuevo Sol, losses in 2000 and 2001 was mostly due to the stability of the Nuevo Sol exchange rate in those years, and to losses recorded at Banco Tequendama and Banco de Credito de Bolivia, which had US$1.0 million and US$0.2 million of translation losses in 2001, respectively.

Income Taxes

Credicorp is not subject to income taxes or taxes on capital gains, capital transfers or equity or estates duty under Bermuda law; however, certain of its subsidiaries are subject to income tax depending on the legislation applicable to the jurisdictions in which the subsidiaries activities generating income take place.

Credicorp's Peruvian subsidiaries, including BCP, are subject to corporate taxation on income under the Peruvian tax law. The statutory income tax rate payable in Peru since 2002 is 27% of taxable income, which includes the result of exposure to inflation, plus an additional 4.1% on dividends. Amendments to the income tax legislation in 2000, allowed Peruvian companies, subject during 2001 to a rate of 30%, to reduce the rate to 20% for the portion of taxable income reinvested in any economic activity during that year. Starting in 1992, Peruvian companies were also subject to an alternative minimum assets tax of 1.5%, which was repealed in May 1997. For fiscal years 1997 and 1998, companies were subject to an extraordinary tax on net assets of 0.5%, and for 1999 of 0.2%. In the case of banks, both such assets taxes are calculated based on 50% of assets (net of depreciation, reserve for loan losses and common stock investments in Peruvian corporations) as of December 31 of the tax year in question. Beginning in 1994, amounts required to be held by BCP in the Central Bank as reserve deposits may be deducted from the asset calculation for determination of the alternative minimum tax and the extraordinary tax. Both taxes are payable even if an entity incurs a loss in the tax year in question. Peruvian tax legislation is applicable to legal entities established in Peru, and on an individual (not consolidated) basis. Credicorp's non-Peruvian subsidiaries are not subject to taxation in Peru and their assets are not included in the calculation of the Peruvian extraordinary tax on net assets.

ASHC is not subject to taxation in the Cayman Islands or Panama. ASHC's operations in the United States are subject to U.S. federal and Florida state income taxation. For purposes of determining United States taxable income, certain tax deductible items are taken into consideration, and for 1999, 2000 and 2001 no net taxable income was generated. As of December 31, 2001, ASHC's Miami agency had United States federal tax loss carryforward to reduce future taxable income of approximately US$18.7 million.

Prior to 1995, there was no corporate income tax in Bolivia. Although Bolivia adopted an income tax regime starting in 1995, due to BCB's ability to offset taxes paid other than income taxes from any income tax liability, no Bolivian income taxes have been payable. Banco Tequendama is subject to income tax in Colombia at the statutory rate of 35%.

Income tax expense by Credicorp increased to US$25.1 million in 2001 from US$6.1 million in 2000, which in turn represented a 30.0% decrease from US$8.8 million in 1999. Income tax growth in 2001 reflect increases in Credicorp's taxable income. Since 1994, Credicorp has paid the Peruvian income tax at the statutory rate. The effective tax rates in 2000 and 2001 were 21% and 26%, respectively.

3. Financial Condition

Total Assets

As of December 31, 2001, Credicorp had total assets of US$7,581.8 million, decreasing 0.5% compared to total assets of US$7,623.5 million at December 31, 2000, with loans, net of provisions, decreasing 9.5% which was partly offset by higher holdings of liquid assets. From December 31, 2000 through December 31, 2001, the Peruvian financial system grew 10.8% in terms of deposits, but decreased 3.5% in terms of loans, declining 26.3% since December 1998, while GDP grew 0.2%, remaining almost stagnant. Although no assurance can be given, Credicorp expects its total assets to grow in the following years at a faster rate than GDP because the hyperinflation in prior years, particularly in 1990, resulted in extremely low financial intermediation in the Peruvian economy. The ratio of financial intermediation, as measured by the sum of currency in circulation, bank deposits and other bank obligations to the public, divided by GDP, was reduced to 5.2% in 1990 and, although this ratio reached approximately 25% in 2001, it is still below the ratio of 26.7% that was reached in the early 1970s. Nevertheless, Credicorp expects the rate of growth in total assets to decline from the unusually high levels experienced through 1997.

The increase in the loan portfolio could be accompanied by increased risk, not only due to the speed and magnitude of the increase, but also to the shift to middle market and consumer lending, with respect to which sectors Credicorp lacks the experience that it has in its more traditional lending activities, particularly corporate lending. Given the changing composition of Credicorp's loan portfolio, Credicorp's historical loss experience may not be indicative of its future loan loss-experience.

As of December 31, 2001, Credicorp's total loans equaled US$4,064.5 million, which represented 53.6% of total assets. Net of reserves for loan losses, total loans equaled US$3,720.0 million. As of December 31, 2000, Credicorp's total loans equaled US$4,454.1 million, which represented 58.4% of total assets, and net of reserves for loan losses, total loans equaled US$4,112.6 million. Credicorp's total loans decreased from December 31, 2000 to December 31, 2001 by 8.8%, and net of loan loss reserves, total loans decreased 9.5% in the same period for the reasons specified in the foregoing paragraph.

Credicorp's total deposits with the Central Bank of Peru increased 20.8% between December 31, 2000 and December 31, 2001, with balances of US$1,061.0 million and US$1,281.6 million as of such dates, respectively. Credicorp's securities holdings (which include marketable securities and investments) increased to US$1,135.5 million at December 31, 2001 from US$949.8 million at December 31, 2000. During 2001, the marketable securities portfolio increased 57.6% to US$548.1 million principally due to increased investments in bond and debt instruments by BCP. The available for sale securities portfolio decreased 2.4% to US$587.3 million.

Total Liabilities

As of December 31, 2001, Credicorp had total liabilities of US$6,785.1 million, a 0.8% decrease over total liabilities of US$6,840.7 million as of December 31, 2000. As of December 31, 2001, Credicorp had total deposits of US$5,752.5 million, a 1.5% increase over total deposits of US$5,665.2 million at December 31, 2000. Credicorp believes that its extensive branch network and reputation in the Peruvian market have allowed it to compete effectively for new deposits and to attract stable, low cost savings deposits. Growth during 2001 was 8.7% in demand deposits and 2.3% in savings deposits, while time deposits decreased 1.0%. As of December 31, 2001, Credicorp had 40.7% of total savings deposits in the Peruvian banking system and 30.8% of total deposits, both of which are the highest of any Peruvian bank. An important characteristic of Credicorp's deposit base is that, as of December 31, 2001, it included 52.6% of the entire Peruvian banking system's CTS deposits. Credicorp believes that it traditionally has attracted a high percentage of the savings and CTS deposit market because of its reputation as a sound institution and its extensive branch network. Credicorp's funding strategy has been structured around maintaining a diversified deposit base. Credicorp's core deposits (savings, CTS and demand deposits) accounted for more than 54.3% of total deposits as of December 31, 2001, and, traditionally, for more than 60% of total deposits considering BCP individually. Credicorp's market share in this type of deposit amounts to 41.5% of the system at December 31, 2001.

4. Reconciliation of Differences Between IAS and U.S. GAAP

The Credicorp Consolidated Financial Statements have been prepared in accordance with IAS, which differ in certain significant respects from U.S. GAAP. The principal differences between IAS and U.S. GAAP, insofar as they relate to Credicorp, is the treatment of the valuation of securities. Credicorp believes that there is no significant difference between (i) the amounts of the loan loss provisions taken under IAS and the provisions that would be required under U.S. GAAP and (ii) the accounting treatment of investments with the adoption of IAS 39 since 2001 (see Note 2(h) to the Credicorp Consolidated Financial Statements). Net income for the year ended December 31, 2001 was US$54.5 million under IAS compared to US$55.9 million under U.S. GAAP. Net income for the year ended December 31, 2000 was US$17.7 million under IAS compared to US$15.8 million under U.S. GAAP. Net income for the year ended December 31, 1999 was US$43.5 million under IAS compared to US$45.9 million under U.S. GAAP. Shareholders' equity under IAS was US$796.8 million as of December 31, 2001, similar to the amount under U.S. GAAP due to the application of IAS 39 (which was adopted in 2001 and is similar to the accounting provisions under U.S. GAAP), and US$782.7 million as of December 31, 2000, compared to US$785.9 million under U.S. GAAP. See Note 22 to the Credicorp Consolidated Financial Statements for a discussion of the principal differences between IAS and U.S. GAAP, insofar as they relate to Credicorp.

(B) Liquidity and Capital Resources

Regulatory Capital and Capital Adequacy Ratios

	As of December 31,

	As of December 31,			
	1998	1999	2000	2001
	(U.S. Dollars in thousands, except percentages)			
Capital stock, net	US$ 552,238	US$ 552,238	US$ 545,671	US$ 536,327
Legal and other capital reserves	69,527	69,527	69,527	69,527
Generic loan loss reserves	28,008	24,395	17,039	30,429
Generic contingency loss Reserves	0	23,960	28,659	28,659
Subordinated debt	58,771	67,742	72,877	55,555
Total	US$ 708,544	US$ 737,862	US$ 733,773	US$ 720,497
Less: investment in multilateral Organizations and Banks	(582)	(545)	(134)	(162)
Total Regulatory Capital(1)	US$ 707,962	US$ 737,317	US$ 733,639	US$ 720,335
Risk-weighted assets (1)	6,515,382	6,281,775	6,050,705	5,912,823
Capital Ratios:				
Regulatory capital as a percentage of risk-weighted assets	10.87%	11.74%	12.12%	12.18%
Ratio of risk-weighted assets to Regulatory capital (1)	9.20	8.52	8.25	8.21

(1) On an unconsolidated basis, BCP's regulatory capital was US$400.9 million and its risk-weighted assets were US$3,763.7 million as of December 31, 2001, yielding a ratio of 9.38 to 1.0 (10.7%). ASB, which determines regulatory capital and risk-weighted assets in accordance with the Basel Accord, had a risk-weighted assets to regulatory capital ratio of 3.74 to 1.0 (26.7%).

Average shareholders' equity as a percentage of average total assets increased from 9.5% in 1999 to 10.2% in 2000, and again grew to 10.1% in 2001.

Liquidity Risk

The following table reflects the maturity and currency structure of Credicorp's assets, liabilities and shareholders' equity as of December 31, 2001:

	Year ended December 31, 2001			
	Nuevos Soles	Foreign currency	Total	Percentage
	(U.S. Dollars in thousands, except percentages)			
Assets				
Financial Assets:				
Cash and due from banks................................	US$ 109,467	US$1,787,985	US$1,897,452	25.03%
Other assets (1)				
Less than 3 months.......................................	347,906	1,982,347	2,330,253	30.73%
From 3 months to 12 months	242,860	969,249	1,212,109	15.99%
More than 12 months	240,908	1,555,553	1,796,461	23.69%
Sub-Total....................................	941,141	6,295,134	7,236,275	95.44%
Non-Financial Assets:				
Bank premises and equipment and others.......	298,190	391,810	690,000	9.10%
Reserves for loan losses	(32,319)	(312,114)	(344,433)	-4.54%
Sub-Total.....................................	265,871	79,696	345,567	4.56%
Total	US$1,207,012	US$6,374,830	US$7,581,841	100.00%
Percentage of total assets	15.92%	84.08%	100.00%	
Liabilities and Stockholders' Equity				
Financial Liabilities:				
Non-interest bearing deposits.......................	US$ 224,650	US$541,957	US$766,607	10.11%
Other liabilities (2)				
Less than 3 months (3)..............................	715,949	2,048,108	2,764,057	36.46%
From 3 months to 12 months	194,776	1,277,958	1,472,734	19.42%
More than 12 months	88,099	1,303,011	1,391,110	18.35%
Sub-Total....................................	1,223,474	5,171,034	6,394,508	84.34%
Non-Financial Liabilities and Equity:				
Other liabilities	20,403	370,157	390,560	5.15%
Stockholders' equity......................................	531,372	265,401	796,773	10.51%
Sub-Total....................................	551,775	635,558	1,187,333	15.66%
Total..	US$1,775,249	US$5,806,592	US$7,581,841	100.00%
Percentage of total liabilities and stockholders' equity..	23.41%	76.59%	100.00%	

(1) Consists of loans, marketable securities, investments, interest and other receivables, deferred expenses and other assets.
(2) Demand, savings, certificates of deposit, time deposits and borrowings.
(3) Includes US$528.2 million of CTS deposits which, subject to certain exceptions, may be withdrawn by the depositor only upon termination of employment or upon transfer to another bank. Although classified as short-term, historically these deposits have been relatively stable.

Credicorp manages its assets and liabilities to ensure that it has sufficient liquidity to meet its present and future financial obligations and that it is able to take advantage of appropriate business opportunities as they arise. Liquidity risk represents the potential for loss as a result of limitations on our ability to adjust future cash flows to meet the needs of depositors and borrowers and to fund operations on a timely and cost-effective basis. Financial obligations arise from withdrawals of deposits, repayment on maturity of purchased funds, extensions of loans or other forms of credit, and working capital needs.

BCP is subject to SBS Resolution No. 622-98, enacted in July 1998, which made its Market Risk Unit responsible for liquidity management, and by which minimum liquidity ratios were established. The ratio of liquid assets as a percentage of short-term liabilities, as strictly defined by the SBS, has to exceed 8%, in case of Nuevos Soles-based transactions, and 20% in case of Foreign exchange-based transactions. BCP's daily average ratios during the month of December 2001 were 22.5% and 57.9% for Nuevos Soles and Foreign exchange-based transactions, respectively.

Credicorp has never defaulted on any of its debt or been forced to reschedule any of its obligations. Even during the early 1980s, when the government of Peru and many Peruvian companies and banks were forced to restructure their debt as a result of the Latin American debt crisis and government restrictions, BCP and PPS complied with all of their payment obligations.

Credicorp's principal source of funding is customer deposits with BCP's Retail Banking division and ASHC's Private Banking division, and at PPS, premiums and amounts earned on invested assets. The growth of Credicorp's deposit base over the past years has enabled Credicorp to increase significantly its lending activity. Credicorp believes that funds from its deposit-taking operations generally will continue to meet Credicorp's liquidity needs for the foreseeable future. The Retail Banking division has developed a diversified and stable deposit base and the Private Banking division has developed a stable deposit base that, in each case, provides Credicorp with a low-cost source of funding. This deposit base has traditionally been one of Credicorp's important strengths. BCP at times has accessed Peru's short-term interbank deposit market, although it is generally a lender in such market. The Central Bank's discount window, which makes short-term loans to banks at premium rates, is also available as a short-term funding source, but has been used infrequently by BCP. ASHC also has the ability to borrow from correspondent banks on an overnight basis at rates tied to the Federal Funds rate as well as funding lines from international financial institutions. At the end of 2001, Credicorp had credit lines available from correspondent banks totaling approximately US$1.6 billion, of which no significant amount was drawn down, including US$16.4 million drawn down for long-term facilities that are mainly used for project financing. The latter figure includes funding from CAF, IFC and other international lenders.

In addition, mortgage loans may be funded by mortgage funding notes and, since 2001, mortgage bonds that are sold by BCP in the market. Mortgage funding notes are instruments sold by BCP with payment terms that are matched to the related mortgage loans, thereby reducing BCP's exposure to interest rate fluctuations and inflation. Mortgage bonds are U.S. Dollar-denominated and have been issued with ten year terms, with collateral established by real estate aquired through funded home mortgage loans. As of December 31, 2001, BCP had US$25.4 million of outstanding mortgage bonds and notes. A source of funds specific to leasing operations are leasing bonds issued by lease financing companies, the terms of which are specified in the Peruvian leasing regulations. As of December 31, 2001, BCP had US$166.7 million of outstanding leasing bonds. These bonds have maturities extending from three to five years and bear the same interest as 360-day time deposits. In addition to its regular sources of funds, BCP is an intermediary of several medium-term credit lines for project financings in certain economic activities, from the Peruvian development financing company, COFIDE, and other international financial institutions like CAF, DEG, FMO and IFC.

Among the policies that Credicorp follows to ensure sufficient liquidity are the active management of interest rates and the active monitoring of market trends, in order to identify and provide for changes in the supply of deposits or the demand for loans.

The principal sources of funds for PPS's insurance operations are premiums and amounts earned on invested assets. The major uses of these funds are the payment of policyholder claims, benefits and related expenses, reinsurance costs, commissions and other operating costs. In general, PPS's insurance operations generate substantial cash flow because most premiums are received in advance of the time when claim payments are required. Positive operating cash flows, along with that portion of the investment portfolio that is held in cash and highly liquid securities, historically have met the liquidity requirements of PPS's insurance operations. See Notes 10 and 11 to Credicorp's Consolidated Financial Statements.

(C) Research and Development

Not applicable.

(D) Trend Information

As a result of efforts made during the three difficult years of 1998, 1999 and 2000, Credicorp was able to overcome the problems they brought and increase its profits in 2001, even though the economies remained in recession and political uncertainty continued in the countries in which it operates. Through all these years, Credicorp dedicated significant resources to consolidate its competitive advantages, strengthen its balance sheets, invest in technology and raise the level of its human resources. In 2002, Credicorp will above all seek to leverage these strengths, which will give it a solid base from where to face the challenges in this year and support a positive outlook in a period in which a difficult macroeconomic environment is expected.

In the 2002 environment, it is likely that the banks will see little growth in loans, financial margins will continue to fall, and demand for the services they offer will remain depressed.

In BCP, growth will primarily be directed towards offering loans and adequate financial services in market segments with higher margins and lower banking penetration. In personal banking, we expect to see growth in mortgage loans, especially those linked to the government's Mi Vivienda low-income housing program, as well as in loans to micro-businesses. With this objective and in order to generate more transactional services fee income, BCP will set up branches in zones poorly served by banks which show growth potential. Middle Market Banking, after the removal of bad loans from its loan portfolio, is another market segment which should begin to recover its business volumes to levels handled prior to the crisis. In 2002, BCP will seek to maintain its current market share.

Atlantic Security will continue with the strategy begun in 2001 to achieve sustained growth in managing third-party funds and slowly balance its investment portfolio making it less exposed to market volatility. In the case of the Colombian market, Banco Tequendama will continue its efforts to increase loans and deposits, reduce expenses and generate positive results without requiring additional support from Credicorp.

The insurance market will face a year in which the costs of reinsurance coverage will undergo a significant increase. The negative effect on margins will require additional reductions of operating costs. The sale of insurance policies through BCP's office network will turn into a key factor for growth in this activity, taking advantage of the synergies that should be generated among Credicorp's subsidiaries.

ITEM 6. DIRECTORS, SENIOR MANAGERS AND EMPLOYEES

(A) Directors and Senior Management

Directors

The following table sets forth the current Directors of Credicorp.

Name	Position	Years served as a Director(1)
Dionisio Romero(2)	Chairman	33
Luis Nicolini	Deputy Chairman	26
Fernando Fort	Director	20
Reynaldo Llosa	Director	19
José Antonio Onrubia(2)	Director	13
Juan Carlos Verme	Director	12

(1) Of Credicorp, its subsidiaries and their predecessors as of December 31, 2001.

(2) Dionisio Romero and José Antonio Onrubia are first cousins.

Dionisio Romero, is an economist with a Masters degree in Business Administration from Stanford University in the United States of America. Mr. Romero was the Chairman of Banco de Credito del Peru since 1966 to 1987 and has been from December 1990 to the present. He is the Chairman of Credicorp and has been so since August 1995. Additionally he serves as a Director on the boards of various other companies.

Luis Nicolini, an industrial banker by profession, which has served as Vice-Chairman of Banco de Credito del Peru since August 1995, and is also a Director on the boards of Inversiones Centenario, Alicorp, and Chairman of the textile company Fabrica de Tejidos La Bellota. He has been a Director of Credicorp since August 1995.

Fernando Fort, is a lawyer and Partner at the legal firm of Fort, Bertorini, Godoy y Sarmiento. Mr. Fort has been a Director of Banco de Credito del Peru from March 1979 to October 1987, and from March 1990 to the present, and Director of Credicorp since March 1999. Additionally he serves as a Director on the Board of Inversiones Centenario and various other companies.

Reynaldo Llosa, is a business manager, which has served as a Director on Banco de Credito del Peru's board since March 1980 to October 1987, and from March 1990 to the present, and Director of Credicorp since August 1995. He is also the main partner and general manager of the company F.N. Jones S.R. Ltda., and serves as a Director on the boards of various other companies.

Jose Antonio Onrubia, has an undergraduate degree in Business Administration from the University of Sevilla, Spain, and a Masters degree in Administration from the University of Boston in the United States of America. Mr. Onrubia has served on Banco de Credito del Peru's Board since May 1985 to October 1987, and from March 1991 to the present. He is a Director on various other companies and serves on Credicorp's board since August 1995.

Juan Carlos Verme, is a businessman, Director of Banco de Credito del Peru since March 1990, and Director of Credicorp since August 1995. Mr. Verme also serves as a Director on the boards of various other companies.

The Secretary of Credicorp is Dawna L. Ferguson. The Assistant Secretary of Credicorp is Fernando Palao. The Resident Representative of Credicorp is Nicholas G. Trollope.

Executive Officers

Pursuant to the Bye-Laws, the Board of Directors has the power to delegate its power over day-to-day management to one or more Directors, officers, employees or agents. The following table sets forth information concerning the principal executive officers of Credicorp.

Name	Position	Years Served as an Officer (1)
Dionisio Romero	Executive Chairman	36 (2)
Raimundo Morales	Chief Operating Officer	22
Carlos Muñoz	Executive Vice Chairman	21
Benedicto Cigüeñas	Chief Financial and Accounting Officer	11
José Luis Gagliardi	Senior Vice President—Administration and Human Resources	19 (3)
Arturo Rodrigo	Senior Vice President—Insurance	26

(1) Of Credicorp, its subsidiaries and their predecessors as of December 31, 2001.
(2) Mr. Romero served as an officer of BCP from 1966 through 1987 and from 1990 to the present. Mr. Romero has been an officer of PPS since 1972.
(3) Mr. Gagliardi served as an officer of BCP from 1981 through 1988.

Dionisio Romero, see the preceding section, *–Directors*, for information on Mr. Romero.

Raimundo Morales, the Chief Operating Officer of Credicorp, is also the General Manager of BCP, having joined BCP in 1980. Previously, Mr. Morales held various positions during ten years at Wells Fargo Bank in San Francisco, Sao Paulo, Caracas, Miami and Buenos Aires. His last position was Vice President for the Southern Region. From 1980 to 1987, Mr. Morales was Executive Vice President in charge of BCP's Wholesale Banking Group. Between 1987 and 1990 he was the General Manager of Atlantic Security Bank in Miami. He rejoined BCP as General Manager in 1990. Mr. Morales received his Masters degree in Finance from the Wharton School of Business in the United States of America.

Carlos Muñoz, the Executive Vice President of Credicorp and, as of May 1995, the Deputy General Manager of BCP, is also the President of ASB. He previously served as Senior Vice President and Manager of BCP's Metropolitan Division Group and later managed the Retail Banking Group as an Executive Vice President. Previously, Mr. Muñoz held positions as an Investment Officer for the International Finance Corporation (World Bank Group) in Washington, D.C. and with the Philadelphia National Bank in Philadelphia, Paris and Buenos Aires, where his last position was Assistant Vice President and Regional Representative. From 1988 to 1990, Mr. Muñoz served as Executive Vice President of Atlantic. Mr. Muñoz received his Masters degree in Finance from the Wharton School of Business in the United States of America.

Benedicto Cigüeñas, is the Chief Financial Officer and Chief Accounting Officer of Credicorp and Executive Vice President of Planning and Finance of BCP. Before joining BCP in 1991, Mr. Cigüeñas was the General Manager of Banco Exterior de los Andes y de España (Regional Office in Peru) and of Banco Continental. He served as Peru's Vice Minister of Finance from 1979 to 1981. Mr. Cigüeñas reveived his Masters degree in Economics from Colegio de Mexico, in Mexico.

Jose Luis Gagliardi, the Senior Vice President in charge of Administration and Human Resources of Credicorp and Executive Vice President of Administration of BCP, first joined BCP in 1981. From March 1981 until December 1988 he served as the Manager of Human Resources and Central Manager of

Resources and Administration. In 1988, Mr. Gagliardi left BCP to manage Human Resources for Bank of America's Latin American Division. He rejoined BCP in November 1990.

Arturo Rodrigo, is the Senior Vice President in charge of Insurance for Credicorp and the General Manager of PPS. Prior to joining PPS in 1976, Mr. Rodrigo worked in La Vitalicia Compania de Seguros. Before becoming General Manager of PPS, Mr. Rodrigo held various management positions at PPS, managing both the technical area and the commercial property line.

(B) Compensation

The aggregate amount of compensation paid by Credicorp to all directors and executive officers for 2001 was US$4.0 million in 2000 mainly due to anticipated payment of bonuses that would fall due during calendar year 2002. Credicorp does not disclose to its shareholders or otherwise make available to the public information as to the compensation of its individual directors or executive officers.

Pursuant to the Credicorp Shares Purchase Options Plan (the "Plan") which Credicorp instituted to grant options beginning in fiscal year 1999, Credicorp granted options to purchase Common Shares to certain directors and administrative, supervisory and management personnel during the years ending December 31, 1999, 2000 and 2001 (each individually an "Option" and collectively the "Options"). Each Option expires eight years after the date of grant. The Options vest in 25% increments during the first four years following the date of grant. From the end of the fourth year after the grant of an Option until the expiration date of the Option, all or a portion of such Option still outstanding under the Plan may be exercised at any time. The Options granted in 1999 were for a total of 475,000 Common Shares with an exercise price of $9.39, Options granted in 2000 amounted to 534,000 with an exercise price of $10.50 and Options granted in 2001 were for 571,500 Common Shares and have an exercise price of US$7.30. As of December 31, 2001, only 1,250 shares had been purchased through the exercise of stock options.

(C) Board Practices

The management of Credicorp is the responsibility of the Board of Directors, which, pursuant to Credicorp's bye-laws (the "Bye-Laws"), is composed of six persons. Directors need not be shareholders. Directors are elected and their remuneration determined at Annual General Shareholders' Meetings. Directors hold office for three-year terms. The terms of only two Directors expire at a given Annual General Shareholders' Meeting, and at such meeting their succesors are elected. Credicorp's current Directors have no benefits in addition to the remuneration agreed at the annual general shareholders' meetings, nor benefits that could be enjoyed at the termination of their service terms.

Pursuant to the Bye-Laws, the number of Directors required to constitute a quorum shall be the majority of the number of Directors. A quorum must exist throughout any meetings of Directors. A director can appoint another Director to act as his proxy at a meeting of the Board of Directors. Decisions of the Board of Directors require the vote of a majority of Directors present or represented at a duly convened meeting. The Board can act by the unanimous written consent of all Directors.

The Directors are also members of Credicorp's Audit Committee, which has been assigned by the Board with oversight on the Internal Audit Division of BCP, which, as allowed by SBS Resolution No. 1041-99, has responsibility over all financial activities of its subsidiaries, and on the internal audit group of PPS. The Audit Committee approves the audit plan and meets on a monthly basis to review its execution.

(D) Employees

At December 31, 2001, Credicorp had 9,375 full-time employees, distributed as shown in the following table.

	At December 31,		
	1999	2000	2001
	(Full-time employees)		
BCP	7,522	7,417	7,747
Banco Tequendama	484	452	457
PPS	925	840	946
ASHC	105	101	93
Others	309	402	132
Total Credicorp	9,345	9,212	9,375

All employees at banks in Peru are given the option of belonging to an employee union, and such employee unions are collectively represented by the *Federación de Empleados Bancarios* (the Federation of Banking Employees, or "FEB"). In order to negotiate a collective agreement on behalf of its members, FEB must have as members over 50% of all Peruvian banking employees. Because the representation of banking employees members of FEB has declined to below 50%, the most recent collective bargaining agreement, which expired on June 30, 1995, has not been renewed.

As of December 31, 2001, only two BCP employees belonged to a union. The last strike by union employees occurred in 1991 and did not interfere with BCP's operations. Due to the limited participation in the union, in 1996 BCP was granted permission by the Peruvian Ministry of Labor to cancel the registration of BCP's union.

(E) Share Ownership

As of April 30, 2002, directors and executive officers as a group owned 17.1 million (18.13%) of Credicorp's Common Shares. With the exception of the Romero family holdings, to which directors Mr. Dionisio Romero and Mr. Jose Antonio Onrubia belong, no other director or executive officer of Credicorp beneficially owns more than one percent of the Common Shares. See "Item 7. Major Shareholders and Related Party Transactions –(A) Major Shareholders."

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

(A) Major Shareholders

As of June 30, 2002, there were 94,382,317 Common Shares issued, of which 14,634,925 Common Shares were held by BCP, ASHC and PPS. Under Bermuda law, BCP, ASHC and PPS have the right to vote the Common Shares they own. The table below provides details about the percentage of Common Shares owned by holders of 5% or more of Common Shares, as of April 30, 2002.

Owner	Common Shares	Percent of Class (1)
Romero family(2)	14,689,976	15.56%
Atlantic Security Holding Corporation	10,158,204	10.76%
Capital Group International, Inc.(3)	8,249,700	8.74%
AFP Integra	8,004,260	8.48%
AFP Unión Vida	7,406,822	7.85%
AFP Horizonte	5,406,721	5.73%

(1) As a percentage of issued and outstanding shares (including treasury shares).

(2) Includes Common Shares directly or indirectly owned by Dionisio Romero and his family, including José Antonio Onrubia, or companies owned or controlled by them. Mr. Romero is the Chairman and Chief Executive Officer of Credicorp; Mr. Onrubia is a Director of Credicorp. Messrs. Romero and Onrubia are first cousins.

(3) Capital Group International, Inc., a financial holding company owning investment management companies, may be deemed the beneficial owner of these shares that are owned by its subsidiary investment management companies.

As of June 2001 and June 2000, the Romero family held 15.56% and 16.13% of Common Shares.

Credicorp is not directly or indirectly controlled by another corporation or by any foreign government.

As of June 30, 2002, 79,747,392 Common Shares (excluding 14,634,925 treasury shares) were outstanding; of which approximately 34% were held in the United States. As of such date, there were 60 record holders of Common Shares in the United States. Because certain of these Common Shares were held by brokers or other nominees and due to the impracticability of obtaining accurate residence information for all shareholders, the number of holders of record or registered holders in the United States is not representative of the number of beneficial holders or of the residence of beneficial holders. Credicorp is not directly or indirectly controlled by another corporation or by any foreign government.

(B) Related Party Transactions

(i) Credicorp

Under Bermuda law, Credicorp is not subject to any restrictions on transactions with affiliates beyond those which are applicable to Bermuda companies generally. Credicorp's Bye-Laws provide that a Director may not vote in respect of any contract or proposed contract or arrangement in which such Director has an interest or in which such Director has a conflict of interest. Credicorp has not engaged in any transactions with related parties except through its subsidiaries.

(ii) BCP

Certain related parties of BCP (the "BCP related parties") have been involved, directly or indirectly, in credit transactions with BCP. In accordance with Law 26702, the term "BCP related parties" includes directors, certain principal executive officers and holders of more than 4% of the shares of BCP, and companies controlled (for purposes of Law 26702) by any of them. Under Law 26702, all loans to related parties must be made on terms no more favorable than the best terms that the bank offers to the public. Management believes BCP to be in full compliance with all related party transaction requirements imposed by Law 26702. For a description of Law 26702 as it relates to BCP, see "Item 4. (B) Business Overview—11. Supervision and Regulation—(ii) BCP" and "Item 4. (B) Business Overview—13. Selected Statistical Information—Loan Portfolio—Concentration of Loan Portfolio and Lending Limits."

As of December 31, 2001, loans and other contingent credits to BCP related parties were US$70.0 million in the aggregate, including US$61.0 million in outstanding loans, which comprised approximately 1.7% of BCP's total loan portfolio. These loans and other contingent credits were ranked in the following risk categories at December 31, 2001: Class A (normal credits)—40.2%; Class B (potential problems)—45.2%; Class C (substandard)—14.6%; Class D (doubtful)—0%; and Class E (loss)—0%.

At December 31, 2001, loans and other credits to employees of BCP amounted to US$23.4 million, of which US$18.8 million represented home mortgage loans.

In May 1998, Credicorp completed a securitization by which Creditítulos acquired office buildings from a related party for US$10.2 million. In February 1999 Creditítulos issued bonds against this collateral which will be serviced with the expected lease income stream.

BCP purchases certain security services from a company controlled by a BCP related party. As of December 31, 2001, the total fees paid by BCP thereto for security services were S/3.4 million (US$1.0 million). Such related party transactions have been conducted in the ordinary course of business and on terms no less favorable than could be obtained from unaffiliated third parties.

(iii) ASHC

Certain related parties of ASHC (the "ASHC related parties") have been involved, directly or indirectly, in credit transactions with ASHC. The term "ASHC related parties" includes other affiliated entities in which there exists control or significant influence through common ownership, management or directorship. As of December 31, 2001, loans and other credits outstanding to ASHC's related parties were US$16.7 million in the aggregate, US$12.0 million of which were loans representing 6.8% of the total loan portfolio. None of these loans and other credits were classified as substandard or below.

Management believes that, in accordance with ASHC's policies, all loans and credits to related parties have been made on terms no more favorable than the best terms that ASHC offers to the public.

(iv) PPS

PPS provides insurance services to certain of its principal shareholders, directors and officers, as permitted by Law 26702. See "Item 4. (B) Business Overview—11. Supervision and Regulation—(iii) PPS—Related Party Transactions." In the case of "related companies," entities controlled by shareholders owning more than 4% of PPS or by members of PPS's Board of Directors, insurance services are offered and sold on an arm's-length basis; PPS charges a market price for these services. As of December 31, 2001, insurance premiums to related companies amount to S/41.2 million (US$12.0 million). These insurance premiums comprise approximately 5.7% of PPS's total premiums written during 2001.

PPS purchases security services from a company controlled by a related party of a principal shareholder of Credicorp. Service payments thereto during 2001, were S/2.1 million (US$621 thousand). All such related party transactions are conducted on an arm's-length basis, and PPS pays the market price for these services.

As of December 31, 2001, loans and other credits to employees of PPS amounted to S/1.9 million (US$538 thousand), of which a substantial majority represented home mortgage loans.

(C) Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

(A) Consolidated Statements and Other Financial Information

All supplementary schedules relating to the registrant are omitted because they are not required or because the required information, where material, is contained in the consolidated financial statements or notes thereto.

Legal Proceedings

Credicorp and its subsidiaries are involved in certain legal proceedings incidental to the normal conduct of their businesses. In addition, Credicorp is involved in certain legal proceedings in connection with its acquisition of Banco Tequendama. (See "Item 4. Information on the Company--(C) Organizational Structure"). Credicorp does not believe that any potential liabilities resulting from such proceedings would have a material adverse effect on the financial condition or results of operation of Credicorp or any of its subsidiaries.

Dividend Policy

Pursuant to Bermuda law, dividends are payable out of Credicorp's retained earnings and contributed surplus account, provided Credicorp would be able to pay its liabilities as they become due and the realisable value of Credicorp's assets would not be less than the aggregate of its liabilities and issued share capital and share premium accounts after the payment of such dividend. Although there can be no assurance that any dividends will be paid or as to the amount of dividends, if any, to be paid, Credicorp currently intends to declare and pay dividends annually and Credicorp's Board of Directors currently expects to recommend to the shareholders an annual dividend no less than 25% of consolidated net profits. However, the payment of dividends is subject to the discretion of the Board of Directors of Credicorp and will depend upon general business conditions, the financial performance of Credicorp, the availability of dividends from Credicorp's subsidiaries and restrictions on their payment and other factors that Credicorp's Board of Directors may deem relevant.

Credicorp will rely almost exclusively on dividends from its subsidiaries for the payment of dividends to holders of Common Shares and for corporate expenses, and is able to cause its subsidiaries to declare dividends, subject to certain reserve and capital adequacy requirements under applicable banking and insurance regulations. To the extent Credicorp's subsidiaries do not have funds available or are otherwise restricted from paying dividends to Credicorp, Credicorp's ability to pay dividends on the Common Shares will be adversely affected. Currently, there are no restrictions on the ability of BCP, ASHC, PPS, Banco Tequendama or any other Credicorp subsidiary to remit dividends abroad. In addition, BCP and PPS intend to declare and pay dividends in Nuevos Soles and Banco Tequendama intends to declare dividends in Colombian Pesos, whereas Credicorp intends to declare and pay dividends in U.S. Dollars. If the value of the Nuevo Sol or Colombian Peso falls relative to the U.S. Dollar between the date of declaration and the date of payment of dividends, the value of such dividends to Credicorp would be adversely affected. See "Item 3. Key Information—(A) Selected Financial Data--Exchange Controls."

The following table shows cash and stock dividends paid by Credicorp in the periods indicated:

Year ended December 31,	Number of Shares Entitled to Dividends	Cash Dividends Per Share	Stock Dividends Per Share
1996	60,852,286	US$ 0.55	0.175
1997	71,501,521	US$ 0.50	0.20
1998	85,801,738	US$ 0.45	0.10
1999	94,382,317	US$ 0.20	0.00
2000	94,382,317	US$ 0.10	0.00
2001	94,382,317	US$ 0.10	0.00

On November 22, 2001, the Board of Directors of Credicorp declared an extraordinary cash dividend of US$0.20 per Common Share, that was paid on January 15, 2002, to shareholders of record as of December 14, 2001. On February 28, 2002, the Board declared a cash dividend of US$0.20 per Common Share held at the close of business on April 2, 2002, which was distributed on May 2, 2002.

(B) Significant Changes

None.

ITEM 9. THE OFFER AND LISTING

(A) Offer and Listing Details

Price History of Company's Stock

Credicorp's Common Shares trade on the New York Stock Exchange and the Lima Stock Exchange. The table below sets forth, for the periods indicated, the reported high and low closing prices and average daily trading volume for the Common Shares on the New York Stock Exchange. The Common Shares are quoted in U.S. Dollars on both the New York Stock Exchange and the Lima Stock Exchange.

	High(1)	Low(1)	Average Daily Volume*
1996			
First quarter	$12.66	$10.68	196,266
Second quarter	$14.88	$10.86	88,131
Third quarter	$15.25	$13.96	51,430
Fourth quarter	$14.25	$12.48	100,555
1997			
First quarter	$17.66	$13.50	76,759
Second quarter	$21.93	$17.29	90,779
Third quarter	$20.68	$16.98	137,259
Fourth quarter	$17.89	$15.28	103,924
1998			
First quarter	$16.48	$13.42	66,729
Second quarter	$17.27	$13.66	106,051
Third quarter	$15.00	$ 5.70	116,170
Fourth quarter	$14.82	$ 6.37	117,941
1999			
First quarter	$ 9.92	$ 7.35	97,727
Second quarter	$10.91	$10.57	125,976
Third quarter	$10.57	$10.37	77,503
Fourth quarter	$10.92	$10.72	54,352
2000			
First quarter	$12.75	$10.50	127,873
Second quarter	$11.63	$ 8.63	72,778
Third quarter	$ 9.00	$ 7.06	129,037
Fourth quarter	$ 7.38	$ 5.50	116,417
2001			
First quarter	$ 8.20	$ 5.94	87,340
Second quarter	$ 9.05	$ 7.22	69,921
Third quarter	$ 9.41	$ 7.76	63,164
Fourth quarter	$ 9.20	$ 7.80	49,038
2002			
First quarter	$ 10.10	$ 8.60	40,899
Second quarter (through June 12)	$ 10.04	$ 8.37	31,056

Source: Economatica

(1) The Common Share prices shown above have been adjusted retroactively to reflect stock dividends. Credicorp declared a stock dividend on February 26, 1998 of 0.100 Common Shares for each Common Share held at the close of business on March 31, 1998.

The table below sets forth, for the periods indicated, the reported high and low closing prices and trading volume for the Common Shares on the Lima Stock Exchange.

	High(1)	Low(1)	Average Daily Volume*
1996			
First quarter	$12.00	$10.40	49,922
Second quarter	$14.28	$10.78	45,690

	High(1)	Low(1)	Average Daily Volume*
Third quarter	$14.81	$13.68	42,728
Fourth quarter	$14.03	$12.23	47,269
1997			
First quarter	$17.46	$12.99	55,633
Second quarter	$21.00	$17.13	45,166
Third quarter	$20.11	$16.70	50,505
Fourth quarter	$17.45	$15.41	59,876
1998			
First quarter	$16.45	$14.45	55,012
Second quarter	$17.65	$14.01	47,231
Third quarter	$15.24	$ 6.95	88,536
Fourth quarter	$11.15	$ 6.12	73,078
1999			
First quarter	$10.05	$ 7.54	33,047
Second quarter	$10.93	$10.67	69,772
Third quarter	$10.53	$10.39	53,118
Fourth quarter	$10.81	$10.63	74,377
2000			
First quarter	$12.60	$10.38	71,911
Second quarter	$11.68	$8.63	61,747
Third quarter	$9.06	$7.18	70,559
Fourth quarter	$7.25	$5.70	52,178
2001			
First quarter	$ 8.20	$ 5.90	39,245
Second quarter	$ 9.00	$ 7.18	33,055
Third quarter	$ 9.40	$ 7.90	64,548
Fourth quarter	$ 9.25	$ 7.80	28,680
2002			
First quarter	$10.03	$ 8.63	56,516
Second quarter (through June 12)	$ 10.00	$ 8.38	23,422

Source: Economatica

(1) The Common Share prices shown above have been adjusted retroactively to reflect stock dividends. Credicorp declared a stock dividend on February 26, 1998 of 0.100 Common Shares for each Common Share held at the close of business on March 31, 1998.

The table below sets forth, for the indicated months, the reported high and low closing prices for the Common Shares on the New York Stock Exchange.

	High	Low
2001		
December	$ 9.03	$ 5.59
2002		
January	$ 9.38	$ 8.60
February	$10.10	$9.25
March	$10.07	$9.65
April	$10.04	$9.08
May	$ 9.50	$8.50
June (through June 12)	$8.80	$8.37

Source: Economatica

The table below sets forth, for the indicated months, the reported high and low closing prices for the Common Shares on the Lima Stock Exchange.

	High	Low
2001		
December	$ 9.00	$ 8.65
2002		
January	$ 9.35	$8.63
February	$10.03	$9.30
March	$10.00	$9.71
April	$10.00	$9.15
May	$ 9.45	$8.51
June (through June 12)	$ 8.85	$8.38

Source: Economatica

On June 12, 2002, the last sale price of the Common Shares on the New York Stock Exchange was US$8.37 per share. On June 12, 2002, the closing price of the Common Shares on the Lima Stock Exchange was US$8.38.

(B) Plan of Distribution

Not applicable.

(C) Markets

The Lima Stock Exchange

(i) Trading

As of December 2001, there were 211 companies listed on the *Bolsa de Valores de Lima* ("Lima Stock Exchange"), Peru's only securities exchange, which was established in 1970. Trading on the Lima Stock Exchange is primarily done on an electronic trading system that became operational in August

1995. Trading hours are Monday through Friday 8:00 a.m.—9:30 a.m. (pre-market ordering); 9:30 a.m.—1:30 p.m. (trading), with foreign securities trading until 4:10 p.m.; and 1:30 p.m.—2:00 p.m. (after market sales). Equity securities may also be traded in an open outcry auction floor session, which was the exclusive method of trading equity securities prior to the introduction of electronic trading. Nearly 100% of transactions currently take place on the electronic system.

Transactions during both open outcry and electronic sessions are executed through brokerage firms and stock brokers on behalf of their clients. Brokers submit their orders in strict accordance with written instructions, following the chronological order of the receipt. The orders specify the type of security ordered or offered, the amounts, and the price of the sale or purchase, as the case may be. In general, share prices are permitted to increase or decrease up to 10% within a single trading day.

The Peruvian stock market capitalization increased, in U.S. Dollar terms, 93.3%, 60.5%, 43.4%, 18.3%, and 25.6% in 1993, 1994, 1995, 1996, and 1997, respectively, decreased 36.5% during 1998, but grew 21.5% in 1999, declined 21.6% during 2000, and grew 3.3% in 2001. Volume in the Peruvian market is highly concentrated, with the ten most actively traded companies representing 79.8% of total traded value during 2001. Total traded volume has increased from US$1.98 billion in 1993 to US$4.05 billion in 1994, to US$5.28 billion in 1995, to US$8.49 billion in 1996, to US$12.1 billion in 1997, but decreased to US$7.7 billion in 1998, to US$4.7 billion in 1999, to US$3.6 billion in 2000, and further to US$3.4 billion in 2001. Average daily traded volume increased from US$3.0 million in late 1992 to US$48.3 million during 1997, then declined to US$31.3 million in 1998, to US$18.9 million in 1999, to US$14.4 million in 2000, and further to US$13.8 million for the year ended December 31, 2001. The *Indice General de la Bolsa de Valores de Lima* (the General Index of the Lima Stock Exchange (the "IGBVL")), after increasing, in U.S. Dollar terms, 88.7% in 1993, increased 50.5% in 1994, decreased 17.3% in 1995, increased 2.84% in 1996, increased 18.86% in 1997, decreased 33.9% in 1998, increased 23.3% in 1999, decreased 34.2% in 2000, and increased 0.2% in 2001.

(ii) Market Regulation

As of December 1996, a new Peruvian securities law, Legislative Decree 861 (the "Securities Market Law"), superseded Legislative Decree 755, which had been in effect since November 1991. The rapid development and internationalization of the Peruvian economy brought about the need to modernize Peru's old securities law. The Securities Market Law addresses such matters as: transparency and disclosure; takeovers and corporate actions; capital market instruments and operations; the securities markets and broker-dealers; and risk rating agencies.

La Comisión Nacional Supervisora de Empresas y Valores ("CONASEV"), a public entity responsible to Peru's Ministry of Economy and Finance ("MEF"), was given additional responsibilities relating to the supervision, regulation, and development of the securities market, while a self-regulatory status was established for the Lima Stock Exchange and its member firms. Additionally, a unified system of guarantees and capital requirements was established for the Lima Stock Exchange and its member firms.

CONASEV is governed by a nine-member board appointed by the government. CONASEV has broad regulatory powers, including supervision of all companies incorporated in Peru as well as Peruvian branches or agencies of foreign corporations, the process of admission of members to the Lima Stock Exchange, the authorization for the creation of exchanges, and the approval of the registration of offerings of securities. CONASEV supervises the securities markets and the dissemination of information to investors. It also governs the operations of the Public Registry of Securities and Brokers, regulates mutual funds and their management companies, monitors compliance with accounting regulations by companies under its supervision and the accuracy of financial statements, and registers and supervises auditors providing accounting services to those companies under CONASEV's supervision. On August 22, 1995, CONASEV approved regulations governing the public offering of securities in Peru by entities organized outside of Peru and, for the first time, authorized foreign companies to be listed on the Lima Stock Exchange. On October 25, 1995, Credicorp became the first non-Peruvian company to list its shares on the Lima Stock Exchange. See "Item 4. (B) Business Overview—11. Supervision and Regulation."

Pursuant to the Securities Market Law, a guarantee fund must be maintained by the Lima Stock Exchange and funded by its member firms. The actual contributions to be made by the 24 member firms of the Lima Stock Exchange are based on volume traded over the exchange. At present, the fund has approximately S/17 million, which is the target set by the regulations based on the exchange's total traded volume. In addition to the guarantee fund managed by the Lima Stock Exchange, each member firm is required to maintain a guarantee for operations carried outside the exchange in favor of CONASEV. The manner in which such guarantees are generally established is through stand-by letters of credit issued by local banks.

(D) Selling Shareholders

Not applicable.

(E) Dilution

Not applicable.

(F) Expenses of the issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

(A) Share Capital

Not Applicable

(B) Memorandum and Articles of Association

The Memorandum of Association of Credicorp provides that the general objectives of the Company are to act and perform all the functions of a holding company, to coordinate the policy and administration of any subsidiary or subsidiaries, regardless of the place of incorporation, and to carry on the business of an investment company, and as such, acquire and hold in the name of the Company, shares, stock, bonds, debentures, and securities issued or guaranteed by any company.

Board Proceedings

The Board of Directors is in charge of managing and conducting the business of the Company, and may meet in Bermuda or such other place as the Chairman may from time to time determine. It consists of six members, elected by the Annual General Shareholders' Meeting for three-year terms. It is not necessary to be a shareholder to be named Director of the Company. See "Item 6. Directors, Senior Managers and Employees –(C) Board Practices."

The Directorship shall be vacated if the Director: (i) is removed from office pursuant to the bye-laws or by prohibition stated in law; (ii) is or becomes insolvent; (ii) is or becomes of unsound mind or dies; or (iv) resigns by written notice. No Director is required to retire by reason of age, nor do special formalities apply to the appointment of any Director who is over any age limit.

Quorum necessary in order to convene a meeting shall be the majority of the Directors of the Company. The Board may act notwithstanding vacancy, but if and so long the number of Directors is reduced below the number fixed as the necessary quorum, the Directors may act only to (i) summon a general meeting; or (ii) preserve the Company's assets. All motions must be approved by the majority of Directors present at each meeting. However, subject to the provisions in the bye-laws, a Director may not vote in respect of a contract or proposed contract or arrangement in which such Director is interested or with which such Director has a conflict of interest.

As permitted by the bye-laws and the Companies Act 1981 of Bermuda, as amended (the "Companies Act"), the Board may exercise all the powers of the Company to borrow money and mortgage or charge its undertaking, property, capital, and may issue debentures, debenture stock, or any other securities. It may also exercise all powers to purchase any or all of the Company's own shares (in accordance with The Companies Act) and to discontinue the Company in a jurisdiction outside Bermuda.

The remuneration, if any, of the Directors shall be determined by a majority vote at the annual general meeting, and shall accrue on a daily basis. Directors may also be paid all travel and hotel expenses incurred by them while attending meetings, or participating on committees that they have been appointed by the Board, or in connection with the Company's business or their duties as Directors.

General Meetings

An Annual General Meeting of Credicorp must be held each year to: (i) consider and adopt resolutions to receive the report of auditors and financial statements for the year ended on December 31; (ii) to elect Directors; (iii) to consider fees payable to the Directors; and (iv) to appoint auditors. Special general meetings will be held to consider any other matters different from those considered in the annual general meeting. Annual and special general meetings may be held in Bermuda or in any other location as may be determined by the Chairman.

At least fourteen days' notice of an Annual General Meeting, and at least ten days' notice in the case of a special general meeting shall be given to each member, stating date, time, place at which the meeting will take place, and as far as practicable, the general business to be considered at the meeting. Shareholders entitled to attend a general meeting may designate a proxy to attend the meeting and vote his shares, such alternate does not need to be a shareholder of the Company.

At any general meeting, two persons present in person or by proxy in excess of 50% of the total issued voting shares shall form quorum for the meeting. However if within half an hour from the time appointed for the meeting a quorum is not present, the meeting will adjourn to the same day one week later, at which meeting the persons attending, either in person or by proxy, shall form quorum.

Subject to the provisions of the bye-laws, all questions proposed for consideration of the members shall be decided by the affirmative votes a majority of votes cast in accordance with the bye-laws, and in case of equality of votes, the motion shall fail. This differs from the provisions of the Companies Act, which state that in the case of equality of votes, the Chairman shall be entitled to a second or casting vote.

Shareholders' Rights

The share capital of the Company is divided into a single class of Common Shares, the holders of which shall: (i) be entitled to one vote per share; (ii) be entitled to such dividends as the Board may from time to time declare; (iii) be entitled to the surplus assets of the Company, in cases of voluntary or involuntary liquidation, dissolution, reorganization or otherwise; and (iv) be entitled to all of the rights attached to shares.

Notwithstanding the foregoing, the Board may fix any record date for: (i) determining the members entitled to receive notice of and to vote at any general meeting; and (ii) determining the members entitled to receive any dividend, distribution, allotment or issue, and such record date may not be more than thirty days before the date on which such dividend, distribution, allotment or issue is declared, paid, or made.

In accordance with the bye-laws and The Companies Act, the Board may declare a dividend to be paid to the Shareholders, in proportion to the shares held by them, and/or in proportion to the amount paid up on each share; and may declare and make such other distributions (in cash or in specie) to the Shareholders as may be lawfully made out of the assets of the Company. The Board may, before declaring dividends, set aside out of the surplus of the Company, such sums as it thinks proper as a reserve to be used to meet contingencies, equalizing dividends, or for any other special purpose.

Any dividends declared by the Board may be paid in cash or wholly or partly paid in specie, in which case the Board may fix the value for distribution in specie of any assets. Unclaimed dividend shall not earn interest, and those that remain unclaimed three years after they were declared shall revert to the Company and no shareholder shall have any rights to such dividends.

Any shareholder may transfer their shares to third parties, in which these cases, an instrument of transfer shall be necessary in order to inform such transfer to the Company. The instrument of transfer must be signed by both the transferor and transferee, except in the cases of fully paid shares were the instrument of transfer may be signed by the transferor alone. The transferor of shares shall be deemed to remain the holder of shares until the same has been registered in the Register of Shareholders.

There is no limitation as to the ownership of shares for foreign or non-resident shareholders, and there is no applicable ownership threshold above which shareholder ownership must be disclosed.

If any shareholder fails to pay, on the day appointed for the payment thereof, any rights in respect of shares held by such shareholder, the Board may at any time as the rights remains unpaid, forward such member a notice by the Board’s Secretary. However, the Company may accept from any shareholder the whole or part of the amount remaining unpaid, although no right has been distributed.

Credicorp currently has only one class of shares, but if any new class of shares were to be adopted, such motion should be approved by a resolution of the Board and a resolution of the General Meeting passed by a majority of the votes cast in accordance with the provisions of the bye-laws. Any change in the rights of the holders of a specific class of shares must be made in accordances with the applicable provisions of The Companies Act, which state that they may be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a resolution passed at a separate general meeting of the holders of the shares of such class.

(C) Material Contracts

As of the date hereof, there are no Material Contracts entered into by the Company.

(D) Exchange Control

Credicorp has been designated as a non-resident for Bermuda exchange control purposes, and as such there are no restrictions on its ability to transfer funds in and out of Bermuda or to pay dividends to United States residents who are holders of Common Shares. See "Item 3 Key Information (A) Selected Financial Data – Exchange Controls."

(E) Taxation

Credicorp is subject to Bermuda taxation, there being no income, corporation or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by Credicorp or its shareholders other than shareholders ordinarily resident in Bermuda. Credicorp is not subject to stamp or other similar duty on the issue, transfer or redemption of its shares of common stock. Likewise, there are no witholding taxes in Bermuda applicable to any distributions to be made by the Company. See "Item 5. Operating and Financial Review and Prospects –(A) Operating Results –1. Historical Discussion and Analysis – Income Taxes."

Credicorp has obtained from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income or computed on any capital assets, gains or appreciation of any tax in the nature of estate duty or inheritance tax, such tax shall not until 28 March 2016 be applicable to Credicorp or to its operations, or to the shares, debentures or other obligations of Credicorp except in so far as such tax applies to persons ordinarily resident in Bermuda and holding such shares, debentures or other obligations of Credicorp or any real property or leasehold interests in Bermuda owned by Credicorp.

As an exempted company, Credicorp is liable to pay in Bermuda a registration fee based upon its authorized share capital and the premium on its issued shares of common stock at a rate not exceeding $25,000 per annum.

(F) Dividends and Paying Agents

Not applicable.

(G) Statement by Experts

Not applicable.

(H) Documents on Display

The documents referred to in this Annual Report are available for inspection at the Registered Office of the Company.

(I) Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Credicorp's risk management has specific policies and procedures which structure and delineate exposures to market risk, liquidity and credit risks. Market risk is the risk of loss to future earnings, to fair values, or to future cash flows arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates, commodity prices, and other relevant market or price changes. Market risk is attributed to all market risk sensitive financial instruments, including securities, loans, deposits, borrowings, as well as derivative instruments. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss and to reduce the volatility inherent in financial instruments.

Credicorp's primary market risk exposure is that to interest rates as the net interest income is affected primarily by interest rate volatility, and, to a lesser extent, to foreign currency exchange risk. The management of interest rate risk has to consider the differences between Nuevos Soles and Foreign Currency based interest-sensitive assets and liabilities. With the exception of foreign currency forward contracts and a limited number of interest rate hedging instruments, Credicorp has not entered into derivative instrument contracts. Credicorp's policy has been to hedge substantially all of the exchange risk of its forward contracts.

Asset and Liability Management

Credicorp's exposure to market risk is a function of its Asset and Liability Management ("ALM") activities, its trading activities for its own account, and its role as a financial intermediary in customer-related transactions. Credicorp's ALM policy seeks to ensure sufficient liquidity to meet operational funding requirements, as well as to supervise, measure and control interest rate risks, exchange risks, and market risks on securities trading positions. Credicorp is in the process of implementing new company-wide computer applications, such as the Value-at-Risk ("VaR") methodology, for the ALM tasks which will improve risk control and further help in the process of integrating the operations being performed by its subsidiaries.

In BCP, decisions regarding management of liquidity, interest rate policy, foreign exchange position and other significant ALM matters are made by the Market Risk Committee consisting of a member of the Board of Directors, the General Manager, the Executive Vice President, Credicorp's Senior Vice President—Insurance, two Central Managers, six Division Managers and the Head of the Market Risk Unit. The committee meets monthly. Day-to-day ALM decisions are made by the Central Manager of Finance and the Treasury Department and reviewed in the weekly senior management meeting. The Market Risk Unit is in charge of the measurement, control and follow-up of all positions that involve market risk exposure. In ASHC, decisions regarding asset and liability management are made by the President and Senior Vice President—Manager of Operations and Administration and the Chief Financial Officer.

Credicorp uses a variety of tools to measure market risks arising from changes in the price of financial instruments and securities prices. Non-statistical methods to measure market risks include: position limits for each trading activity and their allowable risk ("Stop loss"), daily marking of all positions to market, daily profit and loss statements, position reports, and independent verification of all inventory pricing. The statistical estimation of potential losses under adverse market conditions is considered an important tool in the market risk measurement at Credicorp, and for that purpose the VaR methodology is used for certain market risks in its variance-covariance version at a 99% confidence level. Testing exercises are performed periodically by which VaR estimates are compared with actual results.

BCP prefers two methodologies for measurement of risk due to price fluctuations: Interest Rate Gap and VaR. The Interest Rate Gap measures on a monthly basis the exposure of the financial margin to changes in interest rates. This has been complemented with the "Duration Gap," which measures the impact on market values of assets and liabilities in the face of changes in market interest rates. The VaR measure is applied to products managed by the Capital Markets Division that are affected by price risk. This methodology is applied to the portfolio of equity securities, Brady bonds, and to "spot" and "forward" foreign exchange operations. BCP has established limits and stop loss alerts as a function of the maximum potential losses in unfavorable market scenarios that it is willing to assume in the portfolio of each type of security. During 2002, it is expected that the VaR methodology will be applied to the fixed income portfolio and the new financial derivatives that may be offered or traded by BCP.

BCP's Market Risk Unit issues on a daily basis to the Treasurer and trading managers and weekly to the Chief Financial Officer, reports on positions, profits and losses, VaR results, as well as a series of alerts that have been incorporated using VaR estimates. The Market Risk Committee is provided reports on a monthly basis. Credicorp believes that these procedures, which stress timely communication between the Market Risk Unit and senior management, are important elements of the risk management process.

The following table shows the maturities of Credicorp's marketable investment securities by type at December 31, 2001 (See "Item 4. (B) Business Overview—13. Selected Statistical Information—(ii) Investment Portfolio"):

	Within 3 months	After 3 months but within 1 year	Total	Fair Value
	(U.S. Dollars in thousands, except percentages)			
Nuevo Sol-denominated:				
Equity securities	US$ 6,710	US$ 13,420	US$ 20,130	US$ 20,130
Bonds and debentures	4,196	16,783	20,979	20,979
Peruvian Central Bank certificate notes	91,624	0	91,624	91,624
Other investments	10,590	3,507	14,026	14,026
Total Nuevo Sol-denominated	US$ 113,049	US$ 33,710	US$ 146,759	US$ 146,759
Foreign Currency-denominated:				
Equity securities	US$ 16,236	US$ 0	US$ 16,236	US$ 16,236
Bonds	27,502	70,718	98,220	98,220
Investment in Peruvian debt	0	0	0	0
Other investments	174,092	116,062	290,154	290,154
Total Foreign Currency-denominated	US$ 217,830	US$ 186,780	US$ 404,610	US$ 404,610
Total securities holdings:	US$ 330,879	US$ 220,490	US$ 551,369	US$ 551,369
Allowance for decline in value	(3,231)		(3,231)	(3,231)
Total net securities holdings	US$ 327,648	US$ 220,490	US$ 548,138	US$ 548,138

Beginning in 2001, Credicorp has applied IAS 39 "Financial Instruments: Recognition and Measurement", that requires investments be carried at market value, which is similar to their fair values (see Note 2(h) to the Credicorp Consolidated Financial Statements).

The Foreign Currency-denominated other Investments, US$290.2 million, are principally composed of US$139.2 million of securities issued by central banks other than the Peruvian Central Bank, US$102.3 million of certificate notes and commercial paper of other financial institutions and of non-financial companies, and US$24.1 million of shares in various mutual funds.

Given the relatively higher volatility of Nuevo Sol-denominated interest rates compared to Foreign currency-denominated rates, maturities of Nuevo Sol-denominated securities are essentially of shorter term than Foreign currency-denominated investments. Peruvian Central Bank certificate notes have an important share in the portfolio mostly because they are actively traded in the secondary capital markets, which facilitates the management of their position.

The following table shows the maturities of Credicorp's available for sale investment securities by type at December 31, 2001 (See "Item 4. (B) Business Overview—13. Selected Statistical Information—(ii) Investment Portfolio"):

	Within 1 year	After 1 year but within 5 years	Maturing After 5 years But within 10 years	After 10 years	Total	Fair Value
			(*U.S. Dollars in thousands*)			
Nuevo Sol-denominated:						
Equity securities	US$ 20,404	US$ 11,255	US$ 0	US$ 29,941	US$61,600	US$ 61,600
Bonds and debentures	0	38,192	7,856	0	46,048	46,048
Peruvian Central Bank certif. notes	0	0	0	0	0	0
Other investments	0	12	165	731	908	908
Total Nuevo Sol-denominated	US$ 20,404	US$ 49,459	US$ 8,021	US$ 30,672	US$108,556	US$108,556
Foreign Currency-denominated:						
Equity securities	US$ 0	US$ 40,257	US$ 0	US$ 20,424	US$ 60,681	US$ 60,681
Bonds	17,041	176,145	69,346	5,385	267,917	267,917
Investment in Peruvian debt	372	2,006	552	46,537	49,467	49,467
Other investments	11,928	50,678	13,057	25,065	100,728	100,728
Total Foreign Currency-denominated	US$ 29,341	US$269,086	US$ 82,955	US$97,411	US$478,793	US$478,793
Total securities holdings	US$ 49,745	US$318,545	US$ 90,976	US$128,083	US$587,349	US$587,349

Interest Rate Risk Management

A key component of Credicorp's asset and liability management policy is the management of adverse changes in earnings as a result of changes in interest rates. The management of interest rate risk relates to the timing and magnitude of the repricing of assets compared to liabilities and has, as its objective, the control of risks associated with movements in interest rates. Credicorp hedges some of its interest rate risk through the use of interest derivative contracts. As part of the management of interest rate risks, BCP's Market Risk Committee may direct changes in the composition of the balance sheet.

One method of measuring interest rate risk is by measuring the impact of interest rate changes over the financial margin, or the interest rate sensitivity gap. Interest rate sensitivity is the relationship between market interest rates and net interest income due to the maturity or repricing characteristics of interest-earning assets and interest-bearing liabilities. For any given period, the pricing structure is matched when an equal amount of such assets and liabilities mature or reprice in that period. Any mismatch of interest-earning assets and interest-bearing liabilities is known as a gap position. A negative gap denotes liability sensitivity and normally means that a decrease in interest rates would have a positive effect on net interest income, while an increase in interest rates would have a negative effect on net interest income. The financial margin exposure is usually analysed for a period limited to a 12-month horizon.

A second measure of interest rate risk extends the period of analysis, considering expected durations of interest rate-sensitive assets and liabilities, to determine variations in their economic value due to interest rates changes.

The following table reflects, according to maturity and by currency, the interest-earning assets and interest-bearing liabilities of Credicorp as of December 31, 2001, and may not be representative of positions at other times. In addition, variations in interest rate sensitivity may arise within the repricing periods presented or among the currencies in which interest rate positions are held. Credicorp actively monitors and manages its interest rate sensitivity and has the ability to reprice relatively promptly both its interest-earning assets and interest-bearing liabilities. On the basis of its gap position at December 31, 2001, Credicorp believes that a significant increase or decrease in interest rates would not reasonably be expected to have a material effect on Credicorp's financial condition or results of operations.

	Earliest Repricing Interval at December 31, 2001					
	Overnight to 3 months	Over 3 to 12 months	Total within one year	Over 1 to 5 years	Over 5 Years	Total
	(U.S. Dollars in thousands, except percentages)					
Nuevo Sol-denominated:						
Assets:						
Loans, net...........................	309,441	136,145	445,586	99,387	1,936	546,909
Investment securities................. ...	106,609	20,380	126,989	12	896	127,897
Deposits in other banks...............	8,168	0	8,168	0	0	8,168
Total...	424,218	156,525	580,743	99,399	2,832	682,974
Liabilities:						
Demand and saving deposits(1)...	386,747	0	386,747	0	0	386,747
Time deposits..............................	188,925	141,346	330,271	10,657	6,661	347,589
Interbank deposits received..........	0	0	0	0	0	0
Bonds and other liabilities...........	18,053	13,927	31,979	17,385	25,995	75,360
Total.......................................	593,725	155,273	748,997	28,042	32,656	809,696
Interest Sensitivity gap................	(169,506)	1,252	(168,254)	71,357	(29,824)	(126,721)
Cumulative interest sensitivity gap	(169,506)	(168,254)	(168,254)	(96,897)	(126,722)	(126,721)
Cumulative interest-earning assets	424,219	580,743	580,744	680,142	682,975	682,975
Cumulative interest sensitivity gap	-39.96%	-28.97%	-28.97%	-14.25%	-18.55%	-18.55%
Foreign Currency-denominated:						
Assets:						
Loans, net....................................	1,963,599	715,303	2,678,902	402,134	92,100	3,173,136
Investment securities...................	161,378	223,184	384,562	261,622	159,942	806,126
Deposits in other banks, and Other instruments....................	1,523,192	79,120	1,602,312	8,034	1,097	1,611,443
Total.......................................	3,648,169	1,017,607	4,665,776	671,790	253,139	5,590,705
Liabilities:						
Demand and saving deposits(1)...	1,967,932	0	1,967,932	0	0	1,967,932
Time deposits..............................	1,654,119	494,055	2,148,174	79,312	20,161	2,247,647
Interbank deposits received and Borrowings..............................	182,825	91,950	274,775	60,693	5,984	341,452
Bonds and mortgage notes	50,672	2,122	52,794	127,717	13,759	194,270
Total.......................................	3,855,548	588,127	4,443,675	267,722	39,904	4,751,301
Interest sensitivity gap	(207,378)	429,481	222,103	404,068	213,234	839,405
Cumulative interest sensitivity gap	(207,378)	222,103	222,103	626,171	839,405	839,405
Cumulative interest-earning assets	3,648,170	4,665,776	4,665,778	5,337,566	5,590,705	5,590,705
Cumulative interest sensitivity gap	-5.68%	4.76%	4.76%	11.73%	15.01%	15.01%
Total interest sensitivity gap	(376,884)	430,733	53,849	475,424	183,410	712,683
Cumulative interest sensitivity gap	(376,884)	53,849	53,849	529,273	712,683	712,683
Total interest-earning assets.....	4,072,387	1,174,132	5,246,519	771,189	255,971	6,017,709
Cumulative interest-earning assets	4,072,387	5,246,519	5,246,519	6,017,709	6,273,680	6,273,680
Cumulative interest sensitivity gap as a percentage of cumulative interest earning assets..........	-9.25%	1.03%	1.03%	8.80%	11.36%	11.36%

(1) Includes CTS deposits

In addition to the static gap position, BCP employs a simulation analysis to measure the degree of short term interest risk. Sensitivity analysis is performed to express the potential gains or losses in future earnings resulting from selected hypothetical changes in interest rates. Sensitivity models are calculated on a monthly basis using both actual balance sheet figures detailed by maturity repricing interval and interest yields or costs. Simulations are run using various interest rate scenarios to determine potential changes to future earnings.

The forward looking simulation results of Credicorp reflect changes between a most likely to occur interest rate base case scenario and a stress test applied to interest earning assets and liabilities as of December 31, 2001. Interest rate scenarios are separately devised for U.S. Dollar and Nuevos Soles-denominated rates. As of December 31, 2001, Credicorp had a very short term cumulative negative gap with US$207.4 million more liabilities than assets repricing within three months. This amounts to 9.3% of cumulative interest earning assets, which changes to a positive cumulative gap with US$53.8 million more assets than liabilities repricing within one year, or 1.0% of cumulative interest earning assets.

The base case scenario for the U.S. Dollar-denominated rates, concerns the adverse case of an increase of one standard deviation, equivalent to 100 basis points in U.S. Dollar rates, through year-end 2002, which is consistent with U.S. Dollar rates experienced in the past two years and with increases determined by the U.S. Federal Reserve up to May 2000, after which there have been reductions mandated during 2001. A stress test with a more adverse interest rate scenario is also simulated in which U.S. Dollar rates are assumed for the sake of this test to immediately increase up to approximately 375 basis points higher than the base case rates, which corresponds to the highest annual change in the last two years. The Nuevos Soles-denominated interest rate behavior was modeled as increases of one standard deviation, equivalent to 300 basis points. As in the U.S. Dollar interest rate case, an adverse "shock" scenario was constructed, immediately changing rates at all repricing intervals, increasing rates by 8,625 basis points, representing the highest annual change in the past two years.

The base case scenario shows an impact of these adverse variations resulting, for the next twelve months, in a decrease of pre-tax net interest income of approximately US$4.0 million, or 1.1% of net interest income in 2001. In Foreign Currency-denominated operations, the base case simulation results in a reduction of US$1.3 million, while the Nuevos Soles-denominated net interest income is reduced by US$2.7 million. On the other hand, the stress test resulted in a total pre-tax net interest income reduction of approximately US$13.9 million, or 3.7% of year 2001 net interest income, with Foreign Currency-denominated operations having a negative impact on net interest income of US$5.9 million, while the Nuevos Soles-denominated net interest income is reduced by US$8.0 million.

Gap simulation analysis has several shortcomings, one of which is its “static” nature, that is, that it does not consider ongoing loan and deposit activity, and another of which is the inadequate treatment of individually negotiated loan and deposit rates, as in prime client cases, or the finer breakdown of rates applicable to different business segments. Furthermore, more than 50% of Credicorp’s interest bearing deposits can be unilaterally modified causing difficulties in establishing the expected repricing period of these products in the simulations. Additionally, Credicorp considers within the Foreign Currency category not only U.S. Dollar-denominated transactions, but also currencies of its subsidiaries in Bolivia and Colombia, which may present different trends in certain periods but, due to their relative small value, do not significantly affect the results of the analysis.

Exchange Rate Sensitivity

Credicorp's market risk exposure to foreign currency exchange fluctuations is attributed to its net asset or net liability positions in currencies other than U.S. Dollars. Exchange rate management policies include nominal and stop loss limits, approved by the Market Risk Committee, as well as VaR alerts reviewed on a daily basis, where excesses are immediately reported. Adverse fluctuations in foreign exchange rates may result in losses principally from the exposure to Nuevos Soles, which amounted to a net liability position of US$145.1 million at December 31, 2001 (US$135.1 million at December 31, 2000), and to a lesser extent to positions in other currencies, which had a net asset position of US$45.1 million at December 31, 2001 (net liability position of US$12.0 million at December 31, 2000). See Note 3 to the Credicorp Consolidated Financial Statements.

Earnings sensitivity is estimated by directly applying expected foreign currency devaluation or revaluation rates on the above net positions. The Nuevos Soles net liability position results in exchange gains whenever the Peruvian currency devalues against the U.S. Dollar, while a revaluation would generate exchange losses. A 10% change in the Nuevo Sol exchange rate would generate a US$14.5 million gain or loss in case of devaluation or revaluation, respectively. Given the evolution of the exchange rate in past years, a revaluation scenario for the Nuevo Sol is very unlikely for the next twelve months. See "Item 3. Key Information—(A) Selected Financial Data--Exchange Controls." The net asset position in other foreign currencies is principally composed of Bolivian Bolivianos and Colombian Pesos. Management expects that the exchange risk in these currencies will not be significant, although some exposures are managed from time to time through foreign exchange forward contracts.

As of December 31, 2001, Credicorp's total U.S. Dollar-denominated assets were US$5,679.5 million and its U.S. Dollar-denominated liabilities were US$5,182.9 million, resulting in a net U.S. Dollar asset position of US$496.6 million (US$544.9 million at December 31, 2000). Of such amount, approximately 41.0% represented the net U.S. Dollar asset position of Credicorp's non-Peruvian subsidiaries that conduct most of their operations in U.S. Dollars. Credicorp considers its net U.S. Dollar asset position to be reasonable in view of the volume of its foreign currency activities and the environment in which it operates. Historically, in order to provide some protection from the combined effects of devaluation and inflation, Credicorp has followed, and continues to follow, the policy of maintaining the sum of its net U.S. Dollar assets, real estate assets and investments in equity securities at least equal to shareholders' equity.

Beginning in March 1999, BCP segregates part of its regulatory capital to cover foreign exchange risk exposure and, since June 2000, to cover risk related to investments in equity shares, with the remaining used to cover credit risk. See "Item 4. (B) Business Overview—11. Supervision and Regulation—Capital Adequacy Requirements."

Derivatives Trading Activities

Credicorp provides its customers with access to a wide range of products from the securities, foreign exchange, and, to a lesser extent, derivatives markets. We enter into trading activities primarily as a financial intermediary for customers, and, to a lesser extent, for our own account. In acting for our own account, we may take positions in some of these instruments with the objective of generating trading profits.

Except for foreign currency forward commitments, Credicorp does not enter into derivative transactions, including interest rate swaps, currency swaps or options. Foreign exchange forward contracts are agreements for future delivery of money market instruments in which the seller agrees to make delivery at a specified future date of an instrument, at a specified price or yield. Forward contracts are closely monitored and are also subject to nominal and Stop loss limits.

As of December 31, 2001, the notional amount of outstanding forward contracts is approximately US$292.8 million (US$136.2 million as of December 31, 2000), with maturities for periods less than a year. All of those contracts were signed solely to serve customer needs and the exchange risk was totally hedged with other operations.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

(a) Material Defaults

Credicorp has never defaulted on any of its obligations.

(b) Dividend Arrearages

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. [Reserved]

ITEM 16. [Reserved]

PART III

ITEM 17. FINANCIAL STATEMENTS

ITEM 18. FINANCIAL STATEMENTS

ITEM 19. EXHIBITS

SIGNATURES

As filed with the Securities and Exchange Commission on July 1st , 2002

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2001

As filed with the Securities and Exchange Commission on July 1st , 2002

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2001

CONTENTS

US$ = United States dollars
S/. = Peruvian new soles

REPORT OF INDEPENDENT ACCOUNTANTS

February 4, 2002

To the Board of Directors and Shareholders
Credicorp Ltd.

We have audited the accompanying consolidated balance sheets of Credicorp Ltd. (a Bermuda limited liability company) and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income, of changes in shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the management of Credicorp Ltd.; our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with both generally accepted auditing standards in Peru and generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Credicorp Ltd.'s management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements audited by us present fairly, in all material respects, the financial position of Credicorp Ltd. and subsidiaries at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with International Accounting Standards.

Accounting principles used by Credicorp Ltd. and its subsidiaries in preparing the accompanying consolidated financial statements conform with International Accounting Standards, which vary in certain significant respects from accounting principles generally accepted in the United States of America. The application of the latter would have affected the determination of consolidated net income for each of the three years in the period ended December 31, 2001 and the determination of consolidated shareholders' equity at December 31, 2001 and 2000 to the extent summarized in Note 22 to the consolidated financial statements.

Countersigned by

-----------------------------------(partner)
Arnaldo Alvarado L.
Peruvian Public Accountant
Registration No.7576

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Notes 1, 2, 3, 19 and 20)

ASSETS

	At December 31, 2001	2000
	US$000	US$000
CASH AND DUE FROM BANKS (Note 4)		
Non-interest bearing	277,841	288,424
Interest bearing	1,619,611	1,464,153
	1,897,452	1,752,577
MARKETABLE SECURITIES, NET (Note 5)	548,138	347,922
LOANS (Notes 6 and 21)	4,064,479	4,454,085
Less: reserve for loan losses	(344,433)	(341,487)
	3,720,046	4,112,598
INVESTMENTS IN SECURITIES AVAILABLE FOR SALE (Note 7)	587,349	601,881
PREMIUMS AND OTHER POLICIES RECEIVABLE	54,587	46,068
REINSURANCE RECEIVABLE (Note 12)	45,663	43,579
PROPERTY, FURNITURE AND EQUIPMENT, NET (Note 8)	258,870	263,561
DUE FROM CUSTOMERS ON ACCEPTANCES	38,606	52,245
OTHER ASSETS (Note 9)	399,358	367,407
GOODWILL	31,772	35,632
Total assets	7,581,841	7,623,470
OFF-BALANCE SHEET ACCOUNTS (Note 18)		
Contingent assets	940,878	761,625
Other	14,973,862	12,838,948
	15,914,740	13,600,573

LIABILITIES AND SHAREHOLDERS' EQUITY

	At December 31, 2001	2000
	US$000	US$000
DEPOSITS AND OTHER OBLIGATIONS (Note 10)		
Non-interest bearing	766,607	642,223
Interest bearing	4,985,884	5,022,987
	5,752,491	5,665,210
DUE TO BANKS AND CORRESPONDENTS (Note 11)		
Short-term borrowings	128,371	254,085
Long-term debt	213,081	205,306
	341,452	459,391
BANKERS' ACCEPTANCES OUTSTANDING	38,606	52,245
RESERVE FOR PROPERTY AND CASUALTY CLAIMS	193,452	153,855
RESERVE FOR UNEARNED PREMIUMS	44,706	40,128
REINSURANCE PAYABLE (Note 12)	23,801	15,433
OTHER LIABILITIES (Note 9)	222,750	286,126
SUBORDINATED DEBT (Note 10-f)	55,555	72,877
MINORITY INTEREST	112,255	95,475
TAX SITUATION (Note 15)		
SHAREHOLDERS' EQUITY (Note 13)		
Common shares	471,912	471,912
Treasury stocks	(74,605)	(71,305)
Capital surplus	139,020	145,064
Legal reserve	69,527	69,527
Special reserve	34,577	28,659
Retained earnings	156,342	138,873
Total Shareholders' equity	796,773	782,730
Total Liabilities and Shareholders' equity	7,581,841	7,623,470
OFF-BALANCE SHEET ACCOUNTS (Note 18)		
Contingent liabilities	940,878	761,625
Other	14,973,862	12,838,948
	15,914,740	13,600,573

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

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (Notes 1, 2 and 19)

	For the years ended December 31,		
	2001	2000	1999
	US$000	US$000	US$000
INTEREST INCOME:			
Interest from loans	544,255	598,842	687,752
Interest from deposits with banks	65,523	84,325	69,842
Interest from marketable securities and investments in securities available for sale	82,607	73,644	63,973
Dividends on investments	2,387	6,724	6,944
Total interest income	694,772	763,535	828,511
INTEREST EXPENSE:			
Interest on deposits	(220,024)	(303,967)	(363,869)
Interest on loans from banks and correspondents	(59,177)	(62,843)	(80,459)
Other interest expense	(39,341)	(22,938)	(18,411)
Total interest expense	(318,542)	(389,748)	(462,739)
Net interest income	376,230	373,787	365,772
Provision for loan losses (Note 6)	(119,422)	(170,102)	(181,220)
Net interest income after provision for loan losses	256,808	203,685	184,552
OTHER INCOME:			
Commissions from banking services	167,300	155,198	146,084
Net gain from sales of securities (Notes 1 and 7)	31,737	8,954	56,110
Net gain on foreign exchange transactions	17,549	23,625	27,956
Net premiums earned (Note 12)	112,204	113,395	113,108
Other income (Note 16)	14,104	28,003	18,585
	342,894	329,175	361,843
INSURANCE ACTIVITY CLAIMS:			
Net claims incurred	(26,349)	(35,609)	(36,311)
Increase in costs for future benefits for life and health policies	(70,668)	(56,652)	(53,055)
	(97,017)	(92,261)	(89,366)
OTHER EXPENSES:			
Salaries and employees' benefits	(173,974)	(171,403)	(178,833)
Administrative expenses	(141,851)	(140,121)	(148,221)
Depreciation and amortization	(43,355)	(44,074)	(40,217)
Provision for assets seized (Note 9)	(7,447)	(22,565)	(18,495)
Amortization of goodwill	(3,377)	(3,446)	(3,446)
Other expenses (Note 16)	(34,619)	(21,117)	(17,799)
	(404,623)	(402,726)	(407,011)
Income before translation (loss) gain, income tax and minority interest	98,062	37,873	50,018
Translation (loss) gain	(2,575)	(8,500)	7,129
Income tax, current and deferred (Note 15)	(25,135)	(6,124)	(8,751)
Minority interest	(15,839)	(5,553)	(4,894)
Net income for the year	54,513	17,696	43,502
Earnings per share in United States dollars (Note 17)	0.69	0.22	0.54

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

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Notes 1, 2 and 13)
FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2001

	Number of outstanding shares (in thousands)	Common shares US$000	Treasury stock US$000	Capital surplus US$000	Legal reserve US$000	Special reserve US$000	Retained earnings US$000	Total share-holders' equity US000
Balances at January 1, 1999	94,382	471,912	(67,173)	147,499	69,527	-	130,622	752,387
Reserve for loan losses and assets seized (Notes 6-e and 9-d)	-	-	-	-	-	23,960	(23,960)	-
Cash dividends	-	-	-	-	-	-	(16,188)	(16,188)
Net income for the year	-	-	-	-	-	-	43,502	43,502
Balances at December 31, 1999	94,382	471,912	(67,173)	147,499	69,527	23,960	133,976	779,701
Increase in treasury stock	-	-	(4,132)	(2,435)	-	-	-	(6,567)
Reserve for loan losses (Note 6-e)	-	-	-	-	-	4,699	(4,699)	-
Cash dividends	-	-	-	-	-	-	(8,100)	(8,100)
Net income for the year	-	-	-	-	-	-	17,696	17,696
Balances at December 31, 2000	94,382	471,912	(71,305)	145,064	69,527	28,659	138,873	782,730
Increase in treasury stock	-	-	(3,300)	(6,044)	-	-	-	(9,344)
Adoption of IAS 39, net of deferred income tax	-	-	-	-	-	-	4,461	4,461
Cash dividends	-	-	-	-	-	-	(8,014)	(8,014)
Extraordinary cash dividends (Note 13-e)	-	-	-	-	-	-	(15,894)	(15,894)
Net loss realized from investments available-for-sale	-	-	-	-	-	-	(11,679)	(11,679)
Reversal of generic reserve for loans (Note 6-e)	-	-	-	-	-	(6,726)	6,726	-
Generic provision for assets seized (Note 9-d)	-	-	-	-	-	12,644	(12,644)	-
Net income for the year	-	-	-	-	-	-	54,513	54,513
Balances at December 31, 2001	94,382	471,912	(74,605)	139,020	69,527	34,577	156,342	796,773

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

CREDICORP LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Note 2)

	For the years ended December 31,		
	2001	2000	1999
	US$000	US$000	US$000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income for the year	54,513	17,696	43,502
Add (deduct):			
Provision for loan losses	119,422	170,102	181,220
Depreciation and amortization	43,355	44,074	40,217
Amortization of goodwill	3,377	3,446	3,446
Provision for assets seized	7,447	22,565	18,495
Deferred income tax	1,522	157	4,734
Net gain from sales of securities	(31,737)	(8,954)	(56,110)
Translation loss (gain)	2,575	8,500	(7,129)
Purchase of marketable securities	(2,631,092)	(2,595,146)	(1,994,623)
Sale of marketable securities	2,430,876	2,518,489	1,886,416
Net changes in assets and liabilities:			
(Increase) decrease in other assets	(46,973)	(52,289)	68,431
Decrease in other liabilities	(32,408)	44,615	(16,364)
Net cash (used in) provided by operating activities	(79,123)	173,255	172,235
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net decrease (increase) in loans	273,130	147,646	222,802
Purchase of securities available for sale	(393,085)	(207,215)	(29,047)
Sales of securities available for sale	432,136	100,988	52,932
Purchase of property, furniture and equipment	(30,848)	(23,153)	(33,366)
Sales of property, furniture and equipment	3,278	5,826	6,244
Net cash provided by investing activities	284,611	24,092	219,565
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase in deposits and other obligations	87,281	117,587	63,581
Net decrease in due to banks and correspondents	(117,939)	(141,202)	(446,910)
(Decrease) increase in subordinated debt	(17,322)	5,135	8,971
Purchase of treasury stocks	(9,344)	(6,567)	-
Cash dividends	(8,014)	(8,100)	(16,188)
Net cash used in financing activities	(65,338)	(33,147)	(390,546)
Translation gain (loss) on cash and cash equivalents	4,725	(2,648)	(22,670)
Net increase (decrease) in cash and cash equivalents	144,875	161,552	(21,416)
Cash and cash equivalents at the beginning of the year	1,752,577	1,591,025	1,612,441
Cash and cash equivalents at the end of the year	1,897,452	1,752,577	1,591,025
SUPPLEMENTARY CASH FLOW INFORMATION			
Cash paid during the year for:			
Interest	327,459	419,899	326,972
Income taxes	3,699	3,281	7,011

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

1 NATURE OF OPERATIONS

Credicorp Ltd. (“Credicorp”) is a limited liability company incorporated in Bermuda in 1995 to act as a holding company and to coordinate the policy and administration of its subsidiaries. It is also engaged in investing activities.

On October 20, 1995 Credicorp acquired 90.08%, 98.24% and 75.83% of the capital stock of Banco de Credito del Peru (BCP), Atlantic Security Holding Corporation (ASHC) and El Pacifico-Peruano Suiza Compañia de Seguros y Reaseguros (PPS), respectively, through an offering of its own shares in exchange for shares of the above-mentioned companies. As of December 31, 2001 and 2000, the participation of Credicorp in the capital of BCP and ASHC is 90.55% and 100%, respectively, while the ownership interest in PPS remains at 75.83%.

BCP is a Peruvian corporation incorporated on April 3, 1889, authorized to engage in banking activities by the Superintendency of Banking and Insurance (SBS), the Peruvian banking and insurance authority. The objective of BCP is to promote the development of commercial and industrial activities in Peru. Accordingly, it is authorized to receive and lend funds and to provide all banking services and perform operations that correspond to a multiple services bank as stated in Law 26702 (General Law of the Financial and Insurance Systems and Organic Law of the SBS).

ASHC is incorporated in the Cayman Islands. Its primary activity is to invest in the capital stock of companies. Its most significant subsidiary is Atlantic Security Bank (ASB). ASB is also incorporated in The Cayman Islands and began operations on December 14, 1981, carrying out its activities through branches and offices in Grand Cayman, the Republic of Panama and the United States of America.

PPS is a Peruvian corporation whose principal activity is the issuance and administration of property and casualty insurance and the performance of related activities under Law 26702. PPS also provides accident, health and life insurance.

Inversiones Credito del Peru S.A. (ICSA) is a Peruvian corporation incorporated on February 17, 1987 whose principal activity is investment in listed and non-listed equity securities.

Banco Tequendama, acquired by Credicorp in January 1997, is a private banking institution, established on May 5, 1976, in accordance with Colombian laws and with a corporate life until June 30, 2010; this period could be extended in accordance with current legislation. The principal objective of the bank includes making loans to private and public companies and individual loans.

In November 2001, Credicorp sold its participation in the Banco Capital, a private banking institution established in the Republic of El Salvador, to third parties for US$32.2 million. This transaction generated a gain of US$6.2 million, net of unamortized goodwill at that date of US$0.5 million, which was included in the caption Net gain from sales of securities in the consolidated statement of income.

The balances of the significant accounts of the financial statements of the Banco Capital included in the consolidated financial statements of Credicorp Group for the period between January 1, 2001 and October 31, 2001 and for the year ended December 31, 2000, are as follows:

	2001 US$000	2000 US$000
Total assets	209,587	212,479
Total net equity	25,515	23,992
Interest income	17,676	20,105
Interest expenses	9,979	12,647
Net income for the period/year	1,524	1,044

2 ACCOUNTING PRINCIPLES AND POLICIES

The financial statements have been prepared in accordance with International Accounting Standards (IAS). The most significant accounting principles and policies used for the recording of the operations and in the preparation of the financial statements are as follows:

a) Consolidation -

The accompanying consolidated financial statements include the financial statements of Credicorp and its subsidiaries that are effectively controlled, directly or indirectly (hereinafter, “The Group”). The principal activities of the companies integrating the Group correspond to banking, financial and insurance operations and management of investment funds and brokerage.

The companies that comprise the Group as of December 31, 2001 and 2000, with indication of the percentage of participation owned directly and indirectly by Credicorp as of those dates, as well as other relevant consolidated information before elimination for consolidation purposes are:

	Percentage of participation		Total assets		Total shareholders' equity	
Entity	2001	2000	2001 US$000	2000 US$000	2001 US$000	2000 US$000
Banco de Credito del Peru (BCP)	90.55	90.55	6,095,694	6,136,854	543,251	491,493
Atlantic Security Holding Corporation (ASHC)	100.00	100.00	695,409	738,348	136,910	121,982
El Pacifico-Peruano Suiza Compañia de Seguros y Reaseguros (PPS)	75.83	75.83	479,425	371,811	190,187	94,370
Inversiones Credito del Peru S.A. (ICSA)	99.99	99.99	49,367	35,510	21,137	26,494

Entity	Percentage of participation		Total assets		Total shareholders' equity	
	2001	2000	2001	2000	2001	2000
			US$000	US$000	US$000	US$000
Banco Tequendama	99.99	99.99	384,789	313,043	34,378	36,619
Banco Capital	-	99.77	-	212,479	-	23,992

The following procedures were applied to prepare the Group's consolidated financial statements:

- The financial statements of Credicorp and its subsidiaries are maintained in U.S. dollars, which is deemed to represent the reporting currency for the Group.

- The Group followed the purchase method of accounting for the exchange of Credicorp's shares for those BCP, ASHC and PPS, considering BCP as the predecessor entity, and ASHC and PPS as the acquired entities.

  The assets and liabilities of the acquired entities have been incorporated at their corresponding estimated fair values on the acquisition dates.

- The financial statements of BCP, PPS and ICSA are prepared in Peruvian new soles in accordance with accounting principles generally accepted in Peru, which are similar to IAS, except for the accounting for inflation. In accordance with IAS, because the cumulative inflation rate for the preceding three-year period ended December 31, 2001, 2000 and 1999 is less than 100%, the use of inflation adjusted financial reporting is no longer appropriate; consequently, for consolidation purposes, the historical financial statements of the subsidiaries have been translated into U.S. dollars, using the methodology mentioned in Note 2-b).

- The financial statements of ASHC are maintained in U.S. dollars in conformity with IAS.

- The consolidated financial statements of the other subsidiaries are maintained in the local currency of each country where they operate and for consolidation purposes have been translated into U.S. dollars using the methodology mentioned in Note 2-b).

- All significant intercompany accounts and transactions between the Group's entities have been eliminated in the preparation of the accompanying consolidated financial statements.

- Minority interest principally represents the participation of the shareholders of BCP and PPS that did not enter into the exchange of shares mentioned in Note 1.

The Group's consolidated net income is summarized as follows:

	For the years ended December 31,		
	2001	2000	1999
	US$000	US$000	US$000
Consolidated net income of:			
BCP	50,517	26,599	10,735
ASHC	4,630	10,282	12,899
PPS (Note 7)	24,607	2,081	3,606
ICSA (Note 7)	1,326	2,792	49,066
	81,080	41,754	76,306
Less: Minority interest			
BCP	(4,774)	(2,514)	(1,014)
PPS	(5,947)	(503)	(872)
	(10,721)	(3,017)	(1,886)
Amortization of goodwill			
ASHC	(984)	(984)	(984)
PPS	(1,200)	(1,200)	(1,200)
Banco Capital and Banco de La Paz	(1,193)	(1,262)	(1,262)
	(3,377)	(3,446)	(3,446)
Other subsidiaries and Credicorp's expenses	(12,469)	(17,595)	(27,472)
Consolidated net income	54,513	17,696	43,502

b) Foreign currency translation -

The functional and reporting currency of the Group is the U.S. dollar. The assets and liabilities of Credicorp's subsidiaries, considered as foreign operations that are part of Credicorp's operations and maintain their accounting records in other currencies have been remeasured into U.S. dollars by using the following procedures:

- Monetary assets and liabilities were translated at the free market exchange rate in effect on the balance sheet date.

- Non-monetary assets (including their depreciation or amortization) and equity accounts were translated by using the free market exchange rates on the date of the transactions.

- Income and expense accounts, except for those related to non-monetary assets, were translated at the average exchange rates of the months in which they occurred.

- The resulting translation adjustment into U.S. dollars is included in the consolidated statement of income.

c) Use of accounting estimates in the preparation of financial statements -

The preparation of financial statements requires the Group's management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of the contingencies and the recognition of income and expenses. Assets and liabilities are recognized in the financial statements when it is probable that any future economic benefit associated with the item will flow to or from the Group and the item has a cost or value that can be measured with reliability. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, are modified because of the actual circumstances, the original estimates and assumptions will be appropriately modified in the year in which such changes occur. The principal estimates related to the consolidated financial statements refer to the reserve for loan losses, provision for fluctuation of marketable securities, unrealized gain or loss of investments available-for-sale, depreciation of property, furniture and equipment, amortization of intangible assets, the provision corresponding to the technical reserves for claims and premiums and the workers' participation and income tax (current and deferred).

d) Recognition of revenues and expenses for banking activities -

Interest income and expenses are recorded on the accrual basis over the period of the related transactions. Commissions on financial services are credited to income when collected, except for the commissions related to the issuance of credit cards, which are recorded on the accrual basis over the period that the service is provided.

When, in management's opinion, the collectibility of the principal of any overdue loan becomes uncertain, the related interest is recognized on a cash basis. When management determines that the financial condition of the borrower has improved to the extent that the principal is deemed collectible, accrual accounting for interest is restored.

Other revenues and expenses are generally recorded in the period when they fall due.

e) Recognition of revenues and expenses for insurance activities -

Premiums are earned on a pro-rata basis over the periods of the related contracts. In this regard, a reserve for unearned premiums is recorded representing the unexpired portion of premium coverage to be applied in the following period on the basis of annual renewals.

The reserve for unearned premiums is calculated on an individual basis for each policy or coverage certificate, applying to the insurance premiums (direct insurance and reinsurance accepted premiums less ceded premiums), net of commissions and taxes, the unearned portion of the total risk (in number of days). Likewise, a premium deficiency reserve is made when the reserve for unearned premiums becomes insufficient to cover the risks and future expenses that correspond to the unexpired period of coverage at the date of calculation.

The allowance for doubtful accounts related to premiums and installments outstanding is determined by management on the basis of periodic reviews of the client portfolio.

Casualty claims are recorded when reported. The incurred but not reported claims (IBNR) are estimated and reflected as a liability, net of recoveries and reinsurance. The IBNR at December 31, 2001 have been estimated by taking into consideration the arithmetic progression of the percentages computed over the actual figures for the years 1994 through 2000, inclusive. Management considers that the estimated amount is sufficient to cover any liability related to IBNR at December 31, 2001, 2000 and 1999.

Reserve for pension funds insurance is recorded on the basis of a report prepared by an independent insurance actuary and represents the current value of all future contributions to be made, including those past due payments still pending.

Policy acquisition costs (commissions) are deferred and subsequently amortized over the period in which the related premiums are earned.

f) Reserve for loan losses -

The reserve for loan losses is maintained at a level that, in the opinion of management, is sufficient to cover potential losses in the loan portfolio at the balance sheet dates. Periodically, management conducts a formal review and analysis of the loan portfolio and authorizes the necessary adjustments to the reserve for possible loan losses. The review and analysis also identifies specific clients against whom legal proceedings should be or has been initiated as well as those clients who appear to have financial difficulties. The reserve for loan losses is increased if objective evidence exists that the Group cannot recover the outstanding amount. The provision is the difference between the book value and the recoverable amount determined by the present value of expected future cash flows including the recoverable amount of the guarantees.

In addition, the reserve for loan losses is made in accordance with the economic conditions in the different countries where loans are granted, loan loss experience, management's evaluation of the loan portfolio, and other factors which, in management's opinion, require current recognition in estimating possible loan losses.

Additionally, in accordance with the SBS regulations, generic provisions are recorded as an appropriation to a special reserve from retained earnings. These appropriations have no effect on net income for the period or the balance of shareholders' equity.

g) Leasing transactions-

The Group leases certain property that meet the criteria for direct financing leases. At the time of entering into a direct financing lease transaction, the Group records the gross finance receivable, unearned income and estimated residual value of leased equipment. Unearned income represents the excess of the gross finance receivable plus the estimated residual value over the cost of the property acquired. Unearned income is recognized in such a manner as to produce a constant periodic rate of return on the net investment in the direct financing lease.

h) Investment in securities -

During 2001, the Group adopted IAS 39 "Financial Instruments: Recognition and Measurement" in the trading investments and investments available-for-sale categories. Trading investments or marketable securities are those acquired mainly with the purpose of generating profits based on short-term price fluctuations. The investments available-for-sale are those that the Group intends to hold for an undefined period and can be sold in response to liquidity needs or changes in market interest rates. Management determines the classification of its investments at the date of their purchase and evaluates such classification periodically.

Trading securities and investments available-for-sale are initially recognized at cost (which includes transaction costs) and subsequently remeasured at their fair value. Unrealized gains and losses arising from changes in the fair value of securities classified as trading and available-for-sale are recognized in the results for the year and shareholders' equity, respectively. When the securities are disposed of or impaired, the related accumulated fair value adjustments of the investments available-for-sale are included in the consolidated statement of income as gains and losses.

The Group adopted IAS 39 on January 1, 2001 and recognized a credit to retained earnings of US$4.5 million related to the accounting treatment of the investments available-for-sale.

i) Property, furniture and equipment -

Property, furniture and equipment are recorded at their acquisition cost. The related depreciation is calculated based on the straight-line method at rates deemed sufficient to absorb the cost over the useful lives of the assets. Maintenance and repair costs are charged to profit and loss and significant renewals and improvements are capitalized. The cost and accumulated depreciation of assets sold or retired are eliminated from the corresponding accounts and the related gain or loss is included in the results of the year.

The annual depreciation rates used are: buildings and other constructions 3%, installations 10%, furniture and fixtures 10% and equipment and vehicles 20%.

j) Assets seized -

Assets seized, included in Other assets, are valued at their market value.

Additionally, in accordance with the SBS regulations, generic provisions are recorded as an appropriation to a special reserve from retained earnings.

k) Intangible assets -

Intangible assets, which are included in Other assets, principally comprise the cost of acquired and internally developed software. They are amortized by the straight-line basis, using an annual rate of 20%.

l) Goodwill -

Goodwill has been established principally as the difference between the reference price for the acquisition of ASHC and PPS at the date of the exchange of shares (market value) and the corresponding fair value of the consolidated assets and liabilities of such entities, which amounted to US$43.7 million and is being amortized using the straight-line method over a 20 year-period.

In addition, this account includes the goodwill originated by the acquisition of Banco de La Paz for US$4.2 million which is amortized over a period of 5 years.

m) Due from customers on acceptances -

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

n) Leasing and subordinated bonds issued and mortgage notes -

Liabilities arising from the issuance of leasing and subordinated bonds and mortgage notes and mortgage bonds are recorded at their face value and the corresponding interest is recognized in income as earned. Bond discounts determined at issuance are deferred and amortized over the term of the bonds by the interest method.

o) Provision for employees' severance indemnities -

The provision for employees' severance indemnities are based in the present value of the liabilities determined at the end of each year based on the current salary of each employee. In Peru, this indemnity should be deposited in authorized financial institutions selected by the employees. All payments made are considered as definitive.

p) Income tax and workers' participation -

Current income tax-

Income tax and workers' participation (which corresponds to 5% of the taxable income in accordance with Peruvian tax legislation) are calculated and recorded based on taxable income under current tax legislation.

Deferred income tax-

Deferred income tax is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Such deferred tax is determined at rates enacted at the date of the balance sheet. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The principal temporary differences are detailed in Note 15. The effect of the temporary differences is also considered for the calculation of the workers' participation.

Deferred tax assets should be recognized when it is probable that sufficient taxable profit will be available against which these temporary differences may be used. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized.

q) Earnings per share -

Earnings per share are calculated by dividing the net income for the year by the weighted-average number of the shares outstanding during the year, after deducting treasury stock.

r) Stock options -

During 2001, 2000 and 1999, stock options were granted to certain key executives and employees who have at least one year's service in Credicorp or any of its subsidiaries. The stock options were granted at the market price of the shares on the date of the grant and are exercisable at that price.

s) Fiduciary activities -

Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from the consolidated financial statements. The Group acts in a fiduciary capacity when it has been named as a nominee, trustee, or agent in a transaction.

t) Foreign currency forward exchange contracts -

Currency forwards and foreign currency futures are initially recognized in the balance sheet at cost (including transaction costs) and subsequently are remeasured at their fair value. Fair values are obtained from market exchange rates. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Forward transactions, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting under the specific rules in IAS 39 and are therefore treated as derivatives held for trading with fair value gains and losses reported in income.

u) Cash and cash equivalents -

Cash and cash equivalents include cash and due from banks with an original maturity of less than 90 days.

v) Financial statements as of December 31, 2000 and 1999 -

The financial statements as of December 31, 2000 and 1999 include certain reclassifications for comparative purposes.

3 FOREIGN CURRENCIES AND EXCHANGE RISK EXPOSURE

Foreign currency transactions are made at the free market exchange rates of the countries where Credicorp's subsidiaries are established. As of December 31, 2001 and 2000 the Group's assets and liabilities by currencies are as follows:

	2001				2000			
	U.S. Dollars	Peruvian new sol	Other	Total	U.S. dollars	Peruvian new sol	Other	Total
	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000
Assets:								
Cash and due from banks	1,678,609	139,929	78,914	1,897,452	1,522,185	143,985	86,407	1,752,577
Marketable securities	352,836	125,272	70,030	548,138	202,918	119,355	25,649	347,922
Loans	2,964,149	546,910	208,987	3,720,046	3,357,708	525,364	229,526	4,112,598
Other assets	683,949	232,830	99,273	1,016,052	897,542	115,021	12,816	1,025,379
	5,679,543	1,044,941	457,204	7,181,688	5,980,353	903,725	354,398	7,238,476
Liabilities:								
Deposits and obligations	4,441,514	994,714	316,263	5,752,491	4,539,608	853,072	272,530	5,665,210
Due to banks and correspondents	254,736	17,902	68,814	341,452	396,103	25,471	37,817	459,391
Other liabilities	486,676	177,449	27,000	691,125	499,743	160,340	56,056	716,139
	5,182,926	1,190,065	412,077	6,785,068	5,435,454	1,038,883	366,403	6,840,740
Net position	496,617	(145,124)	45,127	396,620	544,899	(135,138)	(12,005)	397,736

As of December 31, 2001, the weighted average free market buying and selling exchange rates established by the SBS were S/.3.441 and S/.3.446 per US$1, respectively (S/.3.523 and S/.3.527 per US$1 as of December 31, 2000, respectively).

4 CASH AND DUE FROM BANKS

As of December 31, 2001, Due from banks includes approximately US$1 billion corresponding to an overnight operation deposited in the Central Bank of Reserve of Peru (BCRP), which bears interest at an annual effective rate of 2.29%. In addition, this account includes approximately US$214.3 million and S/.231.9 million (US$1,015 million and S/.229.7 million as of December 31, 2000) related to the legal reserve that the banks in Peru are required to maintain as a guarantee for the deposits received from third parties. This legal reserve can be maintained in the banks' vaults or deposited in the BCRP. The deposits in Peruvian new soles are subject to a minimum cash reserve of 6% and the deposits in foreign currency are subject to a minimum cash reserve of 6% plus an additional cash reserve which averaged 30%. These deposits earn interest at a rate established by the BCRP. At December 31, 2001, the additional reserve in foreign currency deposited in the BCRP earned interest at a rate equivalent to the LIBOR three month rate less 1/8 of one percent.

5 MARKETABLE SECURITIES

At December 31, this account comprises:

	2001 US$000	2000 US$000
Debt issued by Central Banks of other countries	139,156	86,091
Bonds	119,199	79,156
Negotiable certificates of deposit	105,534	17,661
Peruvian Central Bank certificates	91,624	80,846
Listed equity securities	31,914	22,837
Non-listed equity securities	4,450	4,211
Investment certificates issued by banks	-	9,637
Negotiable notes	14,258	11,283
Mutual funds	27,602	6,985
Investments issued by listed entities in Colombia	1,774	8,798
Other investments	15,858	23,632
	551,369	351,137
Less – Allowance for decline in value of marketable securities	(3,231)	(3,215)
	548,138	347,922

Bonds comprise leasing and corporate bonds, which have been acquired at prices and rates prevailing in the market at the date of purchase. Annual interest rates vary from 4% to 12% (between 7.1% to 12% in 2000).

Negotiable certificates of deposit mainly correspond to notes of the Bolivian Treasury and repurchase transactions of Bolivian banks for approximately US$53 million (US$0.7 million in 2000) which bear an annual interest rate of 1.8%.

Peruvian Central Bank certificates are short-term marketable bearer bonds, which have been acquired through public auctions at interest rates offered by financial institutions. The annual interest rates in local currency vary from 4.5% to 13.94% (9.23% to 18.9% in 2000) which is determined by the BCRP at each auction.

As of December 31, 2000 the net unrealized loss on the marketable securities amounted to US$0.3million.

6 LOANS

a) At December 31, this account comprises:

	2001 US$000	%	2000 US$000	%
Loans	2,917,267	79	3,219,491	78
Discounted notes	156,041	4	165,172	4
Advances and overdrafts	45,501	1	164,472	4
Leasing receivables	333,840	9	339,082	8
Factoring receivables	56,616	2	62,510	2
Refinanced loans	268,626	7	189,682	5
Past due loans and loans under judicial collection (see paragraph d)	350,835	9	376,101	9
	4,128,726	111	4,516,510	110
Less unearned interest	(64,247)	(2)	(62,425)	(1)
	4,064,479	109	4,454,085	109
Less reserve for loan losses	(344,433)	(9)	(341,487)	(9)
	3,720,046	100	4,112,598	100

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

b) At December 31, the credit risk classification of the Group's loan portfolio is as follows:

Classification	2001 Direct credits US$000	%	2001 Indirect credits US$000	%	2001 Total US$000	%	2000 Direct credits US$000	%	2000 Indirect credits US$000	%	2000 Total US$000	%
Normal	2,864,087	70	619,844	87	3,483,931	73	3,127,630	70	530,455	85	3,658,085	72
Potential problems	441,323	11	71,335	10	512,658	11	456,386	10	73,174	12	529,560	10
Substandard	316,945	8	19,028	3	335,973	7	446,569	10	18,857	3	465,426	9
Doubtful	196,501	5	4,462	-	200,963	4	232,183	6	2,321	-	234,504	5
Loss	245,623	6	976	-	246,599	5	191,317	4	2,147	-	193,464	4
	4,064,479	100	715,645	100	4,780,124	100	4,454,085	100	626,954	100	5,081,039	100

The indirect credit portfolio is described in Note 18.

c) The direct credit portfolio by industry as of December 31, is as follows:

	2001 US$000	%	2000 US$000	%
Manufacturing	1,230,417	30	1,330,529	30
Commerce	572,825	14	663,863	15
Carried forward:	1,803,242	44	1,994,392	45

	2001 US$000	%	2000 US$000	%
Brought forward:	1,830,242	44	1,994,392	45
Fishing	76,864	2	88,072	2
Agriculture	159,420	4	192,410	4
Mining	321,409	8	339,374	8
Construction	124,056	3	121,564	3
Financial services	81,746	2	112,228	3
Communication, storage and transportation	194,613	5	221,277	5
Realty business and leasing services	211,286	5	206,272	5
Utilities	159,389	4	191,831	4
Education, health and other services	56,051	1	56,295	1
Consumer loans	262,240	7	284,728	6
Other	614,163	15	645,642	14
	4,064,479	100	4,454,085	100

d) At December 31, past due loans and loans under judicial collection are as follows:

	2001 US$000	%	2000 US$000	%
Past due up to 4 months	54,291	15	108,830	29
Past due more than 4 months	94,340	27	63,476	17
In judicial collection	202,204	58	203,795	54
	350,835	100	376,101	100

In accordance with the Group's accounting policies, interest on past due loans is recorded when collected. As of December 31, 2001 and 2000, the gross interest that would have been recorded on these loans in accordance with their original terms and conditions amounted to approximately US$121.8 million and US$122.9 million, respectively.

e) The changes in the reserve for loan losses are summarized as follows:

	For the years ended December 31,		
	2001 US$000	2000 US$000	1999 US$000
Balances as of January 1	341,487	307,343	270,082
Provision	119,422	170,102	181,220
Recoveries of loans written-off	14,935	7,825	5,903
Loans portfolio sold and write-offs	(124,690)	(135,320)	(156,976)
Foreign exchange adjustment	(6,721)	(8,463)	7,114
Balances as of December 31	344,433	341,487	307,343

The Group recognizes possible losses on loans through a provision estimated in accordance with the policy described in Note 2-f).

In 2000 and 1999, on the basis of SBS authorizations given to financial institutions in Peru, BCP and certain of its subsidiaries recorded a special reserve for the generic provision of the loan portfolio classified as normal of US$4.7 million and US$9.5 million, respectively. The special reserve was accounted for as an appropriation of retained earnings in the accompanying consolidated financial statements. During 2001 Credicorp recorded a recovery of this reserve of US$6.7 million, which in the consolidated statement of changes in shareholders' equity is treated as a decrease in the reserve and an increase in Retained earnings without affecting the results of operations or the total of Shareholders' equity (See Note 13-d).

Management considers that the provision recorded at December 31, 2001 and 2000 is sufficient to cover any eventual loss on loans in the process of collection.

f) Loans are secured by guarantees granted by customers comprising mortgages, performance bonds, securities and industrial and commercial liens.

g) As of December 31, the loans have the following maturities:

	2001		2000	
	US$000	**%**	**US$000**	**%**
Due within 3 months	1,509,628	37.2	1,765,335	39.6
3 months to a year	991,673	24.4	964,463	21.7
One year to 5 years	927,419	22.8	975,898	21.9
Over 5 years	284,924	7.0	372,288	8.4
Past due loans	350,835	8.6	376,101	8.4
	4,064,479	100.0	4,454,085	100.0

7 INVESTMENTS AVAILABLE-FOR-SALE

At December 31, this caption comprises:

	2001	2000
	US$000	**US$000**
Bonds of Central Bank of Bolivia	10,000	10,037
Listed equity securities	39,753	119,617
Other equity securities	82,527	104,392
Subordinated and leasing bonds	303,964	195,289
Investments in Peruvian foreign debt	49,467	35,902
Investments in foreign debt of other countries	26,739	19,379
Investments in financial institutions in Bolivia	9,167	24,878
Carried forward:	521,617	509,494

	2001 US$000	2000 US$000
Brought forward:	521,617	509,494
Negotiable certificates of deposits	-	43,428
Mutual funds	23,779	15,776
Negotiable notes	18,095	-
Other	23,858	33,183
	587,349	601,881

In 2001, PPS sold 10,684,831 shares of Union de Cervecerias Backus y Johnston S.A. on the Lima Stock Exchange for US$109.9 million, generating a tax-free gain of US$30.7 million, which is included in the caption Net gain from sales of securities in the consolidated statement of income.

In November 1999, ICSA sold on the Lima Stock Exchange its participation in a company which managed a pension fund for US$53,634,000, generating a gain of US$46,567,000, which is included in the caption Net gain from sales of securities in the consolidated statement of income. The Group is responsible up to the percentage of ownership that it sold for the liabilities, obligations, other responsibilities or contingencies that occurred prior to the date of transfer and were not recorded in the financial statements at that date. The responsibility is for two years as from the date of sale, except for taxes and labor and social liabilities which can be claimed until their date of prescription. As of December 31, 2001 the Group has not assumed any liabilities, obligations, responsibilities or contingencies related to this transaction.

Gains or losses on the sales of securities on the Lima Stock Exchange are non-taxable income for tax purposes.

8 PROPERTY, FURNITURE AND EQUIPMENT AND ACCUMULATED DEPRECIATION

At December 31, this caption comprises:

	2001			2000
	Cost US$000	Accumulated depreciation US$000	Net book value US$000	Net book value US$000
Land	26,856	-	26,856	27,586
Buildings and other constructions	248,822	(107,388)	141,434	144,978
Installations	57,253	(31,823)	25,430	27,430
Computer equipment and other	188,859	(137,273)	51,586	49,770
Equipment	23,879	(15,725)	8,154	7,699
Vehicles	9,252	(3,842)	5,410	6,098
	554,921	(296,051)	258,870	263,561

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

9 OTHER ASSETS AND OTHER LIABILITIES

At December 31, this caption comprises:

	2001 US$000	2000 US$000
Other assets -		
Interest, commissions and accounts receivable	176,246	128,869
Transactions in progress (a)	55,968	73,867
Deferred expenses (b)	42,462	54,348
Intangibles, net (c)	29,496	21,332
Assets seized, net (d)	80,015	64,469
Other	15,171	24,522
	399,358	367,407
Other liabilities -		
Interest and other accounts payable	108,532	122,869
Taxes, salaries and other personnel expenses payable	15,252	59,583
Transactions in progress (a)	52,767	56,792
Deferred tax liabilities (Note 15)	14,342	12,820
Provision for contingencies (e)	14,628	9,714
Dividends pending payment (f)	15,893	-
Other	1,336	24,348
	222,750	286,126

b) Transactions in progress are related to transactions realized during the last days of the year, which will be transferred to their final balance sheet accounts in the following month. Substantially all of these transactions do not affect the Group's income.

c) Deferred expenses are those mainly related to prepaid income tax which can be applied against income tax liabilities in future periods.

d) Intangibles comprise basically purchased software.

d) At December 31, 2001 and 2000, the caption Assets seized includes land, buildings and machinery and equipment received in payment of debts which were in judicial collection process and which have been recorded at values which approximate those determined on the basis of technical appraisals made by independent professionals. This account comprises:

	2001	2000
	US$000	US$000
Assets seized	96,777	82,749
Provision	(16,762)	(18,280)
	80,015	64,469

The changes in the provision for assets seized are summarized as follows:

	For the years ended December 31,		
	2001	2000	1999
	US$000	US$000	US$000
Balances as of January 1	18,280	18,251	11,346
Provision	7,447	22,565	18,495
Amount recovered for sale of assets seized	(8,965)	(24,704)	(10,262)
Other	-	2,168	(1,328)
Balances as of December 31	16,762	18,280	18,251

Additionally, as of December 31, 2001 generic provisions amounting to US$27.1 million (US$14.5 million as of December 31, 2000 and December 31, 1999) have been recorded as required by SBS (Note 13-d). These amounts have been recorded as appropriations to a special reserve in the net equity.

e) The changes in the provision for contingencies are summarized as follows:

	For the years ended December 31,		
	2001	2000	1999
	US$000	US$000	US$000
Balances as of January 1	9,714	6,554	14,793
Provision (Note 16)	13,317	6,337	4,598
Deductions	(8,403)	(3,177)	(12,837)
Balances as of December 31	14,628	9,714	6,554

This provision mainly comprises the provisions for probable losses to complement insurance coverage, which correspond to claims not covered by the insurance companies.

f) The dividends pending payment correspond mainly to an extraordinary dividend declared in 2001 arising from the gain generated by the Group on the sale of the shares of Union de Cervecerias Backus y Johnston S.A (Note 7). These dividends were paid in January 2002.

10 DEPOSITS AND OTHER OBLIGATIONS

a) At December 31, this caption comprises:

	2001 US$000	2000 US$000
Non-interest bearing deposits and obligations:		
In Peru	597,686	529,200
In other countries	168,921	113,023
	766,607	642,223
Interest bearing deposits and obligations:		
In Peru	3,429,734	3,322,368
In other countries	1,556,150	1,700,619
	4,985,884	5,022,987
Total	5,752,491	5,665,210

According to the Group's policies, during 2001 and 2000, interest on demand and savings deposits and obligations were accrued using a growing scale of interest rate determined based on the average deposits maintained. Balances below certain limits previously established for each product did not bear interest.

b) As of December 31, the balance of deposits and other obligations comprises:

	2001 US$000	2000 US$000
Savings deposits	1,550,975	1,515,705
Time deposits	2,311,418	2,377,373
Demand deposits	1,042,143	959,191
Severance indemnity deposits	528,168	533,963
Foreign currency bank certificates	110,654	120,207
Leasing bonds	166,748	158,771
Mortgage bonds	25,000	-
Corporate bonds	17,385	-
	5,752,491	5,665,210

c) As of December 31, 2001 the total amount of the individual time deposits and foreign currency bank certificates in excess of US$100,000 are approximately US$1.5 billion and US$29.7 million, respectively (US$1.4 billion and US$41 million, respectively as of December 31, 2000).

d) Mortgage bonds were issued in May and July 2001 in United States dollars with maturity in ten years and annual interest at rates between 7.5% and 7.9%.

e) As of December 31, deposits and obligations have the following scheduled maturities:

	2001		2000	
	US$000	**%**	**US$000**	**%**
Due within 3 months	3,156,732	55.0	2,967,312	52.4
3 months to a year	1,417,730	24.6	1,495,178	26.4
One year to 5 years	924,670	16.0	990,019	17.5
Over 5 years	253,359	4.4	212,701	3.7
	5,752,491	100.0	5,665,210	100.0

f) Subordinated debt corresponds to bonds issued in Peruvian new soles that bear an annual interest rate that fluctuates between 5.25% plus the Constant updated value and 7.25% plus the Daily readjustment rate determined by the BCRP, with maturity between February 2002 and September 2009.

11 DUE TO BANKS AND CORRESPONDENTS

At December 31, this caption comprises:

	2001			2000		
	Short-term	**Long-term**	**Total**	**Short term**	**Long-term**	**Total**
	US$000	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**
Due to banks and correspondents	126,582	202,879	329,461	226,134	194,280	420,414
Promotional credit lines	1,789	10,202	11,991	27,951	11,026	38,977
	128,371	213,081	341,452	254,085	205,306	459,391

a) The balance of the liabilities with banks and correspondents corresponds to the following transactions:

- Bank loans obtained by the Group principally for financing foreign trade and working capital amounted to US$119.4 million and US$56.7 million, respectively (US$141 million and US$198 million, respectively in 2000).

  During 2001, BCP paid loans to banks and correspondents amounting to approximately US$104.1 million (US$30 million in 2000).

- Amount owed originating from a securitization transaction, realized in November 1998, for up to US$100 million by Banco de Credito Overseas Limited, with maturity until November 2005, for the collection of the future inflows of BCP corresponding to the charges and cash advances made in Peru through the Visa International credit cards issued by foreign banks. In this transaction, Bankers Trust Company of New York acted as trustee for the securitization operation. This obligation will be paid for through the transfer of funds corresponding to future inflows to be received by BCP from Visa International, which will be deposited directly by Visa International in a special account managed by Bankers Trust Company. This transaction bears an annual interest rate of 6.44%. As of December 31, 2001 and 2000 the securitization obligation amounted to US$62.5 million and US$75.9 million, respectively.

In addition, BCP has signed an insurance policy with MBIA Insurance Corporation of New York which guarantees the future cash inflows to pay the quarterly payments through November 2005.

- Amount owed originating from a securitization transaction entered into during January 2001 by BCP for up to US$100 million, with maturity until January 2008, corresponding to the future collection of the orders of payment in United States dollars related to the transfers of funds received from banks located outside Peru associated with the Society for Worldwide Interbank Financial Telecommunications (Swift). In this transaction, ING Barings acted as trustee for the securitization transaction. The securitization proceeds were paid in January 2001 to the Group. This transaction bears a monthly interest rate that fluctuates between 2.19% and 5.9%. As of December 31, 2001 the balance of this obligation amounts to US$90.9 million.

- Amount owed to Westdeutsche Landesbank Girozentrale (formerly West Merchant Bank Limited) originating from a forward sale agreement in August 1998, by which Credicorp agreed to pay the debts assumed by Mickleton Corporation (entity incorporated in the Virgin Islands) for up to US$50 million. This obligation was paid in July 2001.

b) Promotional credit lines represent loans granted to BCP by Corporacion Financiera de Desarrollo (COFIDE) related to credit lines granted by Corporacion Andina de Fomento and Banco Interamericano de Desarrollo, for promoting development in Peru. These loans include covenants specifying the use of funds, financial conditions that the borrower must maintain and other administrative matters.

As of December 31, due to banks and correspondents have the following maturities:

	2001		**2000**	
	US$000	**%**	**US$000**	**%**
Due within 3 months	73,367	21.5	104,477	22.7
3 months to a year	55,004	16.1	149,608	32.6
One year to 5 years	100,280	29.4	113,746	24.8
Over 5 years	112,801	33.0	91,560	19.9
	341,452	100.0	459,391	100.0

At December 31, 2001 and 2000, Credicorp had credit lines available from correspondent banks totaling approximately US$1.6 billion and US$1.4 billion, respectively.

12 REINSURANCE PAYABLE

In the ordinary course of its business PPS, the Credicorp's subsidiary engaged in insurance activities, transfers reinsurance to other insurance companies to share the risk of its insurance contracts and to limit the potential losses arising from significant coverage. PPS is ultimately responsible for the payment of claims to the policyholder if the reinsurer is unable to meet its obligations.

Reinsurance includes shared quotas, excess of loss and facultative insurance. Amounts recoverable from reinsurers are estimated on a basis consistent with the associated claim liabilities and are presented as a component of reinsured assets.

Net premiums earned for the years ended December 31 are as follows:

	Gross amount US$000	Ceded to other companies US$000	Assumed from other companies US$000	Net premiums earned US$000	Percentage of amount assumed on net premiums
As of December 31, 2001					
Life insurance	33,083	(2,532)	452	31,003	1.46
Accident and health insurance	41,097	(1,258)	12	39,851	0.03
Property and casualty insurance	89,688	(49,955)	1,617	41,350	3.91
Total premiums	163,868	(53,745)	2,081	112,204	1.85
As of December 31, 2000					
Life insurance	30,356	(1,432)	307	29,231	1.05
Accident and health insurance	44,013	(990)	12	43,035	0.03
Property and casualty insurance	72,593	(32,492)	1,028	41,129	2.50
Total premiums	146,962	(34,914)	1,347	113,395	1.19
As of December 31, 1999					
Life insurance	31,057	(2,876)	388	28,569	1.36
Accident and health insurance	42,023	(1,678)	4	40,349	0.01
Property and casualty insurance	76,454	(33,026)	762	44,190	1.72
Total premiums	149,534	(37,580)	1,154	113,108	1.02

13 SHAREHOLDERS' EQUITY

a) Common shares -

As of December 31, 2001, 2000 and 1999, the capital stock is represented by 94,382,317 outstanding common shares, with a par value of US$5.

b) Treasury stock -

Treasury stock corresponds to the nominal value of Credicorp's shares owned by Group companies, which amounts to 14,920,825 shares at December 31, 2001 (14,261,000 shares at December 31, 2000). The difference between the acquisition cost of US$189.4 million and their par value of US$74.6 million is recorded as a capital surplus.

c) Legal reserves -

In accordance with the laws that regulate financial and insurance activities, BCP and PPS are required to form a reserve of up to at least 35% of their paid-in capital through annual transfers of at least 10% of their net income.

Additionally, PPS must maintain a legal guarantee reserve equivalent to 35% of its solvency equity, as defined in such law, as a guarantee fund.

d) Special reserve -

This reserve comprises the generic provisions for loans of US$7.5 million and for assets seized of US$27.1 million at December 31, 2001 (US$14.2 million and US$14.5 million, respectively, at December 31, 2000), which have been recorded as required by SBS.

e) Retained earnings -

During 2001 and 2000, Credicorp paid cash dividends of approximately US$8 million and US$8.1 million, respectively. In addition, the Board of Directors agreed to distribute an extraordinary dividend of approximately US$15.9 million related to the gain generated by the Group on the sale of the Union de Cerveceras Backus y Johnston S.A. shares (Note 9-f).

14 STOCK OPTION PLAN

Credicorp has a stock option plan for certain key executives and employees who have at least one year's service in Credicorp or any of its subsidiaries. The options expire after eight (8) years and 25% of the shares granted may be exercised during each of the first four years of the plan. At the end of the fourth year and until the expiration date of the option, all or a portion shares still outstanding under the plan may be exercised at any time. As of December 31, 2001 only 1,250 shares had been acquired under the Stock Option Plan.

The number of options outstanding and the option price of such shares at December 31, 2001 are as follows:

Year	Number of shares	Price of the option US$
1999	475,000	9.39
2000	534,000	10.50
2001	571,500	7.30

15 TAX SITUATION

a) Credicorp Ltd. is not subject to any type of income taxes, nor taxes on capital gains, equity or property.

The Peruvian subsidiaries are subject to corporate taxation on income under the Peruvian Tax system. The statutory income tax rate payable in Peru is 30% of taxable income, which may be reduced to 20% for the reinvested portion of the taxable income in any economic activity. Since 2002 the applicable rate is 27% plus an additional rate of 4.1% on dividends declared.

ASHC and its subsidiaries are not subject to taxes in the Cayman Islands nor Panama. For the years ended December 31, 2001, 2000 and 1999, no taxable income was generated from its operations in the United States of America.

A reconciliation of the differences between the statutory income tax rate and the effective tax rate for the Group is shown as follows:

	2001 %	2000 %	1999 %
Peruvian statutory tax rate	30	30	30
Increase (decrease) in the statutory tax rate due to:			
i) Decrease arising from net income of subsidiaries not domiciled in Peru	2	(2)	(8)
ii) Non-taxable costs and income, net	(9)	2	(7)
iii) Adjustment of deferred income tax for change in rate from 20% to 27% in 2001 and from 30% to 20% in 2000	3	(9)	-
Effective income tax rate	26	21	15

b) In 2001 the deferred income tax has been calculated on all temporary differences applied at a combined rate of 30.65% (24% in 2000 and 33.5% in 1999). This combined rate is determined considering that the workers' participation is considered deductible for income tax purpose. The income tax expense analysis as of December 31, 2001, 2000 and 1999, is as follows:

	2001	2000	1999
	US$000	**US$000**	**US$000**
Current:			
Peruvian	23,266	5,565	3,650
In other countries	347	402	367
	23,613	5,967	4,017
Deferred:			
Peruvian	392	3,735	4,734
Adjustment of deferred income tax for change in rate from 20% to 27% in 2001 and from 30% to 20% in 2000	1,130	(3,578)	-
	1,522	157	4,734
Total	25,135	6,124	8,751

A portion of the Group's deferred tax asset arises from the generic provisions for contingencies and for loan losses. In accordance with Peruvian tax regulations, generic provisions are not deductible for income tax purposes until transferred to specific provisions; therefore, the Group has recorded an accumulated deferred tax asset (including the effect of the workers' participation) to reflect the future tax benefit of the deduction of these provisions.

The Group's deferred tax liability arises principally from the depreciation of certain buildings of BCP and PPS that is not acceptable for tax purposes and from leasing operations.

The following table shows a summary of the Group's deferred income taxes:

	As of December 31	
	2001	**2000**
	US$000	**US$000**
Assets		
Reserve for loan losses	2,130	1,225
Reserve for contingencies	3,591	3,250
Tax benefits and other	3,078	-
Deferred tax loss carry-forward	2,542	-
Total deferred tax assets	11,341	4,475
Tax loss carry-forward of ASHC-Miami	5,049	6,077
Provision of deferred tax corresponding to the tax loss carry-forward	(5,049)	(6,077)
Net deferred income tax assets	11,341	4,475
Liabilities		
Fixed assets	(10,865)	(6,683)
Intangibles	(7,508)	(1,758)
Carried forward:	(18,373)	(8,441)

	As of December 31	
	2001	**2000**
	US$000	**US$000**
Brought forward:	(18,373)	(8,441)
Leasing operations	(4,571)	(4,755)
Provision for assets seized	(2,131)	(3,527)
Other	(608)	(572)
Deferred income tax liabilities	(25,683)	(17,295)
Net deferred income tax liabilities	(14,342)	(12,820)

c) As of December 31, 2001, ASHC's Miami agency had United States federal tax loss carryforwards available to reduce future taxable income, if any, of approximately US$18.7 million, which expire in 2020. As of December 31, 2001, the Miami Agency did not have any net deferred tax assets reflected on its financial statements, due to the uncertainly regarding the Agency's ability to generate future federal and state taxable income needed to utilize the net deferred tax assets, which primarily relate to the United States federal tax loss carryforward and the allowance for loan losses.

d) The Peruvian tax authorities have the right to review and, if necessary, amend the annual tax returns of the Peruvian subsidiaries. Fiscal years 1998 through 2001, inclusive, are pending review by the tax authorities. Any additional tax arising as a result of examination by the tax authorities will be charged to income of the year when such tax is determined. At present, it is not possible to estimate the adjustments that the tax authorities may determine. However, in the opinion of the Management, it is not expected that any additional assessments will be determined in amounts considered significant to the consolidated financial statements.

16 OTHER INCOME AND EXPENSES

For the three years ended December 31, 2001, these captions comprise:

	2001	**2000**	**1999**
	US$000	**US$000**	**US$000**
Other income -			
Real estate rental income	877	1,168	1,433
Income from the sale of assets seized	2,142	11,834	8,831
Income from the sale of fixed assets	271	3,276	624
Other	10,814	11,725	7,697
	14,104	28,003	18,585

	2001 US$000	2000 US$000	1999 US$000
Other expenses -			
Commissions	10,537	5,748	9,331
Provision for contingencies (Note 9-e)	13,317	6,337	4,598
Expenses of prior years	3,108	845	2,347
Provisions for other account receivables	5,862	3,666	1,229
Other fees for advisory services received	372	1,259	78
Other	1,423	3,262	216
	34,619	21,117	17,799

17 EARNINGS PER SHARE

The earnings per common share has been determined as follows:

	2001	2000	1999
Number of outstanding shares:			
Common shares	94,382,317	94,382,317	94,382,317
Less: treasury shares	(14,920,825)	(14,261,000)	(13,378,733)
Total outstanding shares	79,461,492	80,121,317	81,003,584
Net income (in thousands of United States dollars)	54,513	17,696	43,502
Earnings per share (in United States dollars)	0.69	0.22	0.54

18 OFF-BALANCE SHEET ACCOUNTS

A breakdown of the off-balance sheet accounts is as follows:

	2001 US$000	2000 US$000
Contingent accounts -		
Contingent credits		
Guarantees and performance bonds	680,335	515,459
Export letters of credit	6,631	30,016
Import letters of credit and other	28,679	81,479
	715,645	626,954
Other	225,233	134,671
Carried forward:	940,878	761,625

	2001	2000
	US$000	**US$000**
Brought forward:	940,878	761,625
Other off-balance sheet accounts -		
Collateral accepted and guarantees received	5,545,177	4,083,303
Collections on behalf of third parties	1,831,906	2,155,521
Securities in custody	4,141,384	3,327,589
Leasing transactions for tax purposes	604,846	371,535
Assigned value of goods in trusteeship	295,909	309,417
Tax value of assets	299,332	175,776
Other	2,255,308	2,415,807
	14,973,862	12,838,948
Total	15,914,740	13,600,573

The balance of the caption Collateral accepted and guarantees received represents collateral received recorded at the agreed value as of the date of the loan contract. This balance does not necessarily represent the fair market value of the collateral maintained by the Group.

In the normal course of its business, the Group's banking subsidiaries are party to transactions with off-balance sheet risk. These transactions expose the Group's banking subsidiaries to credit risk in addition to the amounts recognized in the balance sheet.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss because any other party to a financial instrument fails to perform in accordance with the terms of the contract. Exposure to credit losses under commitments to extend credit, export and import letters of credit and guarantees is represented by the contractual amount of these instruments. The Group uses 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 may include deposits held in financial institutions, securities or other assets.

Since many of the off-balance sheet financial instruments are expected to expire without being called upon, the total commitment amounts do not necessarily represent future cash requirements.

Export and import letters of credit and guarantees are conditional commitments issued by the Group to guarantee the performance of a customer to a third party. Export and import letters of credit are primarily issued as credit enhancements for overseas commercial transaction. Risks associated with these credits are reduced by the participation of third parties.

Management does not anticipate that any material loss will arise from its existing commitments and contingencies.

In addition, as of December 31, 2001 the net equity of the investment mutual funds managed by the subsidiaries of the Group amount to approximately US$478.2 million (US$230 million in 2000).

Fiduciary activities -

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties which involve the Group making allocation, purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in the consolidated financial statements. Some of these arrangements involve the Group accepting targets for benchmark levels of return for the assets under the Group's care. These services give rise to the risk that the Group will be accused of mal-administration or under-performance. As of December 31, 2001, the assigned value of the financial assets under administration amounts to approximately US$295.9 million (US$309.4 million in 2000).

19 FINANCIAL INFORMATION BY INDUSTRY AND GEOGRAPHICAL AREA

The following table presents the Group's financial information by industry and geographical area for the three years ended December 31, 2001:

a) Segments of business by industry- (amounts expressed in millions of U.S. dollars)

	2001					2000					1999				
	Total revenues	Operating income (*)	Depreciation/ amortization	Fixed assets	Total assets	Total revenues	Operating income (*)	Depreciation/ amortization	Fixed assets	Total assets	Total revenues	Operating income (*)	Depreciation/ amortization	Fixed assets	Total assets
Banking	835	364	34	221	6,628	919	334	36	229	6,136	1,004	361	37	240	6,549
Insurance	151	15	4	33	395	124	21	4	34	261	124	24	3	39	340
Brokerage and other	52	12	5	5	559	50	40	4	1	1,226	62	5	-	1	724
Consolidated total	1,038	391	43	259	7,582	1,093	395	44	264	7,623	1,190	390	40	280	7,613

b) Segment information by geographical area - (amounts expressed in million of U.S. dollars)

	2001			2000			1999		
	Total revenues	Operating income (*)	Total assets	Total revenues	Operating income (*)	Total assets	Total revenues	Operating income (*)	Total assets
Peru	788	304	5,325	808	284	4,580	881	298	5,161
Panama	2	2	23	2	2	80	2	2	17
Cayman Islands	87	13	1,018	120	42	1,686	109	20	1,202
Bolivia	80	43	656	79	37	713	103	37	692
Republic of El Salvador	19	7	-	22	5	189	19	7	161
Colombia	52	20	395	46	22	226	74	21	275
United States of America	10	2	165	16	3	149	2	5	105
Consolidated total	1,038	391	7,582	1,093	395	7,623	1,190	390	7,613

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

20 FINANCIAL INSTRUMENTS

By its nature the Group's activities are principally related to the use of financial instruments including derivatives. The Group accepts deposits from customers at both fixed and floating rates and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet all claims that might fall due.

The Group also seeks 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. Such exposures involve not just on-balance sheet loans and advances but the Group also enters into guarantees and other commitments such as letters of credit and performance bonds.

The Group also trades in financial instruments where it takes positions in traded and over the counter instruments including derivatives to take advantage of short-term market movements in the equity and bond markets and in currency and interest rates. The Board places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions. Foreign exchange exposures associated with these derivatives are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

Market risks -

The Group is exposed to market risks in the normal course of its operations. Management is aware of the existing conditions in each market where Credicorp has operations. Management, on the basis of its experience and expertise controls its liquidity risk, interest rate risk, currency risk and credit risk as follows:

Liquidity risk -

The Group controls its liquidity by matching of assets and liabilities (Notes 6, 10 and 11).

Interest rate risk -

The Group is mainly engaged in providing short-term financing, especially to international customers. Resources for trading finance are mainly obtained from short-term liabilities, with interest agreed at fixed and variable rates prevailing in the international markets.

Loans, customer deposits and other financing are subject to risks derived from interest rate fluctuations. The contract maturity characteristics and interest rates are disclosed in Notes 6, 10 and 11.

Currency risk -

Most assets and liabilities are maintained in U.S. dollars.

Credit risk -

Credit risk is mainly controlled through the evaluation and analysis of each transaction considering such aspects as credit concentration of economic groups, evaluation of economic sectors, portfolio foreseen losses, guarantees and requirements for working capital according to market risks.

Financial assets which show a potential credit risk are mainly cash and cash equivalents, interest bearing deposits in banks, marketable securities, investments available-for-sale, loans and other assets. Cash and cash equivalents as well as time deposits are placed with prestigious financial institutions.

Fair value -

Fair value is defined as the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties, assuming the enterprise is a going concern.

IAS defines a financial instrument as any contract which gives rise to any financial asset of one enterprise and a financial liability or equity instrument of another enterprise, considering as such cash, any contractual right to receive cash or another financial asset or to exchange financial instruments or instruments or an equity instrument of another enterprise. In addition, financial instruments include both primary instruments, such as receivables, payables and equity securities and the derivative instruments, such as financial options.

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 respective 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 the 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.

A significant portion of the Group' assets and liabilities are short-term financial instruments, with a remaining maturity of under one year. These short-term financial instruments, with the exception of those for which an active market exists, are considered to have a fair value equivalent to their carrying value at the balance sheet date.

The methodologies and assumptions used depend on the terms and risk characteristics of the various instruments and include the following:

- Cash and due from banks represent cash and short-term deposits that do not represent significant credit risks. They are valued at their book value.

- Marketable securities and investments in securities available-for-sale are generally quoted. Interest earning assets and liabilities with an original maturity of less than one year have been assumed to have a fair value not materially different from book value.

- Market value of loans is similar to their book values, because such loans are mainly of a short-term nature and are shown net of their respective provision for loan losses, which are considered by Management as the estimated amount recoverable at the date of the financial statements.

- Market value of deposits and obligations is similar to their book value, principally because of their current nature and that the interest rates are comparable with the interest rate of other similar liabilities.

- Due to banks and correspondents generates interest contracted at variable interest rates and preferred rates. As a result, it is considered that their book value is similar to their market value.

- As disclosed in Note 18, the Group has various commitments to extend credit, open documentary credits and outstanding guarantees and it has received guarantees in endorsement of the granted credits. Based on the level of fees currently charged from granting such commitments and open documentary credits, taking into account maturity and interest rates, together with the present creditworthiness of the counterparties, the difference between the book value and the fair value is not material. Because of the uncertainty involved in assessing the likelihood and timing of guarantees being drawn, coupled with the lack of an established market, it is not practical for the Group to determine the estimated fair value for outstanding guarantees.

Derivatives

Except for Currency forwards and Foreign currency futures, the Group does not enter into other agreements, generally described as derivative transactions, such as interest rate swaps, currency swaps or options. Currency forwards represent commitments to purchase or sell foreign and domestic currency. Foreign currency futures are contractual obligations to receive or pay a net amount based on changes in currency rates or to buy or sell foreign currency or a financial instrument on a future date at a specified price. Risk arises from the possible inability of the counterparties to meet the terms of the contracts and from fluctuations in exchange rates. Since futures contracts are collateralised by cash or marketable securities and changes in the futures contract value are settled daily with the exchange, the credit risk is negligible.

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

The notional amounts of forward contracts and futures provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. As of December 31, 2001 and 2000, the notional amounts of the outstanding contracts is approximately US$292.8 million and US$136.2 million, respectively, which have maturities for periods of less than one year. The fair value of the forward contracts assets and liabilities as of December 31, 2001 amount to approximately US$8 million and US$0.4 million, respectively, which are included in the caption Other assets and Other liabilities, respectively.

21 TRANSACTIONS WITH RELATED PARTIES AND AFFILIATED COMPANIES

Certain shareholders, directors and officers of the Group have been involved, directly and indirectly, in loan transactions with certain subsidiaries of the Group, as permitted by Peruvian Law No. 26702, which regulates and limits certain transactions with employees, directors and officers of a bank or an insurance company. As of December 31, loans to employees of the Group are as follows:

	2001 US$000	2000 US$000
Mortgage loans	18,804	20,198
Other loans	4,593	38,965
	23,397	59,163

As of December 31, loans and other contingent credits to related parties comprise:

	2001 US$000	2000 US$000
Direct loans	185,170	185,743
Contingent loans	13,262	27,545
	198,432	213,288

As of December 31, 2001 direct and contingent loans to related companies comprise approximately 4.5% and 3.3%, respectively (4.2% and 3.1%, respectively, as of December 31, 2000), of the total portfolio of direct loans of the Group, which are ranked in the following risk categories:

	2001	2000
	%	%
Normal	53.1	73.6
Potencial problems	31.8	21.1
Substandard	15.1	5.3
	100.0	100.0

All loans, insurance and services to related parties were made on terms no more favorable than would have been offered to the general public.

22 DIFFERENCES BETWEEN INTERNATIONAL ACCOUNTING STANDARDS AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The accompanying consolidated financial statements are prepared in accordance with International Accounting Standards (IAS).

A description of the significant differences between IAS and generally accepted accounting principles of the United States of America (U.S. GAAP) follows:

a) Reserve for possible loan losses -

The reserve for possible loan losses for Peruvian GAAP purposes is calculated according to specific guidelines set by the SBS. This reserve is maintained at a level that, in the opinion of management, is sufficient to cover potential losses in the loan portfolio at the balance sheet dates. Periodically, management conducts a formal review and analysis of the loan portfolio authorizing the necessary adjustments to the reserve for possible loan losses.

Under U.S. GAAP, the reserve for possible loan losses should be recorded in amounts adequate but not excessive to cover losses in the loan portfolio at the respective balance sheet dates. In addition, Financial Accounting Statement (FAS) No.114 “Accounting by creditors for impairment of a loan” requires that all creditors value all specifically reviewed loans for which it is probable that the creditor will be unable to collect all amounts due according to the terms of the loan agreement, at either the present value of expected cash flows, market price or value of collateral.

The process followed by the Group for the determination of the reserve for possible loan losses differs in some respects from the process which have been followed under U.S. GAAP. The Group has estimated its required reserve for IAS purposes in the following manner:

- All loans made by the Group were classified in accordance with the rules of the SBS.

- The reserve assigned to each loan category was analyzed and adjusted, if necessary, to reflect estimated losses for each category, taking in consideration the specific clients against which legal proceedings should be or have been initiated as well as those clients that appear to have financial difficulties. In addition, the reserve for loan losses is determined in accordance with the economic conditions in the different countries where loans are granted, loan loss experience, management's evaluation of the loan portfolio, and other factors which, in management's opinion, require current recognition in estimating possible loan losses.

- The reserve for loan losses is increased if objective evidence exists that the Group cannot recover the outstanding amount. The provision is the difference between the book value and the recoverable amount determined by the present value of expected future cash flows including the recoverable amount of the guarantees.

For the years ended December 31, 2001 and 2000, all specifically reviewed loans for which it is probable that the Group would be unable to collect all amounts due in accordance with their original terms (impaired loans) were analyzed, taking into consideration estimates such as the present value of their expected cash flows, the market price or the value of collateral, in order to record, if applicable, the related provisions. The Group considers impaired loans to be those direct and indirect loans classified as substandard, doubtful and losses, which amount to approximately to US$783.5 million and US$893.4 million as of December 31, 2001 and 2000, respectively.

Based on the above considerations, management believes there is no significant difference between the amount of the reserve for loan losses provided under IAS and the required reserve that would be provided under U.S. GAAP. Management believes that the reserve for loan losses was adequate at December 31, 2001 and 2000 to cover any known losses and any losses that have not been specifically identified in the loan portfolio.

Additionally, in accordance with the regulations of the SBS, generic provisions are recorded as appropriations from retained earnings to a special reserve within shareholders' equity.

b) Fees and commissions from banking services -

In accordance with U.S. GAAP, fees and commissions from banking services should be deferred and amortized over the useful life of the related services. The Group records these commissions on a cash basis; however, the impact of this treatment is not significant in relation to U.S. GAAP results due to the short-term nature of the services provided by the Group.

c) Investments in debt and equity securities -

FAS 115 " Accounting for certain investments in debt and equity securities" requires the Group to classify its investments in securities in one or more of three categories: trading, available-for-sale and held-to-maturity. The accounting based on these classification criteria would be as follows:

- Trading securities would be carried at market value, with unrealized gains and losses recorded in the income statement.

- Available-for-sale securities would be carried at market value, with unrealized gains and losses recorded in other comprehensive income.

- Held-to-maturity securities would be carried at amortized cost.

During 2001, the Group adopted IAS 39 "Financial Instruments: Recognition and Measurement". The accounting standard issued by IAS is similar to the accounting required by FAS 115. Trading investments are carried at market value with unrealized gains and losses included in the income statement while investments that are available-for-sale are carried at market value with unrealized gains and losses in net equity. Consequently, at the beginning of 2001 the Group recorded the cumulative effect of the adoption of IAS 39 for investments that were available-for-sale and trading investments to retained earnings and income for the year, respectively.

The reconciling items during 2001 included in paragraphs d), e) and f) below include i) the adjustment to market value of the trading investments recorded in 2000 for U.S. GAAP purposes and recognized in 2001 for IAS purposes and ii) the reclassification of the unrealized gains and losses corresponding to investments that are available-for-sale from retained earnings to Other comprehensive income.

d) Summary of significant adjustments to net income -

The significant adjustments that would be required to determine the net income of the Group under U.S. GAAP instead of under IAS are summarized below:

	For the year ended December 31,		
	2001	2000	1999
	US$000	US$000	US$000
Net income in accordance with IAS	54,513	17,696	43,502
Additions (deductions):			
Valuation of trading securities at their market value	1,257	(2,356)	2,682
Deferred tax effect of the adjustment	120	302	13
Minority interest effect of the adjustment	(39)	194	(254)
Net income in accordance with U.S. GAAP	55,851	15,836	45,943
Net income per share in accordance with U.S. GAAP based on weighted average number of shares	0.70	0.20	0.57
Weighted average number of outstanding shares, excluding treasury stock (in thousands of shares)	79,461	80,121	81,004

e) Summary of significant adjustments to shareholders' equity -

A summary of the significant adjustments that would be required to determine the shareholders' equity of the Group under U.S. GAAP instead of under IAS follows:

	As of December 31,		
	2001	2000	1999
	US$000	US$000	US$000
Shareholders' equity in accordance with IAS	796,773	782,730	779,701
Additions (deductions):			
Valuation of trading securities at market value	-	(291)	2,065
Valuation of investments available-for-sale	-	6,923	(3,779)
Deferred tax effect of the adjustments	-	(1,331)	(1,489)
Minority interest effect of the adjustments	-	(2,178)	916
Shareholders' equity in accordance with U.S. GAAP	796,773	785,853	777,414

The changes in shareholders' equity of the Group under U.S. GAAP are summarized below:

	For the year ended December 31,		
	2001	2000	1999
	US$000	US$000	US$000
Balances as of January 1	785,853	777,414	728,967
Cash dividends	(23,908)	(8,100)	(16,188)
Increase in treasury stock	(9,344)	(6,567)	-
Other comprehensive (loss) income	(11,679)	7,270	18,692
Net income for the year	55,851	15,836	45,943
Balances as of December 31	796,773	785,853	777,414

f) Comprehensive income -

	For the year ended December 31,		
	2001	**2000**	**1999**
	US$000	**US$000**	**US$000**
Net income in accordance with U.S.GAAP	55,851	15,836	45,943
Unrealized (losses) gains on securities available-for-sale			
Unrealized holding (losses) gains arising during the period, net of minority interest	(3,096)	8,568	8,692
Reclassification of realized (gains) losses to net income	(8,583)	(1,298)	10,000
Other comprehensive (loss) income	(11,679)	7,270	18,692
Comprehensive income	44,172	23,106	64,635

Cumulative other comprehensive income (loss) is as follows:

	For the year ended December 31,		
	2001	**2000**	**1999**
	US$000	**US$000**	**US$000**
Beginning balance	4,461	(2,809)	(21,501)
Current period change	(11,679)	7,270	18,692
Ending balance	(7,218)	4,461	(2,809)

g) New accounting standards -

FAS 142, "Goodwill and Other intangible assets" -

This statement shall be adopted on January 1, 2002. This statement establishes the following:

- The accounting for a recognized intangible asset is based on its useful life to the reporting entity. An intangible asset with a finite useful life will continue to be amortized; goodwill and other intangible assets with indefinite useful lives will no longer be amortized.
- The remaining useful lives of intangible assets that are being amortized shall be evaluated each reporting period to determine whether events and circumstances warrant a revision to the remaining period of amortization. If the estimate of an intangible asset's remaining useful life is changed, the remaining carrying value of the intangible asset shall be amortized prospectively over that revised remaining useful life.
- Goodwill and other intangible assets that are not subject to amortization shall be tested for impairment at least annually.
- All goodwill must be assigned to a reporting unit, which is defined as an operating unit or a component of an operating unit.

FAS 143, "Accounting for asset retirement obligations" -

Although not expected to have a material impact on the consolidated financial statements of the Group, this statement shall be adopted as of January 1, 2003. It applies to legal obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and (or) the normal operation of a long-lived asset, except for certain obligations of lessees.

This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The liability is discounted and accretion expense is recognized using the credit-adjusted risk-free interest rate in effect when the liability was originally recognized. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset.

FAS 144, "Accounting for the impairment or disposal of long-lived assets"

This statement shall be applied beginning on January 1, 2002 and replaces FAS 121. This statement applies to recognized long-lived assets of an entity to be held and used or to be disposed of, including capital leases of lessees, long-lived assets of lessors subject to operating leases and long-term prepaid expenses. This statement does not apply to goodwill, intangible assets not being amortized, long-term customer relationships of a financial institution, financial instruments including investments in equity securities accounted for under the cost or equity method, deferred policy acquisition costs and deferred tax assets.

This statement establishes accounting and reporting standards for long-lived assets to be held and used, to be disposed of other than by sale, to be abandoned, to be exchanged for a similar productive long-lived asset or to be distributed to owners in a spinoff and to be disposed of by sale.

Although Management believes that the adoption of these standards (FAS 142, 143 and 144) will not have a material effect, it is currently studying the financial statement measurement and disclosure impacts of these standards.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

CREDICORP LTD.

By: /s/ BENEDICTO CIGÜEÑAS
Name: Benedicto Cigüeñas
Title: Chief Financial and Accounting Officer

Dated: June 12, 2002

MIA1 #1145888 v6