FIRST TRUST SPECIALTY FINANCE & FINANCIAL OPPORTUNITIES FUND
Form NSAR-A
July 24, 2009

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Total
2,107,959 19,869 0.59 0.94 2,703,116 27,165 0.55 1.00 3,235,712 18,509 0.15 0.57
Time deposits

Nuevos Soles (1)
1,440,081 82,746 4.66 5.75 2,659,712 156,137 4.75 5.87 1,988,784 86,312 3.24 4.34
Foreign Currency (1)
3,613,304 180,741 5.00 5.00 3,640,246 154,719 4.25 4.25 4,191,628 119,806 2.86 2.86
Total
5,053,385 263,487 4.90 5.21 6,299,958 310,856 4.46 4.93 6,180,412 206,118 2.98 3.34
Due to banks and correspondents

Nuevos Soles
153,258 6,033 2.87 3.94 190,227 8,763 3.50 4.61 201,718 4,851 1.32 2.40
Foreign Currency
1,411,710 77,037 5.46 5.46 2,341,164 96,055 4.10 4.10 1,969,158 46,803 2.38 2.38
Total
1,564,968 83,070 5.20 5.31 2,531,391 104,818 4.06 4.14 2,170,876 51,654 2.28 2.38
Bonds

Nuevos Soles

201,787 12,954 5.33 6.42 468,265 30,864 5.47 6.59 528,565 35,133 5.52 6.65
Foreign Currency
341,643 20,638 6.04 6.04 294,716 20,892 7.09 7.09 452,412 31,860 7.04 7.04
Total
543,430 33,592 5.78 6.18 762,981 51,756 6.09 6.78 980,977 66,993 6.22 6.83
Total interest-bearing liabilities

Nuevos Soles
3,627,183 123,044 2.33 3.39 6,147,141 232,261 2.68 3.78 5,725,704 150,284 1.54 2.62
Foreign Currency
8,969,958 302,097 3.37 3.37 10,439,403 300,419 2.88 2.88 11,250,936 214,404 1.91 1.91
Total
12,597,141 425,141 3.07 3.37 16,586,544 532,680 2.81 3.21 16,976,640 364,688 1.78 2.15
Non-interest-bearing liabilities and net equity:

Other liabilities and loss from derivatives instruments and other interest expenses

Nuevos Soles
157,062 2,687 489,502 20,850 676,295 (11,177)
Foreign Currency
1,123,751 3,537 1,363,623 8,087 1,489,528 67,053
Total
1,280,813 6,224 1,853,125 28,937 2,165,823 55,876
Equity attributable to Credicorp equity holders

Nuevos Soles

Foreign Currency
1,547,283 1,770,400 1,980,856
Total
1,547,283 1,770,400 1,980,856
Minority Interest

Nuevos Soles

Foreign Currency
132,329 124,212 145,252
Total
132,329 124,212 145,252
Total non-interest-bearing liabilities and equity

Nuevos Soles
157,062 2,687 489,502 20,850 676,295 (11,177)
Foreign Currency
2,803,363 3,537 3,258,235 8,087 3,615,636 67,053
Total
2,960,425 6,224 3,747,737 28,937 4,291,931 55,876
Total average liabilities and equity

Nuevos Soles
3,784,245 125,731 2.26 3.32 6,636,643 253,111 2.72 3.81 6,401,999 139,107 1.09 2.17

Foreign Currency	11,773,321	305,634	2.60	2.60	13,697,638	308,506	2.25	2.25	14,866,572	281,457	1.89	1.89
Total	15,557,566	431,365	2.51	2.77	20,334,281	561,617	2.40	2.76	21,268,571	420,564	1.65	1.98

(1) Includes the amount paid to Central Bank for the deposit insurance fund.

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

	2008/2007			2009/2008		
	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	4,194	5,522	9,716	(7,110)	(1,520)	(8,630)
Foreign Currency	10,329	(29,052)	(18,723)	5,797	(30,210)	(24,413)
Total	14,523	(23,530)	(9,007)	(1,313)	(31,730)	(33,043)
Deposits in other banks						
Nuevos Soles	1,560	37	1,597	1,718	1,194	2,912
Foreign Currency	(12,873)	(10,268)	(23,141)	6,261	(35,478)	(29,217)
Total	(11,313)	(10,231)	(21,544)	7,979	(34,284)	(26,305)
Investment securities						
Nuevos Soles	22,418	26,710	49,128	(69,951)	(78,892)	(148,843)
Foreign Currency	53,786	(36,655)	17,131	(2,198)	39,649	37,451
Total	76,204	(9,945)	66,259	(72,149)	(39,243)	(111,392)
Total loans(1)						
Nuevos Soles	141,242	(3,249)	137,993	121,383	15,580	136,963
Foreign Currency	123,302	1,174	124,476	23,812	(62,669)	(38,857)
Total	264,544	(2,075)	262,469	145,195	(47,089)	98,106
Total dividend-earning assets						
Nuevos Soles	(1,097)	1,978	881	(542)	(4,073)	(4,615)
Foreign Currency	(280)	2,718	2,438	334	1,807	2,141
Total	(1,377)	4,696	3,319	(208)	(2,266)	(2,474)
Total interest-earning assets						
Nuevos Soles	150,362	48,953	199,315	(14,404))	(7,809)	(22,213)
Foreign Currency	179,191	(77,010)	102,181	42,646	(95,541)	(52,895)
Total	329,553	(28,057)	301,496	28,242	(103,350)	(75,108)
Interest Expense:						
Demand deposits						
Nuevos Soles	6,441	3,784	10,225	508	(8,116)	(7,608)
Foreign Currency	2,219	518	2,737	477	(9,540)	(9,063)
Total	8,660	4,302	12,962	985	(17,656)	(16,671)
Savings deposits						
Nuevos Soles	5,183	(222)	4,961	1,660	(6,561)	(4,901)
Foreign Currency	1,328	1,007	2,335	3,432	(7,187)	(3,755)
Total	6,511	785	7,296	5,092	(13,748)	(8,656)
Time deposits						
Nuevos Soles	70,079	3,312	73,391	(39,387)	(30,438)	(69,825)
Foreign Currency	1,348	(27,370)	(26,022)	23,435	(58,349)	(34,914)
Total	71,427	(24,058)	47,369	(15,952)	(88,787)	(104,739)
Due to banks and correspondents and issued bonds						
Nuevos Soles	1,455	1,275	2,730	529	(4,441)	(3,912)
Foreign Currency	50,720	(31,702)	19,018	(15,263)	(33,989)	(49,252)

Total	52,175	(30,427)	21,748	(14,734)	(38,430)	(53,164)
Bonds						
Nuevos Soles	17,107	803	17,910	3,974	295	4,269
Foreign Currency	(2,835)	3,089	254	11,179	(211)	10,968
Total	14,272	3,892	18,164	15,153	84	15,237
Total interest-bearing liabilities						
Nuevos Soles	85,484	23,733	109,217	(15,924)	(66,053)	(81,977)
Foreign Currency	49,489	(51,167)	(1,678)	23,354	(109,369)	(86,015)
Total	134,973	(27,434)	107,539	7,430	(175,422)	(167,992)

(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 interest 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,		
	2007	2008	2009
	(U.S. Dollars in thousands, except percentages)		
Average interest-earning assets			
Nuevos Soles	4,315,200	5,906,348	5,766,213
Foreign Currency	9,776,665	12,513,405	13,232,295
Total	14,091,865	18,419,753	18,998,508
Net interest income			
Nuevos Soles	284,739	374,837	434,601
Foreign Currency	338,040	441,899	475,019
Total	622,779	816,736	909,620
Gross yield (1)			
Nuevos Soles	9.45%	10.28%	10.14%
Foreign Currency	6.55%	5.93%	5.21%
Weighted-average rate	7.44%	7.33%	6.71%
Net interest margin (2)			
Nuevos Soles	6.60%	6.35%	7.54%
Foreign Currency	3.46%	3.53%	3.59%
Weighted-average rate	4.42%	4.43%	4.79%
Yield spread (3)			
Nuevos Soles	6.06%	6.50%	7.52%
Foreign Currency	3.18%	3.05%	3.30%
Weighted-average rate	4.06%	4.11%	4.56%

(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. These deposits are denominated by currency as of the dates indicated. Deposits held in countries other than Peru are denominated in several currencies; however, the majority of these deposits are denominated in U.S. Dollars. These currencies were converted to U.S. Dollars using the applicable SBS exchange rate as of the dates indicated.

	Year ended December 31,		
	2007	2008	2009
	(U.S. Dollars in thousands)		
Nuevo Sol-denominated:			
Peruvian Central Bank	US$ -	US$ 1,601,574	US$ 56,753
Commercial banks	41,826	36,184	43,982
Total Nuevo Sol-denominated	US$ 41,826	US$ 1,637,758	US$ 100,735
Foreign Currency-denominated:			
Peruvian Central Bank (U.S. Dollars)	US$ 1,000,000	US$ -	US$ 2,033,290
U.S. Dollars, other	1,360,649	1,030,665	763,631
Other	50,472	40,332	516
Total Foreign Currency-denominated	US$ 2,411,121	US$ 1,070,997	US$ 2,797,437
Total	US$ 2,452,947	US$ 2,708,755	US$ 2,898,172

(ii) Investment Portfolio

The following table shows the fair value of our trading and available-for-sale investment securities designated by type of security at the dates indicated (see Note 5 to the Credicorp Consolidated Financial Statements):

	On December 31,		
	2007	2008	2009
	(U.S. Dollars in Thousands)		
Nuevo Sol-denominated:			
Peruvian government bonds	US$ 274,391	US$ 244,037	US$ 170,811
Equity securities	227,751	119,481	199,410
Bonds	110,916	115,232	150,917
Peruvian Central Bank certif. notes	2,407,005	1,138,214	1,548,715
Other investments	132,788	117,766	149,591
Total Nuevo Sol-denominated	3,152,851	1,734,730	2,219,444
Foreign Currency-denominated:			
Equity securities	US$ 118,313	US$ 93,208	US$ 131,327
Bonds	1,198,073	1,030,151	1,634,708
Investment in Peruvian Government Bonds	362,603	562,438	669,056
Peruvian Central Bank certif. notes	-	1,070,728	-
Other investment	406,262	452,347	443,493
Total Foreign Currency-denominated	US$ 2,085,251	US$ 3,208,872	US$ 2,878,584
Total securities holdings:	US$ 5,238,102	US$ 4,943,602	US$ 5,098,028

The allowance for decline in value of marketable securities is debited from the value of each individual security.

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The weighted-average yield on our Nuevo Sol-denominated interest-earning investment securities was 6.5% in 2007, 7.6% in 2008 and 2.5% in 2009. The weighted-average yield on our foreign currency-denominated portfolio was 4.4% in 2007, 3.3% in 2008 and 4.5% in 2009. The total weighted-average yield of our investment securities was 5.4% in 2007, 5.1% in 2008 and 3.5% in 2009.

The weighted-average yield on our Nuevo Sol-denominated dividend-earning assets was 2.7% in 2007, 3.8% in 2008 and 1.2% in 2009. The weighted-average yield on our foreign currency-denominated portfolio was 2.6% in 2007, 5.1% in 2008 and 6.7% in 2009. The total weighted-average yield of our dividend-earning assets was 2.7% in 2007, 4.3% in 2008 and 3.5% in 2009.

The following table shows the maturities of our trading and available-for-sale investment securities designated by type of security on December 31, 2009:

	Within 1 year	After 1 year but within 3 years	Maturing After 3 years but within 5 years	Maturing After 5 years but within 10 years	After 10 years	Total
			(U.S. Dollars in thousands)			
Nuevo Sol-denominated: (1)						
Peruvian government bonds	US$ 10,782	US$ 19,810	US$ 18,843	US$ 4,961	US$ 116,415	US$ 170,811
Equity securities (1)	199,410	-	-	-	-	199,410
Bonds and debentures	16,699	17,735	21,722	29,729	65,032	150,917
Peruvian Central Bank certif. notes	1,548,715	-	-	-	-	1,548,715
Other investments	126,322	-	9,661	2,486	11,122	149,591
Total Nuevo Sol-denominated	US$ 1,901,928	US$ 37,545	US$ 50,226	US$ 37,176	US$ 192,569	US$ 2,219,444
Foreign Currency-denominated: (1)						
Peruvian government bonds	47,612	24,990	364,413	57,954	174,087	669,056
Equity securities	131,327	-	-	-	-	131,327
Bonds	336,380	457,315	298,994	224,011	318,008	1,634,708
Peruvian Central Bank certif. notes	-	-	-	-	-	-
Other investments	357,284	4,288	8,915	3,255	69,751	443,493
Total Foreign Currency-denominated	US$ 872,603	US$ 486,593	US$ 672,322	US$ 285,220	US$ 561,846	US$ 2,878,584
Total securities holdings:	US$ 2,774,531	US$ 524,138	US$ 722,548	US$ 322,396	US$ 754,415	US$ 5,098,028
Weighted-average yield						3.49%

(1) Equity securities in our account are categorized as maturing within one year.

The maturities of our investment securities classified by trading and available-for-sale, as of December 31, 2009, are described in "Item 11. Quantitative and Qualitative Disclosures about Market Risk.".

Pursuant to the criteria described below, our management has determined that the unrealized losses as of December 31, 2009 and 2008 were temporary and intends to hold each investment for a sufficient period of time to allow for a potential recovery in fair value. This holding period will last until the earlier of the investment's recovery or maturity.

For equity investments (shares), management considers the following criteria to determine whether a loss is temporary:

- The length of time and the extent to which fair value has been below cost;
- The severity of the impairment;
- The cause of the impairment and the financial condition and near-term prospects of the issuer; and

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- Activity in the market of the issuer which may indicate adverse credit conditions.

For debt investments (fixed maturity), management considers the following criteria to determine whether a loss is temporary:

- Management assesses the probability that the company will receive all amounts due (principal and interest) under the contract of the security. It considers a number of factors in identifying a credit-impaired security, including: (i) the nature of the security and the underlying collateral, (ii) the amount of subordination or credit enhancement supporting the security, (iii) the published credit rating and (iv) other analyses of the probable cash flows from the security. If recovery of all amounts due is not likely, management may determine that credit impairment exists and record unrealized losses in our consolidated income statement. The unrealized loss recorded in income represents the security's decline in fair value, which includes the decline due to forecasted cash flow shortfalls as well as widening market spread.

- For securities with unrealized losses not identified as a credit impairment, management determines whether it is desirable to hold the security for a period of time to allow for a potential recovery in the security's amortized cost. Management estimates a security's forecasted recovery period using current estimates of volatility in market interest rates (including liquidity and risk premiums). Management considers a number of factors to determine whether to hold an investment, including (i) a quantitative estimate of the expected recovery period (which may extend to maturity), (ii) the severity of the impairment and (iii) its strategy with respect to the security or portfolio. If management determines it is not desirable to hold the security for a sufficient period of time to allow for a potential recovery in the security's amortized cost, we record the unrealized loss in our consolidated income statement.

(iii) Loan Portfolio

Loans by Type of Loan

The following table shows our loans by type of loan, at the dates indicated:

	On December 31,				
	2005	2006	2007	2008	2009
	(U.S. Dollars in thousands)				
Loans	US$ 3,865,643	US$ 4,662,730	US$ 6,520,116	US$ 8,179,453	US$ 8,986,884
Leasing transactions	564,575	675,804	1,118,301	1,792,827	1,997,562
Discounted notes	213,232	256,534	325,047	368,648	349,126
Factoring	87,757	89,171	109,928	124,537	163,443
Advances and overdrafts	49,283	84,262	127,486	102,687	47,147
Refinanced loans	175,211	126,006	88,451	55,179	59,459
Past-due loans	95,769	76,770	61,488	82,867	184,567
Unearned interest	(78,495)	(93,916)	(166,972)	(249,914)	(282,869)
Total loans:	US$ 4,972,975	US$ 5,877,361	US$ 8,183,845	US$ 10,456,284	US$ 11,505,319
Total past-due loans amounts	(95,769)	(76,770)	(61,488)	(82,867)	(184,567)
Total performing loans	US$ 4,877,206	US$ 5,800,591	US$ 8,122,357	US$ 10,373,417	US$ 11,320,752

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The loan portfolio categories set forth in the table above are based on SBS regulations, which apply to loans generated by BCP and ASHC. Pursuant to SBS guidelines, we categorize loans as follows:

- Loans: 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.

- Leasing Transactions: Transactions that involve our acquisition of an asset and the leasing of that asset to a client.

- Discounted Notes: Loans 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 we make a loan supported by a draft signed by one party and discounted by another party, with recourse to both parties.

- Factoring: The sale of title to a company's accounts receivables to a bank (or financial company). The receivables are sold without recourse, and the bank cannot recover from the seller in the event that the accounts are uncollectible. Under factoring loans, the seller receives funds from the bank prior to the average maturity date based on the invoice amount of the receivable, less cash discounts and allowances for estimated claims and returns, among other items.

- 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.

- Refinanced Loans: Loans that were refinanced because the client was unable to pay at maturity. A loan is 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 20% of the principal amount of the original loan. We have distinguished a sub-group titled "Restructured Loans," which is defined as loans extended under the bankruptcy protection procedures established in the Equity Restructuring Law.

- Past-Due Loans: Includes overdue loans. See "—Past-Due Loan Portfolio" for further detail.

Loans by Economic Activity

The following table shows our total loan portfolio composition, net of unearned interest, based on the borrower's principal economic activity:

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	At December 31,					
	2005		2006		2007	
	(U.S. Dollars in thousands, except percentages)					
	Amount	% Total	Amount	% Total	Amount	% Total
Economic Activity						
Manufacturing	US$ 1,430,559	28.77%	US$ 1,624,765	27.64%	US$ 2,204,481	26.94%
Consumer Loans (1)	1,364,910	27.45	1,729,682	29.43	2,480,916	30.31
Commerce	625,908	12.59	686,291	11.68	884,253	10.80
Realty Business and Leasing Services	216,095	4.35	236,445	4.02	387,180	4.73
Mining	223,156	4.49	303,238	5.16	463,577	5.66
Communication, Storage and Transportation	210,002	4.22	255,730	4.35	394,986	4.83
Electricity, Gas and Water	192,096	3.86	256,541	4.36	341,718	4.18
Agriculture	153,410	3.08	150,020	2.55	179,509	2.19
Fishing	117,104	2.35	152,538	2.60	134,235	1.64
Financial Services	105,484	2.12	163,946	2.79	219,850	2.69
Education, Health and Other Services	69,468	1.40	75,376	1.28	106,423	1.30
Construction	68,217	1.37	74,482	1.27	201,298	2.46
Others (2)	275,061	5.53	262,223	4.46	352,391	4.31
Sub total	5,051,470	101.58	5,971,277	101.59	8,350,817	102.04
Unearned interest	(78,495)	(1.58)	(93,916)	(1.59)	(166,972)	(2.04)
Total	US$ 4,972,975	100.00%	US$ 5,877,361	100.00%	US$ 8,183,845	100.00%

(1) Includes credit card and mortgage loans, other consumer loans and small business.

(2) Includes personal banking and small business loans and other sectors.

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	At December 31,			
	2008		2009	
	(U.S. Dollars in thousands, except percentages)			
	Amount	% Total	Amount	% Total
Economic Activity				
Manufacturing	US$ 2,535,326	24.25%	US$ 2,557,847	22.23%
Consumer Loans (1)	3,146,698	30.09	3,963,449	34.45
Commerce	1,344,921	12.86	1,330,023	11.56
Realty Business and Leasing Services	488,202	4.67	489,614	4.26
Mining	675,460	6.46	692,579	6.02
Communication, Storage and Transportation	515,412	4.93	559,025	4.86
Electricity, Gas and Water	546,014	5.22	782,289	6.80
Agriculture	228,623	2.19	271,912	2.36
Fishing	77,060	0.74	121,162	1.05
Financial Services	439,234	4.20	175,071	1.52
Education, Health and Other Services	128,527	1.23	156,496	1.36
Construction	229,667	2.20	175,508	1.53
Others (2)	351,054	3.36	513,213	4.46
Sub total	10,706,198	102.40	11,788,188	102.46
Unearned interest	(249,914)	(2.40)	(282,869)	(2.46)
Total	US$ 10,456,284	100.00%	US$ 11,505,319	100.00%

(1) Includes credit card and mortgage loans, other consumer loans and small business.

(2) Includes personal banking and small business loans and other sectors.

As of December 31, 2009, 71.6% of the loan portfolio was concentrated in Lima, 93.40% was concentrated in Peru, and 4.1% of the loan portfolio was concentrated in Bolivia.

Concentrations of Loan Portfolio and Lending Limits

We have loans and other contingent credits with 20 customers (considered economic groups), which, as of December 31, 2009, was US$2,549.5 million. The amount of outstanding loans, US$2,549.5 million, represents 23.2% of the total loan portfolio. See "—(11) Supervision and Regulation—(ii) BCP—Lending Activities" for the definition of "econon group." Our total loans and other contingent credits outstanding to these customers ranged from US$260.9 million to US$85.1 million, including 18 customers with over US$90.2 million. Total loans and other contingent credits outstanding to our 20 largest customers were ranked in the following risk categories as of December 31, 2009: Class A (normal)—99.8%; Class B (potential problems)—0.2%; Class C (substandard)—0%; Class D (doubtful)—0%; and Class (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—(ii) BCP—Lending Activities." The lending limits depend on the nature of the borrower involved and the type of collateral received. The sum of BCP's 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 BCP's 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 5%, 10% or 30% of BCP's regulatory capital, depending upon the level of government

supervision of the institution and whether the institution is recognized by the Central Bank as an international bank of prime credit quality. The limits on lending to non-Peruvian financial institutions increases 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.

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BCP's loans to directors and employees and their relatives have a global limit of 7% of capital stock and reserves and an individual limit of 5% of such global limit.

Loans to non-Peruvian individuals or companies that are not financial institutions have a limit of 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 residing 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 to be of prime credit quality, or by other highly liquid securities at market value. 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/.5,457.1 million (US$1,888.3 million) on December 31, 2009, BCP's legal lending limits varied from S/.545.7 million (US$188.8 million) to S/.2,728.6 million (US$944.1 million). Our consolidated lending limits, based on its regulatory capital on a consolidated basis of US$2,221.1 million on December 31, 2009, ranged from US$111.1 million to US$1,110.6 million. As of December 31, 2009, BCP was in compliance with Law 26702 lending limits.

As of December 31, 2009, we complied with the applicable legal lending limits in each of the jurisdictions in which we operate. These limits are calculated quarterly based upon our consolidated equity plus reserves for impaired loans not specifically identified at quarter-end. A limited number of exceptions to our internal limits have been authorized by our board of directors based on the credit quality of the borrower, the term of the loan, and the amount and quality of collateral provided. We may, in appropriate and limited circumstances, increase or choose to exceed this limit.

We may experience an adverse impact on our financial condition and results of operations if (i) customers to which we have significant credit exposure are not able to satisfy their obligations to us, and any related collateral is not sufficient to cover these obligations, or (ii) a reclassification of one or more of these loans or other contingent credits results in an increase in provisions for loan losses.

Loan Portfolio Denomination

The following table presents our Nuevo Sol and foreign currency-denominated loan portfolio at the dates indicated:

	At December 31,					
	2005		2006		2007	
	(U.S. Dollars in thousands, except percentages)					
Total loan portfolio:						
Nuevo Sol-denominated	US$ 1,032,481	20.76%	US$ 1,503,306	25.58%	US$ 2,461,787	30.08%
Foreign Currency-denominated	3,940,494	79.24%	4,374,055	74.42%	5,722,058	69.92%
Total loans (1)	US$ 4,972,975	100.00%	US$ 5,877,361	100.00%	US$ 8,183,845	100.00%

	At December 31,			
	2008		2009	
	(U.S. Dollars in thousands, except percentages)			
Total loan portfolio:				

	US$		US$	
Nuevo Sol-denominated	3,351,720	32.05%	4,385,965	38.12%
Foreign Currency-denominated	7,104,564	67.95%	7,119,354	61.88%
	US$		US$	
Total loans (1)	10,456,284	100.00%	11,505,319	100.00%

(1) Net of unearned interest.

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Maturity Composition of the Performing Loan Portfolio

The following table sets forth an analysis of our performing loan portfolio on December 31, 2009, by type and by time remaining to maturity. Loans are stated before deduction of the reserves for loan losses.

	Amount at December 31, 2009	Maturing				
		Within 3 months	After 3 months but within 12 months	After 1 year but within 3 years	After 3 years but within 5 years	After 5 years
	(U.S. Dollars in thousands, except percentages)					
Loans	US$ 8,986,884	US$ 2,476,635	US$ 2,159,197	US$ 1,456,366	US$ 922,486	US$ 1,972,200
Leasing transactions	1,997,562	398,187	651,697	609,942	286,742	50,994
Discounted notes	349,126	331,771	17,316	13	9	17
Refinanced loans	59,459	10,675	13,742	11,629	9,003	14,410
Factoring	163,443	140,530	22,913	-	-	-
Advances and overdrafts	47,147	47,147	-	-	-	-
Total.	US$ 11,603,621	US$ 3,404,945	US$ 2,864,865	US$ 2,077,950	US$ 1,218,240	US$ 2,037,621
% of total performing loan portfolio	100.00%	29.34%	24.69%	17.91%	10.50%	17.56%

Interest Rate Sensitivity of the Loan Portfolio

The following table sets forth the interest rate sensitivity of our loan portfolio on December 31, 2009, by currency and by the time remaining to maturity over one year:

	Amount at December 31, 2009	Maturing After 1 year
	(U.S. Dollars in thousands)	
Variable Rate		
Nuevo Sol-denominated	US$ 624,400	US$ 595,639
Foreign Currency-denominated	991,712	637,874
Total	1,616,112	1,233,513
Fixed Rate (2)		
Nuevo Sol-denominated	3,761,565	1,211,264
Foreign Currency-denominated	6,127,642	2,889,032
Total	9,889,207	4,100,296
Total (1)	US$ 11,505,319	US$ 5,333,809

(1) Net of unearned interest.

(2) Most of the financial products with fixed rates can be switched to variable rates according to market conditions as specified on the contracts with clients.

Classification of the Loan Portfolio

We classify BCP's loan portfolio (which includes the loan portfolio of BCB) and ASHC's loan portfolio in accordance with SBS regulations. According to SBS Resolution No. 808-2003, 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, which are exclusively targeted for the production and sale of goods and services, are made to individuals or companies with no more than S/.300,000 in total loans received from the financial system (excluding mortgage loans). 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 home, in each case backed by a mortgage. Mortgage loans made to directors and employees of a company are also considered residential mortgage loans. 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 become due.

Regulations promulgated by the SBS also require Peruvian banks to classify all loans into one of five categories depending upon each loan's degree of risk of nonpayment. We review our loan portfolio on a continuing basis, while the SBS reviews our portfolio as it deems necessary or prudent. In compliance with SBS guidelines, we classify our loans based upon risk of nonpayment by assessing the following factors: (i) the payment history of the particular loans, (ii) the history of our dealings with the borrower, (iii) the borrower's management, (iv) the borrower's operating history, (v) the borrower's repayment capability, (vi) the borrower's availability of funds, (vii) the status of any collateral or guarantee, (viii) the borrower's financial statements, (iv) the general risk of the sector in which the borrower operates, (x) the borrower's risk classification made by other financial institutions and (xi) other relevant factors. The classification of the loan determines the amount of the required loan loss provision.

The following table sets forth our loan portfolio by class at the date indicated.

	At December 31,				
	2005	2006	2007	2008	2009
	(U.S. Dollars in thousands)				
Commercial loans	US$ 3,771,488	US$ 4,390,547	US$ 6,055,206	US$ 7,808,671	US$ 8,283,790
Consumer loans	356,595	506,184	874,804	1,162,399	1,467,793
Residential mortgage loans	844,892	980,630	1,253,835	1,485,214	1,753,736
Total performing loans (1)	US$ 4,972,975	US$ 5,877,361	US$ 8,183,845	US$ 10,456,284	US$ 11,505,319

(1) Net of unearned interest.

We employ a range of policies and practices to mitigate credit risk. Our most traditional practice is taking security for fund advances. We implement guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are mortgages over residential properties, liens over business assets (such as premises, inventory and accounts receivable), and liens over financial instruments (such as debt securities and equities).

Long term finance and lending to corporate entities are generally secured, while revolving individual credit facilities are generally unsecured. In order to minimize credit loss, we seek additional collateral as soon as impairment indicators become apparent.

We determine the appropriate collateral to hold as security for financial assets (other than loans) according to the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and other similar instruments, which are secured by portfolios of financial instruments.

Our management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of the additional collateral obtained during its review of the allowance for impairment losses. Our policy is to dispose of repossessed properties in an orderly manner. We use the proceeds to reduce or repay the outstanding claim. In general, we do not use repossessed properties for our own business.

We classify our loan portfolio into one of five risk categories, depending upon the degree of risk of non-payment of each debtor. These categories are: (i) normal, (ii) potential problems, (iii) substandard, (iv) doubtful and (v) loss. The categories have the following characteristics:

Normal (Class A): Debtors with commercial loans in this category have complied on a timely basis with their obligations under the loan. At the time of evaluation, there is no reason to doubt the debtor's ability to repay interest and principal on the agreed dates, and there is no reason to believe that the status will change before the next evaluation. Before we place a loan in Class A, we must have a clear understanding of the use of the funds and the origin of the cash flows to be used by the debtor to repay the loan. Consumer loans are categorized as Class A when payments are current or up to eight days past due. Residential mortgage loans are categorized as Class A when payments are current or up to 30 days past due.

Potential problems (Class B): Debtors with commercial loans in this category demonstrate certain deficiencies at the time of evaluation, which, if not corrected in a timely manner, imply risks regarding the recovery of the loan. Common characteristics of loans or credits in this category include: (i) delays in loan payments which are promptly covered, (ii) a general lack of information required to analyze the credit, (iii) out-of-date financial information, (iv) temporary economic or financial imbalances on the part of the debtor which could affect its ability to repay the loan, (v) market conditions that could affect the economic sector in which the debtor is active. Consumer loans are categorized as Class B when payments are between nine and 30 days past due. Residential mortgage loans are categorized as Class B when payments are between 31 and 90 days past due.

Substandard (Class C): Debtors with commercial loans in this category demonstrate serious financial weakness. They often do not have sufficient operating results or available income to cover their financial obligations, and do not have reasonable short-term prospects for strengthening their financial capacity. Debtors demonstrating the same deficiencies that warrant Class B classification will warrant Class C classification if those deficiencies are such that if not corrected in the near term, they could impede the recovery of principal and interest on the loan on the agreed-upon terms. Commercial loans are classified in this category when payments are between 61 and 120 days past due. Consumer loans are categorized as Class C when payments are between 31 and 60 days past due. Residential mortgage loans are categorized as Class C when payments are between 91 and 120 days past due.

Doubtful (Class D): Debtors with commercial loans in this category demonstrate characteristics that make it doubtful that the loan will be recovered. Although recovery is doubtful, if there is a reasonable possibility that the creditworthiness of the debtor might improve in the near future, it is appropriate to categorize the loan as Class D. These loans are distinguished from Class E loans by the requirement that the debtor remain in operation, generate cash flow, and make payments on the loan, even if the payments are less than those required by the contract. Commercial loans are categorized as Class D if payments are between 121 and 365 days past due. Consumer loans are categorized as Class D when payments are between 61 and 120 days past due. Residential mortgage loans are categorized as Class D when payments are between 121 and 365 days past due.

Loss credits (Class E): Commercial loans or credits are categorized as Class E if the loans are considered unrecoverable or for any other reason the loans should not appear on our books as an asset based on the originally contracted terms. Commercial loans are categorized as Class E when payments are more than 365 days past due. Consumer loans are categorized as Class E when payments are more than 120 days past due. Residential mortgage loans are categorized as Class E when payments are more than 365 days past due.

We continually review our loan portfolio to assess the completion and accuracy of the grades awarded.

All loans considered impaired (those classified as substandard, doubtful or loss) are analyzed by management. Management will address the impairment in two areas, individually assessed allowances and

collectively assessed allowances, as follows:

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Individually Assessed Allowance

We determine the appropriate allowances for each individually significant loan or advance on an individual basis. In determining the allowance, we consider items such as (i) the sustainability of the party's business plan, (ii) its ability to improve performance once a financial difficulty has arisen, (iii) projected receipts and the expected dividend payout should bankruptcy ensue, (iv) the availability of other financial support and the potential realized value of collateral, and (v) the timing of the expected cash flows. Impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more attention.

Collectively Assessed Allowance

We assess allowances collectively for (i) losses on loans and advances that are not individually significant (including consumer and residential mortgages) and (ii) individually significant loans and advances where there is not yet objective evidence of individual impairment (the Class A and B loans). We evaluate allowances on each reporting date, and each portfolio receives a separate review.

Our collective assessment takes into account an impairment that is likely to be present in the portfolio even though there is no objective evidence of the impairment in an individual assessment. We estimate impairment losses by considering the following information: (i) historical losses on the portfolio, (ii) current economic conditions, (iii) the approximate delay between the time a loss is likely to be incurred and the time it will be identified as requiring an individually assessed impairment allowance and (iv) expected receipts and recoveries once the impairment occurs. Local management is responsible for deciding the appropriate length of time, which can extend as long as one year. The impairment allowance is then reviewed by credit management to ensure it aligns with our overall policy.

We assess financial guarantees and letters of credit in the same way we assess loans.

When the borrower is located in a country where there is an increased risk of difficulty servicing external debt, we assess the political and economic situation, and an additional country risk provision is provided.

When we determine a loan is uncollectible, it is written off against the provision for loan impairment. We write off these loans after all necessary procedures are completed and the amount of the loss is determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in our consolidated income statements.

The following table shows our direct loan portfolio at the dates indicated:

	At December 31,					
	2005		2006		2007	
	(U.S. Dollars in thousands, except percentages)					
Level of Risk Classification	Amount	% Total	Amount	% Total	Amount	% Total
A: Normal	US$ 4,273,719	85.9%	US$ 5,296,653	90.1%	US$ 7,602,347	92.9%
B: Potential Problems	US$ 397,387	8.0%	US$ 337,497	5.7%	US$ 371,119	4.5%
C: Substandard	US$ 82,858	1.7%	US$ 62,192	1.1%	US$ 71,340	0.9%
D: Doubtful	US$ 146,898	3.0%	US$ 122,215	2.1%	US$ 88,540	1.1%
E: Loss	US$ 72,113	1.4%	US$ 58,804	1.0%	US$ 50,499	0.6%
Total (1)	US$ 4,972,975	100.0%	US$ 5,877,361	100.0%	US$ 8,183,845	100.0%
C+D+E	US$ 301,869	6.1%	US$ 243,211	4.2%	US$ 210,379	2.6%

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	At December 31,					
	2008			2009		
	(U.S. Dollars in thousands, except percentages)					
Level of Risk Classification		Amount	% Total		Amount	% Total
A: Normal	US$	9,991,559	95.5%	US$	10,717,658	93.2%
B: Potential Problems	US$	264,890	2.5%	US$	431,356	3.7%
C: Substandard	US$	70,268	0.7%	US$	115,629	1.0%
D: Doubtful	US$	79,394	0.8%	US$	139,389	1.2%
E: Loss	US$	50,173	0.5%	US$	101,287	0.9%
Total (1)	US$	10,456,284	100.0%	US$	11,505,319	100.0%
C+D+E	US$	199,835	2.0%	US$	356,305	3.1%

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(1) Net of unearned interest.

All of our Class E loans and substantially all of our 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 loan repayment terms. The majority of our Class C loans are to companies in the Peruvian manufacturing sector and, to a lesser extent, the agricultural sector. Our manufacturing sector loans are primarily secured by warrants and liens on goods or by mortgages, and our agricultural loans 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.

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

We consider loans to be past due depending on their type. BCP considers loans past due for consumer mortgage, leasing loans, and loans to micro-businesses after 90 days. On January 1, 2001, the SBS issued accounting rules that require Peruvian banks to consider overdrafts past due after 30 days. ASHC considers all overdue loans past due, except for consumer loans, which are considered past due when the scheduled principal and/or interest payments are overdue for more than 90 days. BCB considers loans past due after 30 days. For IFRS 7 disclosure requirements on past-due loans, see Note 29.1 to the Credicorp Consolidated Financial Statements.

Interest income is suspended when the collection of loans is doubtful, such as when overdue by more than 90 days. When a borrower or securities issuer defaults earlier than 90 days, the income is excluded from interest income until it is received. Uncollected income on these loans is applied against income. When management determines that the debtor's financial condition has improved, we continue recording interest on an accrual basis. Therefore, we do not accrue interest on past-due loans, but interest on past-due loans is recognized only when and to the extent received.

Over the past five years, we have recognized interest income on these loans of US$5.5 million in 2005, US$4.8 million in 2006, US$3.6 million in 2007, US$5.2 million in 2008 and US$7.2 million in 2009. 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 our loan portfolio as of the date indicated.

	At December 31,				
	2005	2006	2007	2008	2009
	(U.S. Dollars in thousands, except percentages)				
Current	US$ 4,877,206	US$ 5,800,591	US$ 8,122,357	US$ 10,373,417	US$ 11,320,752
Past due:					
Overdue 16 - 119 days	10,860	20,655	20,825	34,955	70,602
Overdue 120 days or more	84,909	56,115	40,663	47,912	113,965
Subtotal	US$ 95,769	US$ 76,770	US$ 61,488	US$ 82,867	US$ 184,567
Total loans	US$ 4,972,975	US$ 5,877,361	US$ 8,183,845	US$ 10,456,284	US$ 11,505,319
Past-due loan amounts as % of total loans	1.93%	1.31%	0.75%	0.79%	1.60%

With respect to consumer, mortgage and leasing loans, BCP (in accordance with SBS regulations) only recognizes payments as past-due installments if the loan is less than 90 days past due. The entire amount of the loans is considered past due if any amount is past due more than 90 days. For IFRS 7 disclosure requirements on past-due loans, see Note 29.1 to the Credicorp Consolidated Financial Statements.

Past-Due Loan Portfolio

The following table analyzes our past-due loan portfolio by the type of loan at the dates indicated.

	At December 31,				
	2005	2006	2007	2008	2009
Past-due loan amounts:	(U.S. Dollars in thousands)				
Loans	US$ 63,889	US$ 57,345	US$ 48,088	US$ 65,947	US$ 153,112
Discounted notes	1,124	596	636	1,242	2,151
Advances and overdrafts in demand deposits	3,412	1,844	3,974	2,112	4,015
Leasing transactions	6,412	5,237	2,110	3,468	9,653
Refinanced loans	20,932	11,748	6,680	10,098	15,636
Total past-due portfolio	US$ 95,769	US$ 76,770	US$ 61,488	US$ 82,867	US$ 184,567
Less: Reserves for loan losses (1)	US$ 218,636	US$ 210,586	US$ 229,700	US$ 248,063	US$ 376,049
Total past-due portfolio net of reserves	US$ (122,867)	US$ (133,816)	US$ (168,212)	US$ (165,196)	US$ (191,482)

(1) Includes reserves for indirect credits (see "—Loan Loss Reserves").

We recognize interest on past-due loans and loans in legal collection when the loans are collected. The interest income that would have been recorded for these credits in accordance with the terms of the original contract is

approximately US$27.9 million and US$17.0 million as of December 31, 2009 and 2008, respectively.

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Loan Loss Reserves

The following table shows the changes in our reserves for loan losses and movements at the dates indicated.

	Year ended December 31,				
	2005	2006	2007	2008	2009
	(U.S. Dollars in thousands)				
Reserves for loan losses at the beginning of the year	US$ 271,873	US$ 218,636	US$ 210,586	US$ 229,700	US$ 248,063
Additional provisions (reversals)	(6,356)	(4,243)	28,439	48,760	163,392
Acquisitions and transfers	(9,024)	-	-	-	20,905
Recoveries of write-offs	35,032	44,284	34,084	31,279	23,928
Write-offs	(71,405)	(49,859)	(47,266)	(59,308)	(87,927)
Monetary correction and other	(1,484)	1,768	3,857	(2,368)	7,688
Total reserves for loan losses at the end of the year	US$ 218,636	US$ 210,586	US$ 229,700	US$ 248,063	US$ 376,049

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." Also, as required by IFRS 7, the balance of the reserve for loan losses for the years 2007, 2008 and 2009 are included in Note 6(d) to the Credicorp Consolidated Financial Statements.

Our reserves for loan losses, as of December 31, 2009, included US$354.4 million for credit losses and US$21.7 million for indirect or contingent credit losses (US$224.3 million and US$23.7 million as of December 31, 2008, respectively). Our reserves for indirect credit losses are included in the "Other liabilities" caption of our consolidated balance sheet (see Notes 6(d) and 11(a) to the Credicorp Consolidated Financial Statements).

The charge-off process is performed with prior approval of our board of directors and the SBS. Potential charge-offs are considered by the board of directors and the SBS on a case-by-case basis.

We sell some of our fully provisioned past-due loans to wholly-owned subsidiaries (Soluciónes en Procesamiento) for a nominal amount with the same effect as if the loans had been charged off. Accordingly, we believe that our past-due loan amounts are not materially different from what they would be if we were permitted to charge-off loans prior to demonstrating the absolute non-collectability of the loan. BCP also sells employees' mortgage loans to its subsidiary Financiera de Crédito Solución.

Allocation of Loan Loss Reserves

The following table sets forth the amounts of our reserves for loan losses attributable to commercial, consumer and residential mortgage loans at the dates indicated (see also Note 6(d) to the Credicorp Consolidated Financial Statements):

At December 31,

	2005		2006		2007		2008		2009	
	(U.S. Dollars in thousands)									
Commercial loans	US$	195,699	US$	183,374	US$	184,584	US$	161,170	US$	243,796
Consumer loans		14,409		17,959		30,662		56,061		90,782
Residential mortgage loans		8,528		9,253		14,454		30,832		41,471
Total reserves	US$	218,636	US$	210,586	US$	229,700	US$	248,063	US$	376,049

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(iv) Deposits

The following table presents the components of our deposit base at the dates indicated:

	At December 31,		
	2007	2008	2009
	(U.S. Dollars in thousands)		
Demand deposits:			
Nuevo Sol-denominated	US$ 1,457,155	US$ 1,735,869	US$ 1,944,404
Foreign Currency-denominated	2,507,346	3,136,408	2,612,342
Total	US$ 3,964,501	US$ 4,872,277	US$ 4,556,746
Savings deposits:			
Nuevo Sol-denominated	US$ 877,205	US$ 1,193,639	US$ 1,505,994
Foreign Currency-denominated	1,503,699	1,775,100	2,033,671
Total	US$ 2,380,904	US$ 2,968,739	US$ 3,539,665
Time deposits:			
Nuevo Sol-denominated	US$ 1,391,008	US$ 1,768,893	US$ 1,662,941
Foreign Currency-denominated	2,576,856	3,087,219	3,088,920
Total	US$ 3,967,864	US$ 4,856,112	US$ 4,751,861
Foreign Currency Bank Certificates			
Foreign Currency-denominated	US$ 90,119	US$ 140,013	US$ 120,932
Severance Indemnity Deposits (CTS):			
Nuevo Sol-denominated	US$ 149,308	US$ 229,716	US$ 256,761
Foreign Currency-denominated	746,975	810,171	812,745
Total	US$ 896,283	US$ 1,039,887	US$ 1,069,506
Total deposits:			
Nuevo Sol-denominated	US$ 3,874,676	US$ 4,928,117	US$ 5,370,100
Foreign Currency-denominated	7,424,995	8,948,911	8,668,610
Total	US$ 11,299,671	US$ 13,877,028	US$ 14,038,710

The following table sets forth information regarding the maturity of our time deposits in denominations of US$100,000 or more on December 31, 2009:

	At December 31, 2009 (U.S. Dollars in thousands)
Certificates of deposit:	
Maturing within 30 days	US$ 714
Maturing after 30 but within 60 days	2,165
Maturing after 60 but within 90 days	-
Maturing after 90 but within 180 days	5,146
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Maturing after 180 but within 360 days		
Maturing after 360 days		21,558
Total certificates of deposits	US$	29,756
Time deposits:		
Maturing within 30 days	US$	2,397,794
Maturing after 30 but within 60 days		329,612
Maturing after 60 but within 90 days		232,021
Maturing after 90 but within 180 days		453,219
Maturing after 180 but within 360 days		381,610
Maturing after 360 days		234,768
Total time deposits		4,029,024
Total	US$	4,058,780

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(v) Return on Equity and Assets

	At December 31,		
	2007	2008	2009
Return on assets (1)	2.29%	1.86%	2.19%
Return on equity (2)	22.87%	22.31%	24.07%
Dividend payout ratio (3)	34.11%	33.44%	28.81%
Equity to assets ratio (4)	10.80%	9.32%	10.00%
Shareholders' equity to assets ratio (5)	9.95%	8.71%	9.31%

(1) Net income attributable to our equity holders as a percentage of average total assets, computed as the average of period beginning and period ending balances.

(2) Net income attributable to our equity holders as a percentage of average net equity attributable to our equity holders, computed as the average of monthly balances.

(3) Dividends declared per share divided by net income attributable to our equity holders per share.

(4) Average equity attributable to our equity holders divided by average total assets, both averages computed as the average of month-ending balances.

(5) Average equity attributable to our equity shareholders divided by average total assets, both averages computed as the average of month-ending balances.

(vi) Short-Term Borrowing

Our short-term borrowing, other than deposits, amounted to US$878.2 million and US$601.5 million and US$673.2 million as of December 31, 2007, 2008 and 2009, respectively. Our average balances of borrowed amounts decreased in 2008 due to receiving smaller promotional credit lines. As of December 31, 2007, 2008 and 2009, no BCRP-Repo transactions exist in the outstanding balance.

The following table sets forth our short-term borrowing:

	At December 31,		
	2007	2008	2009
	(U.S. Dollars in thousands)		
Year-end balance	878,183	601,464	673,234
Average balance	742,310	935,460	641,177
Maximum quarter-end balance	1,105,704	1,197,637	1,141,131
Weighted-average nominal year-end interest rate	4.70%	4.47%	2.83%
Weighted-average nominal interest rate	4.72%	4.22%	3.40%

(C) Organizational Structure

Historically, the shareholders of BCP, ASHC and PPS have overlapped. Due to reasons related to the regulatory, political and economic environment in Peru, however, they have been managed independently from one another. We were formed in 1995 by the management of BCP of a potential exchange offer for the purpose of acquiring the common shares of BCP, ASHC and PPS. In the exchange offer in October 1995, we 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 of our common shares at a ratio of 0.10401, 0.33708 and 1.2249 of our common shares per common share of BCP, ASHC and PPS, respectively. Our common shares commenced trading on the New York Stock Exchange immediately upon consummation of the exchange offer, with a closing price on that day of US$11.61 (adjusted to reflect stock dividends through May 1999).

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On March 19, 1996, pursuant to an exchange offer, we acquired the remaining 1.8% of the outstanding shares of ASHC (702,674 shares) in exchange for 237,859 of our common shares at a ratio of 0.33708 of our common shares per common share of ASHC. The closing price of our common shares on the New York Stock Exchange on the date that exchange offer was completed was US$10.98 (adjusted to reflect stock dividends). See "Item 9. The Offer and Listing—(A) Offer and Listing Details—Price History of Credicorp's Stock" and "Item 8. Financial Information—Consolidat Statements and Other Financial Information—Dividend Policy."

Our management consists of certain principal executive officers of BCP, ASHC and PPS. It 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 as well as to achieve synergies from cross-selling financial services and products (e.g., through BCP's extensive branch network). Through our subsidiaries, we are the largest Peruvian provider of financial services in Peru.

BCP began operations in 1889 as Banco Italiano and changed its name to Banco de Crédito del Perú in 1941. BCP has been the largest commercial bank in Peru since the 1920s. Members of the Romero family have been shareholders of BCP since 1918 and became the controlling shareholders in 1979. Mr. Dionisio Romero Seminario, who was our Chairman of the Board of Directors and Chief Executive Officer, was a member of the Board of Directors of BCP from 1966 to 1987, becoming BCP's Chairman in 1979. In response to former President Alan García's attempt to nationalize the Peruvian banking industry in 1987, the majority shareholders of BCP, including Mr. Romero S., sold a controlling interest in BCP and transferred management to its employees. The sale successfully prevented the government from gaining control of BCP. Upon the election of Alberto Fujimori as President of Peru in 1990 and the introduction of market reforms, the Romero family reestablished its holdings in BCP, and Mr. Romero S. and several former key managers returned to BCP. See "—(9) Peruvian Government and Economy—(i) Peruvian Government." Members of the Romero family exchanged their BCP shares in the October 1995 exchange offer, and now hold 15.85% of our common shares. As of December 31, 2008, we hold 97.41% of BCP's total shares. See "Item 7. Major Shareholders and Related Party Transactions—(A) Major Shareholders."

ASHC was incorporated in the Cayman Islands in December 1981 as a wholly-owned subsidiary of BCP, under the name Crédito del Perú Holding Corporation or BCP International. It became the first Peruvian bank to establish an offshore banking presence to serve its Peruvian customers. In 1983, BCP distributed its shares of BCP International to its shareholders as dividends to protect its privately held status in the event that BCP was 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 opening an agency in Miami in 1986. In 1986, BCP International changed its name to ASCH. As a result of the attempted expropriation by the government in 1987, ASHC's operations and management were made independent of BCP. In 2002, ASHC closed its Miami agency at the same time that BCP opened its Miami agency. Also, Credicorp Securities was established in Miami as our wholly-owned subsidiary and began operating in early 2003 serviced by former ASHC personnel.

We own 75.98% of PPS, which was formed in 1992 as a result of the merger between El Pacífico Compañía de Seguros y Reaseguros S.A. and Compañía de Seguros y Reaseguros Peruano-Suiza S.A. PPS is the second largest Peruvian insurance company in terms of premium sold and health fees. PPS's major subsidiaries include Pacífico Vida, which specializes in life and pension fund insurance, and Pacífico Salud, which provides health insurance as an alternative to public social security.

We own 99.99% of Grupo Crédito S.A., which is the principal shareholder in Prima AFP. We also hold equity shares in Peruvian electric utilities and other non-financial companies.

BCB (formerly Banco Popular S.A., Bolivia) is a subsidiary that we acquired for US$6.2 million in November 1993. Since we transferred to BCP a 55.79% stake in November 2001, we have directly held 2.7% of BCB's equity while

holding the rest through BCP. In December 2002, BCP acquired BSCH-Perú, which was merged into BCP on February 28, 2003.

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In 2003, BCP converted BCOL, its offshore bank in the Bahamas, into an investment vehicle, and then sold it to ASHC. ASHC subsequently consolidated BCOL into its operations in 2004. BCOL's business, which is receiving offshore U.S. Dollar deposits and making U.S. Dollar-denominated loans to large Peruvian customers, was taken over by both BCP's Panama branch and ASHC.

Solución was spun off into two companies. The first company retained only cash and equity. The second company became a wholly-owned subsidiary of BCP in March 2003 as a result of BCP's acquisition of the remaining 45% of Solución's equity interests. Solución was merged into BCP's Peruvian banking operations in March 2004.

Although the transaction had an effective date of January 1, 2005, in March 2005, we sold Banco Tequendama to a Colombian bank. We did not record a material gain as a result of the sale. On December 31, 2004, Banco Tequendama had US$306.7 million in loans and US$290.5 million in deposits. We acquired Banco Tequendama in January 1997 from the Fondo de Garantía de Depósitos y Protección Bancaria, or FOGADE, the Venezuelan government entity responsible for the re-privatization of government-seized assets in connection with the widespread Venezuelan banking problems that began in 1994. We, along with FOGADE and FOGADE's financial adviser, were sued in Aruba by the former owners of Banco Tequendama. The judge in Aruba dismissed the claim, and the plaintiff appealed. In April 2004, the Court of Appeals in Aruba rejected all of the plaintiff's claims. The lawsuit followed a previous unsuccessful lawsuit brought by the former owners in Colombia.

On August 24, 2006, through our subsidiary Prima AFP, we acquired 99.97% of the capital stock of AFP Unión Vida S.A., a pension fund management company that operates in Peru, from Grupo Santander Perú S.A. We also made a tender offer to the minority shareholders in order to acquire the remaining 0.03% of capital stock. The total purchase price was approximately US$141.5 million. At the September 6, 2006 general shareholder's meeting of Prima AFP, the merger with AFP Unión Vida S.A. was approved, with an effective date of December 1, 2006.

In October 2009, through our subsidiary BCP, we acquired Empresa Financiera Edyficar S.A., a financial entity specialized in micro lending. As of December 31, 2009 we held 99.79% of the capital stock of Edyficar.

(D) Property, Plants and Equipment

On December 31, 2009, we had 439 branches, of which 334 were branch offices of BCP in Peru. Our principal properties include the headquarters of BCP, at Calle Centenario 156, La Molina, Lima 12, Perú, and the headquarters of PPS at Juan de Arona 830, Lima, Perú. There are no material encumbrances on any of our properties.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

(A) Operating Results

(1) Critical Accounting Policies

Foreign currency translation

Credicorp's functional and presentation currency is the United States Dollar (U.S. Dollar or US$) because it reflects the economic substance of the underlying events and circumstances relevant to the Company. In addition, Credicorp's main operations and transactions in the different countries where it operates are established and settled in U.S.

Dollars.

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Financial statements of each of Credicorp's subsidiaries are measured using the currency of the country in which each entity operates and converted into U.S. Dollars (functional and presentation currency) as follows:

- Monetary assets and liabilities are converted at the free market exchange rate at the date of the consolidated statements of financial position.

- Non-monetary accounts are converted at the free market exchange rate prevailing at the date of the transaction.

- Income and expenses, except for those related to non-monetary assets which are converted at the free market exchange rate prevailing at the date of the transaction, are converted monthly at the average monthly exchange rate.

All resulting conversion differences are recognized in the consolidated income statement.

Income and expense recognition from banking activities

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

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

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

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

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

Insurance activities

Insurance contracts are those contracts where we (the insurer) have accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. This definition also includes reinsurance contracts that we hold. As a general guideline, we determine whether it has significant insurance risk by comparing benefits paid with the benefits payable if the insured event does not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains so for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations extinguish or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if the insurance risk becomes significant.

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We also cede insurance risk in the normal course of business for all of our businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

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

Gains or losses on buying reinsurance are recognized in the consolidated income statement immediately at the date of purchase and are not amortized.

Ceded reinsurance arrangements do not relieve us from our obligations to a policyholder.

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

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

Financial Instruments: Initial recognition and subsequent measurement:

We classify our financial instruments in one of the categories defined by IAS 39: financial assets and financial liabilities at fair value through profit or loss; loans and receivables; available-for-sale financial investments and other financial liabilities. We determine the classification of our financial instruments at the initial recognition.

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

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

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

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

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

Management may designate an instrument at fair value through profit or loss upon initial recognition so long as the following conditions are met:

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

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

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

Changes in fair value of designated financial assets through profit or loss are recorded in the consolidated income statement captioned “Net gain on financial assets and liabilities designated at fair value through profit and loss”. Interest earned or incurred is accrued in the consolidated income statement under the captions “Interest and dividend income” or “Interest expense”, respectively, according to the terms of the contract. Dividend income is recorded once right to collect has been established.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (1) those that the entity intend to sell immediately or in the short term, those that the entity upon initial recognition designates as available for sale; or (2) those for which the holder may not recover all or substantially all of its initial investment, other than credit deterioration.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less any allowances for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The effective interest rate amortization is recognized in the consolidated income statement in the caption “Interest and dividend income”. Losses from impairment are recognized in the consolidated income statement in the caption “Provision for loan losses”.

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

An allowance for loan losses is established if there is objective evidence that we will not be able to collect all amounts due according to the original contractual terms of the loan. The allowance for loan losses is established based in an internal risk classification and in consideration of any guarantees and collaterals received, note 3(i) and 29.1 to the Consolidated Financial Statements.

(iii) Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets that are designated as available-for-sale (to be held for an indefinite period, which may be sold in response to liquidity needs or changes in the interest rates, exchange rates or equity price); or are not classified as (a) financial assets and financial liabilities at fair value through profit or loss, (b) held-to-maturity or (c) loans and receivables.

After the initial recognition, available-for-sale financial investments are measured at fair value plus unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve, net of its corresponding deferred tax and minority interest, until the investment is no longer recognized, at which time the cumulative gain or loss is

recognized in the consolidated income statement in the caption “Net gain on sale of securities”, or determined to be impaired, at which time the cumulative loss is recognized in the consolidated income statement in the caption “Impairment loss on available–for–sale investments” and removed from the available-for-sale reserve.

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

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

We may elect to reclassify these financial assets only in rare circumstances, such as when we are unable to sell the financial assets due to market inactivity and management's intent to sell the assets in the foreseeable future has changed. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and has the intent and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held to maturity category is permitted only when the entity has the ability and intent to hold the financial asset until maturity.

As of December, 31, 2009 and 2008, we did not reclassify any of our available-for-sale financial investments.

(iv) Other financial liabilities

After the initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issuance discount or premium and costs that are an integral part of the effective interest rate.

De-recognition of financial assets and financial liabilities

Financial assets:

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is not recognized when: (i) the rights to receive cash flows from the asset have expired; or (ii) we have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and (iii) either we have transferred substantially all the risks and rewards of the asset, or we have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

Financial liabilities:

A financial liability is not recognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as un-recognized of the original liability and the recognition of a new liability, any resulting difference in the respective carrying amount is recognized as profit or loss.

Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and management has the intention to settle on a net basis, or realize the assets and settle the liability simultaneously.

Impairment of financial assets:

We assess at each date of the consolidated statements of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and such loss event, or events, have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will go bankrupt or other legal financial reorganization process and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Criteria used for each category of financial assets are as follows:

(i) Loans and receivables

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated income statement. Interest income, if applicable, is accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to us. If in a subsequent year the amount of the estimated impairment loss increases or decreases because an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If in the future a write-off is later recovered, the recovery is recognized in the consolidated income statements, as a credit to the caption “Provision for loan losses”.

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

For a collective evaluation impairment, financial assets are grouped considering our internal credit grading system, which considers credit risk characteristics; i.e. asset type, industry, geographical location, collateral type and past-due status.

Future cash flows from a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with similar credit risk characteristics to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the

historical period that do not currently exists. The methodology and assumptions used are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Available-for-sale financial investments

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

In the case of equity investments, objective evidence includes a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss) is removed from available-for-sale reserve and recognized in the consolidated income statement. Impairment losses on equity investments are not reversed through the consolidated income statement; increases in their fair value after impairment are recognized directly in the consolidated statements of comprehensive income.

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

(iii) Renegotiated loans

Where possible, we seek to refinance or restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews refinanced and restructured loans to ensure that all criteria are met and that future payments are likely to occur. Renegotiated loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

Goodwill:

Goodwill represents the excess of the acquisition cost of a subsidiary over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment to assess whether the carrying amount is fully recoverable. An impairment loss is recognized if the carrying amount exceeds the recoverable amount. Goodwill is allocated to cash-generating units for impairment testing purposes.

Impairment of non-financial assets:

We assess at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, whether there is an indication that a non-financial asset may be impaired. If any such indication exists, we estimate the asset's recoverable amount. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount.

For non-financial assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized; if that is the case, the carrying amount of the asset is increased to its recoverable amount. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount

in future periods.

Due from customers on acceptances:

Due from customers on acceptances corresponds to accounts receivable from customers for import and export transactions, whose obligations have been accepted by Credicorp. The obligations that we must assume for such transactions are recorded as liabilities.

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Financial guarantees:

In the ordinary course of our business, Credicorp's banking subsidiaries grant financial guarantees, such as letters of credit, guarantees and acceptances. Financial guarantees are initially recognized at fair value (which is equivalent in that moment to the fee received), as "Other liabilities" in the consolidated statements of financial position. Subsequent to initial recognition, our liability under each guarantee is measured as the higher of the amortized fee and the best estimate of expenditure required to settle any financial obligation arising as a result of the financial guarantee.

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

Provisions:

Provisions are recognized when we have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow or resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies:

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

Share-based payment transactions

(i) Cash-settled transactions

As explained in note 18(a) to the Consolidated Financial Statements, until April 2008 we granted a supplementary remuneration plan to certain employees who had been employed at least one year with Credicorp or any of our Subsidiaries, in the form of stock appreciation rights (SARs) over a certain number of Credicorp shares. SARs were granted at a fixed price and are exercisable at that price, allowing the employee to obtain a gain in cash ("cash-settled transaction") arising from the difference between the fixed exercise price and the market price at the date the SARs are executed.

The SARs fair value is expensed over the period up to the vesting date, along with the corresponding liability. The liability is measured to fair value at each reporting date, up to and including the settlement date, with changes in fair value recognized in the "Salaries and employee benefits" line. When the price or term of the SARs are modified, any additional expense is also recorded. For more details about significant factors, assumptions and the methodology used in determining the fair value of SARs, see note 18 to the Credicorp Consolidated Financial Statements.

(ii) Equity-settled transactions

As explain in note 18(b) to the Consolidated Financial Statements, as of April 2009, a new supplementary remuneration plan was implemented to replace the SAR plan (see (i) above). The grant date was April 28, 2009, and the granted awards vest 33.3% every 12 months.

The cost of this equity-settled plan is recognized, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the respective employees become fully entitled to the award (‘the vesting date”). The cumulative expense recognized for equity-settled transactions from each reporting date until the vesting date reflects the extent to which the vesting period has expired and Credicorp’s best estimate of the number of equity instruments that will ultimately vest.

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The expense is recorded in the "Salaries and employees benefits" line of the consolidated income statement. When the terms of an equity-settled award are modified, the minimum expense recognized in the "Salaries and employees benefits" line is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding stock awards is reflected as a share dilution in the computation of diluted earnings per share.

Derivative financial instruments:

Trading:

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

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

Hedge:

We use derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, we apply hedge accounting for transactions which meet the specified criteria.

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

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

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

(i) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized in the consolidated income statement in finance costs.

Amounts recognized as other comprehensive income are transferred to the consolidated income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the

amounts recognized as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

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If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in the cash flow hedge reserve are transferred to the consolidated income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in the cash flow hedge reserve remains in the cash flow hedge reserve until the forecast transaction or firm commitment affects profit or loss.

(ii) Fair value hedges

The change in the fair value of an interest rate hedging derivative is recognized in the consolidated income statement in finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognized in the consolidated income statement in finance costs.

For fair value hedges relating to consolidated items carried at amortized cost, the adjustment to carrying value is amortized through the consolidated income statement over the remaining maturity term. Effective interest rate amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is no longer recognized, the unamortized fair value is recognized immediately in the consolidated income statement.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the consolidated income statement.

Embedded derivates:

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts, and the host contracts are not held for trading or designated at fair value through profit or loss.

We have certificates indexed to the price of Credicorp Ltd. shares that will be settled in cash, and investments indexed to certain life insurance contracts liabilities, denominated “Unit-Link”. We classified these instruments at inception as “Financial instruments at fair value though profit or loss”, see 3(f)(i), and note 7 to the Consolidated Financial Statements.

Fiduciary activities, management of funds and pension funds:

We provide custody, trustee, investment management and advisory services to third parties that result in the holding of assets on their behalf. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not our assets.

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

(2) Historical Discussion and Analysis

The Group monitors the results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Regarding the Group’s segments, total revenues from banking

segment amounted to 74% or more of the Group's total revenue in 2009, 2008, and 2007, therefore, the following historical discussion and analysis is presented principally for banking segment, except when otherwise indicated; and is based upon information contained in our Consolidated Financial Statements and should be read in conjunction therewith. 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—(12) Selected Statistical Information—(i) Average Balance Sheets and Income from Interest-Earning Assets—Real Average Interest Rates."

The financial information and discussion and analysis presented below for 2007, 2008 and 2009 reflect the financial position and results of operations for 2007, 2008 and 2009 of our subsidiaries. See "Item 3. Key Information—(A) Selected Financial Data."

On December 31, 2009, approximately 57.9% of our deposits and 60.1% of our loans were U.S. Dollar-denominated. Despite these high proportions, U.S. Dollar-denominated deposits and loans have decreased from the previous year (61.7% and 67.1%, respectively) due to a reduction in the rate of inflation. Nevertheless, we expect the majority of our deposits and loans to continue to be denominated in U.S. Dollars.

Results of Operations for the Three Years Ended December 31, 2009

The following table sets forth, for the years 2007, 2008 and 2009, the principal components of our net income:

	Year ended December 31,		
	2007	2008	2009
	(U.S. Dollars in thousands)		
Interest income	US$ 1,065,339	US$ 1,382,844	US$ 1,312,925
Interest expense	(431,365)	(561,617)	(420,564)
Net interest income	US$ 633,974	US$ 821,227	US$ 892,361
Provision for loan losses	(28,439)	(48,760)	(163,392)
Net interest income after Provision	US$ 605,535	US$ 772,467	US$ 728,969
Noninterest income	522,937	592,564	720,631
Insurance premiums earned net of claims on insurance activities	58,672	51,993	138,224
Other expenses	(747,089)	(920,603)	(957,110)
Merger costs	-	-	-
Income before translation result and income tax	US$ 440,055	US$ 496,421	US$ 630,714
Translation result (loss) gain	US$ 34,627	US$ (17,650)	US$ 12,222
Income tax	(102,287)	(109,508)	(138,500)
Net income	US$ 372,395	US$ 369,263	US$ 504,436
Net income attributable to:			
Equity holders	350,735	357,756	469,785
Minority interests	21,660	11,507	34,651
Net income	US$ 372,395	US$ 369,263	US$ 504,436

Net income attributable to our equity holders increased from US$357.8 million in 2008 to US$469.8 million in 2009. Our net income increased from 2008 to 2009 due to the significant charges recorded during 2008, but not recorded during 2009, for approximately US$163.9 million (recorded as "other expenses"), which included (i) US$60.4 million to impair a deteriorated investment portfolio caused by declining stock prices, (ii) US$36.4 million for a provision by ASHC for potential losses and contingencies related to an ASHC-managed fund that had been invested with Bernard L. Madoff Investment Securities LLC, or Madoff Securities, on behalf of its clients, (iii) US$67.1 million of expense to hedge SAR Program. In addition increases the commission for loans, net gain on securities net of the provision for loan.

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Net income attributable to our equity holders increased from US$350.7 million in 2007 to US$357.8 million in 2008, which represented an increased of 2.0% from 2007 to 2008, despite of the charges recorded during 2008, which are explained in the paragraph below.

On the other hand, non interest income increased 21.6% in 2009 to US$720.6 million, primarily due to (i) a net gains from sales of securities of US$120.9 million, (ii) fees and commissions income from banking services of US$436.8 million, and (iii) net gains on foreign exchange transactions of US$87.9 million. Non interest income increased 13.3% in 2008 to US$592.6 million, which represented an increased of 13.3% not significant to the consolidated results of operations.

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,		
	2007	2008	2009
	(U.S. Dollars in thousands)		
Interest income:			
Loans	US$ 701,471	US$ 963,940	US$ 1,062,046
Deposits in banks	58,896	37,352	13,731
Deposits in Central Bank	46,921	37,914	2,187
Investment securities and others	231,762	298,021	186,629
Dividends	8,870	12,189	9,715
Gain from derivatives instruments and other interest income	17,419	33,428	38,617
Total interest income	US$ 1,065,339	US$ 1,382,844	US$ 1,312,925
Interest expense:			
Saving deposits	US$ 19,869	US$ 27,165	US$ 18,509
Time deposits	263,487	310,856	206,118
Issued bonds	33,592	51,756	66,993
Borrowing from other financial institutions and others	83,070	104,818	51,654
Demand deposits	25,123	38,085	21,414
Loss from derivatives instruments and other interest expenses	6,224	28,937	55,876
Total interest expense	US$ 431,365	US$ 561,617	US$ 420,564
Net interest income	US$ 633,974	US$ 821,227	US$ 892,361

Our net interest income increased 8.7% in 2009 compared to 2008, and increased 29.5% in 2008 compared to 2007.

Interest Income: Interest income decreased 5.1% in 2009 compared to 2008, after increasing 29.8% in 2008 compared to 2007. The decrease in 2009 was primarily due to lower average volume in investments securities and others and loans. The decrease in investments securities was primarily due to a lower volume average throughout the year and lower rates. The increase in 2008 compared to 2007 was principally due to higher average volume in loans and investments available for sale. The loan increase was mainly related to retail and corporate banking growth, while the investments securities increase was due to gains related to BCRP certificates of deposits.

Our average nominal interest rates earned on loans decreased to 9.9% in 2009 from 10.1% in 2008 and from 10.0% in 2007. The average nominal interest rate for foreign currency-denominated loans decreased from 8.6% in 2007 and 2008 to 7.7% in 2009, explained by fall in interest rates in the international market. Interest rates for Nuevo Sol-denominated loans decreased from 13.5% in 2007 to 13.4% in 2008 and further to 13.8% in 2009, which represented minor fluctuations in interest rates in Nuevo Sol for loans.

The average balance of our foreign currency-denominated loan portfolio increased 4.2% to US$6,810.1 million in 2009, as compared to US$6,534.0 million in 2008. In 2008, the average balance of our foreign currency-denominated loan portfolio increased 28.1% as compared to 2007, from US$5,101.4 million. The average balance of our Nuevo Sol-denominated loan portfolio increased 53.8% from US$1,942.3 million in 2007 to US$2,987.7 million in 2008, and by 30.3% to US$3,893.5 million in 2009. The average balance increased in 2009 respect to 2008, due to recovery of the Peruvian economy and Peruvian financial system after the international crisis, especially in the fourth quarter, however, our foreign currency-denominated loan portfolio increased at a lower rate due to the volatility in foreign currency during 2009.

On the other hand, the significant increase in 2008 was related primarily to the growth in the Peruvian economy (GDP growth rate of 9.8%) during that year (prior to the international crisis). In addition, in 2008 an increasing proportion of loans went to commerce, mortgage, manufacturing and financial intermediation sectors presenting higher risk, but these sectors also yielded higher margins. See "Item 4. Information on the Company—(B) Business Overview—(12) Selected Statistical Information."

Interest Expense: Interest expense decreased in 2009 by 25.1% as compared to 2008, and by 30.2% in 2008 as compared to 2007. The decrease in interest expense during 2009 was principally due to the lower interest rate in foreign currency and in Nuevo Sol. On the other hand, the higher interest expense in 2008 and 2007 was principally due to increases in the volume of deposits and variable market rates on deposits.

Average nominal interest rates paid on foreign currency-denominated deposits decreased from 2.8% in 2007 to 2.4% in 2008, and to 1.5% in 2009. Average nominal interest paid on Nuevo Sol-denominated deposits increased from 3.2% in 2007 to 3.5% in 2008, and decreased to 2.2% in 2009. This rate decrease was a commercial decision that followed the market trend of interest rates observed in 2009. See "Item 4. Information on the Company—(B) Business Overview—(8) Competition" and "—(12) Selected Statistical Information."

Our average foreign currency-denominated deposits increased 13.1% to US$8,829.4 million in 2009 from US$7,803.5 million in 2008, and increased 8.1% from US$7,216.6 million in 2007. Our average Nuevo Sol-denominated deposits decreased 9.0% in 2009 to US$4,995.4 million from US$5,488.6 million in 2008, and increased 67.7% from US$3,272.1 million in 2007. See "Item 4. Information on the Company—(B) Business Overview—(12) Selected Statistical Information."

Net Interest Margin: Our net interest margin (net interest income divided by average interest-earning assets) was 4.7% in 2009 and did not change significantly compared to 2008 and 2007, when the margin stayed in 4.5% as in 2007 returns declined on interest-earning assets (mainly securities and Nuevo Sol-denominated loans) while funding costs remained relatively unchanged. See "Item 4. Information on the Company—(B) Business Overview—(12) Selected Statistical Information."

Provision for Loan Losses

We classify all of our loans and other credits by risk category. We establish our loan loss reserves based on criteria established by IAS 39 (see "Item 4. Information on the Company—(B) Business Overview—(12) Selected Statistical Information—(iii) Loan Portfolio—Classification of the Loan Portfolio"). We do not anticipate that the expansion of our loan portfolio or the consolidation of the activities of our subsidiaries will require a change in our reserve policy.

The following table sets forth the changes in our reserve for loan losses:

	Year ended December 31				
	2005	2006	2007	2008	2009
	(U.S. Dollars in thousands)				
Reserves for loan losses at the beginning of the year	US$ 271,873	US$ 218,636	US$ 210,586	US$ 229,700	US$ 248,063
Additional provisions (reversals)	(6,356)	(4,243)	28,439	48,760	163,392
Acquisitions and sales	(9,024)	-	-	-	20,905
Recoveries of write-offs	35,032	44,284	34,084	31,279	23,928
Write-offs	(71,405)	(49,859)	(47,266)	(59,308)	(87,927)
Monetary correction and other	(1,484)	1,768	3,857	(2,368)	7,688
Reserves for loan losses at the End of the year	US$ 218,636	US$ 210,586	US$ 229,700	US$ 248,063	US$ 376,049

We recorded US$163.4 million of loan loss provision in 2009, and US$48.8 million in 2008. Total write-offs amounted to US$87.9 million in 2009 and US$59.3 million in 2008. Total recoveries of write-offs reached US$23.9 million in 2009 and US$31.3 million in 2008, decreasing 23.5% in 2009. Provision expense in 2009 included US$5.6 million required by BCB (compared to US$7.5 million in 2008). Recoveries of previously charged-off accounts in 2009 amounted to US$23.9 million (compared to US$31.3 million in 2008). In 2008, the Peruvian financial system reached minimum delinquency levels in the loans portfolio, however, during 2009, as a result of recession (due to the international financial crisis) the ability of companies to repay loans was affected, and the delinquency levels increased. Provisions made in 2009 were mainly related to commercial loans. In 2008, the increased loan loss provision was not significant compared to 2007, and was mainly related to consumer loans.

The middle market and small business sectors continued to require a majority of the provisions made during 2009 and 2008. Provisions net of recoveries for middle market and small businesses were US$29.1 million in 2008 and US$13.4 million in 2007 (see also Note 6 to the Consolidated Financial Statements).

Total reserves, which amounted to US$376.0 million in 2009, include the allowance for direct and indirect credits of approximately US$354.4 million and US$21.7 million, respectively.

Non-Interest Income

The following table reflects the components of our non-interest income:

	Year ended December 31,		
	2007	2008	2009
	(U.S. Dollars in thousands)		
Fees and commissions from banking services	US$ 324,761	US$ 394,247	US$ 436,819
Net gains from sales of securities	46,376	51,936	120,932
Net gains on foreign exchange transactions	61,778	108,709	87,944
Other income	90,022	37,672	74,936
Total non-interest income	US$ 522,937	US$ 592,564	US$ 720,631

Our non-interest income, without including net premiums earned, increased 21.6% to US$720.6 million in 2009 as compared to US$592.6 million in 2008, and increased 13.3% as compared to US$522.9 million in 2007. The revenue increase in 2009 was primarily due to an increase in gains from sales of securities and commissions from banking

services, and a decrease in net gains on foreign exchange transactions.

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Fees and commissions income from banking services increased 10.8% to US$436.8 million in 2009 from US$394.2 million in 2008, following a 21.4% increase in 2008 from US$324.8 million in 2007. The increase in fees and commissions income from banking services in 2009 was primarily due to an increase in transfer and collections fees, increased commissions from credit/debit card services, increased in fees from trust services and improved property leasing service, while the increase in 2008 was due to growth in account maintenance, funds administration and commissions for collection, and the increase in 2007 was due to growth in account maintenance, money transfers and funds administration commissions for collections.

Net gains from sales of securities increased 132.8% to US$120.9 million in 2009 as compared to US$51.9 million in 2008, following an increase from US$46.4 million in 2007, which represented an increase of 12.0%. The increase in 2009 was primarily due to the increased volatility observed in capital markets, which caused the appreciation of prices in our investment portfolio, mainly in positions of global and sovereign bonds of the Peruvian government and of Colombian government bonds, where we realized gains on the sale of such instruments. The increase in 2008 was principally due to gain from market value fluctuation on sales of investments.

Net gains on foreign exchange transactions decreased 19.1% to US$87.9 million in 2009 as compared to US$108.7 million in 2008, following an increase of 75.9% from US$61.8 million in 2007. Net gains from foreign exchange transactions are not attributable to proprietary trading on our part. Higher gains in 2009 and 2008 were primarily due to the lower transaction volumes that resulted primarily from the decreased volatility in the foreign exchange market.

Other income increased 98.9% to US$74.9 million in 2009 as compared to US$37.7 million in 2008, after decreasing 58.2% from US$90.0 million in 2007. Other income principally consists of valuation of assets and liabilities designated at fair value, sales of seized assets, leasing income, recoveries of other accounts receivable and other assets and other income. The increase in other income in 2009 was primarily due to a proprietary position in indexed certificates issued by Citigroup and Calyon to mitigate the volatility in operating expenses caused by stock appreciation rights granted to our executives. The indexed certificates are in the form of warrants issued by Citigroup and Calyon also are settled exclusively in cash. These instruments do not qualify for hedge accounting. Gains on these indexed certificates are reported as other income while losses are reported under operating expenses. See note 7(b) to the Credicorp Consolidated Financial Statements.

Conversely, in 2008 compared to 2007, the decrease produced a loss resulting from the difference between cost and estimated market value of the certificates indexed to the performance of Credicorp Ltd. (BAP) shares in connection with the SAR program, which was included in other expenses and amounted to approximately US$67.1 million as of December 31, 2008.

Insurance Premiums and Claims on Insurance Activities

The following table reflects the premiums earned and claims incurred in connection with our insurance activities:

	Year ended December 31,		
	2007	2008	2009
	(U.S. Dollars in thousands)		
Net premiums earned	US$ 297,272	US$ 393,903	US$ 424,682
Net claims incurred	(67,689)	(101,890)	(59,248)
Increase in costs for future benefits for life and health policies	(170,911)	(240,020)	(227,210)
Total net premiums and claims	US$ 58,672	US$ 51,993	US$ 138,224

Net premiums increased 7.8% to US$424.7 million in 2009 from US$393.9 million in 2008. Gross premiums (including premium transfer and reserve adjustments) increased 3.6% to US$608.8 in 2009 from US$587.6 in 2008.

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Premiums for general insurance lines, which accounted for 49.1% of total premiums, increased 0.7% in 2009, mainly by automobiles which represented 24% of general insurance premiums in 2009 (22% in 2008) and which increased 6.6% from 2008. Other property and casualty premiums, which represented 53% (57% in 2008), decreased 5.4% from 2008; and medical assistance which represented 20% (16% in 2008), increased 19.8% from 2008.

Premiums for general insurance lines, which accounted for 50.5% of total premiums, increased 23.5% in 2008, mainly due to automobiles which represented 22% of general insurance premiums in 2008 (15.3% in 2007) and which increased 80% from 2007. Other property and casualty premiums, which represented 56.8% (64.2% in 2007), increased 9.2% from 2007; and medical assistance which represented 16.4% (17.1% in 2007), increased 18.5% from 2007. We also note the increase in premiums from the mandatory automobile line, SOAT, which represented 4.5% (3.4% in 2007) and increased 62.2% from 2007.

In the Life Insurance lines, Total Direct Premiums increased 5.9% as compared to 2008, with a market share of 27%. This growth is in line with the Life insurance industry average growth. All lines of business increased as compared to 2008 except Annuities and Pension. This 5.9% increase in Total Direct Premiums was mainly due to a better performance in Life products which represented 26% of total premiums (23.7% in 2008) and closed 14.5% above 2008. Group Life products increased premiums in 12% with as compared to 2008, and represented 18% of total premiums. Credit Life increased 14.7% as compared to 2008 and represented 12% of total premiums. The Pension fund products, which represented 17% of life insurance premiums (19.8% in 2008) decreased 9% as compared to 2008. Finally, the annuities line of business decreased 0.3% as compared to 2008.

Total direct premiums increased 31.8% as compared to 2007, mainly due to a better performance in the life products which represented 23.7% of life insurance premiums (23.7% in 2007) and which increased 31.3% from 2007. The Pension fund products, which represented 19.8% of life insurance premiums (19.6% in 2007), increased by 33% from 2007. In addition, credit life increased by 102% from 2007.

Health insurance lines (20.6% of total premiums in 2009) increased by 7.6% from 2008, primarily due to an 8.2% increase in Regular insurance premiums, representing 88.8% of health insurance premiums (88.2% in 2008).

Health insurance lines (19.8% of total premiums in 2008) increased by 27.4% from 2007, mainly due to a 28.2% increase in regular insurance premiums, representing 88.2% of health insurance premiums (87.7% in 2007).

During 2009, net claims on insurance activities decreased by 16.2% to US$286.5 million from US$341.9 million in 2008, mainly as a consequence of the business growth and the decrease in the net loss ratio on P&C, health and life businesses.

During 2008, net claims on insurance activities increased by 43.3% to US$341.9 million from US$238.6 million in 2007, mainly as a consequence of the business growth and the increase in the net loss ratio on P&C, health and life businesses

Other Expenses

The following table reflects the components of our other expenses:

	Year ended December 31,		
	2007	2008	2009
	(U.S. Dollars in thousands)		
Salaries and employee benefits	US$ 409,037	US$ 365,201	US$ 467,116
General and administrative	206,966	269,291	312,256
Depreciation and amortization	51,013	57,369	71,099
Provision for assets seized	3,057	1,067	64
Other	77,016	227,675	106,575
Total other expenses and merger costs	US$ 747,089	US$ 920,603	US$ 957,110

Personnel expenses increased 27.9% in 2009 as compared to 2008, after a 10.7% decrease in 2008 as compared to 2007. The number of our personnel increased to 20,148 employees in 2009 from 19,896 in 2008, and increased from 16,160 in 2007. Considering only BCP, the number of personnel increased to 16,748 employees in 2009 from 15,969 in 2008, and increased from 12,667 in 2007. The increase in other expenses during 2009 was due to significant increases in personnel expenses (salaries and employee benefits), and due to increase in depreciation and amortization expenses, principally for the acquisition of assets.

Our general and administrative expenses (which include taxes other than income taxes) increased 16.0% in 2009 compared to 2008, after increasing 30.1% compared to 2007. Higher expenses in 2008 were principally the result of increases in marketing expenses for ad campaigns and customer loyalty-building programs, system expenses such as licenses and projects, and transportation expenses. Higher expenses were also incurred in 2009 from increases in professional fees and system expenses such as licenses and projects.

Depreciation and Amortization increased 23.9% to US$71.1 million in 2009 from US$57.4 million in 2008. The increase in 2009 was primarily due to the acquisition of new buildings.

Provision for seized assets decreased 94.0% to US$0.1 million in 2009 from US$1.1 million in 2008. This decrease was due to higher rotation in seizing and sales of assets. The decrease in 2009 and 2008 of provisions is directly related to a higher volume of seized assets sales.

Other expenses decreased 53.2% to US$106.6 million in 2009, after an increase of 195.6% in 2008, compared to 2007. The increase in Other expenses during 2008 was primarily due to commissions in insurance (US$42.7 million in 2009 compared to US$39.4 million in 2008) and provision for diverse risks (US$14.4 million in 2009 compared to US$37.5 million in 2008), which primarily included a provision related to Bernard L. Madoff Investments Securities LLC of US$36.4 million as of December 31, 2008, net of the effect of the higher provisions in BCP Bank.

Translation Result

The translation result reflects exposure to devaluation of net monetary positions in Nuevo Soles. We recognized a US$12.2 million translation gain in 2009, US$17.7 million translation loss in 2008, and a US$34.6 million translation gain in 2007. In 2008, translation losses were primarily due to gains recorded from exposure to the Nuevo Sol which weakened against the U.S. Dollar.

Income Taxes

We are not subject to income taxes or taxes on capital gains, capital transfers or equity or estate duty under Bermuda law. However, some of our subsidiaries are subject to income tax and taxes on dividends paid to us, depending on the legislation of the jurisdictions in which they generate income.

Our Peruvian subsidiaries, including BCP, are subject to corporate taxation on income under Peruvian tax law. The statutory income tax rate payable in Peru since 2004 is 30% of taxable income, which includes the result of exposure to inflation. An additional 4.1% withholding tax is applied on dividends, which we register as income tax based on the liquid amount received from BCP and PPS.

Peruvian tax legislation is applicable to legal entities established in Peru, and on an individual (not consolidated) basis. Our 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 Panama since its operations are undertaken offshore. The Cayman Islands currently have no income, corporation or capital gains tax and no estate, duty, inheritance or gift tax. Prior to 1995, there was no corporate income tax in Bolivia. Although there is corporate income tax in Bolivia, 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.

Tax expense paid by the subsidiaries increased to US$138.5 million in 2009 from US$109.5 million in 2008, which increased from US$102.3 million in 2007. Income tax growth in these periods reflects increases in our taxable income. Since 1994, we have paid the Peruvian income tax at the statutory rate. The effective tax rates in 2007, 2008 and 2009 were 21.55%, 22.87%, and 21.54%, respectively.

(3) Financial Condition

Total Assets

As of December 31, 2009, Credicorp had total assets of US$22.0 billion, increasing 5.8% compared to total assets of US$20.8 billion as of December 31, 2008, with cash and due from banks increasing 1.9% due to higher amounts maintained with BCRP in US$0.2 million, investments increasing 3.3% due to market volatility, and loans, net of provisions, increasing 8.8% due to corporate banking growth. From December 31, 2008 through December 31, 2009, the Peruvian financial system grew 0.6% in terms of total loans, comparing balances translated to U.S. Dollars, while GDP grew 0.9%.

Improved finances among companies and individuals were supported by a favorable economic environment during 2006, 2007 and 2008 which sustained increases in loan placements resulted in significant improvements in loan portfolio quality in those years (from 1.3% in 2006 to 0.8% in 2007 and further to 0.8% in 2008). Nevertheless the impact of the international crisis on the Peruvian economy caused a strong deceleration in the economic activity, slowing down loan growth and therefore, increasing the past-due loan ratio to 1.6%.

As of December 31, 2009, our total loans were US$11,585.6 million, which represented 52.6% of total assets, and net of reserves for loan losses, loans were US$11,231.3 million. As of December 31, 2008, our total loans were US$10,546.4 million, which represented 50.7% of total assets, and net of reserves for loan losses, loans were US$10,322.0 million. From December 31, 2008 to December 31, 2009 our total loans increased by 9.9%, and net of loan loss reserves increased by 8.8%.

Our total deposits with the Central Bank increased from US$2,107.6 million as of December 31, 2009 to US$1,953.0 million as of December 31, 2008. Our securities holdings (which include marketable securities and investments) increased 3.3% to US$5,150.4 million on December 31, 2009 from US$4,986.8 million on December 31, 2008. The securities portfolio increase in 2009 was primarily due to higher investments in corporate, leasing and subordinated bonds and Treasury bonds.

Total Liabilities

As of December 31, 2009, we had total liabilities of US$19.5 billion, a 2.6% increase from US$19.0 billion as of December 31, 2008. As of December 31, 2009, we had total deposits of US$14,091.8 million, a 1.0% increase from US$13,950.4 million on December 31, 2008.

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We have structured our funding strategy around maintaining a diversified deposit base. As of December 31, 2009, through BCP unconsolidated, we had 41.3% of total savings deposits in the Peruvian banking system, 40.5% of demand deposits and 34.2% of total deposits, the highest of any Peruvian bank in all three categories, according to the SBS. An important characteristic of our deposit base is that, as of December 31, 2009, it included 50.7% of the entire Peruvian banking system's CTS deposits, decreasing from 51.9% as of December 31, 2008, according to our own estimates. We believe that we have traditionally attracted a high percentage of the savings and CTS deposit market because of our reputation as a sound institution, an extensive branch network and the quality of our service. The decrease is due to the fact that new financial institutions have taken a small market share from BCP for this type of deposit.

(B) Liquidity and Capital Resources

Regulatory Capital and Capital Adequacy Ratios

	As of December 31,		
	2007	2008	2009
	(U.S. Dollars in thousands, except percentages)		
Capital stock	US$ 539,498	US$ 539,498	US$ 528,011
Legal and other reserves	587,218	770,216	1,053,494
Capital stock, reserves and retained earnings of minority interest	38,929	45,894	104,052
Accepted provisions for loan losses	82,261	104,635	114,104
Subordinated debt	294,648	278,688	683,222
Total	1,542,554	1,738,931	2,482,883
Less: investment in multilateral organizations, banks and insurance companies and goodwill	(122,387)	(134,216)	(261,749)
Total Regulatory Capital (1)	1,420,167	1,604,715	2,221,134
Financial Entities Capital Ratio			
Regulatory Capital attributable to Financial Entities (1)	1,320,068	1,520,318	2,033,401
Risk-Weighted Assets From Financial Entities (3)	10,313,188	12,335,063	14,200,280
Capital Ratio for Financial Entities (1) / (3)	12.80%	12.33%	14.32%
Minimum Regulatory Capital Required (MRCR)(2)			
MRCR for Financial Entities (3)	890,643	1,122,464	1,266,502
MRCR for Insurance Entities (3)	112,261	137,766	149,808
MRCR for Other Entities (3)	66,849	80,921	144,494
Total Minimum Regulatory Capital Required	US$ 1,069,753	US$ 1,341,151	US$ 1,560,804
Regulatory capital as percentage of Minimum Regulatory Capital Required	132.76%	119.65%	142.31%

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(1) Total Regulatory Capital and Financial Entities Regulatory Capital is prepared under the guidelines of the BIS I Accord (by the Basel Committee) as adopted by the SBS.

(2)

The Minimum Regulatory Capital Required, or MRCR, is prepared under the guidelines of the BIS I Accord (by the Basel Committee) as adopted by the SBS, and must not exceed from the Total Regulatory Capital calculated. The consolidated MRCR is calculated by the addition of the MRCR of each one of the entities.

(3) Peruvian financial entities (BCP, Credileasing and Solución) have a MRCR of 9.5% of the Risk-Weighted Assets (or RWA). For ASHC (Cayman Islands), the MRCR is 12% of the RWA. For BCB (Bolivia), the MRCR is 10% of the RWA. For the insurance companies, MRCR is calculated on the basis of the solvency margin, the guarantee funds and the credit risk. Other entities, with no MRCR, must be considered by the sum of the capital, reserves and retained earnings.

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Liquidity Risk

We manage our assets and liabilities to ensure that we have sufficient liquidity to meet our present and future financial obligations and to be 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.

The growth of our deposit base over the years has enabled us to significantly increase our lending activity. BCP is subject to SBS Resolution No. 472-2001, enacted in June 2001, which made its market risk area 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, must exceed 8% for Nuevos Soles-based transactions, and 20% for foreign exchange-based transactions. BCP's average daily ratios during the month of December 2009 were 33.96% and 59.55% for Nuevos Soles and foreign exchange-based transactions, respectively, demonstrating our continuing excess liquidity. We have never defaulted on any of our debt or been forced to reschedule any of our 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.

The capability of replacing interest-bearing deposits at their maturity is a key factor in determining liquidity requirements, as well as the exposure to interest and exchange rate risks. Our principal source of funding is customer deposits with BCP's retail banking group and ASHC's private banking group, and premiums and amounts earned on invested assets at PPS. We believe that funds from our deposit-taking operations generally will continue to meet our liquidity needs for the foreseeable future.

BCP's retail banking group has developed a diversified and stable deposit base and its private banking group has developed a stable deposit base that, in each case, provides us with a low-cost source of funding. This deposit base has traditionally been one of our greatest strengths. The deposit gathering strategy has focused on products considered as BCP's core deposits: demand deposits, savings, time deposits and CTS deposits. Other sources of funds and liquidity, which are mostly short- and long-term borrowings from correspondent banks and other financial institutions, issued bonds, and subordinated debt, are of a considerably lower significance compared to our core deposits. See Notes 12 and 13 to the Credicorp Consolidated Financial Statements.

The following table presents our core deposits, other deposits and other sources of funds:

	At December 31,		
	2007	2008	2009
	(U.S. Dollars in thousands)		
Core Deposits:			
Demand deposits	US$ 3,964,501	US$ 4,872,277	US$ 4,556,746
Savings deposits	2,380,904	2,968,739	3,539,665
Severance indemnity deposits	896,283	1,039,887	1,069,506
Total core deposits	US$ 7,241,688	US$ 8,880,903	US$ 9,165,917
Other Deposits:			
Time deposits	3,967,864	4,856,112	4,751,861
Bank certificates	90,119	140,013	120,932
Total deposits	US$ 11,299,671	US$ 13,877,028	US$ 14,038,710
Due to banks and correspondents	US$ 2,314,418	US$ 2,316,594	US$ 2,251,541
Issued bonds	694,982	777,390	1,273,731
Total sources of funds	US$ 14,309,071	US$ 16,971,012	US$ 17,563,982
Core deposits as a percent of total deposits	64.1%	64.0%	65.3%
Core deposits as a percent of total sources of liquid funds	50.6%	52.3%	52.2%

BCP is required to keep deposits with the Central Bank as legal reserves, determined as a percentage of the deposits and other liabilities owed to its clients. The requirement is currently approximately 6.0% of Nuevos Sole-denominated deposits and U.S. Dollar-denominated deposits, and an additional reserve requirement of 30% for the U.S. Dollar-denominated deposits. See "Item 4. Information on the Company—(B) Business Overview—(11) Supervision and Regulation—(ii) BCP—Central Bank Reserve Requirements." Legal reserves are meant to ensure the availability of liquid funds to cover withdrawals of deposits. Additionally, we have significant investments of excess liquid funds in short-term Central Bank certificates of deposits.

The following table presents our deposits at the Central Bank and our investments in Central Bank certificates:

	At December 31,		
	2007	2008	2009
	(U.S. Dollars in thousands)		
Funds at Central Bank			
Deposits	US$ 1,798,581	US$ 1,952,952	US$ 2,107,635
Certificates of deposits	2,164,188	1,914,707	1,548,715
BCRP-Repo Transactions	242,817	294,235	0
Total funds at Central Bank	US$ 4,205,586	US$ 4,161,894	US$ 3,656,350
Total funds at Central Bank of Perú as a percent of total deposits	37.2%	30.0%	26.0%

BCP at times has accessed Peru's short-term interbank deposit market, although it is generally a lender in this 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.

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On December 31, 2009, we had uncommitted credit lines with various banks, including long-term facilities that are mainly used for project financing, of which no significant amount was drawn down. The long-term facilities include funding from COFIDE, Corporación Andina de Fomento (or CAF), syndicated loans, and other international lenders. The transactions relating to these credit lines include import and export transactions and average annual rates (including Libor) vary from 0.73% to 12.0%. As of December 31, 2009, we maintain US$1,812.2 million in such credit lines, secured by the collection of BCP (including its foreign branches) future inflows from electronic messages sent through the Society for Worldwide Interbank Financial Telecommunications (SWIFT) network and utilized within the network to instruct correspondent banks to make a payment of a certain amount to a beneficiary that is not a financial institution. These funds have maturities of up to seven years. See Note 13(a) and (b) to the Credicorp Consolidated Financial Statements. As of December 31, 2009, borrowed funds due to banks and correspondents amounted to US$2,256.6 million (includes US$1,089.2 million and US$1,167.4 million, respectively) as compared to US$2,330.7 million in 2008 (includes US$1,150.7 million and US$1,180.0 million, respectively) and US$2,323.7 million in 2007 (US$870 million and US$1,453 million, respectively).

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 mainly U.S. Dollar-denominated and have been issued with ten-year terms, with collateral established by real estate acquired through funded home mortgage loans. As of December 31, 2009, BCP had US$10.5 million of outstanding mortgage bonds and notes (US$15.3 million in 2008 and US$20.7 million in 2007). 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, 2009, BCP had US$188.3 million of outstanding leasing bonds (US$217.9 million in 2008 and US$167.3 million in 2007). These bonds have maturities of up to nine years and bear higher interest than 360-day time deposits (7.11% versus 5.96%). See Note 15 to the Credicorp Consolidated Financial Statements for a detailed breakdown of our issued bonds.

The following table presents our issued bonds:

	Years ended December 31,		
	2007	2008	2009
	(U.S. Dollars in millions)		
Issued bonds			
Corporate bonds	US$ 50.1	US$ 130.6	US$ 192.3
Leasing bonds	39.6	228.4	0.0
Subordinated bonds	5.0	0.0	113.8
Subordinated debt	161.3	0.0	250.0
Total issuance	US$ 256.0	US$ 359.0	US$ 556.1

In November 2006 and October 2007, BCP, through its Panama branch, issued on the international market subordinated negotiable certificates notes in the aggregate amount of US$120.0 million due 2021 and US$161.3 million due 2022. These notes accrue at a fixed annual interest rate of 6.95% and 7.17%, respectively, for the first 10 years with interest payments every six months. After the first 10 years, the interest rate will change to a variable interest rate of Libor plus 2.79% and as established by the market interest rate of the Peruvian government-issued sovereign bonds maturing in 2037 plus 150 basis points, respectively, with quarterly and semi-annual payments. At the end of the first 10 years, the Bank may redeem 100% of the debt without penalty. These subordinated debt certificates include certain financial and operating covenants. In our management's opinion, BCP is not in violation of any of these covenants as of the date of the consolidated balance sheet date.

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In November 2009, BCP through its Panama branch issued Junior Subordinated Notes for US$250.0 million in the international market with principal maturity on 2069. This debt accrues a fixed annual interest rate of 9.75 percent, for the first 10 years, with semiannual payments. After the first ten (10) years, in November 2019, interest rate will become variable, Libor 3 months plus 816.7 basis points, with quarterly payments; at that date and on any interest payment date, BCP can redeem 100 percent of the notes, without penalties and after fulfilling certain requirements.

Interest payments are non-cumulative such that, if an interest payment is not made in full or cancelled as set forth due to BCP's rights to cancel interest payments, a mandatory prohibitions established by SBS, or if determines that BCP is in non-compliance with applicable minimum regulatory capital; the unpaid interest will not accrue or be due and payable at any time and shall not constitute an acceleration event. In those cases, BCP will not, and will not cause its majority owned subsidiaries to declare, pay or distribute a dividend for a period of time established since the interest payments are not cancelled. This debt does not have collateral and qualifies as Tier 1 capital for SBS regulations.

BCP Emisiones Latam 1 S.A. issued corporate bonds (Series A) for 2.7 million "Chilean Unidades de Fomento - UF". We can redeem 100 percent of the bonds only if the legal reserve funds legislation and tax law, related to income tax and value added tax, change in Peru, Panama or Chile. This debt, subject to foreign exchange risk, has been hedged through CCS; as a result, these bonds were economically converted to US Dollars

Among the policies that we follow 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.

(C) Research and Development, Patents and Licenses, Etc.

Not applicable.

(D) Trend Information

We expect that 2010 will resume a positive economic trend; however, the international environment still suggests some uncertainty. In particular, we expect that financial income will increase, mainly as a result of prioritizing retail operations with individuals and small companies, as well as improving strategies followed in 2009. In addition, credit risk is expected to remain low despite planned positive loan evolution and higher provision due to higher volume of loan portfolio. Furthermore, we plan to invest mainly in systems in order to improve our bank's network to serve clients and optimize processes.

Other important factors to consider are the pressure on consumer protection regulation and elections in local, regional and central government authorities, which could impact our business in Peru.

In Bolivia, we expect that BCB will maintain its profitability although the political and economic environment, which involves a high level of uncertainty, is an important factor in this expectation.

We expect that in 2010, ASHC will maintain its low-risk investment strategy and overall good performance as that achieved in 2009. We expect continued growth of the assets under management, given the high quality service we offer.

In our insurance business, we expect to raise the profitability of each product sell in branches, especially in the retail business. The insurance business continues to grow and is supported by the continued decrease in loss ratio experienced in the industry.

(E) Off-Balance Sheet Arrangements

We record various contractual obligations as liabilities in our financial statements. We do not recognize other contractual arrangements, such as contingent credits contracts, as liabilities in our financial statements. These other contractual arrangements are required to be registered in off-balance sheet accounts. We enter into these off-balance sheet arrangements in the ordinary course of business in order to provide support to our clients and hedge some risks in our balance sheet and use guarantees, letters of credit, derivatives and swaps.

The following table reflects our off-balance sheet arrangements as of December 31, 2007, 2008 and 2009:

	Year ended December 31,		
	2007	2008	2009
	(U.S. Dollars in thousands)		
Contingent Credits			
Guarantees and stand by letters	US$ 1,133,476	US$ 1,506,506	US$ 2,108,761
Import and export letters of credit	431,049	249,396	419,374
Sub Total	1,564,525	1,755,902	2,528,135
Responsibilities under credit line agreements	1,082,115	1,234,964	1,557,674
Forward and options, net	(331,117)	627,600	(54,011)
Swap contracts (notional amount)	1,446,813	2,670,332	3,156,013
Total	US$ 3,762,336	US$ 6,288,798	US$ 7,187,811

In the normal course of its business, our banking subsidiaries are party to transactions with off-balance sheet risk. These transactions expose them to additional credit risks than those amounts recognized in the consolidated balance sheets.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss because any other party to a financial instrument fails to perform in accordance with the terms of the contract. The exposures to losses are represented by the contractual amount specified in the related contracts. We apply the same credit policies in making commitments and conditional obligations as we do for on-balance sheet instruments (see note 6(a) to the Credicorp Consolidated Financial Statement), including the requirement to obtain collateral when necessary. The collateral held varies, but may include deposits in financial institutions, securities or other assets. Many of the contingent transactions are expected to expire without any performance being required. Therefore the total committed amounts do not necessarily represent future cash requirements.

Credicorp has currency-forwards derivatives. Currency-forwards are commitments to buy or sell currency at a future date at a contracted price. Risk arises from the possibility that the counterparty to the transaction will not perform as agreed and from the changes in the prices of the underlying currencies. As of December 31, 2009 and 2008, the nominal amounts for forward currency purchase and sale agreements were approximately US$2,614.4 million and US$2,478.2 million, respectively, which in general have maturities of less than a year.

These agreements are entered into to satisfy client requirements and are recognized in the consolidated financial statements at their fair value. As of December 31, 2009, the forward contracts net position is an overbuy of U.S. Dollars of approximately US$78.4 million (oversell of approximately US$627.6 million as of December 31, 2008).

Interest rate and currency swaps are derivatives contracts, where counterparties exchange variable interest rates for fixed interest rates or different currencies, respectively, in the terms and conditions established at the contract inception. The risk arises each time the projected level of the variable rate during the term of the contract is higher than the swap rate, as well as from non-compliance with contractual terms by one of the parties. As of December 31, 2009, the notional amount of open interest rate and currency swap contracts was approximately US$2,597.1 million (approximately US$2,353.3 million as of December 31, 2008).

Cross-currency swap derivative contracts involve the exchange of interest payments based on two different currency principal balances and referenced interest rates. They generally also include the exchange of principal amounts at the start and/or end of the contract. As of December 31, 2009, the notional amount of cross-currency swap contracts were approximately US$558.9 million (approximately US$317.0 million as of December 31, 2008).

As of December 31, 2009, the fair values of the asset and liability forward-exchange contracts and interest rate and cross-currency swaps amounted approximately to US$97.3 million and US$167.8 million, respectively (approximately US$79.3 million and US$256.8 million as of December 31, 2008) and are included under the caption "Other assets and other liabilities" of the consolidated balance sheets, respectively. See Note 11(b) to the Credicorp Consolidated Financial Statements.

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

(F) Tabular Disclosure of Contractual Obligations

Credicorp enters into various contractual obligations that may require future cash payments. The following table summarizes our contractual obligations by remaining maturity as of December 31, 2009. See "Item 4. Information on the Company—(B) Business Overview—(1) Introduction – Review of 2009."

		Payments due by period			
	Total at December 31, 2009	Less than 1 year	1–3 years	3–5 years	More than 5 years
	(U.S. Dollars in thousands)				
Borrowed funds	US$ 2,140,960	US$ 938,262	US$ 588,593	US$ 330,755	US$ 283,350
Promotional credit lines	81,550	4,819	16,291	12,590	47,850
Interbank funds	29,031	29,031			
Time deposits	4,751,861	4,519,104	147,135	82,088	3,534
Operating lease obligations	62,380	12,305	18,714	13,323	18,038
Total	US$ 7,065,782	US$ 5,503,521	US$ 770,733	US$ 438,756	US$ 352,772

Borrowed funds include US$1,089.2 million secured by the collection of BCP's (including its foreign branches) future inflows from electronic messages sent through the Society for Worldwide Interbank Financial Telecommunications network and utilized within the network to instruct correspondent banks to make a payment of a certain amount to a beneficiary that is not a financial institution.

Borrowed funds also include US$410.0 million obtained from diverse international financial entities, with maturity due within three years and an interest rate of Libor plus 0.70% during the first year, Libor plus 0.75% during the second year and Libor plus 0.85% during the third year. The syndicated loan, subject to variable interest rate risk, has

been hedged through interest rate swap operations for a notional amount of US$410.0 million with the same maturities.

Loans obtained include the obligation to comply with certain covenants which, in our management's opinion, are being fulfilled at the consolidated balance sheet dates.

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BCP has signed an insurance policy with AMBAC Assurance Corporation, which guarantees the timely payment of scheduled principal and certain accrued interest of all of the 2006 and 2007 issuances.

Some of international funds include standard covenants related to financial ratios, use of funds and other administrative matters. In our management's opinion, these covenants do not limit our operations and we have fully complied with them as of the consolidated balance sheet dates.

Promotional credit lines include standard covenants related to financial ratios, use of funds and other administrative matters. In our management's opinion, these covenants do not limit our operations and we have fully complied with them as of the consolidated balance sheet dates.

Our deposits and obligations are widely diversified with no significant concentrations.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

(A) Directors and Senior Management

Board of Directors

The following table sets forth our current directors:

Name	Position	Years served as a Director(1)
Dionisio Romero Paoletti	Chairman	6
Raimundo Morales	Vice Chairman	2
Fernando Fort	Director	28
Reynaldo Llosa	Director	27
Juan Carlos Verme	Director	20
Luis Enrique Yarur	Director	14
Felipe Ortiz de Zevallos	Director	5
Germán Suárez	Director	5

(1) Of Credicorp, our subsidiaries and their predecessors as of December 31, 2009.

Dionisio Romero Paoletti is the Chairman of the Board of Directors and Chief Executive Officer. He is an economist from Brown University with a Master's degree in Business Administration from Stanford University. Mr. Romero P. has served as a board member of Banco de Crédito since 2003 and was appointed Vice Chairman in 2008. Mr. Romero P. has also been the Chairman of Grupo Romero's companies and has been Vice Chairman of the Board of Inversiones Centenario and Director of Cementos Pacasmayo since March 2005. Mr. Romero P. was appointed as Chairman of our Board and of the Board of Banco de Crédito in March 2009. He is the son of Mr. Dionisio Romero Seminario.

Raimundo Morales has been the Vice Chairman of the Board of Directors since April 2008. Prior to being elected to the Board of Directors, he served as our Chief Operating Officer and General Manager of BCP, having joined BCP in 1980. Previously, Mr. Morales held various positions during his ten years at Wells Fargo Bank in its San Francisco, São Paulo, Caracas, Miami and Buenos Aires offices. His last position was Vice President for the Southern Region of Wells Fargo. From 1980 to 1987, Mr. Morales was Executive Vice President in charge of BCP's wholesale banking group. From 1987 to 1990, he was the General Manager of ASB in Miami. He rejoined BCP as the General Manager in 1990. Mr. Morales received his Master's degree in Finance from the Wharton School of Business in the United

States.

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Fernando Fort is a lawyer and partner at the law firm of Fort Bertorini Godoy Pollari & Carcelen Abogados S.A. Mr. Fort served as a director of Banco de Crédito del Perú from 1979 to 1987 and from March 1990 to the present. Since March 2009, he has served on our Board of Directors and on the board of directors of ASB, BCB and BCP's subsidiaries. Mr. Fort also serves as a director on the Board of Inversiones Centenario and Edelnor S.A.A.

Reynaldo Llosa is a business manager and since August 1995 has been a director on our board of directors and on the boards of ASB, BCB, Pacífico Peruano Suiza and BCP's subsidiaries. He has also been a director of BCP from 1980 to October 1987 and from March 1990 to the present. Mr. Llosa is the main partner and general manager of F.N. Jones S.R. Ltda. and serves as a Director on the boards of Edelnor S.A.A. and Distrilima.

Juan Carlos Verme is a businessman and has served on the Board of Directors since August 1995. He has served on the board directors of BCP since March 1990 and is also on the board of directors of ASB and BCB. Mr. Verme is Chairman of Inversiones Centenario and he also serves as a member of the Board of some of BCP's subsidiaries (Credititulos S.A., Credifondo S.A.C., and Solución Financiera de Crédito del Perú S.A). He is a director of the Asamblea General de Asociados del Patronato del Museo de Arte de Lima (the General Assembly of Patron Members of the Lima Art Museum).

Luis Enrique Yarur is a businessman with an undergraduate degree in law and graduate degrees in economics and management. He has served on the Board of Directors since October 2002 as well as the board of directors of BCP since February 1995. Mr. Yarur is Chairman of the Board of Empresas Juan Yarur S. A. C., Banco de Crédito e Inversiones of Chile, BCI Seguros Generales S.A, BCI Seguros de Vida S.A., Chairman of Empresas Jordan S.A. and Vice-Chairman of Empresas Lourdes S.A. He is Vice-President of the Asociación de Bancos e Instituciones Financieras A. G., a member of the International Advisory Board IESE, España and director of the Bolsa de Comercio de Santiago.

Felipe Ortiz de Zevallos is an industrial engineer with a Master's degree in Management Science from Rochester University and a degree in Management from Harvard Business School. Mr. Ortiz de Zevallos has served on the Board of Directors since March 2005. He also serves as a director on the boards of BCP, Grupo Apoyo (where he is the Chairman), Compañía de Minas Buenaventura S.A., Sociedad Minera el Brocal S.A.A., AC Capitales SAFI, HTA Perú SAC, and AC Pública. From September 2006 until March 2009, Felipe Ortiz de Zevallos was Peru's Ambassador to the United States. Prior to becoming Peru's Ambassador to the United States, Mr. Zevallos served as the President of Universidad del Pacífico in Lima (elected for the period 2004-2009).

Germán Suárez is an economist with a Master's degree in Economics from Columbia University. Mr. Suárez was elected to the Board of Directors in March 2005. Mr. Suárez was President and Chairman of the Board of Banco Central de Reserva del Perú from 1992 to 2001, and serves as a director on the boards of BCP and Compañía de Minas Buenaventura S.A.

Dawna L. Ferguson is Credicorp's Secretary. Fernando Palao was our Assistant Secretary until December 31, 2009 and Mario Ferrari was appointed as the new Assistant Secretary. Credicorp's resident representative in Bermuda is Nicholas G. Trollope.

Executive Officers

Pursuant to Credicorp's 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 our principal executive officers.

Name	Position	Years Served as an Officer(1)
Dionisio Romero P.	Chief Executive Officer	1
Walter Bayly	General Manager	17
Alvaro Correa	Chief Financial Officer	13
David Saettone	Chief Insurance Officer	12

(1) Of Credicorp, our subsidiaries and their predecessors as of December 31, 2009.

Walter Bayly was named General Manager of Credicorp and BCP in October 2007, effective April 2008. Since April 2004, he was Chief Financial Officer and the Executive Vice President of Planning and Finance of BCP. Previously, Mr. Bayly held various other management positions within BCP, which included managing the Wholesale Banking Group as well as other areas of BCP. Mr. Bayly joined BCP in 1993, after three years at Casa Bolsa México where he was Partner and Managing Director in Corporate Finance. Prior to that, he was with Citibank in Lima, New York, México, and Caracas for a period of ten years, where he worked primarily in the corporate finance and loan syndication groups. Mr. Bayly received a Bachelor's degree in Business Administration from Universidad del Pacífico in Lima, Peru, and a Master's degree in Management from Arthur D. Little Management in Cambridge, Massachusetts.

Alvaro Correa was named Chief Financial Officer and the Executive Vice President of Planning and Finance of BCP in October 2007, effective April 2008. Mr. Correa is an industrial engineer from the Pontificia Universidad Católica del Perú. He also holds a Master's degree in Business Administration from Harvard Business School. In 1997, he joined BCP as Retail Risk Manager, later serving as IT Solution Manager under the Systems and Organization Division. During the last three years, Mr. Correa served as General Manager of ASB, Credicorp Securities and BCP's Miami agency.

David Saettone is Chief Insurance Officer and the Chief Executive Officer of PPS. He is an economist with a Master's degree and Ph.D from Princeton University. He was the General Manager of BCB and Chief of the Gabinete de Asesores y Unidad de Coordinación de Préstamos Sectoriales of the Economy and Finance Office, Perú. Mr. Saettone was also Manager of the BCP's corporate finance area.

(B) Compensation

The aggregate amount of compensation paid to all directors and executive officers (including our executive officers listed above and four additional executive officers of BCP) for 2009 was US$12.6 million. We do not disclose to our shareholders or otherwise make available to the public information as to the compensation of its individual directors or executive officers.

As indicated in note 3(w) to the Credicorp Consolidated Financial Statements, Credicorp has granted stock appreciation rights (SARs) to certain key executives and employees who have at least one year service to Credicorp or any of our subsidiaries. At the grant date and in each one of the subsequent three years, the granted SARs may be exercised up to 25% of all SARs granted in the plan. The SARs expire after eight years.

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The number of outstanding SARs and its exercise price are as follows:

Year	Number of Outstanding SARs granted	Exercise price in US$
2002	52,500	5.98
2003	96,900	7.17
2004	118,750	9.99
2005	155,000	15.00
2006	226,250	24.32
2007	235,785	24.32
2008	262,278	24.32

Credicorp assumes the payment of the related income tax on behalf of our executives and employees, which corresponds to 30% of the benefit. Credicorp estimates this income tax over the basis of the liability recorded for the vested benefits.

The liabilities recorded for this plan, including the above-mentioned income tax, are included in the consolidated balance sheet caption "Other liabilities – Payroll taxes, salaries and other personnel expenses." See Note 11(a) to the Credicorp Consolidated Financial Statements. The expenses are recorded in the consolidated income statement caption "Personnel expenses."

During 2007, 2008 and 2009, Credicorp signed several contracts with Citigroup by which it acquired certificates linked to the yield of our shares See Note 7(b) to the Credicorp Consolidated Financial Statements.

The following table sets forth the movement of the SARs for the periods indicated:

	2009			2008		
	Outstanding SARs	Vested SARs		Outstanding SARs	Vested SARs	
	Number	Number	Amount US$(000)	Number	Number	Amount US$(000)
Balance as of January 1st	2,215,225	1,617,818	42,987	2,134,650	1,537,119	89,602
SAR´s modification	(451,143)	(451,143)	-	-	-	-
Granted and vested	-	366,845	19,333	665,500	576,874	9,498
Exercised	(495,244)	(495,244)	(17,761)	(496,175)	(496,175)	(19,734)
Decrease	(121,375)	-	-	(88,750)	-	-
Increase in the option fair value	-	-	15,929	-	-	(36,379)
Balance as of December 31	1,147,463	1,038,276	60,488	2,215,225	1,617,818	42,987

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The following table sets forth the number of SARs vested and the price of such SARs for the periods indicated:

Year of Insurance	Number of outstanding SARs as of December 31, 2009	Number of Vested SARs as of December 31		Exercise price	
		2009	2008	2009	2008
				US$	US$
2001	-	-	60,000	4.30	4.80
2002	52,500	52,500	60,000	5.98	6.48
2003	96,900	96,900	134,900	7.17	7.67
2004	118,750	118,750	185,950	9.99	10.49
2005	155,000	155,000	241,700	15.00	15.50
2006	226,250	226,250	327,784	24.32	24.82
2007	235,785	214,831	320,859	24.32	48.00
2008	262,278	174,045	286,625	24.32	72.04
	1,147,463	1,038,276	1,617,818		

On April, 2009, Credicorp implemented a new share base payment plan for certain key executives and employees. Under the new plan, Credicorp shares will be granted to certain key executives and employees who have at least one year of service to Credicorp or any of our subsidiaries. Beginning on April 28, 2009, and in each of the subsequent three years thereafter, granted shares will be vested up to 33.3% of all granted shares. Credicorp also determined that SARs granted until December 2008 under the prior SARs program (as explained above) will remain in force, with certain modifications, until they expire.

(C) Board Practices

Credicorp's management is the responsibility of its Board of Directors, which, pursuant to Credicorp's bye-laws, is comprised of eight members. Directors need not be shareholders. Directors are elected and their remuneration is determined at Annual General Shareholders' Meetings. Directors hold office for three-year terms. The date of expiration of our current Board of Directors is March 31, 2011. Our current directors have no benefits in addition to the remuneration agreed at the Annual General Shareholders' Meetings. They also do not have any benefits that could be enjoyed at the termination of their service terms.

Pursuant to Credicorp's bye-laws, the required quorum for business to take place during a Board meeting shall be a majority of the Directors of the Company. The Board has the power to appoint any person as Director to fill a vacancy on the Board for the remainder of the period as a result of the death, disability, disqualification or resignation of any Director. A resolution in writing signed by all Directors shall be as valid as if had been passed at a meeting duly called and constituted

Credicorp's audit committee is responsible for assisting in the recommendation of independent auditors to be appointed at the Annual General Shareholders' Meeting and reviewing the scope of internal and external audits. The Audit Committee also reviews compliance with internal control systems, reviews our annual and quarterly financial statements before their presentation to regulatory bodies and maintains the integrity of the preparation of audits. The current members of the Audit Committee are Mr. Reynaldo Llosa (Chairman) and Mr. Germán Suárez (financial expert), who designated Mr. Benedicto Cigüeñas as advisor.

The Audit Committee has also been assigned by the Board of Directors to oversee the internal audit departments at all its subsidiaries.

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(D) Employees

On December 31, 2009, Credicorp had 20,148 full time employees, distributed as set forth in the following table:

	At December 31,		
	2007	2008	2009
	(Full-time employees)		
BCP	9,593	11,654	16,748
PPS	1,665	2,306	2,567
ASHC	65	73	74
Prima AFP	1,464	1,015	750
Others	350	430	9
Total Credicorp	13,137	15,478	20,148

All bank employees in Peru are given the option of belonging to an employee union. These 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 declined to below 50%, the most recent collective bargaining agreement, which expired on June 30, 1995, was not renewed.

BCP was granted permission by the Peruvian Ministry of Labor to cancel the registration of BCP's union in 1996 due to limited participation. As of December 31, 2009, no BCP employees belonged to a union. The last strike by union employees occurred in 1991 and did not interfere with BCP's operations.

(E) Share Ownership

As of February 5, 2010, the Romero family owned 14.17 million (15.01%) of our common shares. While Mr. Luis Enrique Yarur does not individually own in excess of 1% of Credicorp's shares, he is a controlling shareholder of Banco de Chile e Inversiones (BCI), which owns 1.67 million (1.77%) of Credicorp's common shares. None of our other directors or executive officers beneficially own more than 1% of our common shares. See "Item 7. Major Shareholders and Related Party Transactions—(A) Major Shareholders." Other members of the Board of Directors that own our common shares are Mr. Raimundo Morales, Mr. Fernando Fort, Mr. Reynaldo Llosa, Mr. Juan Carlos Verme, Mr. Felipe Ortiz de Zevallos and Mr. Germán Suárez. Each of these directors own less than 1% of our total outstanding common shares.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

(A) Major Shareholders

As of December 31, 2009, Credicorp had issued 94,382,317 common shares, of which 14,620,845 were held by ASHC. Under Bermuda law, ASHC has the right to vote the common shares it owns. In order to restructure long term holdings, substantially all of our common shares held by BCP and PPS were transferred to ASHC in April 2004.

The table below provides details about the percentage of Credicorp's common shares owned by holders of 5% or more of our total common shares, as of February 5, 2010.

Owner	Common Shares	Percent of Class(1)
Atlantic Security Holding Corporation (2)	14,620,845	15.49%
Romero family (3)	14,167,331	15.01%
AFP Integra	6,635,516	7.03%
Prima AFP	5,657,373	5.99%

(1) As a percentage of issued and outstanding shares (including shares held by ASHC).

(2) As of February 5, 2010, Atlantic Security Bank (a subsidiary of ASHC) held 4,398,289 shares of Credicorp on behalf of clients as part of the Private Banking Services that ASB provides, and which shares are purchased or sold based on client instruction. Clients can decide at any time to exercise their voting power in any Shareholders' Meeting. ASB does not have the power to dispose of these shares. Because the shares are held by ASB on behalf of clients, which have the power to vote the shares, ASHC disclaims beneficial ownership of the shares

(3) Includes common shares directly or indirectly owned by Dionisio Romero Paoletti and his family or companies owned or controlled by him. Mr. Romero P. is the Chairman of the Board.

Approximately 18.19% of Credicorp's total issued and outstanding common shares are currently held in 2,774 individual accounts with Cavali, a Peruvian securities clearing company.

As of February 5, 2010, 79,761,472 of common shares of Credicorp (excluding the 14,620,845 shares held by ASHC) were outstanding, of which approximately 64.48% were held in the United States. There were approximately 78 registered holders of Credicorp's common shares in the United States. Because many of these common shares were held by brokers or other nominees, and because of the impracticability of obtaining accurate residence information for all beneficial shareholders, the number of registered holders in the United States is not a representative figure of the beneficial holders or of the residence of beneficial holders. Credicorp is neither directly nor 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, other than such restrictions as are applicable to Bermuda companies generally. Credicorp's bye-laws provide that a director may not vote with respect to any contract or proposed contract or arrangement in which that director has an interest or a conflict of interest. Credicorp has not engaged in any transactions with related parties except through our subsidiaries.

Credicorp's consolidated financial statements as of December 31, 2007, 2008 and 2009 include transactions with related parties. For its 2007, 2008 and 2009 consolidated financial statements, Credicorp defines related parties as (i) related companies, (ii) its Board of Directors, (iii) its key executives (defined as the management of our holdings) and (iv) enterprises that are controlled by these individuals or entities through majority shareholding or their role as chairman or principal executive officer in those companies.

The following table shows Credicorp's main transactions with related companies as of December 31, 2007, 2008 and 2009.

		Related companies	
	2007	2008	2009
		(U.S. Dollars in thousands)	
Direct loans	US$ 94,102	US$ 143,855	US$ 214,182
Investments available-for-sale	90,396	63,782	92,747
Deposits	31,689	34,669	82,051
Contingent credits	14,026	23,574	20,122
Interest income related to loans	2,288	2,889	4,896
Interest expense related to deposits	2,009	2,669	1,680
Trading securities	1,673	1	2
Derivatives at fair value	386	4,179	(283)
Other income	US$ 1,192	US$ 2,533	US$ 1,196

Credicorp made these loans, contingent operations and derivative contracts with related parties in the ordinary course of business and in accordance with the normal market terms available to other customers. Outstanding loan balances at the year-end are granted by collateral given by the related party. The loans to related companies as of December 31, 2009 have maturity dates ranging between January 2010 and November 2018 and an accrued annual interest average of 5.5% (and as of December 31, 2008 had a maturity between February 2009 and July 2017 and an accrued annual interest average of 7.98%). As of December 31, 2009, there was no provision for doubtful debts due to related parties (US$1.2 million as of December 31, 2008 and US$0.2 million as of December 31, 2007). This amount is established based on an assessment performed on a continuous basis on the financial position of the related party and the market in which it operates. The increase registered in 2009 in relation to the level of direct loans in 2008 was mainly explained by additional financing granted to five entities Agrícola del Chira S.A., Centro Empresarial El Derby S.A., Inversiones Centenario S.A., Alicorp S.A. y Sucroalcolera del Chira S.A.

As of December 31, 2007, 2008 and 2009, Credicorp's directors, officers and employees had been involved, directly and indirectly, in credit transactions with certain subsidiaries, as permitted by Peruvian Law No. 26702. This law regulates and limits certain transactions with employees, directors and officers of banks and insurance companies in Peru. As of December 31, 2007, 2008 and 2009, direct loans to employees, directors and key management of Credicorp amounted to US$85.1 million, US$116.3 million and US$133.3 million, respectively. These loans are paid monthly and earn interest at rates that are similar to market rates for comparable loans.

Credicorp does not grant directors or key personnel loans that are guaranteed with its shares or shares of its other companies.

Credicorp's key executives' compensation as of December 31, 2007, 2008 and 2009 was comprised of the following:

	2007	2008	2009
		(U.S. Dollars in thousands)	
Stock appreciation rights	27,113	27,362	4,720
Salaries	5,535	5,625	4,717
Director compensation	1,162	1,303	1,698
Other	12,947	8,209	1,415
Total	46,757	42,499	12,550

Our key executives' compensation comprises all the payments received by them, including the taxes that we assumed.

(C) Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

(A) Consolidated Statements and Other Financial Information

Consolidated Financial Statements

See "Item 18. Financial Statements."

Legal Proceedings

We, along with our subsidiaries, are involved in certain legal proceedings that arise in the normal course of conducting business. We do not believe that any liabilities that may result from such proceedings would have a material adverse effect on our financial condition or results of operations, or on the financial condition or results of operations of any of our subsidiaries.

Government Investigations

Neither we, nor any of our subsidiaries, are involved in any government investigation.

Dividend Policy

Pursuant to Bermuda law, we may declare and pay dividends from time to time so long as after payment of the dividends: (i) we are able to pay our liabilities as they become due, and (ii) the realizable value of our assets is not less than the aggregate value of our liabilities, issued share capital, and share premium accounts. We cannot make any assurances as to the amount of any dividends or as to whether any dividends will be paid at all, although we currently intend to declare and pay dividends annually, and our Board of Directors currently expects to authorize the payment of an annual dividend to the shareholders of no less than 25% of our consolidated net profits. However, our payment of dividends is subject to Bermuda law and to the discretion of our Board of Directors. The Board's decision will depend on (i) general business conditions, (ii) our financial performance, (iii) the availability of dividends from our subsidiaries and any restrictions on their payment, and (iv) other factors that the Board may deem relevant.

We rely almost exclusively on dividends from our subsidiaries for the payment of our corporate expenses and for the distribution of dividends to holders of our common shares. Subject to certain reserve and capital adequacy requirements under applicable banking and insurance regulations, we are able to cause our subsidiaries to declare dividends. To the extent our subsidiaries do not have funds available or are otherwise restricted from paying us dividends, our ability to pay dividends on our common shares will be adversely affected. Currently, there are no restrictions on the ability of BCP, ASHC, PPS, or any of our other subsidiaries to pay dividends abroad. In addition, BCP and PPS intend to declare and pay dividends in Nuevos Soles, while we intend to declare and pay dividends in U.S. Dollars. 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 the dividends we pay would be adversely affected. See "Item 3. Key Information—(A) Selected Financial Data—Exchange Rates."

The following table shows cash and stock dividends that we paid in the periods indicated:

Year ended December 31,	Number of Shares Entitled to Dividends	Cash Dividends Per Share	Stock Dividends Per Share
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
2002	94,382,317	US$ 0.40	0.00
2003	94,382,317	US$ 0.30	0.00
2004	94,382,317	US$ 0.40	0.00
2005	94,382,317	US$ 0.80	0.00
2006	94,382,317	US$ 1.10	0.00
2007	94,382,317	US$ 1.30	0.00
2008	94,382,317	US$ 1.50	0.00
2009	94,382,317	US$ 1.70	0.00

On February 24, 2010, our Board of Directors declared a cash dividend of US$1.70 per common share held at the close of business on April 16, 2010. This dividend was distributed on May 11, 2010.

ITEM 9. THE OFFER AND LISTING

(A) Offer and Listing Details

Price History of Credicorp's Stock

Our common shares have been traded on the New York Stock Exchange since October 25, 1995 under the symbol BAP. Our common shares also trade on the Lima Stock Exchange. They are quoted in U.S. Dollars on both 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 our common shares on the New York Stock Exchange.

	High	Low	Average Daily Volume
2005	US$ 28.81	US$ 14.41	82,338
2006	US$ 45.42	US$ 21.88	176,388
2007	US$ 76.81	US$ 38.04	279,602
2008	US$ 86.19	US$ 30.23	399,661
2009	US$ 78.35	US$ 32.91	359,807
2008			
First quarter	US$ 80.25	US$ 69.99	366,249
Second quarter	US$ 86.19	US$ 75.01	340,571
Third quarter	US$ 81.33	US$ 55.64	421,241
Fourth quarter	US$ 60.68	US$ 30.23	469,019
2009			
First quarter	US$ 53.02	US$ 34.58	503,904
Second quarter	US$ 61.52	US$ 45.83	408,861
Third quarter	US$ 76.26	US$ 54.81	264,382
Fourth quarter	US$ 78.35	US$ 66.70	269,604
2010			
First quarter	US$ 86.48	US$ 70.46	205,535
Second quarter (through June 14)	US$ 93.22	US$ 78.39	225,722

Source : Bloomberg

The table below sets forth, for the periods indicated, the reported high and low closing prices and average daily trading volume for our common shares on the Lima Stock Exchange.

	High	Low	Average Daily Volume
	(U.S. Dollars)		
2005	28.99	14.33	15,744
2006	45.58	38.27	16,950
2007	76.48	38.24	22,553
2008	86.00	31.01	15,386
2009	77.95	33.21	11,713
2008			
First quarter	80.12	70.00	10,460
Second quarter	84.80	73.54	12,763
Third quarter	81.50	56.20	17,033
Fourth quarter	60.40	31.01	20,598
2009			
First quarter	53.10	34.90	16,530
Second quarter	61.59	45.75	12,652
Third quarter	75.71	54.54	7,704
Fourth quarter	77.95	67.41	10,599
2010			
First quarter	86.60	70.86	10,624
Second quarter (through June 14)	93.00	78.50	5,535

Source: Bloomberg

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

	High	Low
	(U.S. Dollars)	
2009		
December	75.53	71.25
2010		
January	77.08	70.46
February	77.47	71.41
March	86.48	77.03
April	90.37	85.93
May	89.40	78.39
June (through June 14)	93.22	87.58

Source: Bloomberg

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

	High	Low
	(U.S. Dollars)	
2009		
December	74.92	70.95
2010		
January	76.76	70.86
February	77.33	71.83
March	86.60	76.99
April	90.00	85.45
May	88.60	78.50
June (through June 14)	93.00	87.60

Source: Bloomberg

On June 14 2010, the last sale price of our common shares on the New York Stock Exchange was US$92.95 per share. On June 14, 2010, the closing price of our common shares on the Lima Stock Exchange was US$93.00.

(B) Plan of Distribution

Not applicable.

(C) Markets

The Lima Stock Exchange

(i) Trading

As of December 2009, there were 257 companies listed on the Bolsa de Valores de Lima (Lima Stock Exchange). The Lima Stock Exchange is Peru’s only securities exchange and 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 as follows: 9:00 a.m.-9:30 a.m. (pre-market ordering); 9:30 a.m.-1:30 p.m. (trading); 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 all transactions on the Lima Stock Exchange currently take place on the electronic system.

Transactions during both the open outcry and the 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 in which they were received. The orders specify the type of security ordered or offered as well as the amounts and the price of the sale or purchase. In general, share prices are permitted to increase or decrease up to 15% for Peruvian companies, and up to 30% for foreign companies, within a single trading day.

The Peruvian stock market capitalization increased, in U.S. Dollar terms, by 80.0% in 2005, 65.8% in 2006, and 80.3% in 2007. It decreased by 47.1% in 2008 as a result of the global economic crisis. It rebounded in 2009, growing by 87.5%, although it did not return to the record highs set in October 2007.

Traded volume in 2009 was considerably lower than in 2007-2008, and was quite close to the 2006 figure. The accumulated total for 2009 was US$5,710 million, with 70.1% relating to cash trading in equity securities, 18.6% to cash trading in fixed-income securities, 11.0% to repo transactions, 0.1% to primary placements, and the remaining 0.1%, to securities lending.

The Indice General de la Bolsa de Valores de Lima (the General Index of the Lima Stock Exchange or IGBVL) increased, in U.S. dollar terms, 60.5% in 2004, 24.6% in 2005, 186.9% in 2006, and 45.6% in 2007. It decreased 61.5% in 2008, but increased 101.0% in 2009.

(ii) Market Regulation

The Securities Market Law (Legislative Decree 861) addresses matters such as transparency and disclosure, takeovers and corporate actions, capital market instruments and operations, the securities markets and broker-dealers, and risk rating agencies. CONASEV, a governmental entity reporting to Peru's Ministry of Economy and Finance, was given additional responsibilities relating to the supervision, regulation, and development of the securities market, while the Lima Stock Exchange and its member firms were given the status of self-regulatory organizations. 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. These powers include studying, promoting, and making rules for the securities market, supervising its participants, and approving the registration of public offerings of securities.

CONASEV supervises the securities markets and the dissemination of information to investors. It also (i) governs the operations of the Public Registry of Securities and Brokers, (ii) regulates mutual funds and their management companies, (iii) monitors compliance with accounting regulations by companies under its supervision as well as the accuracy of financial statements and (iv) registers and supervises auditors who provide 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, we became the first non-Peruvian company to list our shares on the Lima Stock Exchange. See "Item 4. Information on the Company—(B) Business Overview—(11) Supervision and Regulation."

Pursuant to the Securities Market Law, the Lima Stock Exchange must maintain a guarantee fund that is funded by its member firms. The actual contributions to be made by the 21 member firms of the Lima Stock Exchange are based on volume traded over the exchange. At present, the fund has approximately S/.28 million (US$9.75 million). In addition to the guarantee fund managed by the Lima Stock Exchange, each member firm is required to maintain a guarantee for operations carried on outside the exchange in favor of CONASEV. Such guarantees are generally established 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.

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ITEM 10. ADDITIONAL INFORMATION

(A) Share Capital

Not applicable.

(B) Memorandum and Articles of Association

"Item 10. Additional Information—Memorandum and Articles of Incorporation" from our Annual Report on Form 20-F dated June 27, 2003 is incorporated herein by reference.

At our Annual General Shareholders' Meeting held on March 31, 2005, we adopted an amendment to our bye-laws that increased the number of our directors from six to eight. In addition, we also removed provisions that established a classified board structure with staggered terms, adopting instead fixed three-year terms to be served until the end of the Annual General Shareholders' Meeting for the year in which the three-year period expires. These amendments were primarily adopted to give more stability to our administration and to give AFPs, whose ownership of our common shares has steadily increased (see "Item 7. Major Shareholders and Related Party Transactions—(A) Major Shareholders"), direct representation on our Board of Directors. Directors were also elected to two newly created directorships to represent pension funds.

(C) Material Contracts

As of the date hereof, we have not, nor have our subsidiaries, entered into any material contracts.

(D) Exchange Controls

We have been designated as a non-resident for Bermuda exchange control purposes, and therefore, there are no restrictions on our ability to transfer non-Bermuda funds in and out of Bermuda or to pay dividends to United States residents who are holders of our common shares.

We rely almost exclusively on dividends from BCP, ASHC, PPS, and our other subsidiaries for the payment of dividends to holders of our common shares. To the extent our subsidiaries are restricted by law from paying us dividends, our ability to pay dividends on our common shares will be adversely affected.

In addition, we present our financial statements and pay dividends in U.S. Dollars. BCP and PPS prepare their financial statements and pay dividends in Nuevos Soles. If the value of the Nuevo Sol were to fall relative to the U.S. Dollar between the date of declaration and the date of payment of dividends, the value of the dividends we receive from our subsidiaries would be adversely affected. On an overall basis, the Peruvian currency has appreciated against the US. Dollar during the last decade.

Although substantially all of the customers of BCP, ASHC and PPS are located in Peru, as of December 31, 2009, approximately 59% of BCP's loan portfolio, 100% of ASHC's loan portfolio, and 88.6% of PPS's premiums were denominated in U.S. Dollars. Most of the borrowers or insureds of these three companies use Nuevo Soles. Therefore, a devaluation of the Nuevo Sol would effectively increase the cost to the borrower of repaying its loans and the cost to the insured of making its premium payments. As a result, devaluation could lead to more nonperforming loans or unpaid premiums for BCP, ASHC and PPS.

One circumstance that could lead to a devaluation is 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 rate controls in Peru and all foreign exchange transactions are based on free market exchange 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. These investors are allowed to purchase foreign exchange at free market exchange rates through any member of the Peruvian banking system.

(E) Taxation

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty, or inheritance tax that we must pay or our shareholders must pay with respect to their shares. We have obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax on profits or income, or on any capital asset, gain, or appreciation or any tax in the nature of an estate duty or inheritance tax, such tax shall not, until March 28, 2016, be applicable to us or to any of our operations or to our shares, debentures, or other obligations. This assurance, however, does not cover any tax applicable to persons ordinarily resident in Bermuda or to any taxes that we must pay with respect to real property that we own or lease in Bermuda.

As an exempted company, we are liable to pay in Bermuda an annual government fee based upon our authorized share capital and the premium on our issued common shares, which amounted to approximately US$18,670 in 2009.

(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 our registered office.

(I) Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

By their nature, our activities involve principally the use of financial instruments, including derivatives. We accept deposits from customers at both fixed and floating rates for various periods and seek to earn above-average interest margins by investing these funds in high-quality assets. We seek to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

We also seek to raise interest margins by obtaining above-average market margins, net of allowances, through lending to commercial and retail borrowers with a range of credit products. Such exposures involve not only on-balance sheet loans and advances; the Group also enters into guarantees and other commitments such as letters of credit and performance.

We also take positions in traded and over-the-counter instruments, including derivatives, to take advantage of short-term market movements in equities, bonds, currency and interest rates.

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

The independent risk control process does not include business risks such as changes in the environment, technology, or industry. These risks are monitored through our strategic planning process.

Risk Management Structure

Our board of directors and the boards of each subsidiary are ultimately responsible for identifying and controlling risks; however, there are separate independent bodies in the major subsidiaries (BCP, PPS, and ASHC) responsible for managing and monitoring risks, as further explained bellow:

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

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

Risk Management Department: The Risk Management Department of each major subsidiary is responsible for developing, implementing, and improving, on a continuous basis, our risk management infrastructure by adopting and incorporating global best practices and following established policies.

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

Treasury and Foreign Exchange Departments: Our Treasury Department is responsible for managing our assets and liabilities and our overall financial structure. It is also primarily responsible for managing funding and liquidity risks and for managing the investment, forward, and spot portfolios. It also assumes the related liquidity, interest rate, and exchange rate risks, under the policies and limits that are in effect.

Risk Measurement and Reporting Systems

Our risks are measured using a method which reflects both the expected losses likely to arise in normal circumstances and the unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. We also examine worst-case scenarios that might arise in the event that extreme and unlikely events do, in fact, occur.

Monitoring and controlling risks are primarily performed based on limits that we establish. These limits reflect our business strategy, the market environment, and the level of risk that we are willing to accept. In addition, we monitor and measure our overall risk-bearing capacity relative to our aggregate risk exposure across all risk types and

activities.

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

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Risk Mitigation

As part of our overall risk management, we use derivatives and other instruments to manage exposures resulting from interest rates, foreign currencies, equity risk, and credit risk.

The risk profile is assessed before entering into hedge transactions, which are authorized by the appropriate level of seniority within the Group. The effectiveness of hedges is assessed by the Risk Management Department (based on economic considerations rather than the IFRS hedge accounting regulations). The effectiveness of all the hedge relationships is monitored by the unit monthly. When a hedge is found to be ineffective, we will enter into a new hedge relationship to mitigate risk on a continuous basis.

We actively use collateral to reduce credit risks.

Excessive Risk Concentration

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

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

Market Risk

We take on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, currency, commodities, or equity products—all of which are exposed to general and specific market movements and changes in the level of volatility of prices such as interest rates, credit spreads, foreign exchange rates, and equity prices. Due to the nature of our current activities, commodity price risk is not applicable.

We separate exposures to market risk into two groups: (i) those that arise from value fluctuation of trading portfolios due to movements of market rates or prices (Trading Book) and (ii) those that arise from changes in the structural positions of non-trading portfolios due to movements of the interest rates, prices, and foreign exchange ratios (ALM Book).

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

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

Trading Book

The trading book is made up of liquid investment instruments. The trading book is characterized for having liquid positions in equities, bonds, foreign currencies and derivatives. Some limits have been set in order to control and monitor the risks undertaken. These risks arise from the size of the positions and/or from the volatility of the risk

factors embedded in each financial instrument. Regular reports are prepared for the Risk Management Committees and top management. The major measurement technique used to measure and control market risk is Value at Risk (VaR).

We apply VaR to trading portfolios to estimate the market risk of positions held and the maximum losses that are expected, based upon a number of assumptions for various changes in market conditions. Our Risk Management Committee sets limits on the level of risk that may be accepted and reviews these levels daily.

VaR is a statistically-based estimate of the potential loss on the current portfolio due to adverse market movements. It expresses the "maximum" amount we might lose, but only to a certain level of confidence (99 percent). There is therefore a specified statistical probability (1 percent) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain "holding period" until positions can be closed (1 day - 10 days). The time horizon used to calculate VaR is one day; however, the one-day VAR is amplified to a 10-day time frame and calculated multiplying the one-day VaR by the square root of 10. Results are presented in the tables below. The assessment of past movements is based on historical one-year data. We apply these historical changes in rates directly to our current positions (a method known as historical simulation).

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As of December 31, 2009 and 2008, our VaR by type of asset was as follows:

	2009 US$(000)	2008 US$(000)
Equity securities	2	55
Mutual funds	-	1,034
Fixed income	1,142	1,116
Derivatives	2,541	-
Consolidated VaR by type of asset	2,269	1,064

As of December 31, 2009 and 2008, our VaR by risk type is as follows:

	2009 US$(000)	2008 US$(000)
Foreign exchange risk	985	579
Interest rate risk	1,802	1,063
Equity risk	1	850
Consolidated VaR by risk type	2,269	1,604

ALM Book

The management of risks associated with long-term and structural positions is called Asset and Liability Management (ALM). Non-trading portfolios which comprise the ALM Book are exposed to different sensitivities that can deteriorate the value of our assets relative to our liabilities and hence can reduce our net worth.

Interest Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. We are exposed to both fair value interest rate risk and cash flow interest rate risk. Interest margins may increase as a result of such changes but may also decrease in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest

rate re-pricing that may be undertaken. This level is monitored daily by Treasury Department.

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Re-pricing Gap

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

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

	As of December 31, 2009						
	Up to 1 month US$(000)	1 to 3 months US$(000)	3 to 12 months US$(000)	1 to 5 years US$(000)	More than 5 years US$(000)	Non-interest bearing US$(000)	Total US$(000)
Assets							
Cash and due from banks	2,745,587	70,616	81,969	-	-	938,486	3,836,658
Investments	494,937	1,009,295	1,009,704	1,254,765	928,562	453,117	5,150,380
Loans	1,739,632	3,144,271	2,142,219	3,176,243	1,028,915	-	11,231,280
Assets designated at fair value through profit and loss	-	258	310	1,657	3,565	129,880	135,670
Premiums and other policies receivables	-	-	-	-	-	121,338	121,338
Accounts receivable from re-insurers and co-insurers	-	-	-	-	-	137,098	137,098
Other assets	-	-	-	-	-	1,415,683	1,415,683
Total assets	4,890,156	4,224,440	3,234,202	4,432,665	1,961,042	3,195,602	22,028,107
Liabilities							
Deposits and obligations	4,025,133	3,716,882	2,711,965	311,252	28,601	3,297,995	14,091,828
Due to banks and correspondents	310,694	633,874	10,208	128,643	57,835	26,184	1,167,438
Liabilities designated at fair value through profit or loss	-	-	-	-	-	48,009	48,009
Technical, insurance claims reserves and reserves for unearned premiums	39,932	24,949	112,373	164,216	367,552	309,769	1,018,791
Borrowed funds	953,461	2,815	13,385	93,177	26,383	-	1,089,221
Bonds and subordinated notes issued	5,880	18,768	71,627	448,803	728,653	13,291	1,287,022
Other liabilities	-	-	-	-	-	822,446	822,446
Equity	-	-	-	-	-	2,503,352	2,503,352
Total liabilities and equity	5,335,100	4,397,288	2,919,558	1,146,091	1,209,024	7,021,046	22,028,107
Off-Balance sheet items							
Derivatives assets	2,094,179	1,574,953	976,153	1,152,853	67,810	-	5,865,948
	957,368	1,238,661	1,221,097	2,042,343	406,479	-	5,865,948

Derivatives liabilities	1,136,811	336,292	(244,944)	(889,490)	(338,669)	-	-
Marginal gap	781,867	163,444	69,700	2,397,084	413,349	(3,825,444)	-
Accumulated gap	781,867	945,311	1,015,011	3,412,095	3,825,444	-	-

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	As of December 31, 2008						
	Up to 1 month US$(000)	1 to 3 months US$(000)	3 to 12 months US$(000)	1 to 5 years US$(000)	More than 5 years US$(000)	Non-interest bearing US$(000)	Total US$(000)
Assets							
Cash and due from banks	2,455,413	196,588	46,536	10,218	-	1,057,416	3,766,171
Investments	818,153	1,208,344	988,796	542,759	1,139,201	289,585	4,986,838
Loans	2,038,457	2,412,234	2,274,854	2,992,480	604,016	-	10,322,041
Assets designated at fair value through profit and loss	-	249	329	790	1,954	134,623	137,945
Premiums and other policies receivables	-	-	-	-	-	111,561	111,561
Accounts receivable from re-insurers and co-insurers	-	-	-	-	-	165,144	165,144
Other assets	-	-	-	-	-	1,331,369	1,331,369
Total assets	5,312,023	3,817,415	3,310,515	3,546,247	1,745,171	3,089,698	20,821,069
Liabilities							
Deposits and obligations	4,114,430	3,268,610	2,991,905	321,984	39,979	3,213,529	13,950,437
Due to banks and correspondents	178,539	745,155	197,935	11,705	32,544	14,113	1,179,991
Accounts payable to re-insurers and co-insurers	-	-	-	-	-	55,841	55,841
Technical, insurance claims reserves and reserves for unearned premiums	31,254	19,357	86,935	148,437	331,697	350,090	967,770
Borrowed funds	1,008,997	2,474	11,762	81,871	45,612	-	1,150,716
Bonds and subordinated notes issued	817	-	63,208	284,577	428,788	7,840	785,230
Other liabilities	-	-	-	-	-	934,979	934,979
Equity	-	-	-	-	-	1,796,105	1,796,105
Total liabilities and equity	5,334,037	4,035,596	3,351,745	848,574	878,620	6,372,497	20,821,069
Off-Balance sheet items							
Derivatives assets	2,499,906	1,295,838	590,446	469,276	293,100	-	5,148,566
Derivatives liabilities	1,618,002	788,307	834,589	1,471,042	436,626	-	5,148,566

	881,904	507,531	(244,143)	(1,001,766)	(143,526)	-	-
Marginal gap	859,890	289,350	(285,373)	1,695,907	723,025	(3,282,799)	-
Accumulated gap	859,890	1,149,240	863,867	2,559,774	3,282,799	-	-

Sensitivity to Changes in Interest Rates

The following table presents the sensitivity of our consolidated income statement and consolidated statement of comprehensive income (before income tax and minority interest) to a reasonable possible change in interest rates, with all other variables held constant,.

The sensitivity of the consolidated income statement reflects the effect of the assumed changes in interest rates on the net interest income for one year, before income tax and minority interest, based on the floating rate of non-trading financial assets and financial liabilities held at December 31, 2009 and 2008, including the effect of derivatives instruments. The sensitivity of consolidated comprehensive income is calculated by revaluing at various interest rates our fixed rate available-for-sale financial assets, before income tax and minority interest. This analysis includes the effect of any associated hedges and derivatives instruments designated as cash flow hedges:

	As of December 31, 2009					
Currency	Changes in basis points		Sensitivity of net income US$(000)		Sensitivity of comprehensive income US$(000)	
U.S. Dollar	+/-	50	+/-	10,484	-/+	43,174
U.S. Dollar	+/-	75	+/-	15,727	-/+	64,762
U.S. Dollar	+/-	100	+/-	20,969	-/+	86,349
U.S. Dollar	+/-	150	+/-	31,453	-/+	129,523
Peruvian Currency	+/-	50	-/+	3,446	-/+	24,856
Peruvian Currency	+/-	75	-/+	5,169	-/+	37,284
Peruvian Currency	+/-	100	-/+	6,892	-/+	49,711
Peruvian Currency	+/-	150	-/+	10,339	-/+	74,567

The interest rate sensitivities set out in the table above are illustrative only and are based on simplified scenarios. The figures represent the effect of the pro-forma movements in the net interest income based on the projected yield curve scenarios and our current interest rate risk profile. This effect, however, does not incorporate actions that would be taken by our management to mitigate the impact of this interest rate risk. In addition, we seek proactively to change the interest rate risk profile to minimize losses and optimize net revenues. The projections above also assume that interest rate of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged. The projections make other simplifying assumptions as well, including an assumption that all positions run to maturity.

Available-for-sale investments, securities, and mutual funds are not considered part of the investment securities for purposes of this sensitivity calculation; however, presented below is a table of how the expected unrealized gain or loss on equity securities and mutual funds responds to changes in market prices of these securities, at the 10%, 25%, and 30% levels:

Market price sensitivity	Changes in market prices %		As of December 31, 2009 US$(000)	
Equity securities	+/-	10	+/-	33,073
Equity securities	+/-	25	+/-	82,683
Equity securities	+/-	30	+/-	99,220
Mutual funds	+/-	10	+/-	17,454
Mutual funds	+/-	25	+/-	43,635
Mutual funds	+/-	30	+/-	52,361

Foreign Exchange Risk

Our financial position and cash flows are exposed to foreign currency exchange rates. Management sets limits on the acceptable level of exposure to individual currencies and in total for both overnight and intra-day positions, which are monitored daily.

Foreign currency transactions are made at the free market exchange rates of the countries where our subsidiaries are established. As of December 31, 2009 and 2008, our assets and liabilities by currencies were as follows:

2009	U.S. Dollars US$(000)	Peruvian currency US$(000)	Other currencies US$(000)	Total US$(000)
Monetary assets -				
Cash and due from banks	3,094,366	501,769	240,523	3,836,658
Trading securities	13,982	8,920	47,872	70,774
Available-for-sale investments	2,354,804	2,034,768	690,034	5,079,606
Loans, net	6,755,563	4,285,076	190,641	11,231,280
Financial assets designated to fair value through profit and loss	135,670	-	-	135,670
Other assets	507,057	563,065	22,977	1,093,099
	12,861,442	7,393,598	1,192,047	21,447,087
Monetary liabilities -				
Deposits and obligations	(8,156,869)	(5,398,780)	(536,179)	(14,091,828)
Due to bank and correspondents and borrowed funds	(2,126,963)	(128,800)	(896)	(2,256,659)
Financial liabilities designated at fair value through profits and loss	-	-	-	-
Bonds and subordinated notes issued	(612,098)	(562,739)	(112,185)	(1,287,022)
Other liabilities	(1,187,739)	(651,365)	(50,142)	(1,889,246)
	(12,083,669)	(6,741,684)	(699,402)	(19,524,755)
	777,773	651,914	492,645	1,922,332
Forwards position, net	265,114	(198,637)	(66,477)	-
Currency swaps position, net	(142,015)	183,598	(41,583)	-
Cross-currency swaps position, net and interest rate swaps position, net	77,768	129,049	(206,817)	-
Options	(3,711)	3,711	-	-
Net monetary position	974,929	769,635	177,768	1,922,332

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2008	U.S. Dollars US$(000)	Peruvian currency US$(000)	Other currencies US$(000)	Total US$(000)
Monetary assets -				
Cash and due from banks	3,156,279	495,550	114,342	3,766,171
Trading securities	23,220	11,523	1,341	36,084
Available-for-sale investments	2,890,978	1,734,526	325,250	4,950,754
Loans, net	6,930,125	3,298,579	93,337	10,322,041
Financial assets designated to fair value through profit and loss	136,311	1,634	-	137,945
Other assets	594,107	255,476	12,383	861,966
	13,731,020	5,797,288	546,653	20,074,961
Monetary liabilities -				
Deposits and obligations	(8,614,042)	(4,963,932)	(372,463)	(13,950,437)
Due to bank and correspondents and borrowed funds	(2,189,114)	(140,155)	(1,438)	(2,330,707)
Bonds and subordinated notes issued	(311,860)	(473,370)	-	(785,230)
Other liabilities	(1,425,817)	(508,063)	(24,710)	(1,958,590)
	(12,540,833)	(6,085,520)	(398,611)	(19,024,964)
	1,190,187	(288,232)	148,042	1,049,997
Forwards position, net	(627,600)	591,628	35,972	-
Currency swaps position, net	71,154	(71,154)	-	-
Cross-currency swaps position, net and interest rate swaps position, net	(317,043)	317,043	-	-
Net monetary position	316,698	549,285	184,014	1,049,997

We manage foreign exchange risk by monitoring exchange rates and adjusting the position values based on changes in exchange rates. We measure our performance in U.S. Dollars, so if the net foreign exchange position (e.g. Peruvian currency) is an asset, any depreciation of the U.S. Dollar with respect to this currency would affect positively our consolidated statements of financial position. The current position in a foreign currency comprises exchange rate-linked assets and liabilities in that currency. An institution's open position in individual currencies comprises assets, liabilities, and off-balance sheet items denominated in the respective foreign currency for which the institution itself bears the risk; any appreciation or depreciation of the foreign exchange rate would affect the consolidated income statement.

Our net foreign exchange balance is the sum of its positive open non-U.S. Dollar positions (net long position) less the sum of its negative open non-U.S. Dollar positions (net short position); any devaluation or revaluation of the foreign exchange position would affect the consolidated income statement. A currency mismatch would leave our consolidated statements of financial position vulnerable to a fluctuation of the foreign currency (exchange rate shock).

The sensitivity analysis in the table below shows the effect of the Peruvian Currency, the currency to which we had significant exposure as of December 31, 2009 and 2008, on its non-trading monetary assets and liabilities and its forecasted cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the U.S. Dollar, with all other variables held constant on the consolidated income statement, before income tax. A negative amount in the table reflects a potential net reduction in the consolidated income statement, while a positive amount reflects a net potential increase:

Sensitivity Analysis	Change in Currency Rates %	2009 US$(000)	2008 US$(000)
Devaluation -			
Peruvian Currency	5	(40,507)	(28,910)
Peruvian Currency	10	(85,515)	(61,032)
Revaluation -			
Peruvian Currency	5	36,649	26,156
Peruvian Currency	10	69,967	49,935

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

(A) Material Defaults

We, along with our subsidiaries, have never defaulted on any of our debt or have been forced to reschedule any of our obligations.

(B) Dividend Arrearages and Delinquencies

None.

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

None.

ITEM 15. CONTROLS AND PROCEDURES

(A) Disclosure Controls and Procedures

Our management, with the participation of and under the supervision of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of December 31, 2009. Based on this evaluation, our management, principal executive officer, and principal financial officer have concluded that our disclosure controls and procedures are effective in ensuring that information that we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in U.S. Securities and Exchange Commission (SEC) rules and forms.

(B) Management's Annual Report on Internal Control over Financial Reporting

Our Board of Directors and management are responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the preparation and fair presentation of published financial statements in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, the IASB.

Our internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation and fair presentation of financial statements, and our receipts and expenditures are being made only in accordance with authorizations of our management; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2009 based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, in Internal Control-Integrated Framework. Based on this assessment, our management believes that, as of December 31, 2009, our internal control over financial reporting was effective. Our management also found no material weaknesses in our internal control over financial reporting and therefore no corrective actions were taken.

The effectiveness of our internal control over financial reporting as of December 31, 2009 has been audited by Medina, Zaldívar, Paredes & Asociados (member firm of Ernst & Young Global), our independent registered public accounting firm, as stated in their report included herein, and it has expressed an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2009.

By: /s/ DIONISIO ROMERO P.
Name: Dionisio Romero
Title: Chief Executive Officer

By: /s/ ALVARO CORREA
Name: Alvaro Correa
Title: Chief Financial Officer

June 15, 2010

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(C) Attestation Report of the Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

To the Shareholders and Board of Directors of Credicorp Ltd.

We have audited Credicorp Ltd. and Subsidiaries' (hereinafter "Credicorp") internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Credicorp's Management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on Credicorp's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting (continued)

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Credicorp maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States of America), the consolidated statement of financial position as of December 31, 2009 and 2008, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2009 and our report dated June 15, 2010, expresses an unqualified opinion thereon.

Countersigned by:

Cristian Emmerich
C.P.C.C. Register Nº19-289
Lima, Peru,
June 15, 2010

(D) Changes in Internal Control over Financial Reporting

During the period covered by this Annual Report, no changes were made to our internal control over financial reporting that have materially affected, or are likely to materially affect, internal control over financial reporting.

ITEM 15T. CONTROLS AND PROCEDURES

Not applicable.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

In its session held on March 31, 2009, our Board of Directors elected Germán Suárez and Reynaldo Llosa as members of the Audit Committee. The Board elected Mr. Reynaldo Llosa as the Chairman, Mr. Suárez as the Audit Committee Financial Expert, as that term is defined in the instructions to Item 16A of Form 20-F, and Mr. Benedicto Cigüeñas, Director of BCP as an advisor. Our board of directors also determined that Mr. Suárez is “independent” as defined in Rule 10A-3 under the Exchange Act and in Section 303A.02 of The NYSE Listed Company Manual. Mr. Suárez is an economist, and received his Masters degree in economics from Columbia University. Mr. Suárez became a director on March 31, 2005. Mr. Suárez was President and Chairman of the Board of Banco Central de Reserva del Perú from 1992 to 2001, and serves as director on the board of directors of various other companies, among which is Compañía de Minas Buenaventura S.A.

ITEM 16B. CODE OF ETHICS

We have adopted a code of ethics (Código de Etica) that is applicable to our Board of Directors, including our chief executive officer, chief financial officer, and our other principal executive officers, as well as to all other employees. In addition, we have adopted a code of ethics for professionals with financial responsibility (Código de Etica Para Profesionales con Responsibilidad Financiera) applicable to employees with financial management responsibilities. Our code of ethics and code of ethics for professionals with financial responsibility are available on the corporate governance section of our web site at http://www.credicorpnet.com.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth for each of the years indicated the fees paid to our independent auditor, Medina, Zaldívar, Paredes & Asociados, member of Ernst & Young Global, for the audit of our financial statements for the years ended December 31, 2007, 2008, and 2009, respectively. The Audit Committee recommends the appointment of the independent auditor every fiscal year, which is done at the Annual General Shareholders’ Meeting.

At our Annual General Shareholders’ Meeting held on March 26, 2010, Medina, Zaldívar, Paredes y Asociados was reelected as our external auditor for the financial year 2010. This designation was made in accordance with the proposal and recommendation of the Audit Committee and authorization by the Board of Directors. The Board has also designated the duty of approving the auditor’s fees to the Audit Committee.

	Years ended December 31,		
	2007	2008	2009

	(U.S. Dollars in thousands)		
Audit	US$ 2,264	US$ 2,005	US$ 2,436
Audit – Related	-	-	-
Tax	28	31	69
All Other	32	203	287
Total	US$ 2,323	US$ 2,239	US$ 2,792

Audit Fees correspond to audit services performed (i) reviewing of Credicorp's consolidated financial statements and its subsidiaries, (ii) establishing the procedures that the independent auditor needs to perform in order to form an opinion about Credicorp's consolidated financial statements, and (iii) complying with the statutory requirements applicable to Credicorp's subsidiaries. Audit fees also include expenses related to the audit work in connection with reviews of interim financial information and the comfort letter issued. All fees were approved by the Audit Committee.

Audit-Related Fees elate to services that are similar to the execution of an audit or a review of Credicorp's financial statements and which are traditionally performed by the independent auditor. Such audit-related services include: assistance in the understanding of new accounting and financial rules established by regulatory entities; audit-related procedures on accounting matters previously agreed with Credicorp management; due diligence and special audit reviews of internal control procedures. There were no audit-related fees during 2009.

Tax Fees relate to tax services which include all services performed by Credicorp's independent auditor's tax personnel, except those services specifically related to the review and preparation of Credicorp's financial statements, and consisting principally of tax compliance and advisory services approved by the Audit Committee.

All Other Fees mainly include expenses related to derivative operations consultancy, training courses for the Accounting department of PPS prepared by the independent auditors, and permitted advisory services related to BCP IT systems.

Audit Committee Pre-Approval Policies and Procedures

Our audit committee must approve all of the services the independent auditors provide as part of its responsibility in supervising their work. There are two types of approvals. The Audit Committee grants a "general approval" in advance to a list of services that the independent auditor may provide without further approval required by the Audit Committee. A general approval is valid for 12 months from the date of approval unless the Audit Committee determines a different period of validity should apply. The Audit Committee also grants "specific approval" for services that do not have general approval on a case-by-case basis. All of the services that do not have general approval need specific approval from the Audit Committee before any agreement is signed with the independent auditor to provide such services. Any service that exceeds approved costs or budgets will need specific approval from the Audit Committee. When considering granting any type of approval, the Audit Committee considers whether the requested services are consistent with the SEC's rules regarding the independence of the independent auditors.

Our audit committee supervises the execution of the independent audit services as necessary. It approves, when necessary, any modification in the terms, conditions, fees, and extent of the audit services. The Audit Committee may give a general approval for other audit services where the independent auditor is in the best position to provide those services. Such services typically include: audit services required by regulations, financial audits for our subsidiaries or affiliates, and services associated with the presentation of documents to the SEC or other documents published in relation to the trading of our shares.

The Audit Committee may award a general approval to audit-related services if its members consider that these services do not negatively affect the integrity of the independent auditor and are consistent with the rules of the SEC.

Following the rules promulgated by the SEC, our audit committee requires that all tax services provided by the independent auditors be subject to its approval. The Audit Committee may grant a specific approval to other services provided by the independent auditor so long as they do not impair the integrity of the independent auditor and are allowed by rules issued by the SEC concerning auditor independence.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

During 2009, we did not make any purchase of Credicorp shares for our own portfolio. Our affiliates, Prima AFP, Atlantic Security Bank, Credifondo, and Credibolsa did make purchases in open-market transactions on behalf of our clients as part of their core businesses.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

(A) New York Stock Exchange – Corporate Governance

The NYSE's corporate governance rules, codified in Section 303A of the NYSE's Listed Company Manual, apply, with certain limited exceptions, in full to companies listing common equity securities. Among the corporate governance issues addressed by Section 303A are the following:

- Director independence;
- The role of non-management directors;
- Nominating/corporate governance committee;
- Compensation committees;
- Audit committees;
- Disclosure of corporate governance guidelines, including those in relation to (i) director qualification standards, (ii) director responsibilities, (iii) director access to management and, as necessary and appropriate, independent advisors, (iv) director compensation, (v) director orientation and continuing education, (vi) management succession and (vii) annual performance evaluation of the Board of Directors;
- Code of business conduct and ethics for directors, officers and employees addressing, at a minimum, (i) conflicts of interest, (ii) corporate opportunities, (iii) confidentiality, (iv) fair dealing, (v) protection and proper use of company assets, (v) compliance with laws, rules and regulations (including insider trading laws) and (vi) encouraging the reporting of any illegal or unethical behavior;
- Disclosure by foreign private issuers of differences between their corporate governance practices and those of U.S. domestic companies under NYSE's listing standards;
- Certification of compliance with the NYSE's corporate governance standards and disclosure of violations of Section 303A; and
- NYSE actions resulting from violations of the NYSE's listing standards.

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(B) Bermuda Law – Corporate Governance

We are a company incorporated under the laws of Bermuda and are subject to Bermuda laws related to corporate governance. Under Bermuda law, there are no requirements with respect to the independence of our board of directors, meetings of non-management directors, the establishment and composition of certain committees or the adoption and disclosure of corporate governance guidelines or codes of business conduct and ethics. Certain Bermuda common law and statutory provisions, however, relate to duties and obligations of a company and its directors that are similar to some of the duties and obligations arising from the provisions of Section 303A.

(1) Fiduciary Duties and Duties of Skill and Care Under Bermuda Law

Under section 97(1) of the Companies Act 1981 of Bermuda, as amended (also referred to as the Companies Act), every director and officer of a company must act honestly and in good faith with a view to the best interests of the company (often referred to as a "fiduciary duty") and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances (often referred to as a "duty of skill and care").

Fiduciary Duty

Under the common law, the fiduciary duty of directors has four aspects which may be briefly summarized as follows:

- A duty to act honestly and in good faith. A director has a duty to act honestly and in good faith in what he considers are the best interests of the company and not for any collateral purpose. The courts allow the director wide discretion in determining this, interfering only if no reasonable director could have believed that a course of action was in the best interests of the company. However, a director acting honestly, but not in the best interests of the company, is in breach of such duty.

- A duty to exercise powers for a proper purpose. Directors must act within the powers set out in the company's memorandum of association and bye-laws and exercise their powers in the company's interests and for the purposes for which those powers were conferred. Even if the directors are acting in good faith in the interests of the company as a whole, they must still use their powers for the purposes for which they were intended. For example, in general directors are not allowed to exercise their powers in such a way as to prevent a majority of the members from exercising their rights.

- A duty to avoid conflicts of interest. A director must not put himself in a position where there is an actual or potential conflict between a personal interest and his duty to the company. However, a director may enter into a contract where a conflict of interest might arise if the bye-laws allow it or the company gives its approval in a general meeting. Our blaws do not prohibit a director from entering into a contract where a conflict of interest may arise, but they do prohibit a director from voting with respect to any contract or proposed contract or arrangement in which such director is interested or with which such director has a conflict of interest. In addition, section 97(4) of the Companies Act requires our directors and officers to disclose at the first opportunity any interest in a material contract, proposed material contract or person that is a party to a material contract or proposed material contract with us or any of our subsidiaries.

- A duty not to appropriate, divert or personally profit from corporate opportunities. Unless the bye-laws specifically provide otherwise, a director's fiduciary position precludes him from appropriating, diverting or taking a personal profit from any opportunities that result from the directorship. Our bye-laws do provide an exception to this rule. They provide that any director, any director's firm or partner, or any company with which any director is associated may act for us in a professional capacity. Such director, firm, partner or company will be entitled to compensation

for professional services as if the director were not a member of our board of directors. However, such director, firm, partner or company may not act as our auditor.

Duty of Skill and Care

Under the common law, the duty of skill and care has three aspects which may be briefly summarized as follows:

- Degree of Skill. A director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of like knowledge and experience.

A director is not expected to exercise a level of skill he does not have. The level of skill required of a director is subjective, in that the director is not expected, merely by virtue of the office, to possess any particular skills. Performance must be judged by the way the director applies any skills which he actually has. However, directors ought to acquire and maintain a sufficient knowledge and understanding of the company's business to enable them to properly discharge their duties as directors.

- Attention to the Business. A director must diligently attend to the affairs of the company. In the performance of this duty, a director must at a minimum display the reasonable care an ordinary person would be expected to take in the same circumstances on his own behalf. Mere errors of judgment have been held not to breach the duty of skill and care. A director, as such, is not bound to give continuous attention to the affairs of the company, as his or her duties are of an intermittent nature.

- Reliance on Others. A director is not liable for the acts of co-directors or other company officers solely by virtue of the position. A director is entitled to rely on his co-directors or company officers as well as subordinates who are expressly put in charge of attending to the detail of management, provided such reliance is honest and reasonable (although a director cannot absolve himself entirely of responsibility by delegation to others). As a general rule, before delegating responsibility to others, the directors in question should satisfy themselves that the delegates have the requisite skills to discharge the functions delegated to them. In addition, the directors must ensure that there is set up an adequate system of monitoring such delegates (e.g., managers). The directors must, on a regular basis, ensure that their delegates have fulfilled their obligations. The directors should require a regular flow of information from the delegates to ensure that they are carrying out their duties satisfactorily. In addition, section 97(5A) of the Companies Act provides that a director shall not have breached the fiduciary duty or duty of skill and care required by section 97(1) if he relies in good faith upon financial statements of the company represented to him by another director or officer of the company or a report of an attorney, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by him.

(2) Other Statutory Duties and Obligations

The Companies Act imposes certain specific duties and obligations on companies and directors, both directly and indirectly, including duties and obligations with respect to (i) loans to directors and related persons, (ii) limits on indemnities for directors and officers and (iii) the keeping of proper books of account.

Loans to Directors and Related Persons

It is not lawful for a company to make a loan or to enter into a guarantee or provide security in connection with a loan to a director or certain persons related to a director without the consent of the members of the company holding in the aggregate not less than 90% of the total voting rights of all the members having the right to vote at any meeting of the members of the company, except in certain specific circumstances.

Limits on Indemnity for Directors

Section 98 of the Companies Act provides generally that a Bermuda company may indemnify its directors, officers and auditors against any liability which, by virtue of any rule of law, would otherwise be imposed on them with respect to any negligence, default, breach of duty or breach of trust. However, this rule does not apply in cases where such liability arises from fraud or dishonesty of which such director, officer or auditor may be guilty in relation to the company or any of its subsidiaries. Any provision, whether contained in the bye-laws of a company or in any contract or arrangement between the company and one of its directors which would exempt such director from, or indemnify him against, any liability that would otherwise attach to him with respect to his fraud or dishonesty in relation to the company will be void. Section 98 further provides that a Bermuda company may indemnify its directors, officers and auditors against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgment is awarded in their favor or in which they are acquitted or granted relief by the Supreme Court of Bermuda pursuant to section 281 of the Companies Act. In the event that an allegation of fraud or dishonesty is made out, the director is obliged to disgorge any money provided for his defense.

Books of Account

It is the duty of the directors to cause to be kept proper books of account with respect to all sums of money received and expended by the company and the matters with respect to which the receipts and expenditures take place, all sales and purchases by the company, and the assets and liabilities of the company.

(C) Peruvian Law – Corporate Governance

Although we are a holding company whose principal subsidiaries (BCP and PPS) are incorporated under and subject to the laws of Peru, we are registered in Peru as a foreign issuer and are consequently only subject to Peruvian regulations applicable to foreign issuers. There are no corporate governance provisions under Peruvian law applicable to us that are similar to the provisions of Section 303A.

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

Credicorp Consolidated Financial Statements and the report of the independent public accounting firm in connection therewith are filed as part of this Annual Report on Form 20-F, as noted below:

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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.

Credicorp Ltd. and Subsidiaries

Consolidated financial statements as of December 31, 2009 and 2008 together with the Report of Independent Registered Public Accounting Firm

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Credicorp Ltd. and Subsidiaries

Consolidated financial statements as of December 31, 2009 and 2008

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Report of Independent Registered Public Accounting Firm

To the shareholders and Board of Directors of Credicorp Ltd.

We have audited the accompanying consolidated statement of financial position of Credicorp Ltd. and Subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 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 referred to above present fairly, in all material respects, the consolidated financial position of Credicorp Ltd. and Subsidiaries as of December 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report of Independent Registered Public Accounting Firm (continued)

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States of America), Credicorp Ltd and subsidiaries' internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated June 15, 2010, expressed an unqualified opinion thereon.

Lima, Peru,
June 15, 2010

Countersigned by:

Cristian Emmerich
C.P.C. Register Nº19-289

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Credicorp Ltd. and Subsidiaries

Consolidated statements of financial position
As of December 31, 2009 and 2008

	Note	2009 US$(000)	2008 US$(000)
Assets			
Cash and due from banks:	4		
Non-interest bearing		938,486	1,057,416
Interest bearing		2,898,172	2,708,755
		3,836,658	3,766,171
Investments:			
Trading securities		70,774	36,084
Investments available-for-sale	5	5,079,606	4,950,754
		5,150,380	4,986,838
Loans, net:	6		
Loans, net of unearned income		11,585,635	10,546,378
Allowance for loan losses		(354,355)	(224,337)
		11,231,280	10,322,041
Financial assets designated at fair value through profit or loss	7	135,670	137,945
Premiums and other policies receivable	8(a)	121,338	111,561
Accounts receivable from reinsurers and coinsurers	8(b)	137,098	165,144
Property, furniture and equipment, net	9	338,535	329,458
Due from customers on acceptances		96,423	232,580
Seized assets, net		11,233	11,454
Intangible assets and goodwill, net	10	341,951	246,957
Other assets	11	627,541	510,920
Total assets		22,028,107	20,821,069

	Note	2009 US$(000)	2008 US$(000)
Liabilities and equity			
Deposits and obligations:	12		
Non-interest bearing		3,297,995	3,213,529
Interest bearing		10,793,833	10,736,908
		14,091,828	13,950,437
Due to banks and correspondents	13(a)	1,167,438	1,179,991
Bankers' acceptances outstanding		96,423	232,580
Accounts payable to reinsurers and coinsurers	8(b)	48,009	55,841
Technical reserves, insurance claims reserves and reserves for unearned premiums	14	1,018,791	967,770

Borrowed funds	13(b)	1,089,221	1,150,716
Bonds and subordinated notes issued	15	1,287,022	785,230
Other liabilities	11	726,023	702,399
Total liabilities		19,524,755	19,024,964
Equity	16		
Capital and reserves attributable to Credicorp’s equity holders:			
Capital stock		471,912	471,912
Treasury stock		(74,242)	(73,107)
Capital surplus		130,341	140,693
Reserves		1,059,344	815,387
Other reserves		237,446	(45,393)
Retained earnings		492,055	379,680
		2,316,856	1,689,172
Minority interest		186,496	106,933
Total equity		2,503,352	1,796,105
Total liabilities and equity		22,028,107	20,821,069

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

Credicorp Ltd. and Subsidiaries

Consolidated statements of income
For the years ended December 31, 2009, 2008 and 2007

	Note	2009 US$(000)	2008 US$(000)	2007 US$(000)
Interest and dividend income	20	1,312,925	1,382,844	1,065,339
Interest expense	20	(420,564)	(561,617)	(431,365)
Net interest and dividend income		892,361	821,227	633,974
Provision for loan losses, net of recoveries	6(d)	(163,392)	(48,760)	(28,439)
Net interest and dividend income after provision for loan losses		728,969	772,467	605,535
Other income				
Banking services commissions	21	436,819	394,247	324,761
Net gain on foreign exchange transactions		87,944	108,709	61,778
Net gain on sale of securities		120,932	51,936	46,376
Net gain on financial assets and liabilities designated at fair value through profit or loss	7	42,792	-	65,088
Other	24	32,144	37,672	24,934
Total other income		720,631	592,564	522,937
Insurance premiums and claims				
Net premiums earned	22	424,682	393,903	297,272
Net claims incurred for life, property and casualty and health insurance contracts	23	(286,458)	(341,910)	(238,600)
Total premiums earned less claims		138,224	51,993	58,672

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Consolidated statements of income (continued)

	Note	2009 US$(000)	2008 US$(000)	2007 US$(000)
Other expenses				
Salaries and employees benefits		(467,116)	(365,201)	(409,037)
Administrative expenses		(312,256)	(269,291)	(206,966)
Net loss on financial assets and liabilities designated at fair value through profit or loss	7	-	(65,364)	-
Depreciation and amortization	9(a) and 10(a)	(71,099)	(57,369)	(51,013)
Provision for seized assets		(64)	(1,067)	(3,057)
Impairment loss on available-for-sale investments	5(c)	(9,825)	(60,435)	(5,017)
Other	24	(96,750)	(101,876)	(71,999)
Total other expenses		(957,110)	(920,603)	(747,089)
Income before translation result and income tax		630,714	496,421	440,055
Translation result		12,222	(17,650)	34,627
Income tax	17(b)	(138,500)	(109,508)	(102,287)
Net income		504,436	369,263	372,395
Attributable to:				
Equity holders of Credicorp Ltd.		469,785	357,756	350,735
Minority interest		34,651	11,507	21,660
		504,436	369,263	372,395
Earnings per share for net income attributable to equity holders of Credicorp Ltd. (in United States dollars):				
Basic	25	5.90	4.49	4.40
Diluted	25	5.90	4.49	4.40

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

Credicorp Ltd. and Subsidiaries

Consolidated statements of comprehensive income
For the years ended December 31, 2009, 2008 and 2007

	Note	2009 US$(000)	2008 US$(000)	2007 US$(000)
Net income		504,436	369,263	372,395
Other comprehensive income:				
Net gain (loss) on investments available–for-sale	16(d)	268,550	(198,646)	83,132
Net movement of cash flow hedge	16(d)	66,024	(81,293)	(40,371)
Income tax	16(d)	(5,841)	21,516	(11,046)
Other comprehensive income for the year, net of income tax		328,733	(258,423)	31,715
Total comprehensive income for the year, net of income tax		833,169	110,840	404,110
Attributable to:				
Equity holders of Credicorp Ltd.		752,624	132,813	382,876
Minority interest		80,545	(21,973)	21,234
		833,169	110,840	404,110

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

Credicorp Ltd. and Subsidiaries

Consolidated statements of changes in equity
For the years ended December 31, 2009, 2008 and 2007

	Attributable to Credicorp´s equity holders										
	Number of shares issued, note 25 (In thousands of units)	Capital stock	Treasury stock	Capital surplus	Reserves	Available-for-sale investments reserve	Cash flow hedge reserve	Retained earnings	Total	Minority interest	Total net equ
		US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(00
nces as of ary 1, 2007	94,382	471,912	(73,107)	140,693	479,902	144,471	2,938	230,013	1,396,822	136,946	1,533,7
nges in ty for 2007											
income	-	-	-	-	-	-	-	350,735	350,735	21,660	372,3
er prehensive me	-	-	-	-	-	72,512	(40,371)	-	32,141	(426)	31,7
l prehensive me	-	-	-	-	-	72,512	(40,371)	350,735	382,876	21,234	404,1
nsfer of ned ings to rves, note)	-	-	-	-	107,316	-	-	(107,316)	-	-	
n dividends, 16(e)	-	-	-	-	-	-	-	(103,690)	(103,690)	-	(103,6
dends of idiaries other	-	-	-	-	-	-	-	1	1	(18,916)	(18,9
nces as of ember 31, 7	94,382	471,912	(73,107)	140,693	587,218	216,983	(37,433)	369,743	1,676,009	139,264	1,815,2
nges in ty for 2008											
income	-	-	-	-	-	-	-	357,756	357,756	11,507	369,2
er prehensive me	-	-	-	-	-	(144,254)	(80,689)	-	(224,943)	(33,480)	(258,4
	-	-	-	-	-	(144,254)	(80,689)	357,756	132,813	(21,973)	110,8

l prehensive me											
sfers of ned ings to rves, note)	-	-	-	-	228,169	-	-	(228,169)	-	-	
n dividends, 16(e)	-	-	-	-	-	-	-	(119,648)	(119,648)	-	(119,6
dends of idiaries other	-	-	-	-	-	-	-	(2)	(2)	(10,358)	(10,3
nces as of ember 31, 8	94,382	471,912	(73,107)	140,693	815,387	72,729	(118,122)	379,680	1,689,172	106,933	1,796,1
nges in ty for 2009											
income	-	-	-	-	-	-	-	469,785	469,785	34,651	504,4
er prehensive me	-	-	-	-	-	216,248	66,591	-	282,839	45,894	328,7
l prehensive me	-	-	-	-	-	216,248	66,591	469,785	752,624	80,545	833,1
sfer of ned ings to rves, note)	-	-	-	-	238,107	-	-	(238,107)	-	-	
n dividends, 16(e)	-	-	-	-	-	-	-	(119,303)	(119,303)	-	(119,3
hase of sury stock	-	-	(1,135)	(10,352)	-	-	-	-	(11,487)	-	(11,4
re-based ments sactions, 18(b)	-	-	-	-	5,850	-	-	-	5,850	-	5,8
dends of idiaries other	-	-	-	-	-	-	-	-	-	(982)	(9
nces as of ember 31, 9	94,382	471,912	(74,242)	130,341	1,059,344	288,977	(51,531)	492,055	2,316,856	186,496	2,503,3

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

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Credicorp Ltd. and Subsidiaries

Consolidated statements of cash flows
For the years ended December 2009, 2008 and 2007

	2009 US$(000)	2008 US$(000)	2007 US$(000)
Cash flows from operating activities			
Net income	504,436	369,263	372,395
Add (deduct)			
Provision for loan losses	163,392	48,760	28,439
Depreciation and amortization	71,099	57,369	51,013
Provision for seized assets	64	1,067	3,057
Provision for sundry risks	14,425	37,549	8,096
Deferred income tax	(8,552)	(4,394)	(14,921)
Net gain on sales of securities available-for-sale	(120,932)	(51,936)	(46,376)
Impairment loss on available-for-sale investments	9,825	60,435	5,017
Net (gain) loss on financial assets and liabilities designated at fair value through profit and loss	(42,792)	65,364	(65,088)
Gain on sales of property, furniture and equipment	(388)	(979)	(42)
Translation result	(12,222)	17,650	(34,627)
Loss (gain) for shared-based compensation plan	56,338	(27,402)	68,332
(Sale) purchase of trading securities, net	(34,690)	14,911	(5,859)
Net changes in assets and liabilities:			
Increase in loans	(944,021)	(2,339,675)	(2,172,418)
Decrease (Increase) in other assets	8,186	(463,273)	(404,175)
Increase in deposits and obligations	139,929	2,614,020	2,269,568
(Decrease) increase in due to banks and correspondents	(151,781)	(274,714)	875,447
Increase (decrease) in other liabilities	(141,027)	328,204	402,631
Net cash (used in) provided by operating activities	(488,711)	452,219	1,340,489
Cash flows from investing activities			
Acquisition of subsidiary net of cash received, note 2	(92,329)	-	-
Net sale (purchase) of investments available-for-sale	284,371	125,416	(1,541,621)
Purchase of property, furniture and equipment	(45,051)	(91,353)	(53,901)
Sales of property, furniture and equipment	2,745	1,775	951
Net cash provided by (used in) investing activities	149,736	35,838	(1,594,571)

Consolidated statements of cash flow (continued)

	2009 US$(000)	2008 US$(000)	2007 US$(000)
Cash flows from financing activities			
Issuance of bonds and subordinated debt	564,170	257,509	256,014
Redemption of bonds and subordinated debt	(53,396)	(190,402)	(75,728)
Increase in borrowed funds	-	300,000	499,792
Payments of borrowed funds	(61,495)	(19,688)	-
Acquisition of Credicorp's shares	(11,487)	-	-
Cash dividends	(119,303)	(119,648)	(103,690)
Net cash provided by financing activities	318,489	227,771	576,388
Net increase in cash and cash equivalents	(20,486)	715,828	322,306
Translation (loss) gain on cash and cash equivalents	90,973	(23,522)	18,029
Cash and cash equivalents at the beginning of the year	3,766,171	3,073,865	2,733,530
Cash and cash equivalents at the end of the year	3,836,658	3,766,171	3,073,865
Supplementary cash flows information:			
Cash paid during the year for -			
Interest	444,398	533,861	415,157
Income tax	142,516	124,754	86,754
Cash received during the year for -			
Interest	1,315,704	1,361,143	1,106,972

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

Credicorp Ltd. and Subsidiaries

Notes to the consolidated financial statements
As of December 31, 2009 and 2008

1. Operations

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

Credicorp Ltd., through its banking and non-banking subsidiaries, provides a wide range of financial services and products throughout Peru and in certain other countries (Bolivia and Panama). Its major subsidiary is Banco de Crédito del Perú (hereinafter "BCP" or the "Bank"), a Peruvian universal bank. Credicorp's address is Claredon House 2 Church Street Hamilton, Bermuda; likewise, administration offices of its representative in Peru are located in Calle Centenario Nº156, La Molina, Lima, Peru.

Credicorp is listed in Lima and New York stock exchanges.

The consolidated financial statements as of and for the year ended December 31, 2008 were approved in the General Shareholders' meeting held on March 31, 2009. The accompanying consolidated financial statements as of and for the year ended December 31, 2009, were approved by the Board of Directors Meeting of February 24, 2010 and by the General Shareholders' Meeting of March 31, 2010, without modifications.

2. Acquisition of Empresa Financiera Edyficar S.A.

During October and November 2009, Credicorp, through its subsidiary BCP, acquired 99.78% of the capital stock of Empresa Financiera Edyficar S.A. (a Peruvian financial entity, serving micro and small size entrepreneurs) for approximately US$96.1 million in cash.

Notes to the consolidated financial statements (continued)

The acquisition of Edyficar was recorded using the purchase method, as required by IFRS 3, "Business Combinations". Assets and liabilities were recorded at their estimated fair values at the acquisition date, including the identified intangible assets unrecorded in Edyficar balance sheet. Book value and fair value of the identified assets and liabilities were as follows:

	Book value US$(000)	Fair value adjustments US$(000)	Fair value of the entity acquired US$(000)
Assets -			
Cash and due from banks	3,810	-	3,810
Loans, net	218,218	(10,295)	207,923
Client relationships, note 10(a)	-	6,574	6,574
Fixed assets, net	8,255	-	8,255
Brand name, note 10(a)	-	13,159	13,159
Goodwill, note 10(b)	-	50,696	50,696
Other assets	11,802	3,263	15,065
Liabilities -			
Obligations	38,590	-	38,590
Due to banks	138,257	-	138,257
Deferred income tax liability	-	6,611	6,611
Other liabilities	25,054	831	25,885
Net acquired assets	40,184	55,955	96,139

3. Significant accounting policies

Significant accounting principles used in the preparation of Credicorp's consolidated financial statements are set out below and were consistently applied to all of the years presented.

(a) Basis of presentation and use of estimates -

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements were prepared on a historical cost basis, except for available-for-sale investments, derivative financial instruments, share-based payment liability and financial assets and financial liabilities designated at fair value through profit or loss, which were measured at fair value. The consolidated financial statements are presented in United States Dollars (US$), and all values are rounded to the nearest US$ thousand, except when otherwise indicated.

Notes to the consolidated financial statements (continued)

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Actual results could differ from those estimates. The most significant estimates comprised in the accompanying consolidated financial statements are related to the computation of the allowance for loan losses, the measurement of financial instruments, the technical reserves for claims and premiums, the provision for seized assets, the valuation of derivatives, and the deferred tax assets and liabilities. The accounting criteria used for each of these items are described in this note.

The accounting policies adopted are consistent with those of the previous year, except that the Group has adopted those new IFRS and revised IAS mandatory for years beginning on or after January 1, 2009. The adoption of the new and revised standards did not have a significant effect on the accompanying consolidated financial statements; therefore, it has not been necessary to amend the comparative figures. In summary:

- IFRS 2 “Share-based Payments - Vesting conditions and cancellations”, the standard restricts the definition of “vesting condition” to a condition that includes an explicit or implicit requirement to provide services. The indicated definition does not impact the accounting for the Group’s share-based payment agreements.

- IFRS 7 “Financial Instruments: Disclosures” (Amendments). The amended standard requires additional disclosures covering fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instrument recognized at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 29.7. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 29.3.

- IFRS 8 “Operating Segments”, the standard adopts a full management approach identifying, measuring and disclosing the results of its operating segments. The Group concluded that operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. IFRS 8 disclosures are shown in Note 26.

- IAS 1 (Revised) “Presentation of Financial Statements”. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognized income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

Notes to the consolidated financial statements (continued)

- IAS 23 (Amendment) “Borrowing Costs”. The revised standard eliminates the option of expensing all borrowing costs and requires borrowing costs to be capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset.

This amendment did not have any impact on the Group´s consolidated financial statement.

- IAS 32 “Financial Instruments: Presentation” and IAS 1 “Puttable Financial Instruments and Obligations Arising on Liquidation”. The standards have been amended to allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfill a number of specified criteria. These amendments did not have any impact on the Group’s financial position or performance.

- IFRIC 9 “Reassessment of embedded derivatives and IAS 39 Financial Instruments: Recognition and Measurement - Embedded Derivatives” (Amendments). This amendment requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss. This interpretation did not have any impact in the Group’s consolidated financial statement.

- IFRIC 13 “Customer Loyalty Programs”. The interpretation requires loyalty award credits granted to customers in connection with a sales transaction to be accounted for as a separate component of the sales transaction. This interpretation did not have any significant impact on the Group’s consolidated financial statement.

- IFRIC 15 “Agreement for the Construction of Real State”. It clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognized if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. This interpretation did not have any impact on the Group’s consolidated financial statements.

- IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”. This interpretation provides guidance on the accounting for a hedge of a net investment. This interpretation did not have any impact on the Group’s consolidated financial statements.

- Improvements to IFRSs

In May 2008 the IABS issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the new amendments resulted in minor changes to accounting policies, but did not have any impact on the financial position or performance of the Group.

Notes to the consolidated financial statements (continued)

(b) Consolidation -

Subsidiaries:
Subsidiaries are all entities (including special purpose entities) in which the Group has the power to govern their financial and operating policies. This situation is generally evidenced by controlling more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date control ceases. The consolidated financial statements include the assets, liabilities, income and expenses of Credicorp and its Subsidiaries. Transactions between the Group's entities, including balances, gains or losses are eliminated.

Acquisition of a subsidiary is recorded using the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets received, equity instruments issued and liabilities incurred or assumed at the date of acquisition, plus directly attributable cost. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets and intangible assets acquired is recorded as goodwill.

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

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

Notes to the consolidated financial statements (continued)

Associates:
An associate is an entity over which the Group has significant influence but not control. Investments in these entities represent shareholding between 20 and 50 percent of the voting rights; and are recognized initially at cost and then are accounted for by the "equity method". The Group does not have significant investments in associates; therefore, they are included in the caption "Other assets" in the consolidated statements of financial position; gains resulting from the use of the equity method of accounting are included in the caption "Other income" of the consolidated income statement.

Minority interest:
Transactions with minority interests are treated as transactions with third parties. Disposals of minority interests result in gains or losses which are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, which is the difference between any consideration paid and the carrying value of the subsidiary's net assets.

Notes to the consolidated financial statements (continued)

As of December 31, 2009 and 2008, the following entities comprise the Group (individual financial statements data is presented in accordance with IFRS and before eliminations for consolidation purposes, except for the elimination of Credicorp´s treasury stock and its related dividends):

Entity	Percentage of participation (direct and indirect)		Assets		Liabilities		Equity		Net in
	2009	2008	2009	2008	2009	2008	2009	2008	2009
	%	%	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(00
Banco de Crédito del Perú and Subsidiaries (i)	97.41	97.41	19,563,309	18,514,133	17,886,706	17,112,683	1,676,603	1,401,450	397,37
Atlantic Security Holding Corporation and Subsidiaries (ii)	100.00	100.00	1,483,811	1,453,915	1,269,175	1,360,471	214,636	93,444	29,71
El Pacífico Peruano-Suiza Compañía de Seguros y Reaseguros and Subsidiaries (iii)	75.98	75.74	1,496,709	1,307,547	1,190,799	1,155,405	305,910	152,142	49,19
Grupo Crédito S.A. and Subsidiaries (iv)	99.99	100.00	376,949	335,854	159,767	101,748	217,182	234,106	26,55
CCR Inc. (v)	99.99	99.99	1,089,659	1,152,336	1,152,537	1,247,465	(62,878)	(95,129)	(1,28
Credicorp Securities Inc. (vi)	99.99	99.99	4,639	2,851	402	470	4,237	2,381	1,86
BCP Emisiones Latam 1 S.A. (vii)	100.00	-	115,127	-	114,356	-	771	-	(32

(i) Banco de Crédito (BCP) is a universal bank incorporated in Peru in 1889. Its activities are supervised by the Superintendence of Banking, Insurance and AFP (the Peruvian banking, insurance and AFP authority, hereafter "the SBS" for its Spanish acronym). During 2009 and 2008, Credicorp acquired 0.002 percent and 0.08 percent of BCP shares, respectively, owned by minority interest. The consolidated financial statements of Banco de Crédito del Perú and Subsidiaries as of December 31, 2009, include the financial statement of Edyficar, see note 2. BCP and Subsidiaries hold as of December 31, 2009 and 2008, 95.92 percent of the capital stock of Banco de Crédito de Bolivia (BCB), a universal bank operating in Bolivia (Credicorp holds 4.08 percent). As of December 31, 2009, BCB´s assets, liabilities, equity, income and net income amounted to US$1,097.8, US$991.2, US$106.6, US$108.3 and US$28.7 million, respectively (US$939.8, US$831.6, US$108.2, US$117.7 and US$44.5 million, respectively, as of December 31, 2008).

(ii) Atlantic Security Holding Corporation (ASHC) is incorporated in the Cayman Islands; its main activity is to invest in capital stock. Its most significant subsidiary is Atlantic Security Bank (ASB), which is incorporated in

the Cayman Islands, and operates through branches and offices in Grand Cayman and the Republic of Panama; its main activity is private and institutional banking services and trustee administration.

(iii) El Pacífico Peruano-Suiza Compañía de Seguros y Reaseguros (PPS) is incorporated in Peru, provides property, casualty, life, health and personal insurance. Its main subsidiaries are El Pacífico Vida Compañía de Seguros y Reaseguros S.A. and Pacífico S.A. Entidad Prestadora de Salud (EPS), holding 62.0 percent and 100.00 percent, respectively, of their capital stock. PPS and its subsidiaries activities are supervised by the SBS.

(iv) Grupo Crédito S.A. is incorporated in Peru, its main activity is to invest in listed and not listed securities in Peru. Its main subsidiary is Prima AFP, a private pension fund administrator incorporated in Perú, whose activities are supervised by the SBS. As of December 31, 2009, Prima AFP total assets, liabilities and net income amounted to US$249.8, US$87.9, and U$20.8 million, respectively (US$225.6 million, US$96.3 million and US$ 11.2 million, respectively, as of December 31, 2008).

(v) CCR Inc., is a special purposes entity incorporated in The Bahamas in 2001, its main activity is to manage certain loans granted to BCP by foreign financial entities, note 13(b). These loans are collateralized by transactions performed by BCP. As of December 31, 2009 and 2008, the negative equity is generated by unrealized losses of cash flow hedge derivatives, as it is explained in notes 11(b)(ii) and 16(c) .

(vi) Credicorp Securities Inc., is incorporated in the United States of America and began operations on January, 2003; it provides securities brokerage services, mainly to retail customers in Latin America.

(vii) BCP Emisiones Latam 1 S.A., is a special purposes entity incorporated in Chile in 2009, through which the Group issued corporate bonds, see note 15(a)(i).

Notes to the consolidated financial statements (continued)

(c) Foreign currency translation -

The Group has determined that its functional and presentation currency is the United States Dollar (U.S. Dollar or US$), because it reflects the economic substance of the underlying events and circumstances relevant to the Group; insofar as its main operations and/or transactions in the different countries where the Group operates; such as: loans granted, financing obtained, sale of insurance premiums, interest income and expense, and that an important percentage of wages and purchases are established and settled in U.S. Dollars.

Financial statements of each of Credicorp's subsidiaries are measured using the currency of the country in which each entity operates and are translated into U.S. Dollars (functional and presentation currency) as follows:

- Monetary assets and liabilities are translated at the free market exchange rate at the date of the consolidated statements of financial position.

- Non-monetary accounts are translated at the free market exchange rate prevailing at the transaction date.

- Income and expenses, except for those related to non-monetary assets which are translated at the free market exchange rate prevailing at the transaction date, are translated monthly at the average monthly exchange rate.

All resulting translation differences are recognized in the consolidated income statement.

(d) Income and expense recognition from banking activities -

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

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

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

Notes to the consolidated financial statements (continued)

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

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

(e) Insurance activities -

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

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can however be reclassified as insurance contracts after inception if insurance risk becomes significant.

Reinsurance:
The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

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

Gains or losses on buying reinsurance are recognized in the consolidated income statement immediately at the date of purchase and are not amortized.

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

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

Notes to the consolidated financial statements (continued)

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

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance, see note 22 and 23. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Insurance receivables
Insurance receivables are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortized cost. As of December 31, 2009 and 2008, the carrying value of the insurance receivables is similar to its fair value due to its liquidity and its short term. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the consolidated income statement. Insurance receivables are derecognized when the derecognition criteria for financial assets, as described in Note 3(g), has been met.

"Unit- Linked" investment
"Unit- Linked" investment represent assets held for purposes of funding life and insurance contracts and for which investment income and investment gains and losses accrue directly to the policyholders who bear the investment risk. Each account has specific objectives, and the assets are carried at fair value. The balance of each account is legally segregated and is not subject to claims that arise out of any other business of the Group. The liabilities for these accounts are equal to the account assets.

Deferred acquisition costs (DAC):
Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognized as an expense when incurred.

Subsequent to initial recognition, these costs are amortized on a straight line basis based on the term of expected future premiums, which typically varies between 5 and 11 years for life insurance contracts and is normally 1 year for non-life insurance contracts. Amortization is recorded in the consolidated income statement.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in an accounting estimate.

Notes to the consolidated financial statements (continued)

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amounts is less than the carrying value an impairment loss is recognized in the consolidated income statement. DAC is also considered in the liability adequacy test for each reporting period.

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

Reinsurance commissions:
Commissions receivable on outwards reinsurance contracts are deferred and amortized on a straight line basis over the term of the expected premiums payable.

Insurance contract liabilities:

(i) Life insurance contracts liabilities

Life insurance liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are measured by using the net premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case a margin for risk and adverse deviation is generally included. A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Group. Adjustments to the liabilities at each reporting date are recorded in the consolidated income statement. Profits originated from margins of adverse deviations on run-off contracts, are recognized in the consolidated income statement over the life of the contract, whereas losses are fully recognized in the consolidated income statement during the first year of run-off. The liability is derecognized when the contract expires, is discharged or is cancelled.
At each reporting date, an assessment is made of whether the recognized life insurance liabilities are adequate, net of related DAC, by using an existing liability adequacy test as laid out under IFRS 4.

(ii) Non-life insurance (which comprises general insurance and healthcare) contract liabilities

Non-life insurance contract liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are known as the outstanding claims provision, which are based on the estimated ultimate cost of all claims incurred but not settled at the date of the consolidated statements of financial position, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the date of the consolidated statements of financial position. Incurred but non-reported claims (hereafter "IBNR") are estimated and included in the provision (liabilities). IBNR reserves as of December 31, 2009 and 2008, were determined on the basis of the Bornhuetter - Ferguson methodology – BF (a generally accepted actuarial method), which considers a statistical analysis of the recorded loss history, the use of projection methods and, when appropriate, qualitative factors that reflect present conditions or trends that could affect historical data. No provision for equalization or catastrophe reserves is recognized. The liabilities are derecognized when the contract expires, is discharged or is cancelled.

Notes to the consolidated financial statements (continued)

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally the reserve is released over the term of the contract and is recognized as premium income.

At each reporting date the Group reviews its unexpired risk and a liability adequacy test is performed as laid out under IFRS 4 to determine whether there is any overall excess of expected claims and DAC over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant nonlife insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate the deficiency is recognized in the consolidated income statement by setting up a provision for liability adequacy.

Income recognition:

(i) Gross premiums

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

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the date of the consolidated statements of financial position. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

(ii) Reinsurance premiums

Gross reinsurance premiums on life contracts are recognized as an expense when payable or on the date on which the policy is effective.

Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Notes to the consolidated financial statements (continued)

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the date of the consolidated statements of financial position. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

(iii) Fees and commission income

Insurance contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognized as revenue over the period in which the related services are performed. If the fees are for services provided in future periods then they are deferred and recognized over those future periods.

Benefits, claims and expenses recognition:

(i) Gross benefits and claims

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

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

(ii) Reinsurance claims

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

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

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

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

Notes to the consolidated financial statements (continued)

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

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

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

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

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

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring assets or liabilities or recognizing gains or losses on them on a different basis; or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

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

Changes in fair value of designated financial assets through profit or loss are recorded in the consolidated income statement caption "Net gain on financial assets and liabilities designated at fair value through profit and loss". Interest earned or incurred is accrued in the consolidated income statement in the captions "Interest and dividend income" or "Interest expense", respectively, according to the terms of the contract. Dividend income is recorded when the collection right has been established.

(ii) Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: those that the entity intend to sell immediately or in the short term, those that the entity upon initial recognition designates as available for sale; or those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Notes to the consolidated financial statements (continued)

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The effective interest rate amortization is recognized in the consolidated income statement in the caption "Interest and dividend income". Losses from impairment are recognized in the consolidated income statement in the caption "Provision for loan losses".

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

An allowance for loan losses is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of the loan. The allowance for loan losses is established based in the internal risk classification and considering any guarantees and collaterals received, note 3(i) and 29.1.

Notes to the consolidated financial statements (continued)

(iii) Available-for-sale financial investments:

Available-for-sale financial investments are non derivative financial assets that are designated as available-for-sale (to be held for an indefinite period, which may be sold in response to liquidity needs or changes in the interest rates, exchange rates or equity price); or are not classified as (a) financial assets and financial liabilities at fair value through profit or loss, (b) held-to-maturity or (c) loans and receivables.

After initial recognition, available-for-sale financial investments are measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve, net of its corresponding deferred tax and minority interest, until the investment is derecognized, at which time the cumulative gain or loss is recognized in the consolidated income statement in the caption “Net gain on sale of securities”, or determined to be impaired, at which time the cumulative loss is recognized in the consolidated income statement in the caption “Impairment loss on available–for–sale investments” and removed from the available-for-sale reserve.

Interest and dividends earned are recognized in the consolidated income statement in the caption “Interest and dividend income”. Interest earned is reported as interest income using the effective interest rate and dividends earned are recognized when collection rights are established.

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

When the Group is unable to sell these financial assets due to inactive markets and Management’s intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets only in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and has the intent and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held to maturity category is permitted only when the entity has the ability and intent to hold the financial asset until maturity.

As of December, 31, 2009 and 2008, the Group did not reclassify any of its available-for- sale financial investments.

(iv) Other financial liabilities:

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issuance discount or premium and costs that are an integral part of the effective interest rate.

Notes to the consolidated financial statements (continued)

(g) Derecognition of financial assets and financial liabilities -

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

Financial liabilities:
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, any resulting difference in the respective carrying amount is recognized as profit or loss.

(h) Offsetting financial instruments -

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and Management has the intention to settle on a net basis, or realize the assets and settle the liability simultaneously.

(i) Impairment of financial assets -

The Group assesses at each date of the consolidated statements of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will go bankrupt or other legal financial reorganization process and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Criteria used for each category of financial assets is as follows:

Notes to the consolidated financial statements (continued)

(i) Loans and receivables:

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated income statement. Interest income, if applicable, is accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If in the future a write-off is later recovered, the recovery is recognized in the consolidated income statements, as a credit to the caption “Provision for loan losses”.

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

For a collective evaluation impairment, financial assets are grouped considering the Group’s internal credit grading system, which considers credit risk characteristics; i.e. asset type, industry, geographical location, collateral type and past-due status.

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

Notes to the consolidated financial statements (continued)

(ii) Available-for-sale financial investments:

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

In the case of equity investments, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss) is removed from available-for-sale reserve and recognized in the consolidated income statement. Impairment losses on equity investments are not reversed through the consolidated income statement; increases in their fair value after impairment are recognized directly in the consolidated statements of comprehensive income.

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

(iii) Renegotiated loans:

Where possible, the Group seeks to refinance or restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews refinanced and restructured loans to ensure that all criteria are met and that future payments are likely to occur. Renegotiated loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

(j) Leases -

The determination of whether an arrangement is, or contains, a lease is based in the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets on the arrangement conveys a right to use the asset.

Notes to the consolidated financial statements (continued)

Operating leases:
Leases in which a significant portion of the risks and benefits of the asset are hold by the lessor are classified as operating leases. Under this concept the Group has mainly leases used as BCP's branches.

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

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

(k) Property, furniture and equipment -
Land and buildings comprise mainly branches and offices. All property, furniture and equipment are stated at historical acquisition cost less depreciation and impairment, if applicable. Historical acquisition costs include expenditures that are directly attributable to the acquired property, furniture or equipment. Maintenance and repair costs are charged to the consolidated income statement, and significant renewals and improvements are capitalized when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow from the use of the acquired property, furniture or equipment.

Land is not depreciated. Depreciation of other assets in this caption is calculated using the straight-line method over their estimated useful life, as follows:

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

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

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

Notes to the consolidated financial statements (continued)

(l) Seized assets -

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

(m) Intangible assets -

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

Intangible assets identified as a consequence of the acquisition of Edyficar and AFP Unión Vida, note 10 ("Client relationships" and "Brand name") and other intangible assets, are recognized on the consolidated statements of financial position at their fair values determined on the acquisition date and are amortized using the straight line method over their estimated useful life; as follows:

	Years
Client relationships – AFP Unión Vida	20
Client relationships – Edyficar	10
Brand name – Edyficar	20
Other	5

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated income statement when the asset is derecognized.

(n) Goodwill -

Goodwill represents the excess of the acquisition cost of a subsidiary over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment to assess whether the carrying amount is fully recoverable. An impairment loss is recognized if the carrying amount exceeds the recoverable amount. Goodwill is allocated to cash-generating units for impairment testing purposes. See also paragraph (o) below.

Notes to the consolidated financial statements (continued)

(o) Impairment of non-financial assets -

The Group assesses at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, whether there is an indication that a non-financial asset may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount.

For non-financial assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized; if that is the case, the carrying amount of the asset is increased to its recoverable amount. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

(p) Due from customers on acceptances -

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

(q) Financial guarantees -

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

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

(r) Defined contribution pension plan -

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

Notes to the consolidated financial statements (continued)

(s) Provisions -

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow or resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(t) Contingencies -

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

(u) Income tax and workers' profit sharing -

Income tax and workers' profit sharing are computed based on individual financial statements of Credicorp and each one of its Subsidiaries.

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

Deferred tax assets and liabilities are recognized regardless of when the timing differences are likely to reverse. Deferred tax assets are recognized when it is more likely than not that future taxable profit will be available against which the temporary difference can be utilized. At the date of the consolidated statements of financial position, Credicorp and its Subsidiaries assess unrecognized deferred assets and the carrying amount of recognized deferred assets.

Credicorp and its Subsidiaries determine the deferred income tax considering the tax rate applicable to its undistributed earnings; any additional tax on dividends distribution is recorded on the date a liability is recognized.

Notes to the consolidated financial statements (continued)

(v) Earnings per share -

Basic earnings per share is calculated by dividing the net profit for the year attributable to Credicorp's equity holders by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased and held as treasury stock.

Diluted earnings per share is calculated by dividing the net profit attributable to Credicorp's equity holders by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased and held as treasury stock, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(w) Share-based payment transactions -

(i) Cash-settled transactions

As explained in note 18(a), until April 2008 the Group granted a supplementary remuneration plan to certain employees who had at least one year serving Credicorp or any of its Subsidiaries, in the form of stock appreciation rights (SARs) over a certain number of Credicorp shares. SARs were granted at a fixed price and are exercisable at that price, allowing the employee to obtain a gain in cash ("cash-settled transaction") arising from the difference between the fixed exercise price and the market price at the date the SARs are executed.

The SARs fair value is expensed over the period up to the vesting date, with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized in the caption "Salaries and employee benefits". When the price or term of the SARs are modified, any additional expense is recorded.

(ii) Equity-settled transactions

As explain in note 18(b), since April 2009, a new supplementary remuneration plan was implemented to replace the SARs plan (see (i) above). The grant date was April 28, 2009, and the granted awards vest 33.3 percent every 12 months.

The cost of this equity-settled plan is recognized, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Notes to the consolidated financial statements (continued)

The expense is recorded in the caption "Salaries and employees benefits" of the consolidated income statement. When the terms of an equity-settled award are modified, the minimum expense recognized in "Salaries and employees benefits" is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding stock awards is reflected as a share dilution in the computation of diluted earnings per share, see Note 3(v).

(x) Derivative financial instruments - Trading:

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

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

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

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

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

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

Notes to the consolidated financial statements (continued)

(i) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated income statement in finance costs.

Amounts recognized as other comprehensive income are transferred to the consolidated income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in the cash flow hedge reserve are transferred to the consolidated income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in the cash flow hedge reserve remains in the cash flow hedge reserve until the forecast transaction or firm commitment affects profit or loss.

(ii) Fair value hedges

The change in the fair value of an interest rate hedging derivative is recognized in the consolidated income statement in finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognized in the consolidated income statement in finance costs.

For fair value hedges relating to consolidated items carried at amortized cost, the adjustment to carrying value is amortized through the consolidated income statement over the remaining maturity term. Effective interest rate amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognized, the unamortized fair value is recognized immediately in the consolidated income statement.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the consolidated income statement.

Notes to the consolidated financial statements (continued)

(iii) Embedded derivates:

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts, and the host contracts are not held for trading or designated at fair value through profit or loss.

The Group has certificates indexed to the price of Credicorp Ltd. shares that will be settled in cash, and investments indexed to certain life insurance contracts liabilities, denominated “Unit Link”. These instruments have been classified at inception by the Group as “Financial instruments at fair value though profit or loss”, see 3(f)(i), and note 7.

(y) Segment reporting -

The Group reports financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are a component of an entity for which separate financial information is available that is evaluated regularly by the entity’s Chief Operating Decision maker (“CODM”) in making decisions about how to allocate resources and is assessing performance. Generally, financial information is required to be reported on the same basis as it is used internally for evaluating operating segment performance and deciding how to allocate resources to segments, note 26.

(z) Fiduciary activities, management of funds and pension funds -

The Group provides custody, trustee, investment management and advisory services to third parties that result in the holding of assets on their behalf. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group, note 29.8.

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

(aa) Sale and repurchase agreements -

Securities sold subject to repurchase agreements (‘Repos’) are presented as pledged assets when the counterparty has the right to sell or repledge the collateral; the counterparty liability is included in the caption “Due to banks and correspondents” or “Deposits and obligations”, as appropriate, in the consolidated statements of financial position.

The difference between sale and repurchase price is considered as interest and is accrued over the life of the related agreement using the effective interest method.

Notes to the consolidated financial statements (continued)

(ab) Cash and cash equivalents -

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise balances of cash and balances with central banks, overnight deposits and amounts due from banks with original maturities of three months or less.

(ac) Reclassifications -

When it is necessary, the comparative figures have been reclassified to conform to the current year presentation. Certain transactions were reclassified in the current year presentation; in Management's opinion those reclassifications are not significant to the consolidated financial statement as of December 31, 2009 and 2008.

(ad) Recently issued International Financial Reporting Standards but not yet effective -

The Group decided not to early adopt the following standards and interpretations that were issued but not effective as December 31, 2009:

- IFRS 2 "Share-based Payment (Revised): Group Cash-settled Share-based Payment", effective for periods beginning on or after January 1, 2010, with retrospective application. This amendment provides guidance on how to account for cash-settled share-based payment transactions in the separate financial statements of an entity. This amendment will not have any impact on the Group´s consolidated financial statements.

- IFRS 9 "Financial Instruments ", the IASB issued this IFRS as the first step in its project to replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting on January 1, 2013, with early adoption permitted. The IASB intends to expand IFRS 9 during 2010 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting.

- IFRS 3 (Revised) "Business Combination and Consolidation" and IAS 27 (Revised) "Separated Financial Statements Consolidation", effective modifications for periods beginning on or after July 1, 2009. Changes in IFRS 3 (Revised) affect the valuation of non-controlling interest, the accounting for transactions costs, the initial recognition and subsequent measurement of a contingent consideration and business combination achieved in stages. IAS 27 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners.

Notes to the consolidated financial statements (continued)

- IAS 24 “Related Party Disclosures” (Revised), effective for periods beginning on or after January 1, 2011. The amendment simplifies the identification of related party relationships, particularly in relation to significant influence and joint control. In addition, a partial exemption from the disclosures has been included for government-related entities.

- IAS 32 “Financial Instruments: Presentation – Classification of Rights Issues” (Amendment), effective for periods beginning on or after February 1, 2010. The definition of a financial liability has been amended to classify rights issues (and certain options or warrants) as equity instruments if, the rights are given pro rata to all of the existing owners of the same class of an entity’s non-derivative equity instruments, and they are used to acquire a fixed number of the entity’s own equity instruments for a fixed amount in any currency.

- IAS 39 “Financial Instruments: Recognition and Measurement – Eligible Hedged Items”, effective for periods beginning on or after July 1, 2009, the amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations.

- IFRIC 14 “Prepayments of a Minimum Funding Requirement” (Amendment), effective for periods beginning on or after January 1, 2011. The IFRIC permits an entity to treat the prepayment of a minimum funding requirement as an asset.

- IFRIC 17, “Distributions of Non-Cash Assets to owners”, effective for periods beginning on or after July 1, 2009. Early application is permitted. This interpretation provides guidance in the accounting treatment of distribution of - non cash assets to owners.

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

- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”, effective for periods beginning on or after July 1, 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration paid in accordance with paragraph 41 of IAS 39 “Financial Instruments; Recognition and Measurement”.

Notes to the consolidated financial statements (continued)

- Improvements to IFRSs

In April 2009 the IASB issued "Improvements to IFRSs", its second omnibus of amendments to its standards and the related basis for conclusion. There are separate effective date and transitional provisions for each standard. The improvement project is an annual project that provides a mechanism for making necessary but non-urgent or significant amendments.

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

4. Cash and due from banks

(a) This item is made up as follows:

	2009 US$(000)	2008 US$(000)
Cash and clearing	679,694	625,954
Deposits in Peruvian Central Bank - BCRP	2,107,635	1,952,952
Deposits in banks	1,047,830	