



BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2017 AND FOR THE THREE-MONTH PERIODS
ENDED MARCH 31, 2017

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

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S/ = Sol
US\$ = American Dollar



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Stockholders of Banco de Crédito del Perú S.A. and its subsidiaries

May 23, 2017

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Banco de Crédito del Perú S.A. and its subsidiaries as of March 31, 2017 and the related condensed consolidated interim statement of income, comprehensive income, changes in shareholder's equity and cash flows for the three-month periods ended March 31, 2017 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with Generally Accepted Accounting Principles in Peru applicable for Financial Institutions. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with Generally Accepted Accounting Principles in Peru applicable for Financial Institutions.

Gaveglío Aparicio y Asociados

Countersigned by

_____ (partner)

Fernando Gaveglío
Peruvian Certified Public Accountant
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BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016 (AUDITED)

	Note	As of March 31, 2017 S/000	As of December 31, 2016 S/000	Note	As of March 31, 2017 S/000	As of December 31, 2016 S/000
Assets						
Cash and due from banks:						
Cash and clearing	5	3,582,009	3,659,051	9	78,341,169	74,325,154
Deposits in Peruvian Central Bank		11,917,318	8,642,656		169,093	398,165
Deposits in local and foreign banks		2,342,750	2,156,638	6(i)	12,670,221	13,766,469
Restricted funds		9,424,739	10,802,605	10	7,942,517	7,898,622
Accrued interest		2,962	2,038	11	14,195,725	14,551,570
		27,269,778	25,262,988	8	3,943,308	2,341,743
Interbank funds		209,997	105,998		117,262,033	113,281,723
Investments:				13		
At fair value through profit or loss	6(a)	3,325,505	2,422,464		7,933,342	7,066,346
Available-for-sale	6(a)	9,132,076	7,014,397		2,776,670	2,473,404
Held-to-maturity	6(i)	4,730,549	4,798,008		1,108,814	1,108,814
		17,188,130	14,234,869		71,167	27,002
Loans, net	7	80,683,283	82,657,870		1,036,673	2,953,722
Investments in associates		39,112	35,344		12,926,666	13,629,288
Property, furniture and equipment, net		1,500,681	1,541,013		127,212	141,408
Goodwill	8	276,321	276,321			
Other assets, net	8	3,148,609	2,938,016		13,053,878	13,770,696
Total assets		130,315,911	127,052,419		130,315,911	127,052,419
Contingent risks and commitments	15	31,837,431	34,896,726	15	31,837,431	34,896,726
Liabilities and shareholders' equity						
Deposits and obligations						
Interbank funds						
Payables from repurchase agreements						
Due to banks, correspondents and other entities						
Bonds and subordinated notes issued						
Other liabilities						
Total liabilities						
Shareholders' equity						
Attributable to Banco de Crédito del Perú equity holders:						
Capital stock						
Legal reserve						
Special reserve						
Unrealized results						
Retained earnings						
Non-controlling interest						
Total shareholders' equity						
Total liabilities and shareholders' equity						
Contingent risks and commitments						

The accompanying notes from page 7 to 32 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 2017 AND 2016**

	Note	For the three-month periods ended March 31,	
		2017	2016
		S/000	S/000
Financial income and expenses			
Financial income	16	2,416,115	2,317,846
Financial expenses	16	(656,438)	(628,785)
Gross financial margin		1,759,677	1,689,061
Allowance for loan losses, net of recoveries	7	(519,063)	(426,478)
		1,240,614	1,262,583
Loss (gain) for exchange difference		6,292	(30,422)
Net financial margin		1,246,906	1,232,161
Non-financial income			
Banking services commissions, net		564,259	538,109
Net result from derivatives instruments		56,067	18,921
Net gain (loss) on sale of securities		11,656	3,261
Net gain on foreign exchange transactions		155,299	157,496
Other non-financial income		42,382	28,811
		829,663	746,598
Operating expenses			
Salaries and employees' benefits		(575,285)	(576,407)
General and administrative		(355,537)	(309,846)
Depreciation and amortization		(86,181)	(84,593)
Taxes and contributions		(36,063)	(48,257)
Other operating expenses		(40,505)	(19,722)
		(1,093,571)	(1,038,825)
Income before income tax from continuing operations		982,998	939,934
Income tax	12	(263,371)	(248,314)
Net income from continuing operations		719,627	691,620
Net income from discontinued operations	18	-	20,649
Net income		719,627	712,269
Attributable to:			
Equity holders of Banco de Crédito del Perú		715,947	707,655
Non-controlling interests		3,680	4,614
		719,627	712,269
Basic and diluted earnings per share (in Soles) from continuing		-	-
Basic and diluted earnings per share (in Soles) from discontinued		-	-
Weighted average number of ordinary shares for basic earnings		7,933,342	7,066,346

The accompanying notes from page 7 to 32 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 2017 AND 2016**

	<u>Note</u>	For the three-month periods ended March 31,	
		<u>2017</u> S/000	<u>2016</u> S/000
Net income for the year		<u>719,627</u>	<u>712,269</u>
Other comprehensive income			
Items that may be reclassified to profit or loss			
Net gain (loss) on available-for-sale investments	13(e)	51,317	14,061
Net movement of cash flow hedges	13(e)	(5,546)	(13,328)
Exchange difference on translation of foreign operations	13(e)	(350)	(6,969)
Income tax	13(e)	(1,130)	(3,912)
Other comprehensive income for the year, net of income tax		<u>44,291</u>	<u>(10,148)</u>
Total comprehensive income for the year, net of income tax		<u><u>763,918</u></u>	<u><u>702,121</u></u>
Attributable to:			
Shareholders' equity of Banco de Crédito del Perú		760,112	697,595
Non-controlling interest		<u>3,806</u>	<u>4,526</u>
		<u><u>763,918</u></u>	<u><u>702,121</u></u>
Comprehensive income from continuing operations		763,918	683,834
Comprehensive income from discontinued operations		-	18,287
Net income		<u><u>763,918</u></u>	<u><u>702,121</u></u>

The accompanying notes from page 7 to 32 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 2017 AND 2016

	Number of outstanding shares (in thousands)	Attributable to Banco de Crédito del Perú equity holders									
		Capital stock S/000	Legal reserve S/000	Special reserve S/000	Available-for- sale investments reserve S/000	Cash flow hedges reserve S/000	Translation results S/000	Retained earnings S/000	Total S/000	Non- controlling interests S/000	Total S/000
Balances as of January 1, 2016	5,854,051	5,654,051	2,049,092	1,108,814	(43,940)	40,930	107,366	2,815,470	11,931,813	153,739	12,085,552
Changes in Shareholders' equity for the three month periods ended March 31, 2016											
Net income	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	14,712	(17,891)	(6,881)	707,655	(10,060)	4,614	712,269
Total comprehensive income	-	-	-	-	14,712	(17,891)	(6,881)	707,655	(10,060)	(98)	(10,148)
Capitalization of income, Note 13(a)	1,212,295	1,212,295	-	-	-	-	-	(1,212,295)	697,595	4,326	702,121
Transfer to legal reserve, Note 13(b)	-	-	424,303	-	-	-	-	(424,303)	-	-	-
Dividends, Note 13(f)	-	-	-	-	-	-	-	(1,170,810)	-	-	(1,170,810)
Dividends paid to minority shareholders in Subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	(7,472)	(7,472)
Balances as of March 31, 2016	7,066,346	7,066,346	2,473,395	1,108,814	(29,229)	23,039	100,515	715,717	11,458,598	150,793	11,609,391
Balances as of January 1, 2017	7,066,346	7,066,346	2,473,404	1,108,814	(4,366)	26,256	5,112	2,953,722	13,629,288	141,408	13,770,696
Changes in Shareholders' equity for the three month periods ended March 31, 2017											
Net income	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Capitalization of income, Note 13(a)	866,996	866,996	-	-	49,244	(4,743)	(336)	715,947	44,165	126	719,627
Transfer to legal reserve, Note 13(b)	-	-	303,266	-	49,244	(4,743)	(336)	(866,996)	760,112	3,806	763,918
Dividends, Note 13(f)	-	-	-	-	-	-	-	(303,266)	-	-	(303,266)
Dividends paid to minority shareholders in Subsidiaries	-	-	-	-	-	-	-	(1,462,734)	(1,462,734)	(18,011)	(1,480,745)
Others	-	-	-	-	-	-	-	-	-	-	-
Balances as of March 31, 2017	7,933,342	7,933,342	2,776,670	1,108,814	44,878	21,513	4,776	1,096,673	12,926,666	127,212	13,053,878

The accompanying notes from page 7 to 32 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 2017 AND 2016**

	For the three-month periods ended March 31,	
	2017	2016
	S/000	S/000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income from continuing operations	719,627	691,620
Adjustments to reconcile net income to net cash provided by operating activities:		
Allowance for loan losses	581,366	480,732
Depreciation and amortization	86,181	84,593
Deferred income tax	(27,203)	(27,648)
Net (gain) loss from sale of securities	(11,656)	(3,261)
Fluctuation of derivative financial instruments	(56,067)	(18,921)
Loss from share-based compensation plan	17,786	25,365
Provision for seized assets	561	(81)
Provision for uncollectable receivables	622	1,312
Net profit from sale of seized and recovered assets	(177)	(363)
Net increase (decrease) in assets		
Loans	514,741	(2,686,972)
Investments at fair value with changes in profit or loss	(904,938)	303,771
Available for sale	(2,101,477)	(1,994,659)
Other assets, net	770,687	152,304
Net increase (decrease) of liabilities		
Deposits and obligations	5,243,763	3,043,530
Payables from repurchase agreements	(1,096,248)	503,560
Due to banks, correspondents and other entities, and interbank funds	152	519,591
Bonds and notes issued	(234,989)	65,178
Other liabilities	406,111	183,054
Income tax paid	(329,093)	(285,889)
Net cash flows fom operating activities	<u>3,579,749</u>	<u>1,036,816</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, furniture and equipment	(13,850)	(15,529)
Sales of property, furniture and equipment	112	194
Additions of intangibles	(21,604)	(28,296)
Sales of held to maturity investment	45,258	(121,016)
Net cash flows from investing activities	<u>9,916</u>	<u>(164,647)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of dividends	-	29,299
Bonds and subordinated notes issued	266,034	(568,656)
Net cash flows from financing activities	<u>266,034</u>	<u>(539,357)</u>
Net increase in cash and cash equivalents before the effect of variations in exchange rate	3,855,699	332,812
Effect of variations in exchange rate of cash and cash equivalents	(471,043)	(770,909)
Cash and cash equivalents at the beginning of the period	14,460,383	21,020,146
Cash flow of discontinued operations	-	(1,427,300)
Cash and cash equivalents at the end of period	<u>17,845,039</u>	<u>19,154,749</u>
Additional information on cash flows		
Interest received	2,399,579	2,464,962
Interest paid	(664,924)	(759,260)
Non-cash flows transactions		
Dividends not paid	1,480,745	1,178,103

The accompanying notes from page 7 to 32 are an integral part of these consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2017 AND FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2017

1 GENERAL INFORMATION

Banco de Crédito del Perú (hereinafter "the Bank" or "BCP") was incorporated in 1889 and is a subsidiary of Credicorp Ltd. (a holding incorporated in Bermuda in 1995), which as of March 31, 2017 and December 31, 2016 owns directly and indirectly 97.68 percent of its capital stock.

The Bank's registered office is at Calle Centenario N°156, La Molina, Lima, Peru and whose operations are governed by the "Ley General del Sistema Financiero y de Seguros y Orgánica de la Superintendencia de Banca, Seguros y AFP" (General Law of the Financial and Insurance Systems and Organic of the SBS - Law 26702), hereinafter the "Banking Law", is authorized by the Superintendencia de Banca, Seguros y AFP - SBS (Peruvian Banking and Insurance Authority, hereinafter "SBS" for its Spanish acronym) to operate as a universal bank, in accordance with prevailing Peruvian legislation. BCP and its subsidiaries are principally focused on commercial and consumer loans, credit facilities, deposits, current accounts and credit cards. The majority of the banking business is carried out through BCP and Mibanco in Peru.

The accompanying condensed consolidated interim financial statements include the interim financial statements of BCP and those of its Subsidiaries in which it has control. The main information of the Bank and of its Subsidiaries, which are included in the consolidated financial statements as of March 31, 2017 (unaudited) and December 31, 2016 (audited) and for the three-month periods ended March 31, 2017 and 2016 (unaudited), before eliminations for consolidation purposes, are as follows:

Entity	Activity and country	Percentage of participation		Assets		Liabilities		Equity		Net profit (loss)	
		March 31, 2017 %	December 31, 2016 %	March 31, 2017 S/000	December 31, 2016 S/000	March 31, 2017 S/000	December 31, 2016 S/000	March 31, 2017 S/000	December 31, 2016 S/000	March 31, 2017 S/000	December 31, 2016 S/000
Banco de Crédito del Perú	Banking, Perú	-	-	121,706,149	118,410,198	108,806,991	104,809,081	12,899,158	13,601,117	716,610	699,098
Mibanco, Banco de la Microempresa, Edyficar Perú S.A. Solución Empresa Administradora Hipotecaria S.A. BCP Emisiones LATAM 1 S.A	Micro-credits, Perú Financial services, Perú Mortgage loans, Perú Investments, Chile	93.60 99.95	93.60 99.95	11,554,721 11,784	11,175,388 11,788	10,353,874 21	9,662,533 59	1,200,847 11,763	1,512,855 11,729	69,197 34	70,656 (49)
		100.00	100.00	282,066	298,727	203,604	213,292	78,462	85,435	763	1,899
		50.39	50.39	958	1,053	134	194	824	859	(21)	(293)

The consolidated financial statements as of December 31, 2016 and for the year then ended were approved by the General Shareholders' Meeting held on March 31, 2017. The interim consolidated financial statements as of March 31, 2017 and for the three-month periods ended March 31, 2017 have been approved by Management on April 26, 2017.

These condensed interim financial statements have been reviewed, not audited.

2 THE BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

- a) These condensed consolidated interim financial statements for the three-month ended March 31, 2017 have been prepared in accordance with the regulations established by the Superintendencia de Banca, Seguros y AFP (hereinafter "SBS" for its Spanish acronym) in force in Peru. The SBS regulation regarding condensed interim financial statements follows IAS 34 "Interim Financial Reporting". It should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared with the regulations established by the SBS.

The accounting policies adopted are consistent with those of the previous financial year. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

- b) Bank's Management has used certain estimates and assumptions for the preparation of the condensed consolidated interim financial statements, such as the computation of the allowance for loan losses, the valuation of investments, the estimated useful life and recoverable amount of property, furniture and equipment and intangible assets, the provision for seized assets, the valuation of the brand name, goodwill and client relationship, the valuation of derivative financial instruments and share-based payments; therefore, the final results could differ from the amounts recorded by the Bank and its Subsidiaries.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016, with the exception of changes in estimates that are required in determining the provision for income taxes.

Accounting practices applied by the Bank that conform to generally accepted accounting principles in Peru for financial entities, may differ in certain respects to generally accepted accounting principles in other countries.

3 SIGNIFICANT TRANSACTIONS DURING THE THIRD QUARTER

During the first quarter of 2017, the Bank and its subsidiaries have not performed any significant transactions apart from the ones related to the regular activities of its operations.

4 FOREIGN CURRENCY TRANSACTIONS AND EXPOSURE TO EXCHANGE RISK

- a) Transactions in foreign currency are recorded using exchange rates prevailing in the market.

As of March 31, 2017, the weighted average market exchange rate published by the SBS for transactions in U.S. Dollars was S/3.246 for buying and S/3.249 for selling (S/3.352 for buying and S/3.360 for selling, as of December 31, 2016). A detail of the Bank and its Subsidiaries' foreign currency assets and liabilities expressed in thousands of U.S. Dollars and other currencies is shown below:

	<u>As of March 31, 2017</u>		<u>As of December 31, 2016</u>	
	<u>U.S. Dollars</u> <u>US\$000</u>	<u>Other currencies (*)</u> <u>US\$000</u>	<u>U.S. Dollars</u> <u>US\$000</u>	<u>Other currencies (*)</u> <u>US\$000</u>
Assets				
Cash and due from banks and interbank funds	7,580,784	19,502	6,758,476	33,684
Investment at fair value through profit or loss and available for sale, net	415,854	29,290	510,478	27,155
Investments held to maturity	202,125	-	206,199	-
Loans, net	8,921,515	-	8,699,473	-
Other assets	<u>127,629</u>	<u>18</u>	<u>142,004</u>	<u>12</u>
	<u>17,247,907</u>	<u>48,810</u>	<u>16,316,630</u>	<u>60,851</u>
Liabilities				
Deposits and obligations	(11,654,776)	(97,570)	(10,833,730)	(32,622)
Payable from repurchase agreements	(370,758)	-	(370,719)	-
Due to banks, correspondents, other entities and interbank funds	(1,706,663)	-	(1,688,720)	-
Bonds and subordinated notes issued	(3,540,229)	-	(3,567,907)	-
Other liabilities	<u>(133,910)</u>	<u>(46)</u>	<u>(141,834)</u>	<u>(63)</u>
	<u>(17,406,336)</u>	<u>(97,616)</u>	<u>(16,602,910)</u>	<u>(32,685)</u>
Net Forward position overbought (oversold).	(329,979)	79,627	(146,810)	(397)
Net position - currency swap	(5,418)	201	(73,033)	11
Net position - cross currency swaps and interests rate swap	460,000	(28,638)	427,000	(27,422)
Foreign currency options, net	<u>(4,825)</u>	<u>-</u>	<u>25,643</u>	<u>-</u>
Net asset position	<u>(38,651)</u>	<u>2,384</u>	<u>(53,480)</u>	<u>358</u>

- b) As of March 31, 2017, the Bank and its Subsidiaries have contingent operations (indirect loans) in foreign currency for approximately US\$3,744.1 million, equivalent to approximately S/12,160.7 million (approximately US\$4,568.5 million, equivalent to approximately S/15,331.9 million, as of December 31, 2016), see details of the composition in Note 15.

(*) Mainly Chilean Pesos.

5 CASH AND DUE FROM BANKS

Cash and due from banks can be described as follows:

- a) Cash and cash equivalents -

The cash and cash equivalents presents in the consolidated statements of cash flows correspond to "cash and due from banks" of the condensed consolidated interim statements of financial position, which includes deposits with less than three-month maturity from the date of acquisition, including cash in hand, BCRP time deposits, funds in central banks and overnights deposits, excluding restricted funds.

	<u>As of March 31, 2017</u> <u>S/000</u>	<u>As of December 31, 2016</u> <u>S/000</u>
Cash and clearing	3,582,009	3,659,051
Deposits in Peruvian Central Bank	11,917,318	8,642,656
Deposits in local and foreign banks	2,342,750	2,156,638
Accrued interest	<u>2,962</u>	<u>2,038</u>
Total cash and cash equivalent	17,845,039	14,460,383
Restricted funds	<u>9,424,739</u>	<u>10,802,605</u>
Total cash and due from banks	<u>27,269,778</u>	<u>25,262,988</u>

b) Cash and clearing and Deposits in Peruvian Central Bank -

Those accounts include mandatory reserve that the Bank and its Subsidiaries must maintain for their obligations with the public, and are within the limits established by prevailing legislation. The table below presents the composition of these reserves:

	As of March 31, 2017	As of December 31, 2016
	S/000	S/000
Mandatory reserve		
Deposits in Peruvian Central Bank	10,839,827	8,625,876
Cash in the vaults of the Bank and its Subsidiaries	<u>3,312,059</u>	<u>3,158,153</u>
Subtotal related to mandatory reserve	<u>14,151,886</u>	<u>11,784,029</u>
Non mandatory reserve		
Overnight deposits	1,077,491	16,780
Cash	<u>269,950</u>	<u>500,898</u>
Subtotal related to non mandatory reserve	<u>1,347,441</u>	<u>517,678</u>
Total	<u>15,499,327</u>	<u>12,301,707</u>

As of March 31, 2017, cash and due from banks subject to mandatory reserve in Peruvian currency and foreign currency are affected at an implicit rate of 6.0 percent and 31.32 percent, respectively, of the total obligations subject to reserve, as required by the BCRP (6.50 percent and 27.41 percent, respectively, as of December 31, 2016).

As of March 31, 2017, the available funds include an "overnight" operation with the BCRP for USD 279.4 million dollars at a nominal rate of 0.9546 percent with maturity at 3 days and S/170 million at a nominal rate of 3.0000 percent with maturity at 3 days (USD 5.0 million dollars in two "overnight" operations with the BCRP at a nominal rate of 0.700 percent with maturity at 4 days as of December 31, 2016).

c) Deposits in local and foreign banks -

Deposits in local and foreign banks correspond principally to balances in Soles and U.S. Dollars. All deposits are unrestricted and earn interest at market rates. As of March 31, 2017 and December 31, 2016, the Bank and its Subsidiaries do not have significant deposits in any specific financial institution.

d) Restricted funds -

The Bank and its Subsidiaries maintain restricted funds related to:

	As of March 31, 2017	As of December 31, 2016
	S/000	S/000
Repurchase agreements with BCRP (*)	9,113,518	10,494,686
Repurchase agreements with other entities	134,968	126,359
Derivative financial instruments	169,253	174,747
Other	<u>7,000</u>	<u>6,813</u>
Total	<u>9,424,739</u>	<u>10,802,605</u>

(*) Corresponds to deposits in dollars maintained in the BCRP which guarantee repurchase agreements amounting to S/9,030.5 million as of March 31, 2017 (S/10,008.7 million as of December 31, 2016), see note 6(i).

6 INVESTMENTS

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

	As of March 31, 2017				As of December 31, 2016			
	Amortized cost S/000	Gains S/000	Losses S/000	Estimated fair value S/000	Amortized cost S/000	Gains S/000	Losses S/000	Estimated fair value S/000
Investments at fair value through profit or loss (trading) - (b)								
Accrued interest	-	-	-	3,323,781	-	-	-	2,419,819
Balance of investments at fair value through profit or loss	-	-	-	1,724	-	-	-	2,645
				<u>3,325,505</u>				<u>2,422,464</u>
Investments available-for-sale								
BCR Certificate of deposits (c)	6,504,044	14,667	(34)	6,518,677	4,796,142		6,466	4,802,608
Corporate and leasing bonds (d), (f)	1,202,439	21,141	(17,263)	1,206,317	1,387,228		13,927	1,374,568
Sovereign bonds - Republic of Peru	1,035,492	25,380	-	1,060,872	310,810		(7,835)	302,975
Foreign governments bonds (e)	60,102	-	-	60,102	197,547		(139)	197,993
Securitization instruments	151,667	8,139	-	159,806	157,229		8,469	165,698
Listed equity securities - Credicorp Ltd.	82,564	-	-	82,564	81,350		-	81,350
Peruvian treasury bonds	-	-	-	-	29,026		37	29,063
Listed equity securities - others	17,743	-	(4,891)	12,852	19,816		(615)	19,201
Unlisted shares	1,633	490	-	2,123	1,633		-	2,106
Participation in mutual funds	12	694	-	706	12		-	744
	<u>9,055,696</u>	<u>70,511</u>	<u>(22,188)</u>	<u>9,104,019</u>	<u>6,980,793</u>		<u>(35,176)</u>	<u>6,976,306</u>
Accrued interest				28,057				38,091
Balance of available-for-sale investments (g) (h)				<u>9,132,076</u>				<u>7,014,397</u>

- b) As of March 31, 2017, the balance includes 31,298 BCRP certificates of deposit (securities issued at discount through public auctions of BCRP, negotiated in the Peruvian secondary market and settled in Soles) amounting to S/3,066.7 million; sovereign bonds - Republic of Peru for S/245.9 million; foreign treasury bonds for S/7.0 million and equity securities listed in Lima Stock Exchange for S/4.1 million (23,265 BCRP certificates of deposit for S/2,259.8 million; sovereign bonds - Republic of Peru for S/108.4 million; foreign treasury bonds for S/46.7 million and equity securities listed in Lima Stock Exchange for S/4.9 million as of December 31, 2016).
- c) As of March 31, 2017, the Bank maintains 66,695 BCRP certificates of deposits (49,504 BCRP certificates of deposit as of December 31, 2016).
- d) As of March 31, 2017, the corporate and leasing bonds mainly include bonds issued by Peruvian, Colombian, United States, Chilean, Mexican, Panamanian and Brazilian entities accounting for 38.1 percent, 29.7 percent, 13.1 percent, 9.6 percent, 4.7 percent, 4.0 percent and 0.8 percent of the total, respectively (40.0 percent, 27.4 percent, 11.9 percent, 8.7 percent, 4.3 percent, 3.7 percent and 4.0 percent of the total, respectively, as of December 31, 2016).
- e) As of March 31, 2017 and December 31, 2016, foreign government bonds correspond to US\$18.5 million, equivalent to S/60.1 million and US\$59.0 million, equivalent to S/198.0 million, respectively; issued by the Government of Colombia.
- f) As of March 31, 2017, the Bank maintained interest rate swaps (IRS), which were designated as fair value hedges of certain bonds issued at fixed rate in U.S. Dollars by corporate entities and multilateral financial entities, for a notional amount of S/638.2 million (S/760.3 million as of December 31, 2016), see note 8(b); through said IRS, these bonds were economically converted to variable interest rate.

As of March 31, 2017 the Bank keeps currency swaps ("Cross Currency Swap" or "CCS"), which were designated as hedges of certain corporate bonds at a nominal amount of S/232.7 million and certain foreign government bonds for a total of S/55.2 million for a nominal amount with similar principal and maturity, see note 8(b); through those CCS, said bonds were economically converted into soles at a fixed rate (S/236.3 million were hedged with corporate bonds and S/167.8 million were hedged with government bonds through a CCS as of December 31, 2016).

g) As of March 31, 2017 and December 31, 2016, the maturities and the annual market rates of the investments available-for-sale are as follows:

Maturity	Annual interest rates														
	As of March 31, 2017			As of December 31, 2016			As of March 31, 2017			As of December 31, 2016					
	S/	US\$	Other currency	S/	US\$	Other currency	S/	US\$	Other currency	S/	US\$	Other currency			
Min	Max	%	Min	Max	%	Min	Max	%	Min	Max	%	Min	Max	%	
BCRP certificates of deposit	4.17	4.35	-	4.27	4.54	-	4.27	4.54	-	4.27	4.54	-	4.27	4.54	-
Corporate and leasing bonds	6.19	8.13	1.59	6.90	8.39	8.24	6.90	8.39	1.72	8.76	8.83	8.83	8.76	9.06	9.06
Sovereign bonds - Republic of Perú	4.08	6.14	-	5.86	6.74	-	5.86	6.74	-	-	-	-	-	-	-
Foreign government bonds	-	-	2.04	-	-	-	-	-	2.29	2.86	-	-	-	-	-
Peruvian treasury bonds	-	-	-	3.97	4.39	-	3.97	4.39	-	-	-	-	-	-	-
Securitized instruments	-	-	3.49	-	3.83	-	-	-	3.50	4.14	-	-	-	-	-

- h) As of March 31, 2017 and December 31, 2016, Management has estimated the fair value of investments at fair value through profit or loss (trading) and available-for-sale using market price quotations available in the market or valuation techniques with inputs of active markets that are observable, either directly or indirectly, if the price was not available, by discounting the expected future cash flows at an interest rate that reflects the risk classification of the financial instrument.

Management has determined that the unrealized losses as of March 31, 2017 and December 31, 2016 are of temporary nature. The Bank and its Subsidiaries have decided and have the ability to maintain these investments for a period of time sufficient to allow for an anticipated recovery in fair value, which can occur at their maturity in the case of debt instruments.

- i) Investments held-to-maturity

This item is made up as follows:

	<u>As of March 31, 2017</u> S/000	<u>As of December 31, 2016</u> S/000
Peruvian sovereign bonds	4,046,660	4,016,340
Foreign governments bonds	281,332	294,374
Peruvian treasury bonds	223,428	234,884
Certificates of payment on work in progress (i)	<u>145,378</u>	<u>154,449</u>
	4,696,798	4,700,047
Accrued interest	<u>33,751</u>	97,961
Total	<u><u>4,730,549</u></u>	<u><u>4,798,008</u></u>

As of March 31, 2017, the fair value of held-to-maturity investments amounts to S/4,838.0 million (S/4,633.8 million as of December 31, 2016) and has maturities between April 2017 and February 2042. These investments bear interest at an annual effective interest rate between 1.41 and 6.43 percent for bonds issued in Soles and between 1.95 and 5.69 percent for bonds issued in U.S. Dollars (1.87 and 7.12 percent for bonds issued in Soles and between 1.92 and 2.82 percent for bonds issued in U.S. Dollars, respectively as of December 31, 2016).

- (i) As of March 31, 2017, a total of 241 certificates of payment on work progress were obtained ("Reconocimiento Anual de Pago por Adelanto de Obra –CRPAO") issued by the Government of Peru to finance projects and concessions, this issuance is a mechanism set forth in the concession agreement signed by the Peruvian Government and the Concessionaire that allows the latter to obtain financing to continue with the committed work. Investment in CRPAOs amounted to S/.145.4 million with maturities from April 2017 to April 2026, bearing interest at an annual effective rate ranging from 3.04 to 6.24 percent. (249 CRPAOs, with a total investment of S/154.4 million with maturities between January 2017 and April 2026, bearing interest at annual effective rates between 3.01 and 6.02 percent at December 31, 2016).

Management has determined that the difference between amortized cost and fair value of investment held-to-maturity is of temporary nature. Therefore, the Bank and its Subsidiaries have not recorded any impairment as of March 31, 2017 and December 31, 2016 for these investments.

j) As of March 31, 2017 and December 31, 2016, includes repurchase agreements in which the Bank and its Subsidiaries has pledged as collateral cash, see Note 5, as available-for-sale investments, see Note 6-a), and as held-to-maturity investments, see Note 6-i). This item is made up as follows:

	As of March 31, 2017			As of December 31, 2016		
	Maturity	Carrying amount S'000	Guarantee	Maturity	Carrying amount S'000	Guarantee
Peruvian Central Bank (BCRP)						
see note 5						
Peruvian Central Bank (BCRP)	Jun-17 / Oct-20	9,030,500	Cash	May-16 / Feb-21	10,008,700	Cash
Nomura International PLC, (i)	May-17 / Aug-17	949,334	Available-for-sale investments	Jan-16 / Mar-16	1,256,706	Available-for-sale investments
Credit Suisse Peru	Mar-19 / Dec-19	487,200	Held-to-maturity investments and Cash	Mar-19 / Dec-19	503,400	Held-to-maturity investments and Cash
Matixis	Aug-17	300,000	Held-to-maturity investments and Cash	Aug-17	300,000	Held-to-maturity investments and Cash
	Aug-17 / Aug-28	870,000	Available-for-sale investments and held-to-maturity investments	Aug-17 / Aug-20	600,000	Available-for-sale investments and held-to-maturity investments
Matixis (ii)	Aug-26	81,200	Available-for-sale investments and held-to-maturity investments		83,900	Available-for-sale investments and held-to-maturity investments
Citigroup Global Markets Limited	Aug-20	100,000	Held-to-maturity investments	Aug-20	100,000	Held-to-maturity investments
Citigroup Global Markets Limited (iii)	Aug-26	146,160	Held-to-maturity investments and Cash		151,020	Held-to-maturity investments and Cash
Nomura International PLC, (iv)	Aug-20	259,840	Held-to-maturity investments and Cash	Aug-20	268,480	Held-to-maturity investments and Cash
Nomura International PLC, (v)	Aug-20	227,360	Held-to-maturity investments	Aug-20	234,920	Held-to-maturity investments
		12,451,584			13,507,126	
Interest		218,627			259,343	
		12,670,211			13,766,469	

As of March 31, 2017, the repurchase agreements are guaranteed with cash in amount of S/9,248.5 million (S/10,621.0 million as of December 31, 2016) and securities (BCRP certificates of deposit, corporate bonds, bonds of multilateral financial institutions, sovereign bonds, Peruvian treasury bonds and Foreign governments bonds) classified as investments available for sale and held to maturity for a fair value of US\$1,135.8 million, equivalent to S/3,689.2 (US\$1,116.2 million, equivalent to S/3,746.1 million as of December 31, 2016).

These repurchase agreements accrued an interest at fixed rate between 3.0 and 6.95 percent and at variable rate between Libor (3M+0.35 percent and Libor 3M+0.85) percent as of March 31, 2017 (between 3 and 7.2 percent for repurchase agreements at fixed rate and between Libor 3M+0.35 percent and Libor 3M+0.85 percent for repurchase agreements at variable rate as of December 31, 2016).

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

- (i) As of March 31, 2017, the Bank maintains IRS which have been designated as cash flow hedges of certain repurchase agreements in U.S. dollars at variable rate for a nominal amount of US\$150.0 million, equivalent to S/487.2 million (US\$150.0 million, equivalent to S/503.4 million, as of December 31, 2016). By means of these IRS, these repurchase agreements were economically converted to fixed interest rate, see note 8(b).
- (ii) As of March 31, 2017, the Bank maintains a CCS which was designated as a cash flow hedge of certain repurchase agreements in U.S. dollars at a variable rate for a nominal amount of US\$25 million, equivalent to S/81.2 million. (US\$25 million, equivalent to S/83.9 million, as of December 31, 2016) By means of the CCS said repurchase agreements were economically converted into soles at a fixed interest rate, note 8(b).
- (iii) As of March 31, 2017, the Bank maintains one CCS, which was designated as a cash flow hedge of certain U.S. dollar repurchase agreements at a variable interest rate for a nominal amount of US\$45 million, equivalent to S/146.2 million. (US\$45 million, equivalent to S/151.0 million, as of December 31, 2016) Through the CCS said repurchase agreements were economically converted into soles at a fixed rate, see note 8(b).
- (iv) As of March 31, 2017, the Bank held repurchase agreements in U.S. dollars at a variable rate for US\$80.0 million, equivalent to S/259.8 million; said repurchase agreements were hedged through an IRS which was designated as a cash flow hedge, upon converting said repurchase agreements into U.S. dollars at a fixed rate, note 8(b). (US\$80.0 million, equivalent to S/268.5 million as of December 31, 2016).
- (v) As of March 31, 2017, the Bank maintains a CCS which was designated as a cash flow hedge of certain repurchase agreements in U.S. dollars for a nominal amount of US\$70.0 million, equivalent to S/227.4 million. Through the CCS, said repurchase agreements were economically converted to soles at a fixed rate, see note 8(b) (US\$70.0 million, equivalent to S/234.9 million at December 31, 2016).

7 LOANS, NET

a) This item is made up as follows:

	As of March 31, 2017	As of December 31, 2016
	<u>S/000</u>	<u>S/000</u>
Direct loans		
Loans	63,044,638	64,009,043
Leases	7,920,133	8,302,898
Credit cards	6,826,535	6,965,845
Discounted notes	1,575,778	1,919,270
Factoring receivables	1,209,962	1,428,571
Overdrafts and advances on checking accounts	77,249	147,009
Refinanced loans	848,770	818,584
Restructured loans	122	126
Total loans to fall due	<u>81,503,187</u>	<u>83,591,346</u>
Past due loans and under court collection	<u>2,663,021</u>	<u>2,517,678</u>
Total gross loans	<u>84,166,208</u>	<u>86,109,024</u>
Add (less)		
Accrued interest from current loans	687,163	714,662
Deferred interest on discounted notes	(110,232)	(103,026)
Allowance for loan losses (c)	(4,059,856)	(4,062,790)
Total direct loans	<u>80,683,283</u>	<u>82,657,870</u>
Indirect loans, Note 15(b)	<u>16,746,106</u>	<u>18,815,093</u>

(b) As of March 31, 2017 and December 31, 2016, the distribution of the loan portfolio by segments, according to Resolutions SBS N°11356-2008, is as follows:

	As of March 31, 2017	As of December 31, 2016
	<u>S/000</u>	<u>S/000</u>
Non-retail loans		
Corporate	23,370,835	22,453,654
Large-business	12,543,880	13,240,318
Medium-business	<u>13,673,687</u>	<u>14,167,654</u>
Sub total	49,588,402	49,861,626
Retail loans		
Mortgage	12,901,706	12,896,028
Revolving and non-revolving consumer loans	9,763,543	11,244,382
Small-business	9,122,011	9,269,405
Micro-business	<u>2,790,546</u>	<u>2,837,583</u>
Sub total	<u>34,577,806</u>	<u>36,247,583</u>
Total	<u>84,166,208</u>	<u>86,109,024</u>

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

	<u>2017</u> S/000	<u>2016</u> S/000
Balance as of January 1	4,278,138	4,109,388
Provision, net of recoveries	519,063	426,478
Recoveries of written-off loans	62,303	54,254
Loan portfolio written-off	(340,553)	(364,929)
Transference of Banco de Crédito de Bolivia (Note 18)	-	(184,022)
Exchange difference and other	(54,703)	(43,079)
Balance as of March 31 (*)	<u>4,464,248</u>	<u>3,998,090</u>
Balance as of December 31, 2016	<u>-</u>	<u>4,278,138</u>

(*) As of March 31, 2017 and 2016, the allowance for loan losses includes indirect loans allowance for approximately S/404,392 million (approximately S/214,678 million as of March 31, 2016). The allowance for indirect loan losses is presented in the "Other liabilities, net" caption of the consolidated statements of financial position, Note 8-a).

In Management's opinion, the allowance for loan losses recorded as of March 31, 2017 and 2016, has been established in accordance with SBS regulations in force as of those dates.

(d) A portion of the loan portfolio is secured by guarantees received from clients, which are principally conformed by mortgages, stand-by letters, financial instruments, and industrial and commercial pledges.

8 GOODWILL, OTHER ASSETS AND OTHER LIABILITIES

a) These items are made up as follows:

	<u>As of March</u> <u>31, 2017</u> S/000	<u>As of December</u> <u>31, 2016</u> S/000
Goodwill		
Edyficar	144,841	144,841
Mibanco	<u>131,480</u>	<u>131,480</u>
Carrying amount, net	276,321	276,321
Other assets, net		
Financial instruments		
Derivatives receivable (b)	753,600	863,105
Accounts receivable, net	689,354	470,534
Operations in process (c)	<u>44,191</u>	<u>34,931</u>
	1,487,145	1,368,570
Non-financial instruments		
Finite live intangible assets, net	809,618	824,771
Deferred income tax (d)	479,223	454,216
Prepaid expenses	172,306	119,150
Income tax prepayments, net	124,592	97,939
Realizable, received in payment and seized assets, net	41,493	41,981
Other	<u>34,232</u>	<u>31,389</u>
	1,661,464	1,569,446
Total other assets	<u>3,148,609</u>	<u>2,938,016</u>

	As of March 31, 2017	As of December 31, 2016
	S/000	S/000
Other liabilities		
Financial instruments		
Dividends payable (Note 13(f))	1,480,745	32
Accounts payable	567,222	393,233
Derivatives payable (b)	538,574	599,739
Allowance for indirect loan losses, Note 7	404,392	215,348
Salaries and other personnel expenses payable	308,786	468,779
Share based payments	23,537	53,747
Operations in process (c)	<u>42,022</u>	<u>127,988</u>
	<u>3,365,278</u>	<u>1,858,834</u>
Non-financial instruments		
Provision for sundry risks	206,435	195,311
Taxes payable	141,802	73,469
Deposit insurance fund	31,850	29,844
Other	<u>197,943</u>	<u>184,285</u>
	<u>578,030</u>	<u>482,909</u>
Total other liabilities	<u>3,943,308</u>	<u>2,341,743</u>

- b) The risk in derivatives contracts arises from the possibility that the counterparty does not fulfill the terms and conditions agreed and that the reference rates, in which the transaction was made, changes.

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

	As of March 31, 2017			As of December 31, 2016			2017 and 2016			
	Assets \$/000	Liabilities \$/000	Nominal value \$/000	Assets \$/000	Liabilities \$/000	Nominal value \$/000	Assets \$/000	Liabilities \$/000	Maturity	Hedged Instrument
Derivatives held for trading (f) -										
Forward exchange contracts	66,241	52,324	7,856,106	55,089	41,409	6,275,416	55,089	41,409	Between January 2017 and August 2018	-
Interest rate swaps	50,977	24,073	5,975,674	54,332	25,407	5,533,828	54,332	25,407	Between January 2017 and December 2031	-
Currency swaps	333,462	350,230	6,569,134	402,057	464,984	6,692,577	402,057	464,984	Between January 2017 and December 2026	-
Foreign currency options	20,766	22,165	1,913,418	21,037	16,701	2,612,678	21,037	16,701	Between January 2017 and December 2017	-
	<u>473,466</u>	<u>448,792</u>	<u>22,344,332</u>	<u>532,515</u>	<u>548,501</u>	<u>21,414,499</u>	<u>532,515</u>	<u>548,501</u>		
Derivatives designated as cash flow hedging (f) -										
Interest rate swaps (IRS)	1,402	-	308,560	1,384	-	318,820	1,384	-	Between April 2017 and September 2018	Due to banks
Interest rate swaps (IRS) (*)	289	-	324,800	-	218	335,600	-	218	January 2018	Due to banks
Interest rate swaps (IRS) (**)	1,779	-	324,800	1,614	-	335,600	1,614	-	March 2018	Due to banks
Interest rate swaps (IRS)	3,704	14	487,200	3,140	294	503,400	3,140	294	Between March and December 2019	Repurchase agreements
Cross currency swaps (CCS)	12,616	4,118	232,679	16,538	9,484	236,335	16,538	9,484	Between January 2017 and September 2024	Available for sale
Investments	-	-	-	-	-	-	-	-	-	-
Cross currency swaps (CCS)	-	2,024	55,216	1,289	7,588	187,300	1,289	7,588	Between January 2017 and March 2019	Available for sale
Investments	-	-	-	-	-	-	-	-	-	-
Cross currency swaps (CCS)	-	70,975	974,400	-	25,387	1,006,800	-	25,387	October 2019	Bonds issued
Cross currency swaps (CCS)	27,475	-	227,360	35,158	-	234,920	35,158	-	August 2020	Repurchase agreements
Cross currency swaps (CCS)	-	682	81,200	1,154	-	83,900	1,154	-	August 2026	Repurchase agreements
Cross currency swaps (CCS)	-	10,963	146,160	-	6,871	151,020	-	6,871	August 2026	Repurchase agreements
Cross currency swaps and interest rate swaps (CCS and IRS)	44,586	-	259,840	54,103	-	268,480	54,103	-	August 2020	Repurchase agreements
Fair value hedges -										
Interest rate swaps (IRS) 12(e)	184,461	-	7,932,982	212,162	-	8,196,765	212,162	-	Between September 2020 and April 2023	Bonds issued
Interest rate swaps (IRS) 5(b)	3,820	1,016	688,213	4,026	1,396	780,315	4,026	1,396	Between January 2017 and May 2023	Available for sale
Investments	<u>280,134</u>	<u>89,782</u>	<u>11,959,410</u>	<u>330,559</u>	<u>51,238</u>	<u>12,599,755</u>	<u>330,559</u>	<u>51,238</u>		
	<u>753,600</u>	<u>538,574</u>	<u>34,387,742</u>	<u>863,105</u>	<u>599,739</u>	<u>34,014,254</u>	<u>863,105</u>	<u>599,739</u>		

(*) As of March 31, 2017, the Bank maintained three interest rate swaps (IRS) contracts, which were designated as hedges of the cash flows of certain due to banks at variable interest rate for a notional amount of US\$200.0 million, equivalent to approximately S/649.6 million, subject to variable interest rate risk. Through these IRS, such due to banks were economically converted to fixed interest rate.

- (i) Derivatives held for trading are mainly negotiated to satisfy clients' needs. The Bank and its Subsidiaries may also take positions with the expectation of profiting from favorable movements in prices and rates. Also included under this caption are any derivatives which do not meet SBS hedging requirements.
- (ii) The Bank and its Subsidiaries are exposed to movements in future interest cash flows on non-trading assets and liabilities which bear interest at variable rates. The Bank and its Subsidiaries use derivative financial instruments as cash flow hedges to cover these risks.
- c) Operations in process include deposits received, loans disbursed and/or collected, funds transferred and other similar types of transactions, which are made at the end of the month and not reclassified to their final consolidated statements financial position accounts until the first days of the following month. The regularization of these transactions may not affect the Bank and its Subsidiaries' consolidated net income.
- d) Deferred income tax is mainly generated by loans, unrealized loss on bonds, depreciation of buildings, unrealized gains on investments and the difference in exchange in assets and liabilities.

9 DEPOSIT AND OBLIGATIONS

- a) This item is made up as follows:

	As of March 31, 2017	As of December 31, 2016
	<u>S/000</u>	<u>S/000</u>
Demand deposits	23,979,036	24,623,987
Saving deposits	24,929,341	24,791,329
Time deposits	22,036,586	16,915,354
Severance indemnities deposits	6,537,982	7,117,685
Negotiable certificates	<u>708,433</u>	<u>743,726</u>
	78,191,378	74,192,081
Interest payable	<u>149,791</u>	<u>133,073</u>
Total	<u><u>78,341,169</u></u>	<u><u>74,325,154</u></u>

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

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

As of March 31, 2017 and December 31, 2016, approximately S/27,670.8 million and S/28,239.3 million, respectively, of the deposits and obligations balances are covered by the "Fondo de Seguro de Depósitos" (Deposit Insurance Fund). At those dates, the "Fondo de Seguro de Depósitos" covered up to S/97,586.0 and S/97,644.0 per individual depositor, respectively.

10 DUE TO BANKS, CORRESPONDENTS AND OTHER ENTITIES

a) This item is made up as follows:

	<u>As of March 31, 2017</u> S/000	<u>As of December 31, 2016</u> S/000
By type -		
Due to banks, correspondents and financial institutions (b)	5,185,488	4,996,929
Due to related parties (c)	883,287	1,069,152
Promotional credit lines (d)	<u>1,847,559</u>	<u>1,793,205</u>
	7,916,334	7,859,286
Interest payable	<u>26,183</u>	<u>39,336</u>
Total	<u><u>7,942,517</u></u>	<u><u>7,898,622</u></u>
By term -		
Short-term debt	3,787,012	3,665,722
Long-term debt	<u>4,155,505</u>	<u>4,232,900</u>
Total	<u><u>7,942,517</u></u>	<u><u>7,898,622</u></u>

b) As of March 31, 2017, due to banks and correspondents comprise mainly loans to finance foreign trade operations and for working capital granted by 18 foreign entities (18 as of December 31, 2016); of which 8 represent approximately 48 percent of the balance (10 represent approximately 54 percent of the balance as of December 31, 2016).

As of March 31, 2017, due to bank and correspondents accrued annual interest at rates that ranged between 1.30 and 8.67 percent (between 1.11 and 8.67 percent as of December 31, 2016).

c) As of March 31, 2017, due to related parties includes loans at variable interest rates maintained between BCP and CCR Inc. and Atlantic Security Bank (ASB), amounting to US\$262.5 million, equivalent to a S/852.6 million and US\$9.45 million, equivalent to S/30.7 million, respectively. Additionally, a loan is included for US\$366.1 million between Mibanco and BCP, equivalent to S/1,189.2 million (loans at variable interest rates maintained between BCP and CCR Inc. and Atlantic Security Bank (ASB), amounting to US\$.309.1 million, equivalent to a S/1,037.4 million and US\$9.45 million, equivalent to S/31.7 million, respectively. Additionally, a loan is included for US\$181.7 million between Mibanco and BCP, equivalent to S/610 million as of December 31, 2016).

d) Promotional credit lines represent loans received mainly from Corporación Financiera de Desarrollo (COFIDE) and Fondo de Cooperación para el Desarrollo (FONCODES) to promote the development of Peru. As of March 31, 2017 and December 31, 2016, their annual interest rates ranged between 6.0 and 7.8 percent. These liabilities are secured by a loan portfolio for up to the amount of the credit line used.

11 BONDS AND SUBORDINATED NOTES ISSUED

This item is made up as follows:

	<u>As of March 31, 2017</u> S/000	<u>As of December 31, 2016</u> S/000
Local issuances -		
Corporate bonds	1,747,751	1,657,895
Subordinated bonds	312,958	313,009
Leasing bonds	100,000	100,000
Negotiable Certificates of deposits	<u>2,462</u>	<u>2,998</u>
	<u>2,163,171</u>	<u>2,073,902</u>
International issuances -		
Senior notes	6,672,446	6,931,247
Subordinated notes	3,884,578	3,618,493
Junior subordinated notes	821,646	851,423
Trading certificates of deposit	480,340	478,837
Subordinated negotiable certificates of deposit	<u>-</u>	<u>412,073</u>
	<u>11,859,010</u>	<u>12,292,073</u>
Total local and international issuances -	14,022,181	14,365,975
Interest payable	<u>173,544</u>	<u>185,595</u>
Total	<u>14,195,725</u>	<u>14,551,570</u>

International issuances are listed in the Luxembourg Stock Exchange. Likewise, local and international issuances maintain certain financial and operative covenants, which, in Management's opinion, the Bank and its Subsidiaries have complied with as of the dates of the consolidated statements of financial position.

As of March 31, 2017 and December 31, 2016, their annual effective interest rates ranged between 1.8 percent and 9.75 percent and have maturities between May 2017 and November 2069, see more details in Note 12 to the consolidated financial statements as of December 31, 2016.

12 INCOME TAX

Amounts presented in the consolidated statements of income for the three-month periods ended March 31, 2017 and 2016 are shown below:

	Three-month periods ended	
	March 31,	
	<u>2017</u>	<u>2016</u>
	S/000	S/000
Current	290,574	275,962
Deferred	<u>(27,203)</u>	<u>(27,648)</u>
	<u>263,371</u>	<u>248,314</u>

13 SHAREHOLDER'S EQUITY

a) Capital stock -

As of March 31, 2017 and December 31, 2016, the Bank's capital stock comprises 7,933.3 million and 7,066.3 million, respectively, of fully subscribed and paid common shares, each with a nominal value of one Peruvian Sol.

As of March 31, 2017 Credicorp Ltd. and Grupo Credito S.A. (a subsidiary of Credicorp) hold 3.73 percent and 93.96 percent, respectively of the Bank's capital stock (12.73 percent and 84.96 percent, respectively as of December 31, 2016).

The General Shareholders Meetings held on March 31, 2017, approved to issue 866,995,698 new shares for a par value of S/1.00 each; totaling an amount of S/867.0 million.

The General Shareholders Meetings held on March 31, 2017 and March 31, 2016 approved the capitalization of 2016 and 2015 retained earnings for an amount of S/867.0 million and S/1,212.3 million, respectively.

b) Legal reserve -

Under Peruvian legislation, the Bank must reach a legal reserve of at least 35 percent of its paid-in capital, through an annual appropriation of at least 10 percent of the net income. As of March 31, 2017, the Bank has covered such legal request.

The General Shareholders' Meetings held on March 31, 2017 and March 31, 2016, approved the increase of the legal reserve for approximately S/303.3 million and S/424.3 million, respectively. The Bank's Subsidiaries established in Peru must also record legal reserves in their individual financial statements, which percentages varies depending on applicable laws.

c) Special reserve -

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

d) Unrealized and translation results -

The caption "Unrealized and translation results" includes the net unrealized gain (loss) from available-for-sale investments and from derivatives instruments used as cash flow hedges and translation results. The movement for the three-month periods ended March 31, 2017 and 2016, net of deferred income tax is as follows:

	<u>Unrealized gain (loss) of:</u>			
	<u>Available for sale investments</u> S/000	<u>Derivatives instruments used as cash flow hedges</u> S/000	<u>Translation results</u> S/000	<u>Total</u> S/000
Balances as of January 1, 2016	(43,940)	40,930	107,396	104,386
Net unrealized gain from available for-sale investments	9,451	-	-	9,451
Transfer of realized gain from available for-sale investments to the consolidated statement of income, net of realized loss	4,610	-	-	4,610
Net unrealized loss from cash flow hedge	-	(14,404)	-	(14,404)
Transfer of realized loss from cash flow hedge to the consolidated statement of income, net of realized loss	-	1,076	-	1,076
Deferred Income Tax	651	(4,563)	-	(3,912)
Foreign currency translation	-	-	(6,881)	(6,881)
Balances as of March 31, 2016	(29,228)	23,039	100,515	94,326
Balances as of January 1, 2017	(4,366)	26,256	5,112	27,002
Net unrealized gain from available for-sale investments	49,446	-	-	49,446
Transfer of realized gain from available for-sale investments to the consolidated statement of income, net of realized loss	1,731	-	-	1,731
Net unrealized loss from cash flow hedge	-	(5,960)	-	(5,960)
Transfer of realized loss from cash flow hedge to the consolidated statement of income, net of realized loss	-	414	-	414
Deferred Income Tax	(1,933)	803	-	(1,130)
Foreign currency translation	-	-	(336)	(336)
Balances as of March 31, 2017	<u>44,878</u>	<u>21,513</u>	<u>4,776</u>	<u>71,167</u>

e) Components of other comprehensive income -

The consolidated statement of comprehensive income includes other comprehensive income from available-for-sale investments and from derivatives financial instruments used as cash flow hedges; its movement is as follows:

	For the three-month periods ended	
	March 31,	
	2017	2016
	S/000	S/000
Available-for-sale investments:		
Net unrealized gain (loss) from available for-sale investments	49,446	9,451
Net transfer of realized gain from available for-sale investments to consolidated statements of income	1,731	4,610
Sub total	51,177	14,061
Deferred income tax	(1,933)	651
	49,244	14,712
Non-controlling interest	140	-
	<u>49,384</u>	<u>14,712</u>
Cash flow hedges:		
Net unrealized (loss) gain from cash flow hedges	(5,960)	(14,404)
Net transfer of realized loss from cash flow hedges to consolidated statements of income	414	1,076
Sub total	(5,546)	(13,328)
Deferred income tax	803	4,563
	<u>(4,743)</u>	<u>(17,891)</u>
Translation results:		
Exchange differences on translation of foreign operations	(336)	(6,881)
Non-controlling interest	(14)	88
	<u>(350)</u>	<u>(6,969)</u>

f) Dividend distribution -

The General Shareholders' Meetings held on March 31, 2017 and March 31, 2016, agreed to distribute dividends for approximately S/1,462.7 million and S/1,170.8, respectively.

Under current Peruvian legislation, there is no restriction for overseas remittance of dividends or the repatriation of foreign investment. Individual persons and corporations not domiciled in Peru must pay of 6.8 percent as tax on dividends received, which must be retained and paid by the entity that distributes the dividends.

However, by means of Legislative Decree N°1261, published on December 11, 2016, the additional tax rate on dividends will be 5 percent on profits generated with effect from the year 2017, thus respecting the provision of Law N°30296 with regard to profits generated until 2014, which will be subject to a rate of 4.1 percent and profits generated in 2015 and 2016 which will incur a rate 6.8 percent.

g) Equity for legal purposes (Regulatory capital) -

As of March 31, 2017 and December 31, 2016 in application of Legislative Decree No.1028, the Bank presents the following amounts related to weighted assets and credits by total risk and regulatory capital (basic and supplementary), in millions of Soles:

	As of March	As of December
	31, 2017	31, 2016
	S/000	S/000
Assets and risk weighted by overall risk	100,356	103,350
Regulatory capital	16,792	15,859
Basic regulatory equity	11,806	10,762
Supplementary regulatory capital	4,986	5,098
Global equity on regulatory capital ratio	<u>16.73%</u>	<u>15.35%</u>

As of March 31, 2017 and December 31, 2016, the Bank and its Subsidiaries have fulfilled the requirements of Resolutions No.2115-2009, No.6328-2009 and N°14354-2009, Regulations for the Requirement of Regulatory Capital by Operational Risk, Market Risk and Credit Risk Regulations, respectively, and amendments. Those resolutions establish, mainly, the methodology to be applied by financial entities in order to calculate assets and credits weighted for each type of risk.

On July 20, 2011, the SBS issued Resolution No.8425-2011 requiring an additional regulatory capital, which is the summation of each of the following components: economic cycle risk, concentration risk, market concentration risk, interest rates risk and others. Likewise, it established a gradual adoption period of five years starting in July 2012. As of March 31, 2017 and December 31, 2016, the level of adoption established by SBS is 70 percent; as a result, the additional required estimated regulatory capital amounts to approximately S/2,422.8 and S/2,346.6, respectively.

In Management's opinion, the Bank and its Subsidiaries are carrying out the requirements established by the Resolution No.8425-2011.

Resolution SBS No. 11823-2010, "Regulations on consolidated supervision of financial and mixed conglomerates" establishes that the economic group subject to consolidation (the Bank and its Subsidiaries are part of Credicorp Group), must have a regulatory equity destined to cover the risks arising from the operations and activities of the bank, which shall not be lower than the minimum equity, required the group subject to consolidation. As of March 31, 2017 and December 31, 2016, the regulatory equity of the financial group subject to consolidation amounted to S/21,738.8 million and S/19,671.4 million, respectively.

14 TAX SITUATION, LIABILITIES AND CONTINGENCIES

- a) The Bank and its Subsidiaries are subject to corporate taxation on income of the country where they are established.

The income tax rate for subsidiaries in Peru is 29.5 (28 in 2016) percent on taxable income after calculating the distribution of benefits workers', determined using a 5 percent rate.

- (a) Tax on dividends and other forms of profit distribution, agreed on by any legal entities to non-domiciled individuals and legal persons is equivalent to 5%.

Dividends paid out of undistributed profits from January 1, 2015 as of December 31, 2016, will be subject to the 6.8% withholding tax rate.

- b) In 2016, the Peruvian Congress enacted Law 30,341 which grants a tax exemption for capital gains realized in connection with the disposition of some securities traded on the Lima Stock Exchange.

The exemption will be effective from January 1, 2016 to December 31, 2018. In order to benefit from the exemption, the Peruvian securities should be traded in the Lima Stock Exchange and the following requirements are met:

- The disposing taxpayer and its related parties must not transfer 10% or more of the outstanding shares of the company or other securities representing shares – in a single or multiple transactions within any 12-month period, and
- The securities disposed of must have, or be deemed to have, listing presence on the Peruvian Stock Exchange.

Legislative Decree N°1262 extended the exemption until December 31, 2019 and included the transfer of: debt securities, certificates of participation in mutual funds, certificates of participation in real estate investment funds and negotiable invoices, when certain requirements were met.

For non-domiciled entities or individuals, capital gains arising from the disposal of securities traded through Lima Stock Exchange that do not meet the above requirements should be subject to tax in Peru at 5% rate, while transactions performed outside Lima Stock exchange should be subject to tax in Peru at 30% rate

- c) On February 15, 2011, the Peruvian government enacted Law No. 29663. On July 21, 2011, Law No. 29663 was amended by Law No. 29757. This law partially modifies the country's income tax regime by subjecting to taxation in Peru capital gains derived from an indirect transfer of shares and introducing more types of income that will qualify as Peru source income. Under the law, an indirect transfer of shares is deemed to exist and be subject to the Peruvian Income Tax (0%, 5% or 30%) when the shares of a non-domiciled entity, which in turn owns (directly or indirectly through other entities) shares issued by a domiciled entity, are transferred, provided the following two conditions are jointly met:
- a. During the 12 months prior to the transfer, the fair market value ("FMV") of the shares of the Peruvian entity owned by the foreign entity equals 50% or more of the FMV of the shares of the foreign entity. There is a rebuttable presumption that states that this conditions is met if the non-domiciled entity is a resident in a tax haven; and
 - b. During any given 12-month period, shares representing 10% or more of the foreign entity's share capital are transferred.
- d) According to Law No.30050, as from July 1, 2013, interest obtained from securities issued through a public bid by Peruvian corporations will be Value Added Tax (VAT) exempted, as well as, interests earned by securities (non-issued by public auction) that were acquired through an exchange market.
- e) For income tax purposes, the transfer prices agreed in transactions between related parties and with entities located in tax havens require the presentation of supporting documentation and information on the valuation methods and criteria applied for the agreed price. Based on the analysis of the Bank and its Subsidiaries operations, Management and its internal legal advisors consider that no significant contingencies will result for the Bank and its Subsidiaries as a consequence of the application of such provisions for fiscal year 2016 and 2017.
- f) The Peruvian and Bolivian Tax Authorities entitled to review and, if applicable, amend the annual income tax returns of the Bank and its Subsidiaries established in such countries up to four years after their submission.

The income tax returns which are pending to be reviewed by the Tax Authority are the following:

Banco de Crédito del Perú	2010-2016
Mibanco	2012-2016
Empresa Financiera Edyficar	2012-2016

As of March 31, 2017, the Peruvian Tax Authority is conducting a review of the 2010 income tax return of the Bank.

Also, the Chilean statutory Income Tax rate (first category tax) to resident legal individuals is 21% for 2016. On the other hand, individuals or enterprises do not domiciled in Chile are subject to additional tax, which is applied with an overall rate of 35%. It operates in general on the basis of withdrawals and distributions or income remittances abroad, which are of Chilean source. Affected taxpayers this tax are entitled to a tax credit equivalent to First Category Tax paid by companies on income withdrawn or distributed.

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

15 CONTINGENT RISK AND COMMITMENTS

a) This item is made up as follows:

	As of March 31, 2017	As of December 31, 2016
	<u>S/000</u>	<u>S/000</u>
Contingent operations (indirect loans) (b) -		
Guarantees and stand-by letters of credit	14,741,455	16,555,104
Import and export letters of credit	1,508,715	1,768,850
Due from bank acceptances	495,936	491,139
	<u>16,746,106</u>	<u>18,815,093</u>
Responsibilities under credit line agreements (c)	15,082,470	16,072,068
Other contingent operations	8,855	9,565
Total contingent risk and commitments	<u>31,837,431</u>	<u>34,896,726</u>

b) In the normal course of its business, the Bank and its Subsidiaries perform contingent operations. These operations expose them to credit risk in addition to the amounts recognized in the consolidated interim statements of financial position. The Bank's exposure to losses under commitments to extend credit, provide export and import letters of credit and guarantees (indirect loans) is represented by the contractual amounts specified in the related contracts.

The Bank and its Subsidiaries apply the same credit policies in making commitments and conditional obligations as they do for on-balance sheet instruments, including the requirement to obtain collateral to support off-balance sheet financial instruments when it is deemed necessary. Collateral held varies, but it may include deposits in financial institutions, securities or other assets. Because most of the contingent transactions are expected to expire without any performance being required, the total committed amounts do not necessarily represent future cash requirements.

Export and import letters of credit are mainly issued as credit enhancements for overseas trade transactions. The related credit risk is reduced by the participation of third parties.

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

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

16 FINANCIAL INCOME AND EXPENSES

This item is made up as follows:

	For the three-month periods ended March 31,	
	<u>2017</u>	<u>2016</u>
	<u>S/000</u>	<u>S/000</u>
Financial income		
Interest from loan portfolio	2,215,470	2,177,492
Interest from trading, available-for-sale and held to maturity investments, net	179,472	127,733
Interest from cash and due from banks and inter-bank funds	19,538	9,516
Other	1,635	3,105
	<u>2,416,115</u>	<u>2,317,846</u>

**For the three-month periods ended
March 31,**

	2017	2016
	S/000	S/000
Financial expenses		
Interest and commission on deposits and obligations	(219,243)	(204,213)
Interest on bonds and subordinates notes issued	(193,698)	(174,813)
Interest on due to banks, correspondents and other entities and inter-bank funds	(206,102)	(218,649)
Deposit Insurance Fund fee	(32,740)	(30,354)
Other	(4,655)	(756)
	(656,438)	(628,785)
Gross financial margin	1,759,677	1,689,061

17 TRANSACTIONS WITH RELATED PARTIES

- a) During the three-month periods ended March 31, 2017 and 2016, the Bank and its Subsidiaries have acquired bonds, granted loans, supplied and received several services, correspondent relationships and other operations with Credicorp's Subsidiaries, which balances are shown below:

	As of March 31, 2017	As of December 31, 2016
	S/000	S/000
Assets -		
Cash and due from banks	67,201	114,757
Investments available-for-sale (Credicorp shares)	82,564	81,350
Loans, net	769,996	410,316
Other assets	92,994	100,563
Liabilities -		
Deposits and obligations	1,164,969	743,817
Due to banks, correspondents and other entities	886,212	1,073,034
Bonds and subordinated notes issued	154,792	143,945
Other liabilities	1,466,348	34,048
Contingent operations (indirect loans)	275,533	290,972

**For the three-month periods ended
March 31**

	2017	2016
	S/000	S/000
Statements of income		
Financial income	6,506	13,728
Financial expenses	20,617	26,393
Other income	94,648	66,432
Other expenses (*)	13,332	11,019

- (*) This caption includes the accrued portion of insurance coverage contracted with El Pacifico-Peruano Suiza Compañía de Seguros y Reaseguros (PPS), a Credicorp subsidiary; the accrued part is included in the caption "Administrative expenses" of the consolidated statement of income.

Under Peruvian legislation, loans to related parties cannot be granted on terms more favorable than those that would have been offered to the general public. Management considers that the Bank and its Subsidiaries have complied with all legal requirements for transactions with related parties.

Loans and other contingent credits (indirect loans) with related entities, not Credicorp's Subsidiaries, are as follows:

	<u>As of March 31, 2017</u> S/000	<u>As of December 31, 2016</u> S/000
Direct loans	1,147,709	1,181,648
Indirect loans	169,193	236,106
Derivatives, market value	1,075	1,074
Deposits	389,854	264,564

b) Loans to employees and their families -

The Bank and its Subsidiaries grant loans to their employees and families in terms that depend on the different types of loans granted (mainly mortgage loans) and are included under the caption "Loans, net" of the consolidated statements of financial position. Generally, interest rates applied are lower than market interests rates; however, others terms are similar to those prevailing in the market. As of March 31, 2017 and December 31, 2016, the balance of loans and other facilities granted to employees, their family members, directors and key executives of the Bank and its Subsidiaries amounted to S/946.7 million and S/1,013.9 million, respectively.

18 DISCONTINUED OPERATIONS

For the year ended March 31, 2016, income and expenses related to Banco de Credito de Bolivia and Inversiones Credicorp Bolivia S.A included in the consolidated statement of income are as follow:

	<u>As of March 31, 2016</u> S/000
Income and expenses	
Financial income	103,581
Financial expenses	(31,939)
Gross financial margin	<u>71,642</u>
Allowance for loan losses, net of recoveries	(15,135)
Loss for exchange difference	<u>18</u>
Net financial margin	56,525
Non-financial income	31,768
Operating expenses	(56,281)
Income tax	(11,363)
Net income	<u>20,649</u>

The net cash flows of Banco de Crédito de Bolivia for the period ended March 31, 2016, are as follow:

<u>Summarized statements of cash flows</u>	<u>As of March 31, 2016</u> S/000
Net cash flows from operating activities	17,767
Net cash flows from investing activities	-
Net cash flows from financing activities	(32,712)
Net decrease (increase) in cash	(14,945)
Cash at the beginning of year	<u>1,427,300</u>
Cash at the end of the year	<u>1,412,355</u>

The share sale operation by BCP was authorized by the Supervisory Authority of the Financial System (ASFI) of Bolivia on May 12, 2016, after which, BCP carried out the sale of all of its shares at that date (43,237) in favor of ICBSA, through the Bolivian Stock Exchange, at a price of Bs.25,811.0 per share, representing a total amount of Bs.1,116.0 million, equivalent to S/541.1 million.

19 SUBSEQUENT EVENTS

The Bank and its subsidiaries has evaluated the period after the balance sheet date and determined there were no significant subsequent events or transaction that required recognition or disclosure in the condensed consolidated interim financial statements.