A world in motion

CREDICORP

A world in motion

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Contents

DIONISIO ROMERO SEMINARIO *Chairman of the Board*

Letter from the Chairman

Letter from the Chairman

Dear shareholders,
Once again, on behalf of Credicorp's Board of Directors, which I have the honor to chair, I submit the annual report on the corporation's activities during 2008 for your consideration.

RESULTS

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

Despite an atmosphere of crisis and uncertainty, Credicorp's results were satisfactory. Net earnings reached US$ 357.7 million, 2.0% higher than earnings in 2007. This is a good result, once we take into account we faced exceptional charges worth US$ 93.2 million, of which US$ 49.7 million correspond to the impairment of unrealized losses of our investment portfolio resulting from the general drop in the market value of securities, and US$ 43.5 million for provisioning against potential losses and contingencies related to the alleged fraud, which I will discuss below.

The banking business was our main earnings contributor. For the insurance business, 2008 was, once again, a difficult year as a consequence of high claims and losses from the investment portfolio. Third party fund management, an activity we prioritize now, has started to make a positive contribution to our corporation's bottom line, in particular through pension fund management.

DIVIDENDS AND CAPITALIZATION

At its February 27th meeting, the Board of Directors agreed to distribute a cash dividend of US$ 1.50 per share, an amount similar to last year's and which represents 33% of profits made.

This year, the company's non-distributed benefits will reach 67%, because of the capitalization needs in our most important subsidiaries. Last December, it was decided to make a capital contribution to Pacifico Peruano Suiza and Atlantic Security Bank to further strengthen these organizations in view of last year's equity loss, mainly resulting from the drop in market valuations of our investment portfolios.

In addition, BCP also increased its operating capital through ratained earnings worth US$ 180.6 million, in order to support the strong asset growth during this year.

SUBSIDIARIES

I will summarize now the results and activities of our most important subsidiaries.

Banco de Crédito BCP

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

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

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

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

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

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

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

Banco de Crédito BCP Bolivia

Last year was also a year of exceptional results at our subsidiary in Bolivia. Its net earnings reached US$ 44.5 million, 65% higher than in 2007, or average return over equity of 53.4%. In recent years, this subsidiary has become a significant source of earnings for our corporation.

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

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

Pacífico Peruano Suiza

The insurance activity experienced hardship in 2008. In consolidated terms, the insurance group generated a loss of US$ 15.9 million to Credicorp, despite a 32% increase in net premiums.

Poor performance is explained by high casualties in practically all lines of business, and losses experienced in investment portfolios after the overall reduction in securities' valuations. Casualty rates for certain types of insurance even exceeded premiums charged, as in health care and general risk, where severe damage hurt corporate clients.

The negative results, in addition to unrealized losses in the investment portfolio, deteriorated the company's solvency by reducing operative capital. Accordingly, the Pacifico Peruano Suiza General Shareholders' Meeting held in December increased the capital by S/. 55.1 million.

However, not all is bad news in the insurance activity. It should be underscored that the life insurance business managed by our Pacifico Vida subsidiary continued to grow strongly. Total premiums increased by 30% since 2007 yielding net profits worth US$ 9.0 million, despite US$ 2.1 million of impairment from unrealized losses of our investment portfolio.

Adjustments in risk underwriting and premiums charged in the high casualty lines were made throughout the year to improve results from operations. Improvements became evident in the closing months of 2008.

Atlantic Security Holding Corporation

The Bernard Madoff Securities Inc. fund management alleged scam, a Ponzi scheme that shocked the international financial community in December and filled us with indignation, has hurt thousands of persons and companies worldwide, including Atlantic Security Bank and some of its clients.

The severe international financial crisis has also had a negative impact on this subsidiary's bottom line, in view of its high exposure to market risks created by the significant portion of assets it holds as securities, the prices of which have dropped significantly.

Net losses, in particular during the closing quarter reached US$ 59.4 million, accounted for, as I already mentioned, by exceptional US$ 69.5 million charges to cover unrealized losses stemming from the impairment of our investment portfolio's loss in value and provisioning for potential losses and contingencies related to the abovementioned alleged scam. In addition to this negative bottom line, unrealized losses for US$ 46.7 million were experienced in the equity account, where at year end 2007, we had accomplished unrealized earnings totaling US$ 17.4 million.

To replenish lost wealth and improve the bank's capital solvency, a decision was made in December to increase the bank's capital through a cash contribution of US$ 20.0 million, and by providing a US$ 15.0 million subordinated loan.

Prima AFP

Pension funds also experienced a tough year in 2008, as the international financial crisis affected the funds' value. The combined yield of the three types of funds managed by AFPs was negative by 20.4%.

In such difficult environment, our pension fund management company Prima AFP continued to strengthen its position by adjusting its processes and organization to give our members high quality services, and timely and transparent information, while it becomes a highly profitable business unit.

Prima AFP contributed US$ 11.2 million to Credicorp's profits, compared to US$ 3.0 million a year earlier.

By year-end, our share of total funds under management reached 30.6%, ranking Prima AFP as the second largest fund management company. Moreover, Prima AFP experienced the smallest loss in yields from fund 2, which accounts for over three-fourths of all funds.

OUTLOOK

Uncertainty is the buzz word in the current international economic scenario. The present world crisis is the largest and most severe we have ever experienced. Although its impact is not yet fully felt in Peru, we must be aware that it will eventually slow down economic activity in Peru in 2009.

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

Credicorp is also ready to successfully sail through these uncertain waters. For this voyage, it can safely rely on its strong equity, technical and professional capital position; the loyalty and trust of its clients, and talented employees deeply committed to their companies' success. Business will continue to grow, albeit at a slower pace than during the recent, exceptional years. We should expect higher credit risk in the banking business, and, consequently, the need for larger provisioning.

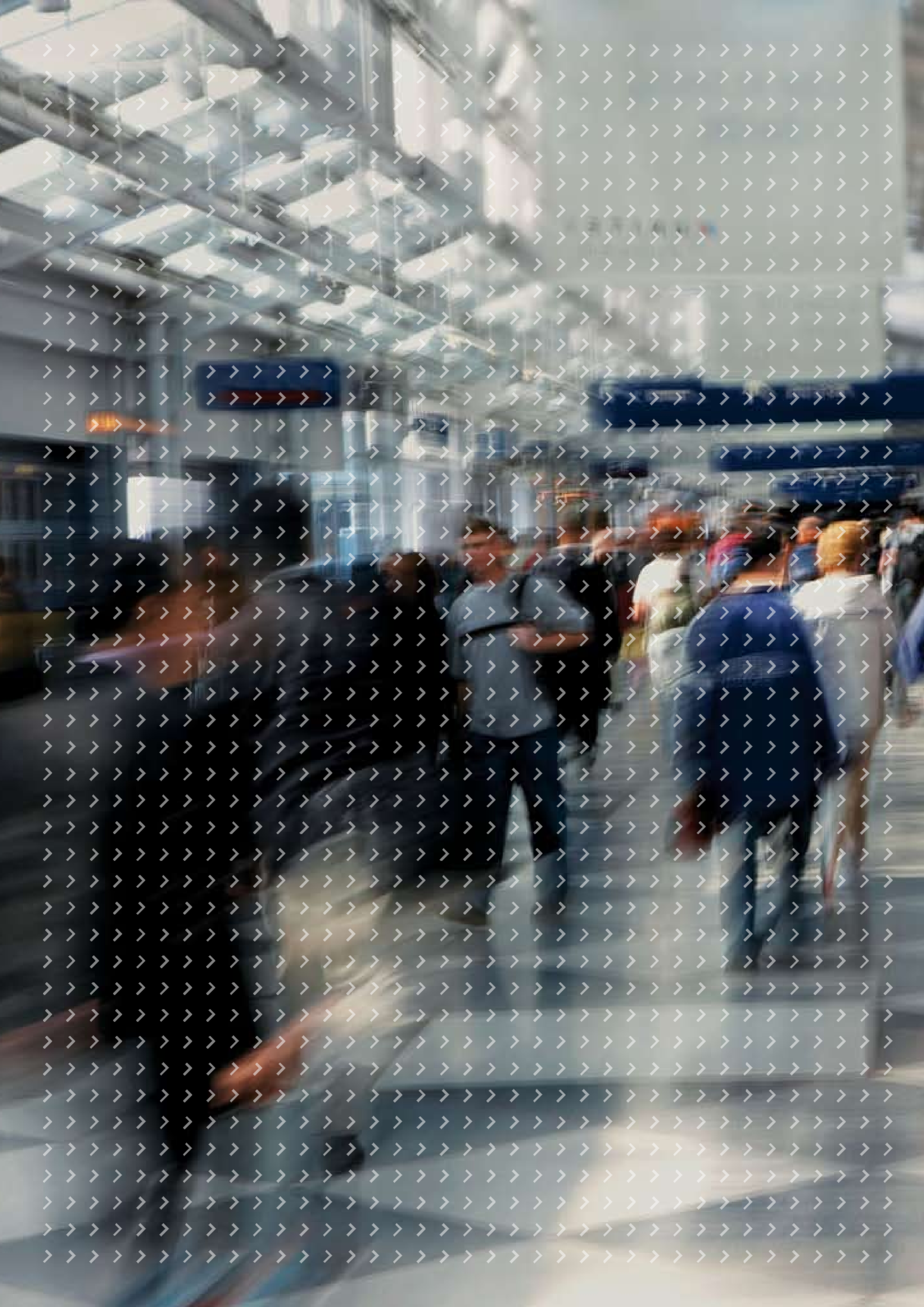
At Atlantic Security Bank, we think all precautions have been taken to face the international financial turmoil and expect a recovery of results in 2009.

The insurance business should improve and pull itself out from the negative condition it reached in 2008. A number of measures have been put in place to reduce risk and restructure premiums. On the other hand, in our pension fund management business we expect a year of growth in clients.

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

Thank you.

DIONISIO ROMERO SEMINARIO
Chairman of the Board



Economic Environment

Peru's strong external and fiscal accounts, substantial foreign currency reserves and its financial system's capital adequacy guarantee the nation can successfully cope with the adverse impacts of the world's financial crisis

Economic Environment

THE ECONOMY IN FIGURES

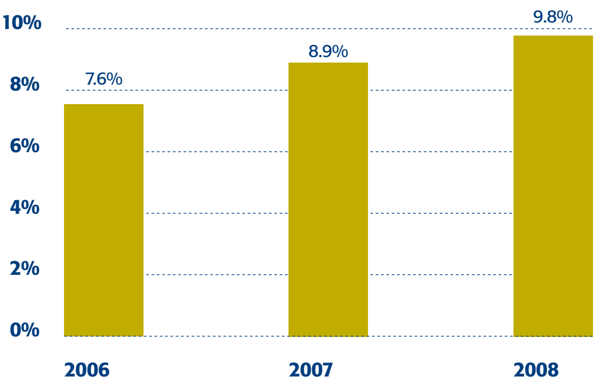
Indicators	2006	2007	2008
WORLD ECONOMY			
World GDP (% real change)	5.1	5.2	3.4
Inflation (% change)	3.4	5.0	5.9
PERUVIAN ECONOMY			
Real sector			
GDP (% real change)	7.6	8.9	9.8
Prices			
Inflation (% change)	1.1	3.9	6.7
Rate, end of period (S/. to US$)	3.20	3.00	3.14
Exchange rate, period average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

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

In 2008, the United States' economy, and the world's generally, slipped into recession. Growth was particularly week as some key areas, including the labor market, contracted at levels not seen in recent recessions. As uncertainty mounted about the crisis' depth and duration, the main world governments enforced fiscal policies to prevent a generalized collapse. Thus, the United States approved a US$ 700 billion package to rescue some key industries, including the financial and automobile sectors. Expectations of lower growth slowed down price increases in the main commodities during the first half. Likewise, inflation expectations weakened as revealed by lower price increase rates in some countries in the last months of 2008.

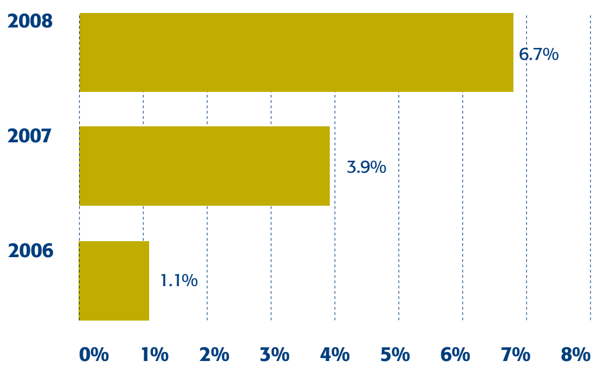
MAIN ECONOMIC AND FINANCIAL INDICATORS

GDP growth rate (% real change)



Source BCR

Inflation (% change)



Source BCR

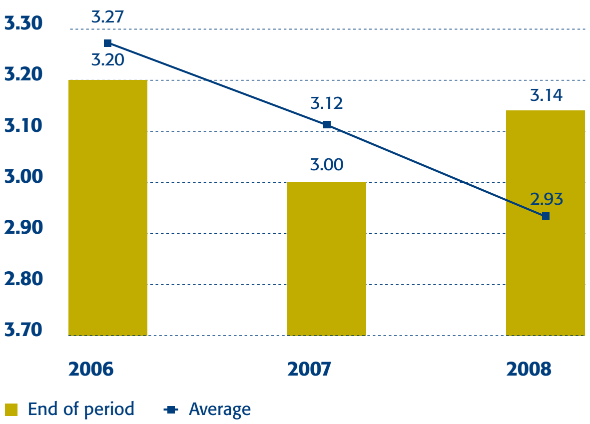
ECONOMIC ACTIVITY: DRIVEN BY INVESTMENT

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

PRICES: INFLATION DRIVEN BY FOOD PRICE INCREASES

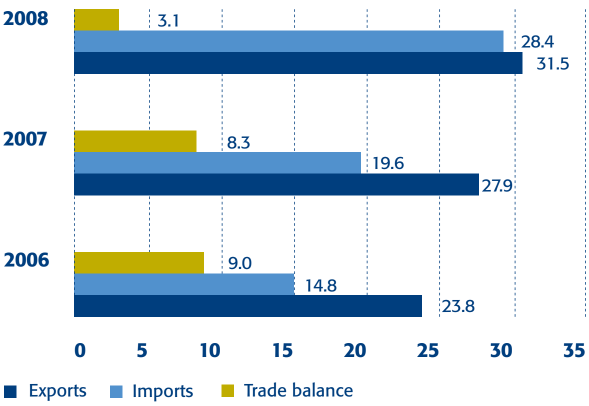
For the second consecutive year, inflation in Metropolitan Lima exceeded BCR targets (6.7%, against a 2.0%, plus or minus 1.0%). This was mainly due to higher food prices, of both imported (because of increases of oil prices in the first half, and of food commodities including corn, soy beans, wheat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

Exchange rate (S/. per US$)



Source BCR

Trade balance (US$ billion)



Source BCR

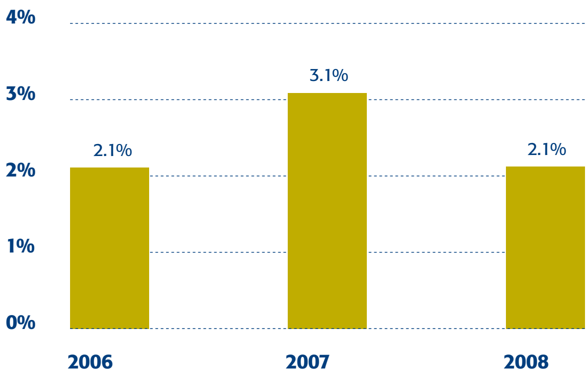
EXCHANGE RATE: GREATER UNCERTAINTY

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

TRADE BALANCE: LIVELIER IMPORTS

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

Non Financial Public Sector Results
(% of GDP)



Source BCR

FISCAL SECTOR: GOVERNMENT SURPLUS

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

OUTLOOK FOR 2009

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

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

Corporate Strategy

Greater interaction among Credicorp's subsidiaries during the decision-making process will align the individual interests with Credicorp's objectives

Corporate Strategy

A strategy of greater integration, sharing skills, talent, intelligence and experience, to improve management.

A WORLD IN MOTION...

Credicorp's strategy to tap synergies among its various organizational members, so that each of these companies will become a leader in their business, has preserved its essence.

Since its beginnings, Credicorp has moved steadily toward achieving these goals, having become on the way the leading financial group in all the fields where our organization is involved.

However, we do not live in a static environment… and 2008 has clearly shown how quickly and dramatically the world can change.

We live in a world in motion. Credicorp's greatest challenge is to develop the ability to adapt to such changes without losing sight of the path it has set itself.

2008 will be recorded in the world's financial history not just because of the largest global financial crisis since the 1930s but also because of the mass consequences of such crisis in economies around the world, and that we will continue to experience in the year we now start.

Credicorp is not immune to these events and although their direct effects were not significant, compared to their size, they have made us pay even closer attention to each of the strategic decisions that shape our business.

BUILDING ON OUR STRENGTHS

The consequence of the strategic decisions review has been a stronger basic strategy that focuses on identifying synergies to increase our efficiencies. This implies a greater integration that improves management of the various Group's companies by sharing to an even greater extent, the talents, intelligence and experience that have always existed within our own organization.

In 2009, through even greater interaction in the decision making process we will seek to capitalize our synergies, where individual interests of the Group's companies will be aligned with our organization's objectives, and decisions made to achieve the objectives of an individual company will take into account the capacities available throughout the entire organization.

SUSTAINABILITY AS A GOAL

The world crisis we are currently experiencing has once again demonstrated the need to build a business that will be sustainable over time.

The strength of our businesses has been built on the foundation of an organization with a long tradition, a deep-rooted culture of customer service, and true commitment to developing our country's economy and markets.

At Credicorp we believe we must:

Focus on what we know how to do well:
Traditional banking.
Simple insurance.
Responsible asset management.

Place our customer's interests in the first place:
Preserve our assets and invest them conservatively.
Adapt our products to our customer's needs.

Contribute to developing the country's financial system:
Increase bank penetration… become more accessible.
Introduce insurance to the people and make it affordable.

ALVARO CORREA

Chief Financial Officer

WALTER BAYLY

Chief Operating Officer

INTEGRATED INDIVIDUAL STRATEGIES

Banking
Banco de Crédito BCP
Banco de Crédito BCP Bolivia
Atlantic Security Bank - ASB

The main objective of our banking business strategy is to accomplish sustainable and highly profitable growth. Our strategy builds on our conviction we can accomplish such goal through greater bank penetration and by responding to our customer's needs, while we increase efficiency and ensure profitable growth through deep, global and comprehensive risk management. This requires focusing on:

- *Designing products that meet our customers' needs.*
- *Improving risk management and speed up risk assessment, by taking account of the four types of risk, i.e. credit, market, operational and reputational risks.*
- *Reviewing and streamlining our operative processes.*
- *Reviewing and improving our distribution model.*

Through these initiatives, we expect to accomplish the highest possible efficiencies, and to grow actively but profitably.

This strategy applies to the three entities, with some nuances. In BCP Bolivia, our strategy includes, in addition, an attitude of reconciliation with the interests of the Bolivian nation, and adapting the above initiatives to a less dynamic market.

ASB, on the other hand, and as a consequence of the severe crisis in the global financial system, must rise to the challenge of re-establishing our customers' trust in investment markets, as well as in our own asset management capabilities.

Insurance
Pacífico Peruano Suiza PPS

Although our insurance business' results may not seem to evidence a successful strategy, now more than ever before we are convinced that the strategy we have set in motion is correct.

The first part of our strategy focuses on being more selective in our risk retention in the *general corporate insurance* segment, given the mismatch between insured levels and our ability to underwrite such risk.

Greater bank penetration…

Improvements in our distribution model…

Enhanced of our risk management…

Mass penetration of the insurance business…

More efficient administrative processes…

these are some of our initiatives for 2009

RUBEN LOAIZA

General Manager Prima AFP

ORLANDO CERRUTTI

General Manager Pacífico Vida

DAVID SAETTONE

General Manager Pacífico Peruano Suiza

JAVIER MAGGIOLO

Asset Management Manager

Although putting this strategy fully in place will require time, we have already started to see positive effects.

At Pacifico, we also decided to focus on the retail business by developing products that will introduce customers to the advantages of insurance. The potential in this segment is huge, given the low penetration among the general public.

In addition to the key elements of the Pacifico strategy that we mentioned, the other initiatives described for the bank business that focus on growth, efficiency and risk management, apply equally to the entire Credicorp Group and, therefore, also to Pacifico, and reach into the *life* and *health insurance* business.

However, the principle of capitalizing synergies is perhaps even more important in the insurance business because there is significant potential to benefit from the distribution channels of the banking business to sell insurance products, which may lead to greater penetration and scope. Consequently, the efficient use of the BCP network is an essential component of Pacifico's growth strategy, through greater integration and alignment of objectives among these two organizations. Such integration process will receive special attention in 2009.

Asset management
Credifondo
Prima AFP
Atlantic Security Holding Corporation - ASHC

A significant challenge rises in the asset management business, as it is the recovery of our customers' confidence in the entire system, in markets and in our own ability to manage their assets.

All initiatives aimed at getting closer to our customers by designing appropriate products, further improving risk management and accomplishing higher process efficiencies, and others, are applied also in all fields of this particular business. However, the massive financial crisis has wrecked trust in the system and it is our task to rebuild it, both in the private pension funds system and in the funds managed by ASHC and BCP.

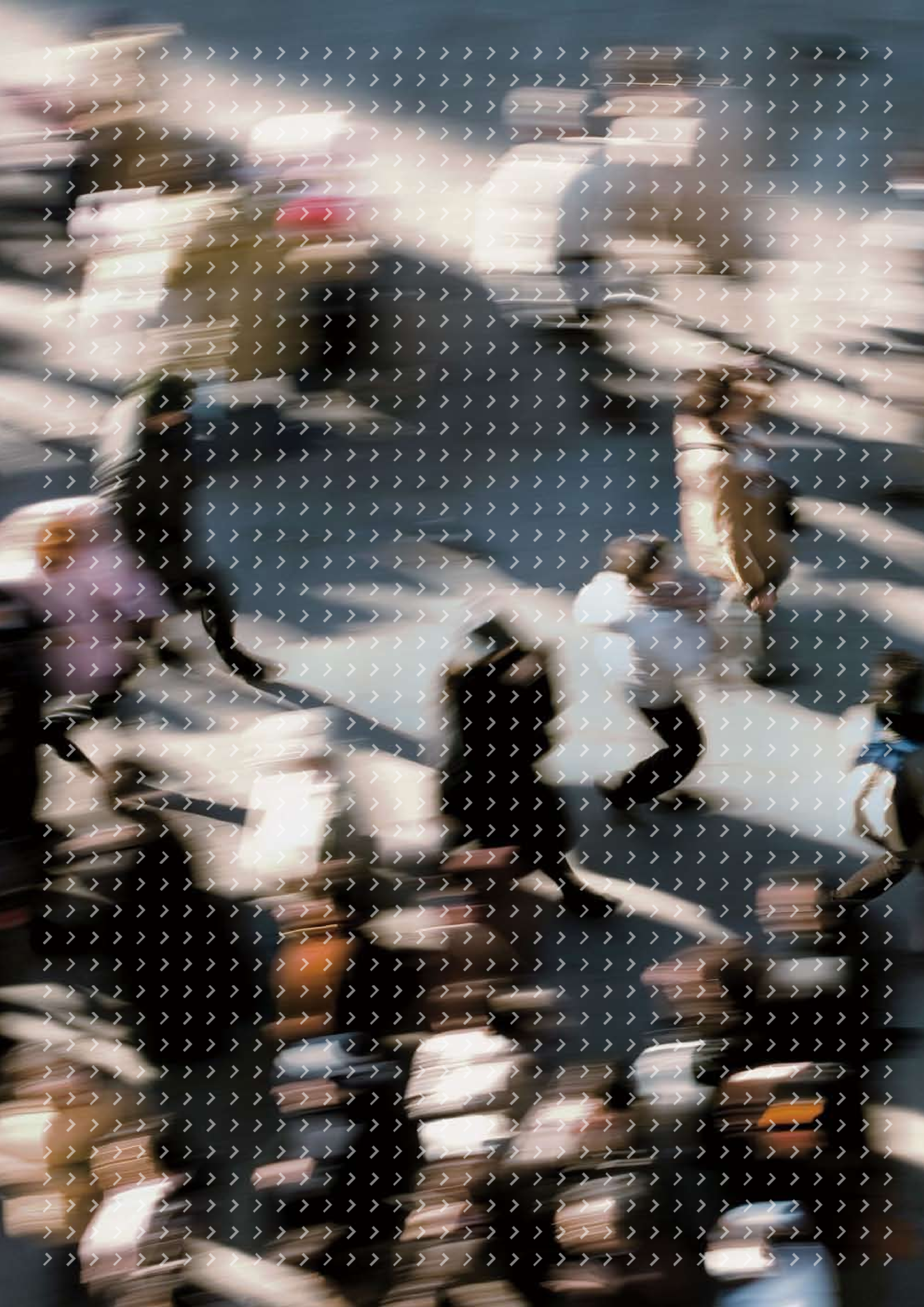
Our reconstruction job will be based on an extremely cautious, conservative and simple investment strategy.

US$ 357.7 MILLION NET PROFIT

A PENDING TASK

The strategy for each business at Credicorp Group has been clearly defined, and the corresponding objectives have been set.

However, there is still a pending job, and that is to look beyond our own markets. At present, Peru offers outstanding opportunities to grow, and develop markets and products, because of very low bank penetration and even lower insurance penetration in this market, all of which provides enormous room for growth. Our efforts and energies have focused on this market, one of the highest growth markets in Latin America. However, we are clear there will come a time when other growth opportunities appear beyond our own markets, even if we are no there yet. There we have a pending task ahead.



Financial Results

Our strong equity foundation, our clients' loyalty and confidence, and our human capital are the tools that helped us rise to the uncertainties we faced in 2008

Financial Results

MAIN MANAGEMENT INDICATORS

	2006	2007	2008
Profitability			
Net profit attributable to headquarters (US$ million)	230.3	350.7	357.7
Net profit per share (US$ per share)	2.89	4.40	4.49
Return on average equity[1]	18.5%	22.9%	22.3%
Return on average assets[2]	2.0%	2.3%	1.7%
Operating ratios			
Operating expenses over total income [3,4]	45.4%	43.0%	41.7%
Operating expenses over average assets[2]	3.8%	3.8%	3.5%
Balance Sheet (US$ million, end of period)			
Assets	12,882	17,706	20,821
Net loans	5,737	8,040	10,322
Deposits	8,839	11,351	13,950
Net shareholders' equity[5]	1,397	1,676	1,689
Loan portfolio qualityy			
Past due loans over total loans	1.3%	0.7%	0.8%
Provisions over past due loans	247.9%	346.6%	270.7%
Other information			
Number of shares, net[6] (in million)	79.8	79.8	79.8
Average price per share[7] (in US$)	32.7	59.4	67.3
Number of employees	15,213	16,380	19,882

1 Average calculated based on the final balance of each month.
2 Average calculated taking the final balance of each quarter.
3 Operating expenses include personnel expenses (excluding complementary program of employees' profit sharing), general expenses, depreciation and amortization.
4 Total revenues include net income from interests, income from commissions, earnings from exchange transactions and net premiums earned. Non recurrent revenues excluded.
5 Net equity excluding minority interest.
6 Treasury stock excluded. Total number of shares was 94.38 millions.
7 Average yearly prices, adjusted for dividend distribution.

A GRAPHIC VIEW OF FINANCIAL RESULTS

2008 was signed by an international financial crisis regarded as one of the most severe ever because of its huge impact on global markets and the downfall of world renowned companies. Peru was not immune to such events and suffered from a declining stock market. However, from a structural standpoint, Peru was strongly positioned to face the crisis and managed to post one of the highest growth rates in Latin America and the world. Despite such hardship, Credicorp performed strongly and recorded net earnings reaching US$ 357.7 million after minority interests.

The middle market was the most dynamic. Wholesale banking followed the increasingly dynamic pace of the economy's business sector, which translated into significant loans' growth and substantial expansion of the transactional business, through development of services designed to meet our clients' financial needs. Retail banking accomplished unprecedented results, driven by higher loans and deposits of all types throughout the country. As part of the strategic plan to serve a greater segment of the population, our bank continued to expand its distribution channels, which provide the platform to reach its objectives of deeper bank penetration.

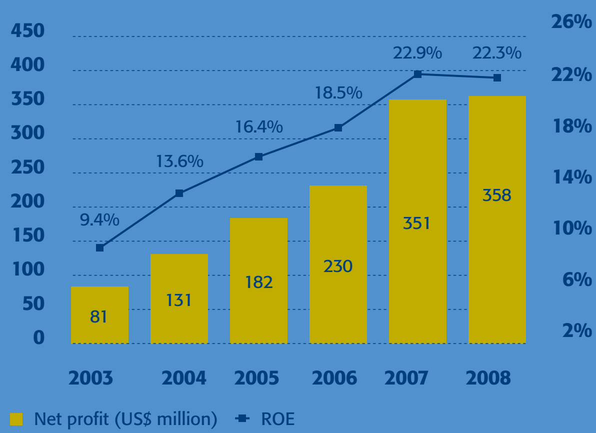
The pension fund business strengthened its market position as leader in contributions, which, combined with an expenditure containment policy, allowed Prima AFP to make a positive contribution to Credicorp's financial bottom line. Such performance was accomplished despite the ongoing crisis, which has resulted in the drop in value of the assets under management.

Difficulties faced by the insurance business, due to the high casualty rates in some branches, led to a loss at the end of the period. However, 2008 was devoted to conclude the reengineering process of our business, in particular to focus on improving the business portfolio's risk profile and creating products to cater the needs of our clients in the retail segment, where we expect to harvest positive results next year.

The private wealth management business, managed by our ASHC subsidiary is perhaps the line of business hardest hit by the international crisis, because of the greater exposure to the market turmoil of its international fund management business, both for third parties and us. It's precisely in this business where the greatest portfolio value losses, measured at market prices, were recorded, thus impairing equity positions and annual results, as these losses are partially recognized in financial statements. Net losses, principally in the closing quarter, reached US$ 59.4 million, accounted for by exceptional charges totaling US$ 69.5 million to cover unrealized losses stemming from investment portfolio impairment and provisioning for potential losses and contingencies related to the presumed Madoff scam. In addition to such downside results, the equity account recorded unrealized losses for a total US$ 46.7 million.

Recognition of losses and extraordinary provisions reflect a conservative policy and has had severe negative impacts on Credicorp's reported results, mitigating the major growth of revenues earned in the financial business.

Net profit and ROE

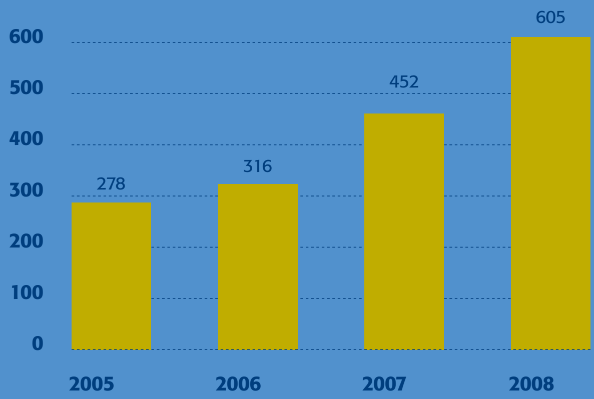


Source BCP - Finance Division

Despite deepening international financial turmoil and uncertainty, Credicorp accomplished satisfactory results. Net earnings after minority participations reached US$ 357.7 million, 2.0% higher than in 2007. This is a highly satisfactory profit, once we take into account exceptional charges for US$ 93.2 million, of which US$ 49.7 million were used to impair a deteriorated investment portfolio resulting from the overall stock price fall that hit Atlantic Security Bank hardest. The remaining US$ 43.5 million are a provision held by Atlantic Security Holding Corporation for potential losses and contingencies related to the presumed Madoff fraud. Such results demonstrate that the trend in earnings generation started in 2003 remains unchanged, and 2008 earnings was able to absorb the exceptionally heavy charges assumed this year as a consequence of the deep financial crisis the world is facing. Despite, this year's drop in net earnings, annual average growth of 34.7% is still recorded in this period. Net earnings per share reached US$ 4.5, higher than last year's US$ 4.4.

Finally, despite the strong impact of the international financial crisis, returns on average shareholders' equity (ROE) reached 22.3%, close to 2007's 22.9%.

Operating net income (US$ million)



Source BCP - Finance Division

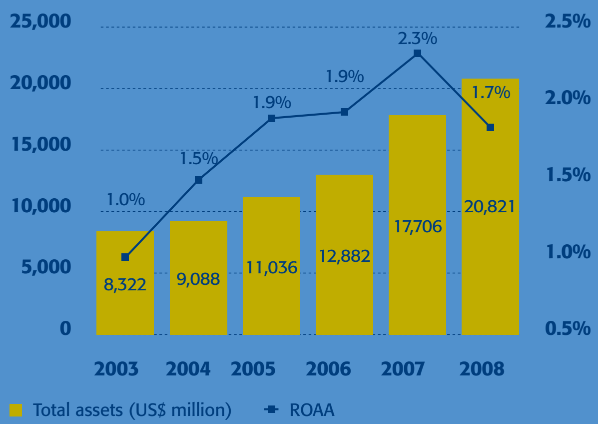
Credicorp's outstanding revenue performance, if we remove the extraordinary charges for recognized losses associated to impaired assets and provisioning for the Madoff scam, is accounted for by its revenue growth. Earnings from operations exceed last year by 33.7%. Credicorp's results mainly reflect another year's of significant operating income growth, following growth of net loans, including provisons, which increased 28.4%, driven by ongoing increases in domestic demand.

BCP's bank business remains strong and profitable, and showed significant resilience to the onslaught of the international crisis. Performance in the asset management business through Prima AFP also contributed to positive results, while the income generation trend continued on an upward slope. However, Atlantic Security Holding Corporation's private banking business suffered a stronger impact of the world financial crisis that impaired its unrealized losses from assets' market valuations affecting its revenues from asset management.

The insurance business likewise had a negative impact on Credicorp's results because of high casualties recorded this year and restructuring of the insurance business's risk portfolio, leading to lower corporate risk holdings and a greater emphasis on the mass retail insurance business.

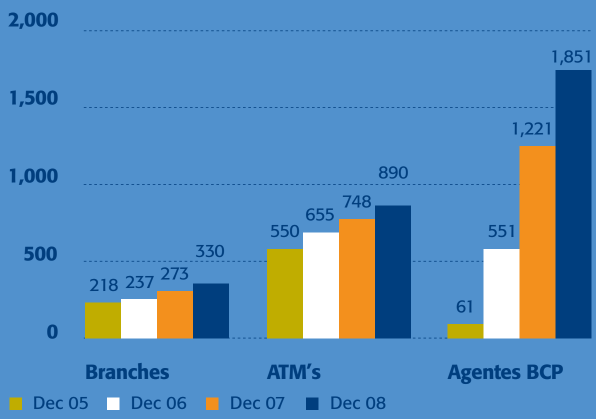
Despite these last two facts, it is worthwhile underscoring the growth and the generation of revenues accomplished during such tough year worldwide.

Assets and ROAA



Source BCP - Finance Division

Distribution channels - BCP (Units)



Source BCP - Finance Division

By year-end 2008, total assets reached US$ 20,821 million, 19% higher than a year earlier, thanks mainly to the strong growth in deposits and funding sources, which supported the expansion of loans and alternative investments. However, the extraordinary 70.3% growth in cash and non-interest bearing deposits responded to the defense strategy adopted in view of the international crisis to enhance our liquidity, impacting the profitability of alternative investments Also contributing to a decline in asset returns is the BCR-mandated increase in reserve requirements in the course of the year and a more conservative management of our currency exposure given the high volatility in the foreign exchange markets.

The impact of a deepening international financial crisis on Credicorp's assets was also reflected in a small 5.4% drop in the value of investments available for sale, a result of marking its portfolios down to market values and recognizing certain unrealized losses.

Altogether, this led to lower returns on average assets (ROAA), which dropped from 2.3% in 2007 to 1.7% in 2008.

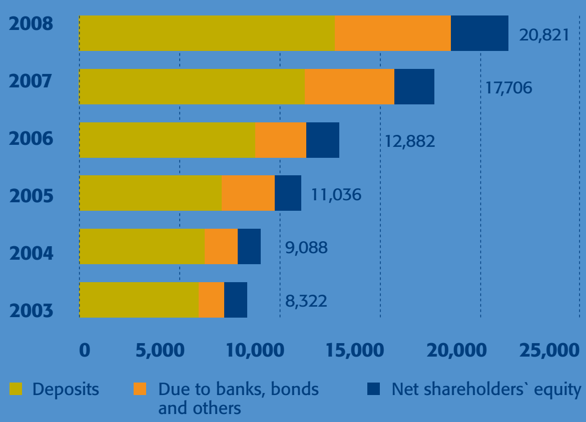
To increase banking penetration, and also in an effort to develop synergies, Credicorp is developing a number of products and distribution channels that will allow it to operate more efficiently and effectively to meet its clients' needs in all areas of its operations.

Thus, Credicorp now operates a distribution network serving its bank business through 3,411 customer access points, 31.7% larger than in 2007. Of this total, 3,073 are BCPs (including two foreign branches in Miami and Panama) and the remainders are operated by BCP Bolivia (338 access points).

PPS insurance company operates 21 offices and 7 service modules in third party facilities such as department stores. Likewise, it continues to develop its "Banca Seguros", which is the distribution of insurance services through the bank network, to open access to persons' insurance business products for all our bank clients.

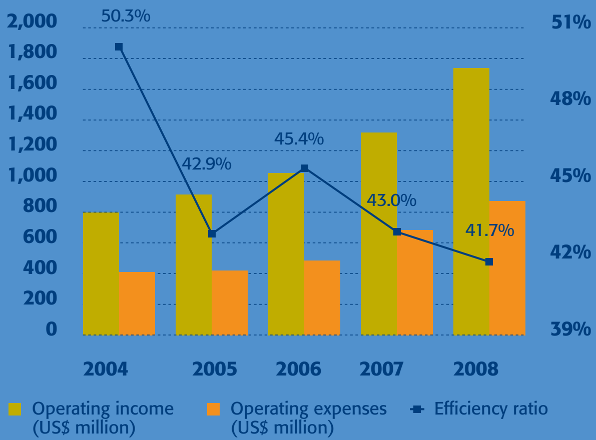
Finally, Prima AFP runs 15 customer care offices, 15% more than in 2007, and 16 points of sales where customer's queries are addressed.

Equity and liabilities breakdown (US$ million)



Source BCP - Finance Division

Efficiency ratio



Source BCP - Finance Division

One of Credicorp's strengths is its funding structure as it has contributed to a strong bottom-line despite the international crisis. Deposits are still Credicorp's main source of funding, with 74% of total financing sources. Deposits reached a total US$ 13,950 million or 22.9% more than in 2007.

Debt with banks and correspondents increased only slightly, as high foreign currency liquidity in the local market prevented having to resort to additional funding.

Finally, net equity decreased only 1.1% compared to a year before, principally due to the unrealized investment losses caused by international circumstances that affected market valuations of investment portfolios.

Credicorp's operative revenues increased 30.5% compared to 2007. This growth was mainly accomplished through 29.8% growth of revenue from interests, as a consequence of greater loans and 21.4% increase in commissions charged for bank services.

Operating expenses grew 3.7%, as a consequence of the need to hire more personnel to meet the strong growth of the BCP network. In turn, this resulted in 25.3% increase in salaries and worker benefits, excluding the effect of the provision for the SAR program and 30.2% increase in general administrative expenses.

Consequently, the efficiency indicator improved once again from 43.0% in 2007 to 41.7% in 2008, thus confirming our organization's sound management.

BUSINESS LINES

THE BANKING BUSINESS

The main highlight in 2008's banking business was the level of earnings at BCP, the main driver of Credicorp's growth. BCP earnings totaled US$ 424 million, with returns on average equity reaching 32.8%.

However, the banking business' results were also impacted by events related to the world crisis. The impact of the international crisis on Peru's economy has been slow and mitigated, given Peru's strong position, dynamic domestic economy and small reliance on world markets. However, we are not immune and market volatility has definitely had a cost.

Loan growth in 2008 was not significantly impacted by the crisis, but the impact on BCP's returns appeared in several fronts: returns from BCP's investments in liquid assets and loss in market value of investment portfolios. This cost has reduced expected results in the banking business. Nevertheless, the cost is still small in absolute terms and also when seen against the size and massive impact of the crisis worldwide.

Growth

By year-end 2008, Wholesale Banking loans –in average daily balances– evolved in parallel to the pace of the country's business sector and remained on the upward trend started in earlier years, posting 36% growth year over year. This result was accomplished despite BCP's high market share, built over time and typically an obstacle to further growth, dynamic competition and smaller financial intermediation resulting from strong growth of the local capital markets.

BCP's strong performance in Wholesale Banking relies mostly on the corporate segment. Loans –in average daily balances– by Corporate Banking grew for the fifth year in a row, reaching a 41% year over year growth in 2008, above 2007 rates. Middle Market loans also continued rising at a strong pace, reaching 30% this year compared to a year before.

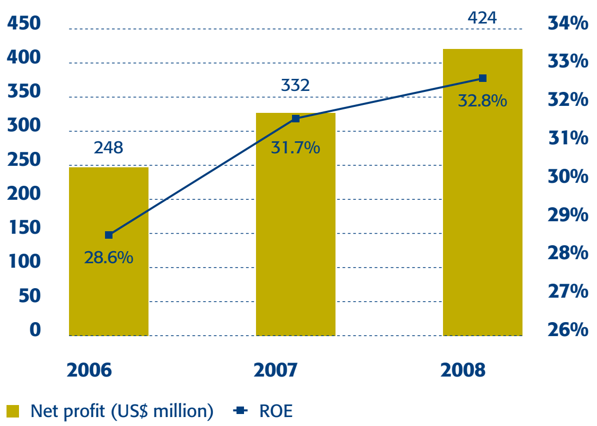
Nevertheless, as the portfolio reshuffles towards more dynamic and profitable segments, in 2008 retail banking loans accounted for 38% of all BCP loans, vis-à-vis 62% in the wholesale segment. As a consequence of a well-planned strategy focusing on accelerating the growth and development of retail banking and making the necessary investments, this segment earned profits worth US$ 169.4 million, and accounted for 40% of BCP earnings.

Although the market for products, including credit cards, consumer loans and mortgage loans, grew slightly more than in the year before (26.7%), the focus on individual clients allowed BCP's retail banking to grow above the market average, and increase its market share to 25.7%. This was a consequence of continuity in its commercial strategy to provide differentiated products for each segment, create value through partnering, focusing on lower income consumers, and marketing aimed at maximizing each customer's value.

Results have been even more significant in business banking. Our focus on training and advice for our clients gained additional relevance in 2008 and yielded extremely positive results, with earnings 15% higher and a contribution closer to 40% of all retail banking results.

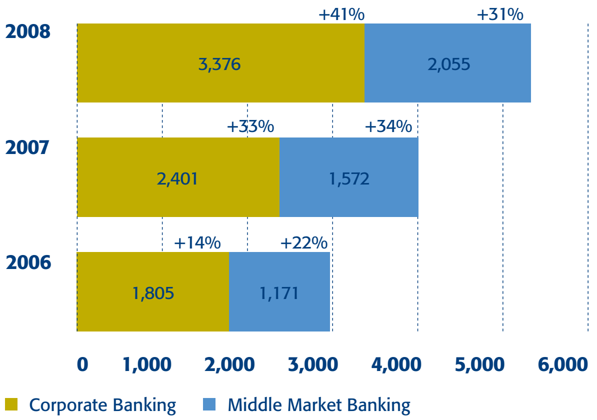
Without a doubt, 2008 was a year of unprecedented investment in human capital and infrastructure and explosive growth in service channels, with 57 additional branches (24% more) to a total 330 branches across the nation and additional 142 tellers to our total of 890 automatic teller network; 630 Agentes BCP, our branchless banking network, were added this year reaching a total 1,851. More than 3,000 new employees were needed to serve this expanded network.

BCP and subsidiaries: Net profit and ROE



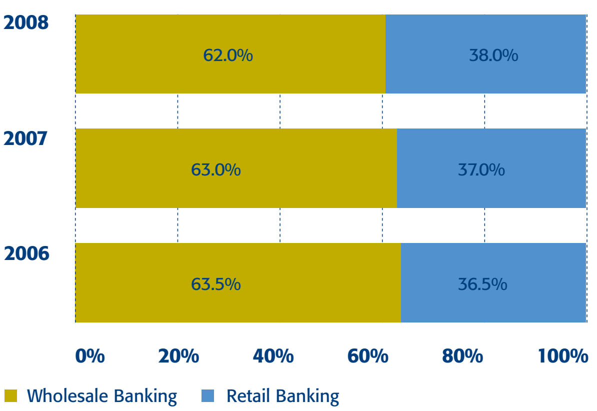
Source BCP - Finance Division

BCP: Wholesale Banking portfolio* (US$ million)



* Average daily balance
Source BCP - Finance Division

BCP: Loans portfolio composition* (%)

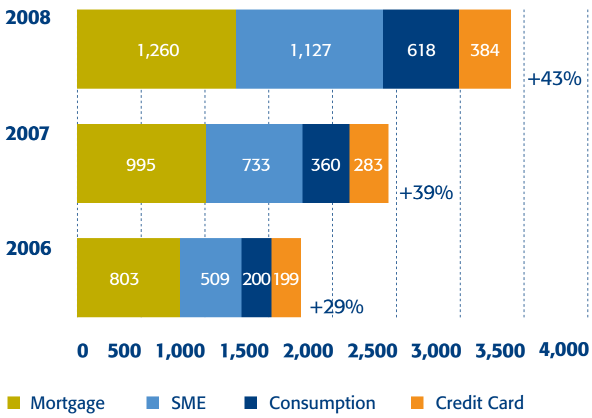


* Average daily balance
Source BCP - Finance Division

+36%

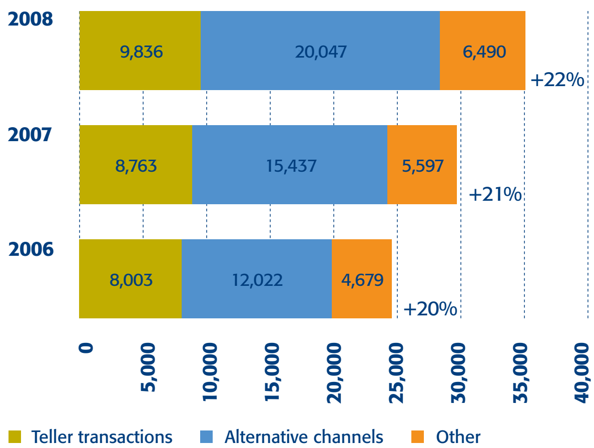
AVERAGE DAILY BALANCES
LOAN PORTFOLIO

BCP: Retail Banking portfolio* (US$ million)



* Average daily balances
Source BCP - Finance Division

BCP: Evolution of customer service channels
Monthly average transactions (thousands)



Source BCP - Finance Division

As a result, the number of transactions increased at an even faster rate than they did last year, reaching 22% growth. Operations through alternative service channels, including automatic tellers, Internet banking, telephone banking and Agentes BCP, not only increased their share of total BCP transactions (55%) but grew faster than other channels (28%). Overall, in 2008 72% of operations (two percentage points more than a year before) were transacted through electronic channels and not at bank tellers.

Funding

Financial institutions worldwide rose to many challenges in 2008. Credicorp's banking business was not an exception.

At the beginning of 2008, BCP raised in the international banking market a US$ 410 million three-year syndicated loan at very attractive conditions despite the complicated lending environment. However, a decision was made not to go out again to international capital markets to search for funding, given the volatile and weak reaction of various players in the second half.

Despite gradually increasing interest rates, BCP negotiated the market's most competitive rates to finance its loans without significant pressure. By requesting funding through short term foreign bank debt, BCP's debt stock exceeded US$ 1 billion.

Nevertheless, as reserve requirements diminished toward year-end, BCP found itself in a highly liquid position, allowing it to serve its customers' needs from its own funds.

Against this background, deposits reached US$ 14,235 in 2008, having grown 27.3% year over year. The largest increases were in demand deposits (+37%), followed by time deposits (+26%) and savings (+25%).

Risks

On the other hand, our portfolio's exposure to foreign exchange credit risk, given the high volatility of foreign exchange rates, was followed very closely. Still, the strong quality of BCP's portfolio led to relatively low levels of portfolio exposure to loan loss risk derived from debtors whose credit standing could be affected by exchange rate fluctuations during this period. By year-end 2008, the portfolio under exposure accounted for only 16.4% of total loans. Such sound risk management kept portfolio quality at around 0.8%, while the provisioning ratio fell in 2008 to 271.9%.

Margins

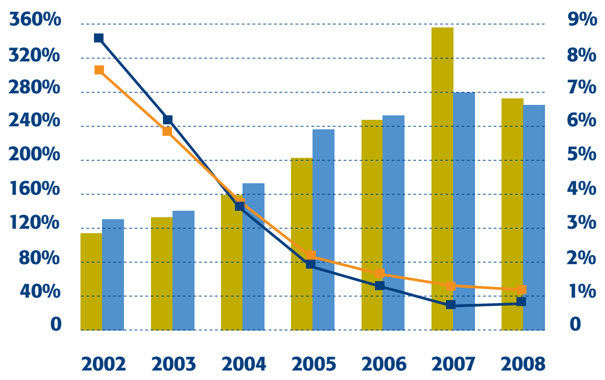
Financial margins deteriorated in the second half as a result of the financial crisis, giving rise to a decline of our net interest margin for 2008.

Net margins from the banking business itself, i.e. those arising from loans, remain strong, sound, and rising, reflecting a dynamic and competitive domestic market. However, the margin from investments with our liquidity surplus was seriously impacted by market events. Our investments with liquid surpluses shifted strongly towards larger reserve deposits at BCR, same which earn minimum or no remuneration, and also to dollar deposits yielding lower returns than alternative investments in nuevos soles. This change was a consequence of BCR's monitoring policies, and in-house liquidity and exchange rate exposure policies at BCP.

Costs

Although operating expenses increased by 12%, the efficiency index reached 50.3%, below 2007's 51.3%. Growth in net earnings from interests (30%) and net earnings from exchange transactions (83%) was mitigate by the increasing in operating expenses aforesaid

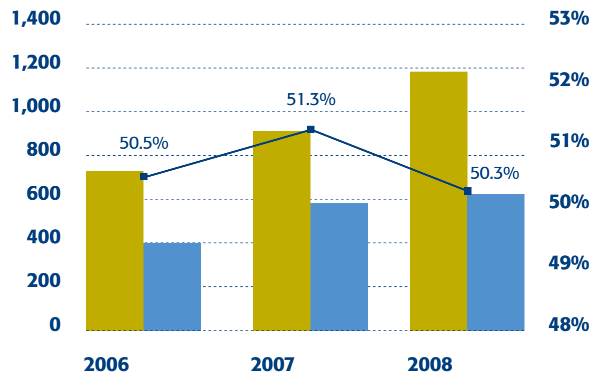
BCP and subsidiaries: Loan quality and coverage ratio



Coverage ratio: BCP System
Loans quality: BCP System

Source BCP - Finance Division

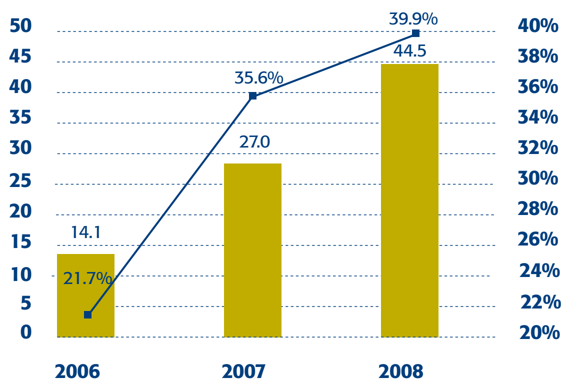
BCP and subsidiaries: Efficiency ratio



Operating income (US$ million) Operating expenses (US$ million) Effiency ratio

Source BCP - Finance Division

BCP Bolivia: Net profit ROE



Net profit (US$ million) ROE*

*Local Accounting

Source BCP Bolivia

BCP Bolivia

Our banking business was also strengthened by BCP Bolivia's strong performance, which was better than last year's and above the Bolivian banking system as a whole, thanks to appropriate management last year.

On the upside, the macroeconomic environment had a favourable impact on Bolivia's financial industry, as reflected by increases in the banking sector's portfolio and loans. BCP Bolivia reported net earnings of US$ 44.5 million, reflecting 64.5% increase in the same period a year ago. ROE reached 39.9%, higher than in 2007 (35.6%) and twice higher than the system's average (20.7%). Thus, BCP Bolivia has become one of the leading financial institutions in Bolivia's banking system.

Likewise, more loans and deposits resulted in a better financial margin, which reached US$ 52.5 million, 36% higher than in 2007, BCP Bolivia held a 13.1% market share for loans and 13.3% for deposits, ranking it third for loans and deposits in the Bolivian banking system.

In addition, such significant growth in BCP Bolivia's operations reflects our institution's prudent portfolio management. The past due ratio reached 2.0% while provisioning totaled 230.6% (compared to 144.3% for the entire Bolivian banking system).

As a consequence, BCP Bolivia now holds the healthiest and best provisioned portfolios in the system, which together with strong international backing, places it as one of the leading organizations in the Bolivian national financial system.

ASHC

ASB/ASHC's private banking business was strongly impacted by market valuations of its asset management business and generated some losses related to ASB's investment portfolio.

These losses were assessed on an extremely conservative basis. A decision was made to impair and recognize as losses a portion of the securities in the ASB asset portfolio, which had been marked to market values.

Such impact is considerable for a slim margin business as it is private banking, but is absorbed easily by the overall banking business.

THE INSURANCE BUSINESS

Although the insurance business represents a smaller portion of Credicorp's businesses, its impact on results and profitability indicators is significant.

During 2008, the insurance business recorded negative results due to a significant increase in claims in all three market segments: General Insurance (Property & Casualty), health insurance and life insurance. Additionally, due to the international crisis, the company recorded impairment provisions for US$ 11.3 million. Net results also absorbed a foreign currency translation loss of US$ 3.4 million, attributable to the Nuevo Sol's devaluation against the American Dollar in 2008.

The insurance business recorded a net loss of US$ 15.0 million in comparison to the US$ 12.5 million net profit achieved in 2007. If consolidation adjustments are considered, Grupo Pacífico's contribution to Credicorp went from a positive contribution of US$ 9.4 million in 2007 to a loss of US$ 15.9 million in 2008.

Despite this year's less than favorable results, the Pacífico Group's businesses continue to successful apply a strategy aimed at reducing risk retention levels in their portfolios. This effort is directed at atomizing and diversifying the insurance portfolio and transferring exposure to significant corporate risks to the international reinsurance market, thereby reducing the volatility of results and enhancing the ability to predict the same.

During 2008, premiums grew 25.8% to reach US$ 587.6 million at the end of the same period. This means that the Pacífico Group is one of the most important insurance groups in the region (measured by turnover).

Pacífico General Insurance

During 2008, General Insurance premiums performed positively, growing 23.5% in comparison to last year. Total yearly turnover US$ 296.8 million, US$ 56.4 million above the premiums obtained in 2007.

Turnover in personal insurance lines- defined by PPS as Automobile Insurance, SOAT, Medical Assistance, Personal and Home Insurance- grew 45.1% in 2008. As such, over the last three years, the participation of personal insurance lines in the PPS insurance portfolio increased from 34.9% to 46.8%.

During 2008, claims totaled US$ 152.8 million- US$ 49.9 million more than those of the previous year- reporting Net Incurred Claims of 87.2% in comparison to 80.2% in 2007, when an earthquake hit the southern-central area of the country.

This increase in claims can be explained by an unusually adverse environment attributable primarily to increased economic activity in the country and an intense rainy season in northern Peru during the fourth quarter of the year. In this scenario, the company processed five large claims in the Fire and Technical Insurance lines representing a total cost of US$ 11.9 million.

It is equally important to mention the extraordinary dynamism in local new automobile imports, driven by sustained economic growth, despite an increase in vehicle theft. Accordingly, PPS has recorded reserves for US$ 8 million. In the Medical Assistance line, the company has experienced a significant increase in claims due to an increase in the costs of medical services and increases in actuarial reserve requirements.

Recorded financial income for the year was US$ 19.1 million, 33.8% lower than that obtained in 2007. This result has prompted the company to make impairment provisions for US$ 6.9 million, based on its conservative policy for recording investments and in accordance with international norms for financial information. Nevertheless, PPS estimates that, given the quality of the assets in its portfolio, these investments will tend to recover.

In 2008, general and payroll expenses increased 1.6%. During this period, gross premiums grew 23.5% and net earned premiums 36.5%, which means that expenses represent 22.5% of net premiums earned in comparison to the 30.2% achieved last year. The company continued its efforts to rationalize expenses to achieve levels below 20% of the net earned premium and improve the company's ability to compete with local and international insurers.

Due to an increase in claims and investment impairment in 2008, PPS recorded a net loss of US$ 19.6 million in its General Insurance business. For this reason, the company's shareholders decided, in the month of December, to make a cash contribution equivalent to US$ 17.5 million.

Pacífico Vida

By December of 2008, the total premium volume was US$ 178.2 million, 30.4% more than in 2007, which allowed the company to maintain its position as market leader with a 27.6% share.

In the **Individual Life Insurance** line, a 31% increase in premiums is attributable to higher productivity and an increase in the sales force, an increase in the placement of new products such as Pacífico Ahorro Vida and Premium Life Max and improved service. Pacífico Vida maintained its position as market leader in the Individual Life Insurance segment, with a 32.8% market share as of December of 2008.

The increase (14%) in earnings for the **Life Annuity** line represents 22% of the company's total accumulated premiums. In terms of market share, the company is in third place with 19.9% (to December of 2008).

At the end of the year, the retirement insurance segment demonstrated a 33% increase in accumulated income over figures for 2007 and once again, Pacífico Vida leads the market with a 31.7% share to December of 2008.

In terms of accumulated levels, the **Group Life Insurance** (Collective Life, Legal Life and Occupational and Complementary Employment Life Insurance) showed a 29% increase over last year, attributable to the country's economic growth, an increase in the number of businesses formalized and development in sectors such as mining and construction. This business line's performance places the company in second place in the market with a 27.4% share.

Mortgage/Credit Life Insurance has increased its production 102% in comparison to last year. Without a doubt, the dynamism of the company's credit market contributed to this line's good performance (credit cards and home loans), entitling it to a third place position in the market (33%). Although the **Personal Accident** segment was not fundamental to the company's yearly earnings (representing 5%), it has shown significant growth over last year's figure (+33%).

Increasing distribution channels, both traditional and alternative ones such as department stores and public service companies, have been key elements in Pacifco Vida's strategy.

In terms of investment management, despite an adverse international and local financial situation, the portfolio's financial income continues its positive trend.

With regard to portfolio investment, by December 31, approximately 40% was invested in foreign instruments, 40% in instruments either issued or guaranteed by the Peruvian Government and approximately 20% in local financial institutions or private local companies. As such, more than 80% of the company's investments correspond to instruments that fall into the International Investment Grade category.

Additionally, more than 96% of the portfolio's investments are associated with fixed income instruments, which are invested until they reach maturity.

In terms of some of our products, the company's investment policy is focused on achieving an adequate currency, interest and cash flow matching to mitigate or eliminate associated reinvestment and liquidity risks.

+25.8%

AT PREMIUMS PRODUCTION

In business lines that do not guarantee minimum returns, the investment policy focuses on achieving long-term profitability based on risk and each portfolio's investment policy. It is important to mention that Fitch International, the international credit rating agency, has maintained Pacifico Vida's International Investment Grade.

Administrative expenses have increased 33% in comparison to last year due to the company's significant growth in terms of personnel, operations and infrastructure.

The claims ratio in 2008 was 47.9% of the total value of premiums versus 45.3% in 2007. The 2008 results were lowers, in 43%, to the results reached in 2007, due primarily to higher claims in some business lines, a lower proportion of financial income, a larger adjustment for a decrease in market value, and to a lesser extent, increases in technical expenses.

By December of 2008, Pacífico Vida had obtained net profit before minority interests of US$ 14.5 million.

Pacífico Salud EPS

In terms of the health maintenance business line, the inflation observed in medical service fees could not be immediately transferred to premiums due to the business's structure, which only permits annual or mid-year adjustments. During this period, the company has been more conservative in its approach regarding IBNR reserves due to the business's growth and higher claims, which have generated additional reserves for US$ 3.9 million.

Total turnover in 2008 grew 27.4% (US$ 116.5 million). The main contributor to this growth was the Regular Insurance product with US$ 102.8 million, followed by the Complementary Safety Insurance product with US$ 11.0 million and the Individual product line with US$ 2.7 million.

Total claims for 2008 were US$ 105.1 million, which translated into Net Incurred Claims of 90.3% in comparison to 82.4% for last year.

At the end of 2008, the company recorded a US$ 4.6 million loss in comparison to US$ 2.7 million registered in 2007. Finally, although new companies entered the market in 2007, Pacífico Salud maintained its position as market leader with a 52.4% share.

THE ASSET MANAGEMENT BUSINESS

Credicorp's asset management business evolved in a strongly deteriorating international market because of the world financial turmoil, which has not only hurt the real sector in developed countries but also become one of the most severe crises in history, leading to exacerbated volatility in stock markets. In turn, this has led to a significant impairment of financial assets, reflected in the fall of the most important international indicators, including Dow Jones (CY08 -33.8%), Nasdaq (CY08 - 40.5%) and S&P (CY08 - 38.5%).

In Peru, despite strong economic results in 2008 (GDP growth equaling 9.8% and 5.9% inflation), this crisis drove the behavior of the local stock market, leading to plummeting indexes and trading volumes at the Lima Stock Exchange (BVL is the Spanish acronym). BVL's general index slipped 60% and the stock exchange traded US$ 4,963 million worth of stocks, or almost 48% lower than a year before.

Such economic and financial environment hurt the asset management business at all Credicorp companies.

BCP Asset Management

The value of assets managed by Credifondo, a BCP subsidiary and the leader of the local mutual funds market, fell a significant 35%, from US$ 4,332 million in 2007 to US$ 2,817 million this year. However, from the commercial management standpoint, Credifondo has preserved its leadership in its industry, with market share of 45.2% by volume and 41.6% by number of participants.

ASHC Asset Management

The financial crisis underway has had an even more significant impact in Atlantic Security Bank's international mutual funds and financial consultancy market. Despite extremely conservative investment policies enforced by Atlantic Security, the impact of this crisis translated into the need of provisioning for potential losses and contingencies related to the Madoff scam for a total US$ 43.5 million.

ASHC closed 2008 with a third party portfolio under management worth US$ 1,639.4 million, a 31.7% impairment loss compared to a year before. ASB's clients totaled 3,657.

Prima AFP asset management

In 2008, the AFP system evolved in a stable commercial environment, tending to less intense competition. Prima AFP preserves its market leadership, accompanied by a stronger value proposal that provides quality information and services to its members.

Strong productivity in Prima AFP's sales helped preserve its high quality client portfolio, accomplish growth goals for insurable monthly remuneration (RAM is the Spanish acronym), which is the main source of company revenues, and protect its already strong market share.

On the investment side, weaker international and local financial markets had a strong impact on the value of funds under management, resulting in a portfolio under management worth S/.15,275 million to December 2008. During this period, Prima AFP reached a 30.6% share of portfolio under management, below 2007's 31.4%.

33.3%

SHARE IN CONTRIBUTIONS TO AFPS' SYSTEM

Returns at Prima AFP in the last 24 months, place it as the first or second ranking company for funds 2 and 3, and third for fund 1. In terms of risk-adjusted returns, Prima AFP ranked either first or second for fund 2, in line with its goal of managing investments with the lowest possible risk.

As regards contributions, Prima AFP accomplished a remarkable 32.7% market share to December 2008 that was, however, slightly below last year's because of smaller voluntary contributions, a consequence of market turbulence. To further pursue its objective of improving quality of service to its members, a new branch opened in Chimbote (Ancash) thus widening its network of 15 branches and 16 customer care offices nationwide.

Likewise, Prima AFP also became a stronger commercial player by increasing the number of its contributors into the private pension system and the basis for computing revenues. Estimates based on Prima AFP revenues and its 1.5% management fee charged in 2008 reveal the remunerations captured increased once again, giving Prima AFP the largest share of the local market (33.3%).

Also in 2008, Prima AFP recorded total revenues worth US$ 72.3 million and earnings reaching US$ 11.2 million (IFRS figures), thanks to an expanded revenue base and gradual reductions of its operative expenses, thus accomplishing results above expectations.

Prima AFP revenues for commissions totaled US$ 70.7 million, or 30.5% higher than in 2007. Its strong portfolio of contributing clients explains that increase, which remained stable throughout the year. Growth is also fuelled by an expanding labour market in Peru.

Payroll expenses totaled US$ 25.8 million, 14.5% more than in 2007. This is a consequence of lower commercial intensity (sales commissions' expenses). Intensity would have been even greater had it not been for the larger deferred expenses in 2007, in compliance with IFRS.

Administrative expenses reached US$ 16.0 million, or 7.1% higher than in 2007, because of heavier personnel charges and, mainly, increased provisioning for bonuses. It is worthwhile underscoring Prima AFP's operative efficiencies are the second best in the local market, when computed as the rate of administrative expenses to number of contribution payers.

In 2009, Credicorp will continue strengthening its market position, for which it will take advantage of both the infrastructure built and in place since the beginning of Prima AFP operations, as well as the existing synergies with the other Group companies.

Proprietary asset management - Credicorp

Third party asset management has become gradually a significant pillar of Credicorp's consolidated businesses and a fundamental source of revenues because of the commissions earned for that service. However, given the organization's activities, Credicorp still owns some portfolio that is managed in coordination with, and following risk and exposure guidelines fixed for the entire organization. Such portfolios are a natural consequence of our business and are not held for purposes of speculation, and are thus invested mainly in an extremely conservative way. Still, for purposes of diversification, small percentages of such funds have been invested in high quality structured instruments that, because of their very own nature, also imply a relatively higher risk-yield.

Those portfolios suffered in the closing months of this year a significant impairment as international securities markets plummeted and spreads increased, resulting in major valuation adjustments, even for AAA fixed income instruments at 2008 closing. Credicorp's portfolios have totaled US$ 575.6 million at ASHC, US$ 803.7 at PPS and US$ 1,396.7 million in the other group company's (excluding US$ 2,196.4 held as BCR deposit certificates held in BCP's portfolio). All these are market value figures at year-end since these securities are permanently marked to market, and as such they have direct impact on Credicorp's equity.

Following an extremely conservative policy, we reviewed the values attributed to all the papers in that portfolio at year-end. A decision was then made to partially recognize their impairment, in compliance with our auditor's most conservative standards. Most of these instruments have continued to perform according to investment terms, despite significant and protracted value decreases. Consequently, write-offs do not in any way reflect the papers' failure to meet such terms, but rather valuation issues resulting from a massive depression in world markets. At ASHC, value loss reaches 7.2% of the total portfolio under management. At PPS, it reaches 0.9% of the total portfolio, while losses total 0.5% at all other Credicorp entities. The total impaired value in 2008 was US$ 56.3 million. It is worth underscoring that the peculiar characteristics of the investment instruments for which such impairments have been recognized lead to estimate that a significant portion of such value loss will most likely be recovered as markets recoup and/or such investments reach maturity.

CREDICORP GROWS WITH ITS SUBSIDIARIES

Despite international hardship, Credicorp performed strongly and continued to grow steadily, thus accomplishing sound annual results. Outstanding results came from BCP, the main contributor to Credicorp's results, and Prima AFP.

Such outstanding results were mainly driven by the banking business. BCP's contribution reached US$ 410.9 million in 2008, 27% increase year over year. Meanwhile, BCP Bolivia continued on its upward trend, and this year contributed US$ 42.9 million, 59% more than in 2007.

PPS faced a difficult environment, leading to year-end US$ 15.9 million losses. The casualty index increased considerably, from 75% to 90%, in 2008, thus affecting PPS's results. In addition, also during this period, this organization underwent structural changes that made it harder for Pacifico to react to ongoing events. It is expected PPS will recover next year and contribute positively to Credicorp as in prior years.

In the pension fund business, Prima AFP continued to rise in the local market and accomplish significant market shares (30.6% in funds under managements, 33.3% in collections and 44.7% in voluntary contributions). This year, it contributed US$ 11.2 million, reflecting an extraordinary 269% growth over last year.

Finally, ASHC also faced a year of international financial hardship leading to a loss of US$ 50.4 million, a figure that reflects the severity of the market crisis. Its performance was affected principally in two fronts: i) recognition of non-realized losses from impaired investments, which reached US$ 41.5 million, and ii) US$ 43.5 million provisioning for potential losses and contingencies relating to the Madoff scam.

Credicorp meanwhile provisioned income taxes on dividends to be earned from BCP and PPS, as well as other expenses and value losses of its minority investments.

Credicorp companies' contribution to profit (US$ million)

Contribuciones	2006	2007	2008	2007/2006	2008/2007
BCP[1]	**238.9**	**322.5**	**410.9**	**35%**	**27%**
BCP Bolivia	13.9	27.0	42.9	95%	59%
ASHC	**15.7**	**20.5**	**(50.4)**	**31%**	**-345%**
PPS	**14.5**	**9.4**	**(15.9)**	**-35%**	**-269%**
Grupo Crédito[2]	**(12.4)**	**7.7**	**18.3**	**-162%**	**138%**
Prima AFP	(20.7)	3.0	11.2	-115%	269%
Others	8.4	4.6	7.1	-45%	53%
Credicorp and others[3]	**(26.4)**	**(9.4)**	**(5.1)**	**-64%**	**-46%**
Credicorp Ltd.	(27.6)	(10.9)	(7.5)	-61%	-31%
Others	1.2	1.4	2.4	25%	69%
Total	**230.3**	**350.7**	**357.7**	**52%**	**2%**

1 Includes BCP Bolivia.
2 Includes Grupo Crédito, Servicorp.
3 Includes dividend taxes of BCP and PPS, and holding's expenses.

It is clear from these contributions that the banking business continues to drive Credicorp's growth, while the onslaught of the financial crisis has led to losses stemming from impaired portfolio investments. However, those losses were recognized following an extremely conservative policy and for that reason, and given the nature of our investments we still hold positive expectations that they will be at least partially recouped. Peru's strong banking business has allowed Credicorp to continue increasing its earnings, despite digesting such high portfolio valuation losses and provisions, though at a significantly slower pace than last year, to a total of US$ 357.7 million, 2% growth. However, it is important to underscore that the operative bottom-line recorded earnings of US$ 605 million that represent an annual growth of 33.7%, significantly higher than 2007's, when they only reached US$ 452.3 million.

+33.7% OPERATING NET INCOME

+ 2.0% AT NET PROFIT

MARKET VALUE AND STOCK STRUCTURE

In 2008, international financial turmoil impacted financial markets and slowed down world growth. However, its impact in Peru has been reduced thanks to the country's strong economic fundamentals that have allowed Credicorp to remain on a sustained growth path.

This year Peru's economy grew 9.8%, along a trend started in previous years that demonstrates the strength of the country's economic fundamentals. High growth rates have prevailed despite the ongoing international meltdown. Nevertheless, Credicorp, despite its efficient dissemination of information about its performance, strategy and accomplishments, still suffered the impact of the current financial market's conditions that have resulted in negative returns at almost all stock exchanges around the world. Credicorp's share quotation closed 2008 at US$ 49.96, reflecting a 34.5% loss, which however is still less steep than the -38.9% S&P 500 slide and the NYSE financial sector's 44.9% average.

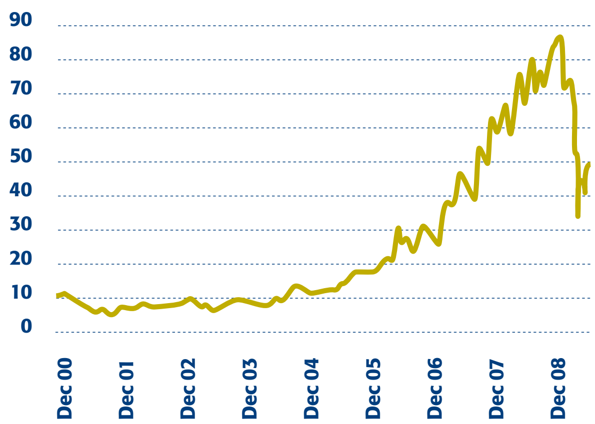
In the local scene, the Lima Stock Exchange General Index (IGBVL is the Spanish acronym) dropped 60% because of the heavy concentration of mining stock in the local index and the alignment of the Lima Stock Exchange with main international bourses where commodity-linked securities saw their perceived value deteriorate strongly. Likewise, the bank and financial company sector's stock value fell 29.4% in 2008.

Average daily traded volumes in 2008 reached 398,655 shares, 41.1% higher than last year's average. At year-end 2008, our corporation's stock capitalization reached US$ 3,985 million, due to a lower share quotation. In addition, earnings per share reached US$ 4.49, or 2.0% above 2007's US$ 4.40.

In February 2008, our board agreed a cash distribution equivalent to 40.4% of reported earnings, for a total US$ 141.6 million. This distribution is 15.4% higher than in 2007.

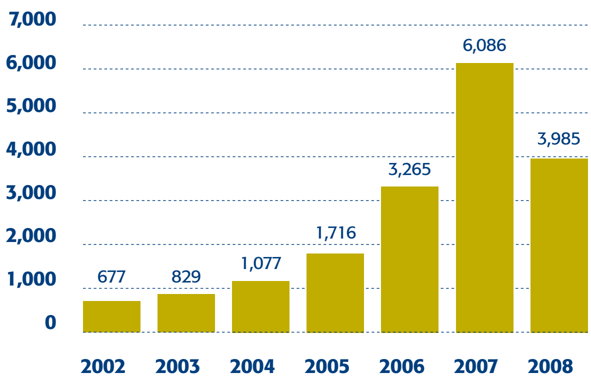
Finally, Credicorp's share holding structure did not experience any significant changes in 2008.

Stock price evolution (US$)



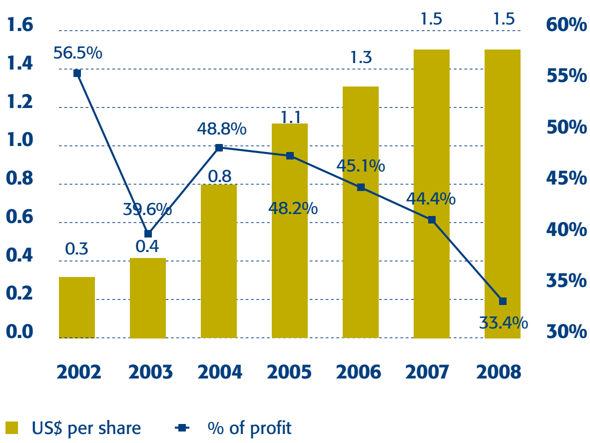
Source Bloomberg

Stock capitalization (US$ million)



Source Bloomberg

Dividends



Source BCP - Finance Division

Corporate Governance and Social Responsibility

Our corporate governance and social responsibility practices represent the foundation of our organization sustainability and reflect our interest in development of Peru and Peruvians

Corporate Governance and Social Responsibility

BANCO DE CRÉDITO BCP

CORPORATE GOVERNANCE

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

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

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

Board and internal administration

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

- Audit Committee
- Risk Management Committee
- Credit Committee
- Operations Risk Committee
- Assets and Liabilities Management Committee (ALCO)
- Productivity Committee
- IT Governance Committee

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

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

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

Customer relations

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

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

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

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

Relationship with our shareholders

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

Relations with our team

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

Relationship with our suppliers

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

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

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

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

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

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

596 schools participating in the MPT program
More than 450,000 school beneficiaries
Present in 20 regions across Peru.
Figures as of December 31, 2008.
Source: Instituto Apoyo.

Pilot 20 Card (Tarjeta Piloto20)

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

329,087 escolares registrados a nivel nacional
10,537 docentes registrados a nivel nacional
9'430,368 exámenes resueltos
167'814,723 páginas vistas
Figures as of December 28, 2008
Source: Apoyo Virtual

Business Classroom (Aula Empresa)

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

10 participating schools
8 departments reached
3,395 school children beneficiaries
95,416 web page hits
Figures as of December 31, 2008
Source: Instituto Apoyo

Volleyball and Field and Track

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

19,648 athletes from the provinces joined in 2008
13 host cities nationwide
From 1988 to December 2008
Source: Comisión Organizadora "Semilleros del Perú"

Sports platforms

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

80 sports platforms
230 multi-sports courts
From 1988 to December 2008

BCP has continued developing social responsibility programs, expanding to more sectors of our society, in order to contribute to the sustainable development of our community

BANCO DE CRÉDITO BCP BOLIVIA

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

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

SIGNING OF THE UNITED NATIONS WORLD COMPACT

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

PACÍFICO GRUPO ASEGURADOR

As provider of economic support for its policy holders in case of unexpected events and as a risk transfer tool, Pacifico Group pays special attention to its responsibilities not just towards its clients but towards the community at large, its suppliers, employers and stockholders.

In 2008, in line with these objective, it engaged in various initiatives to improve efficiencies in our community-support initiatives and enhance overall corporate responsibilities.

Since 2005, Pacifico has improved the quality of its information as required by Conasev Resolution No. 140-2005/EF, so investors will count on the best possible information about the extent to which strong and sound corporate management practices are enforced in our company.

In the framework of its social responsibility activities for 2008, for the 21st consecutive year, Pacifico supported the school for children with different abilities operated by the Unámonos Association. It organized and raised funds through the sale of paintings submitted to the "Jaime Rey de Castro" painting contest and sale of Christmas cards at our customer service modules.

In addition, it organized the fourth "Pacífico de Oro" award for medical research and development 2008, to promote science research and development in Peru.

Pacifico also provides strong assistance to Peru's National Police, in particular the force's Water Rescue Squad. Thanks to this support, 2,618 rescue operations were performed in Lima's 98 beaches during the 2008 summer season.

In addition, our company aims at promoting cooperation and teamwork among its workers through corporate volunteer initiatives by Pacifico employees for underprivileged children. Noteworthy were in 2008, "Pacífico te cuida" health care campaign in Rosario and Capilla de Asia communities; school building in San Juan de Lurigancho and Ventanilla, and "Reading Forests" that benefited 3000 children from several schools in San Juan de Lurigancho district. These activities were carried out in cooperation with the "A roof for my country" initiative and the Foundation for Solidarity Development (Fundades), respectively.

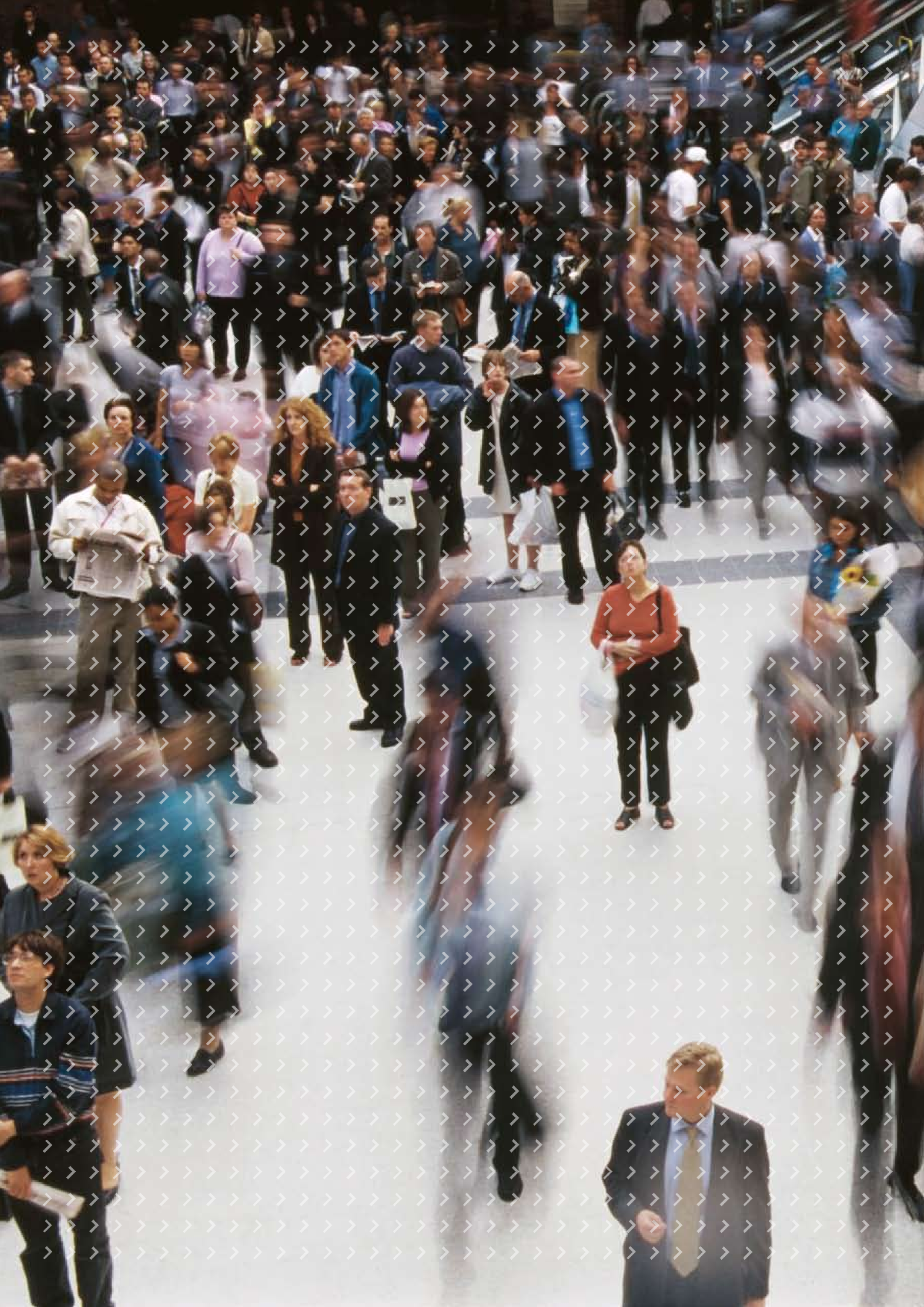
Also in 2008, we improved our system to acknowledge fraud complaints. All Pacifico employees can report anonymously all types of inadequate behaviour concerning either transactions or failure to comply with our organizational code of ethics. We have also further trained our workers in issues concerning prevention of asset laundering and the importance of timely identification and reporting of suspect transactions. Likewise, for better fraud control and to ensure fair complaint processing for our customers, we set up a special research unit that supports major and complex complaints research and analysis. In addition, we will develop more sophisticated complaint fraud detection mechanisms.

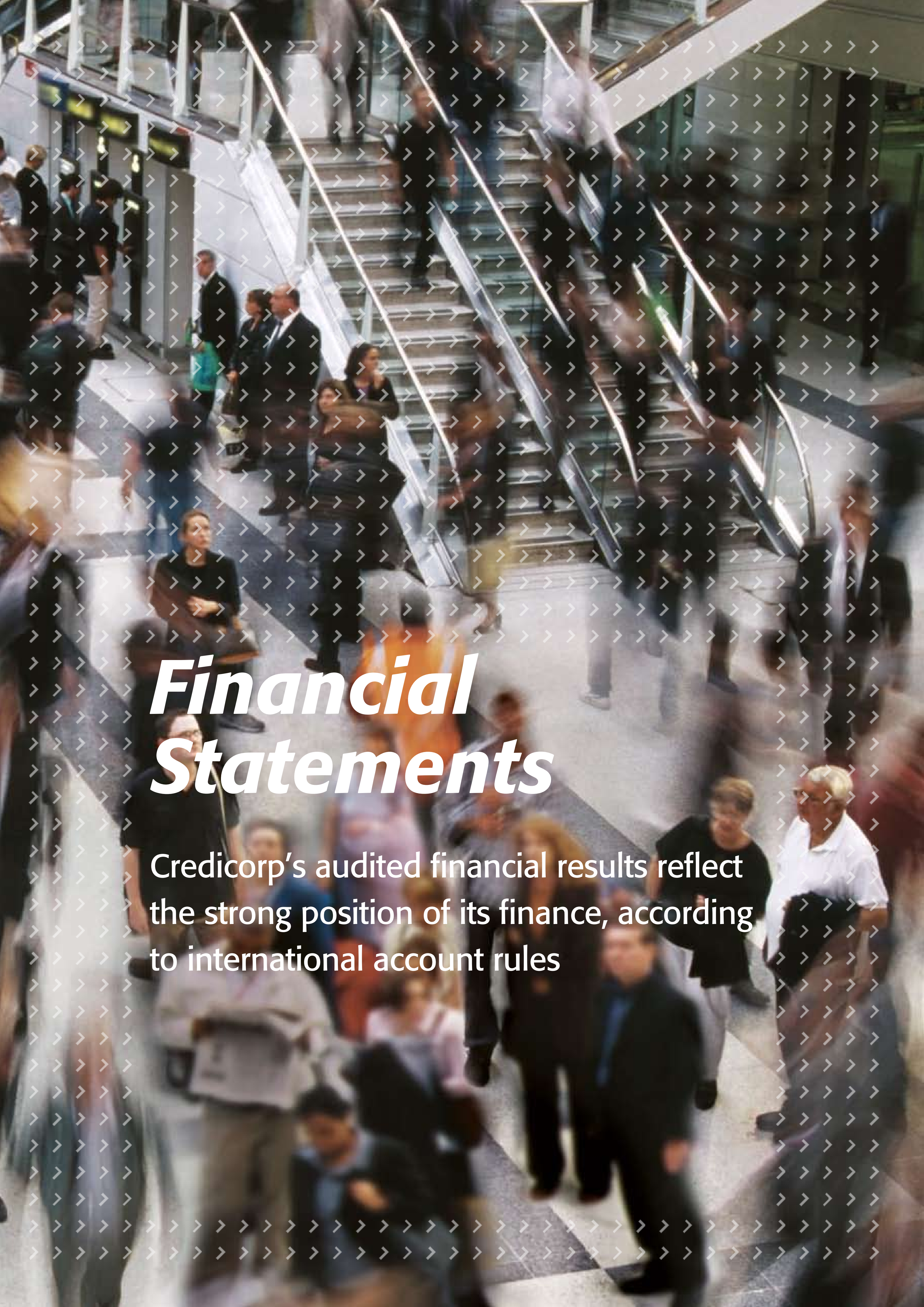
During 2007, our company met the challenge of getting Sarbanes-Oxley Law certification referred to compliance with international standards for submission, dissemination and international controls of financial reporting. This year, we also successfully introduced International Financial Reporting Standard N° 7, which addresses the relevance of financial instruments' reporting that properly reflects corporate economic performance, as well as the nature, scope and management of the financial instruments' risks to which the company may be exposed.

Against this background, in 2008 Pacífico gained recognition as the best personal and corporate insurance company, a distinction earned in the annual executive survey run by the Lima Chamber of Commerce.

By year'end 2008, the most recent opinion leaders Corporate Image Survey taken by Ipsos-Apoyo, places Pacífico Seguros as the best Peruvian insurance company. In addition, this survey reported that in 2006 Pacifico had accomplished a 12% positive perception rating, a figure that increased to 51% in 2008. The results of this survey reflect the outcome of the new strategy put in place in Pacifico Seguros to become a modern and efficient company, in the pursuit of the objective of excellence in service and "commitment to truth".

Finally, it is worth underscoring Pacifico has managed to retain its BBB- international rating for financial strength awarded by Fitch Ratings in 2007. This rating is equivalent to obtaining investment grade. Such recognition has placed Pacifico among a select group of Latin American insurance companies that awarded such rating.





Financial Statements

Credicorp's audited financial results reflect the strong position of its finance, according to international account rules

Contents

Independent auditor's report

To the shareholders and Board of Directors of Credicorp Ltd.

We have audited the accompanying consolidated financial statements of Credicorp Ltd. and Subsidiaries which comprise the consolidated balance sheets as of December 31, 2008 and 2007, and the consolidated statements of income, changes in equity and cash flows for each of the three years ended December 31, 2008, 2007 and 2006, and the summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements of Credicorp Ltd. in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

Independent auditor's report (continued)

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Credicorp Ltd. and Subsidiaries as of December 31, 2008 and 2007, and the consolidated results of its operations and its cash flows for each of the three years ended December 31, 2008, 2007 and 2006; in accordance with International Financial Reporting Standards.

Medina, Zaldívar, Paredes & Asoc.

Lima, Peru,
February 26, 2009

Countersigned by:

Cristian Emmerich
C.P.C. Register Nº19289

Consolidated balance sheets

Consolidated balance sheets

As of December 31, 2008 and 2007

Assets	Nota	2008	2007
		US$(000)	US$(000)
Cash and due from banks	4		
Non-interest bearing		1,057,416	620,918
Interest bearing		2,708,755	2,452,947
		3,766,171	3,073,865
Investments			
Trading securities		36,084	50,995
Investments available-for-sale	5	4,959,068	5,228,641
		4,995,152	5,279,636
Loans, net	6		
Loans, net of unearned income		10,546,378	8,250,819
Allowance for loan losses		(224,337)	(211,319)
		10,322,041	8,039,500
Financial assets designated at fair value through profit or loss	7	129,631	213,153
Premiums and other policies receivable	8	111,561	85,495
Accounts receivable from reinsurers and coinsurers	8	165,144	116,141
Property, furniture and equipment, net	9	329,458	274,935
Due from customers on acceptances		232,580	35,901
Seized assets, net		11,454	19,615
Intangible assets and goodwill, net	10	246,957	227,272
Other assets	11	510,920	340,385
Total assets		**20,821,069**	**17,705,898**

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

Consolidated balance sheets (continued)

As of December 31, 2008 and 2007

Liabilities and equity	Note	2008	2007
		US$(000)	US$(000)
Deposits and obligations	12		
Non-interest bearing		3,213,529	2,926,308
Interest bearing		10,736,908	8,424,406
		13,950,437	11,350,714
Financial liabilities designated at fair value through profit or loss	7	-	50,561
Due to banks and correspondents	13(a)	1,179,991	1,453,261
Bankers' acceptances outstanding		232,580	35,901
Accounts payable to reinsurers and coinsurers	8	55,841	33,963
Technical reserves, insurance claims reserves and reserves for unearned premiums	14	967,770	803,478
Borrowed funds	13(b)	1,150,716	870,404
Bonds and subordinated notes issued	15	785,230	702,298
Other liabilities	11	702,399	590,045
Total liabilities		**19,024,964**	**15,890,625**
Equity	16		
Capital and reserves attributable to Credicorp's equity holders:			
Capital stock		471,912	471,912
Treasury stock		(73,107)	(73,107)
Capital surplus		140,693	140,693
Reserves		815,387	587,218
Other reserves		(45,393)	179,550
Retained earnings		379,680	369,743
		1,689,172	1,676,009
Minority interest		106,933	139,264
Total equity		**1,796,105**	**1,815,273**
Total liabilities and equity		**20,821,069**	**17,705,898**

Consolidated statements

Consolidated statements of income

For the years ended December 31, 2008, 2007 and 2006

	Note	2008	2007	2006
		US$(000)	US$(000)	US$(000)
Interest and dividend income	20	1,400,334	1,065,974	782,002
Interest expense	20	(577,411)	(432,000)	(283,478)
Net interest and dividend income		**822,923**	**633,974**	**498,524**
Provision for loan losses, net of recoveries	6(d)	(48,760)	(28,439)	4,243
Net interest and dividend income after provision for loan losses		**774,163**	**605,535**	**502,767**
Other income				
Banking services commissions	21	394,247	324,761	243,778
Net gain on foreign exchange transactions		108,709	61,778	41,638
Net gain on sale of securities		51,936	46,376	27,281
Net gain on financial assets and liabilities designated at fair value through profit or loss	7(b)	-	65,088	3,521
Other	24	37,672	24,934	22,676
Total other income		**592,564**	**522,937**	**338,894**
Insurance premiums and claims				
Net premiums earned	22	393,903	297,272	251,261
Net claims incurred for life, property and casualty and health insurance contracts	23	(341,910)	(238,600)	(186,522)
Total premiums earned less claims		**51,993**	**58,672**	**64,739**
Other expenses				
Salaries and employees benefits		(365,201)	(409,037)	(303,332)
Administrative expenses		(269,291)	(206,966)	(172,304)
Net loss on financial assets and liabilities designated at fair value through profit or loss	7(b)	(67,060)	-	-
Depreciation and amortization	9(a) y 10(a)	(57,369)	(51,013)	(50,317)
Provision for seized assets		(1,067)	(3,057)	(6,387)
Merger expenses		-	-	(5,706)
Impairment loss on available-for-sale investments	5(c)	(60,435)	(5,017)	-
Other	24	(101,876)	(71,999)	(52,718)
Total other expenses		**(922,299)**	**(747,089)**	**(590,764)**

Consolidated statements of income (continued)

For the years ended December 31, 2008, 2007 and 2006

	Note	2008	2007	2006
		US$(000)	US$(000)	US$(000)
Income before translation result and income tax		**496,421**	**440,055**	**315,636**
Translation result		(17,650)	34,627	15,216
Income tax	17(b)	(109,508)	(102,287)	(83,587)
Net income		**369,263**	**372,395**	**247,265**
Attributable to:				
Equityholders of Credicorp Ltd.		357,756	350,735	230,013
Minority interest		11,507	21,660	17,252
		369,263	372,395	247,265
Basic and diluted earnings per share for net income attributable to equity holders of Credicorp Ltd. (in United States dollars)	25	**4.49**	**4.40**	**2.88**

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

Consolidated statements of changes in equity

For the years ended December 31, 2008, 2007 and 2006

	Number of shares issued, note 25	Attributable to Credicorp's equity holders		
		Capital stock	Treasury stock	Capital surplus
	(In thousands of units)	US$(000)	US$(000)	US$(000)
Balances as of January 1st, 2006	94,382	471,912	(73,107)	140,693
Changes in equity for 2006				
Net unrealized gain from investments available-for-sale, note 5(c) and 16(c)	-	-	-	-
Transfer of net realized gain from investments available-for-sale to the income statement, net of realized loss, note 5(c) and 16(c)	-	-	-	-
Net gain on cash flow hedge, note 16(c)	-	-	-	-
Income for the year recognized directly in equity	-	-	-	-
Net income	-	-	-	-
Total recognized income for the period	-	-	-	-
Transfer of retained earnings to reserves, note 16(c)	-	-	-	-
Cash dividends, note 16(d)	-	-	-	-
Dividends of subsidiaries and other	-	-	-	-
Balances as of December 31, 2006 carried forward	**94,382**	**471,912**	**(73,107)**	**140,693**
Changes in equity for 2007				
Net unrealized gain from investments available-for-sale, note 5(c) and 16(c)	-	-	-	-
Transfer of net realized gain from investments available-for-sale to the income statement, net of realized loss, note 5(c) and 16(c)	-	-	-	-
Net loss on cash flow hedge, note 16(c) and 11(b)(ii)	-	-	-	-
Income for the year recognized directly in equity	-	-	-	-
Net income	-	-	-	-
Total recognized income for the period	-	-	-	-
Transfer of retained earnings to reserves, note 16(c)	-	-	-	-
Cash dividends, note 16(d)	-	-	-	-
Dividends of subsidiaries and other	-	-	-	-
Balances as of December 31, 2007 carried forward	**94,382**	**471,912**	**(73,107)**	**140,693**
Changes in equity for 2008				
Net unrealized loss from investments available-for-sale, note 5(c) and 16(c)	-	-	-	-
Transfer of net realized gain from investments available-for-sale to the income statement, net of realized loss and impairment, note 5(c) and 16(c)	-	-	-	-
Net loss on cash flow hedge, note 16(c) and 11(b)(ii)	-	-	-	-
Net loss for the year recognized directly in equity	-	-	-	-
Net income	-	-	-	-
Total recognized income for the period	-	-	-	-
Transfers of retained earnings to reserves, note 16(c)	-	-	-	-
Cash dividends, note 16(d)	-	-	-	-
Dividends of subsidiaries and other	-	-	-	-
Balances as of December 31, 2008	**94,382**	**471,912**	**(73,107)**	**140,693**

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

Attributable to Credicorp's equity holders					
Reserves	Other reserves	Retained earnings	Total	Minority interest	Total net equity
US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
269,527	83,302	298,113	1,190,440	101,515	1,291,955
-	69,411	-	69,411	20,728	90,139
-	(6,620)	-	(6,620)	(379)	(6,999)
-	1,316	-	1,316	-	1,316
-	64,107	-	64,107	20,349	84,456
-	-	230,013	230,013	17,252	247,265
-	64,107	230,013	294,120	37,601	331,721
210,375	-	(210,375)	-	-	-
-	-	(87,738)	(87,738)	-	(87,738)
-	-	-	-	(2,170)	(2,170)
479,902	**147,409**	**230,013**	**1,396,822**	**136,946**	**1,533,768**
-	85,129	-	85,129	(426)	84,703
-	(12,617)	-	(12,617)	-	(12,617)
-	(40,371)	-	(40,371)	-	(40,371)
-	32,141	-	32,141	(426)	31,715
-	-	350,735	350,735	21,660	372,395
-	32,141	350,735	382,876	21,234	404,110
107,316	-	(107,316)	-	-	-
-	-	(103,690)	(103,690)	-	(103,690)
-	-	1	1	(18,916)	(18,915)
587,218	**179,550**	**369,743**	**1,676,009**	**139,264**	**1,815,273**
-	(164,302)	-	(164,302)	(32,876)	(197,178)
-	20,048	-	20,048	-	20,048
-	(80,689)	-	(80,689)	(604)	(81,293)
-	(224,943)	-	(224,943)	(33,480)	(258,423)
-	-	357,756	357,756	11,507	369,263
-	(224,943)	357,756	132,813	(21,973)	110,840
228,169	-	(228,169)	-	-	-
-	-	(119,648)	(119,648)	-	(119,648)
-	-	(2)	(2)	(10,358)	(10,360)
815,387	**(45,393)**	**379,680**	**1,689,172**	**106,933**	**1,796,105**

Consolidated statements of cash flows

For the years ended December 2008, 2007 and 2006

	2008	2007	2006
	US$(000)	US$(000)	US$(000)
Cash flows from operating activities			
Net income	369,263	372,395	247,265
Add (deduct)			
Provision (recoveries) for loan losses	48,760	28,439	(4,243)
Depreciation and amortization	57,369	51,013	50,317
Provision for seized assets	1,067	3,057	6,387
Provision for sundry risks, note 24	37,549	8,096	6,461
Deferred income tax, note 17(b)	(4,394)	(14,921)	(4,786)
Net gain on sales of securities available-for-sale	(51,936)	(46,376)	(27,281)
Impairment loss on available-for-sale investments	60,435	5,017	-
Net loss (gain) on financial assets and liabilities designated at fair value through profit and loss	67,060	(65,088)	(3,521)
Gain on sales of property, furniture and equipment	(979)	(42)	(169)
Translation result	17,650	(34,627)	(15,216)
Purchase (sale) of trading securities, net	14,911	(5,859)	15,649
Net changes in assets and liabilities:			
Increase in loans	(2,339,675)	(2,172,418)	(871,970)
Increase in other assets	(463,273)	(404,175)	(100,570)
Increase in deposits and obligations	2,614,020	2,269,568	1,632,960
(Decrease) increase in due to banks and correspondents	(274,714)	875,447	(455,381)
Increase in other liabilities	299,106	470,963	114,717
Net cash provided by operating activities	**452,219**	**1,340,489**	**590,619**
Cash flows from investing activities			
Acquisition of subsidiaries net of cash received, note 2	-	-	(140,085)
Net sale (purchase) of investments available-for-sale	125,416	(1,541,621)	(433,702)
Purchase of property, furniture and equipment	(91,353)	(53,901)	(43,973)
Sales of property, furniture and equipment	1,775	951	7,546
Net cash provided (used in) investing activities	**35,838**	**(1,594,571)**	**(610,214)**

Consolidated statements of cash flows (continued)

	2008	2007	2006
	US$(000)	US$(000)	US$(000)
Cash flows from financing activities			
Issuance of bonds and subordinated debt	257,509	256,014	167,247
Redemption of bonds and subordinated debt	(190,402)	(75,728)	(91,925)
Increase in borrowed funds	300,000	499,792	90,612
Payments of borrowed funds	(19,688)	-	-
Cash dividends	(119,648)	(103,690)	(87,738)
Net cash provided by financing activities	**227,771**	**576,388**	**78,196**
Translation (loss) gain on cash and cash equivalents	(23,522)	18,029	14,114
Net increase in cash and cash equivalents	**692,306**	**340,335**	**72,715**
Cash and cash equivalents at the beginning of the year	3,073,865	2,733,530	2,660,815
Cash and cash equivalents at the end of the year	**3,766,171**	**3,073,865**	**2,733,530**
Supplementary cash flows information:			
Cash paid during the year for			
Interest	549,655	415,157	265,838
Income tax	124,754	86,754	96,284
Cash received during the year for			
Interest	1,378,633	1,106,972	810,266

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

Notes to the consolidated financial statements

As of December 31, 2008 and 2007

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

2 ACQUISITION OF AFP UNIÓN VIDA S.A.

On August 24, 2006, Credicorp, through its subsidiary Prima AFP, acquired for approximately US$141.5 million AFP Unión Vida S.A. (a private pension fund management company operating in Peru) from Grupo Santander Perú S.A.

At the General Shareholder's Meeting of Prima AFP, held on September 6, 2006, the merger with AFP Unión Vida S.A. was approved, with effective date December 1, 2006.

The acquisition of AFP Unión Vida S.A. was recorded using the purchase method, as required by IFRS 3, "Business Combinations". Assets and liabilities were recorded at their estimated market values at the acquisition date, including the identified intangible assets acquired. Book value and fair values of the identified assets and liabilities at their acquisition date were as follows:

	Book value of the entity acquired	Fair value recognition	Fair value of the entity acquired
	US$(000)	US$(000)	US$(000)
Assets			
Cash and cash equivalents	1,428	-	1,428
Restricted mutual fund	32,265	-	32,265
Client relationships, note 10(a)	-	88,378	88,378
Other Intangibles	3,424	9,603	13,027
Property, furniture and equipment	2,060	-	2,060
Goodwill	-	49,047	49,047
Other assets	5,605	-	5,605
Liabilities			
Trade accounts payable	4,688	-	4,688
Other accounts payable	5,352	-	5,352
Other liabilities	7,433	32,824	40,257
Net acquired assets	**27,309**	**114,204**	**141,513**

On January 2007, the arbitration proceeding between Credicorp and Grupo Santander Peru S.A. ended; as a result Credicorp received a reimbursement of approximately US$4.5 million, which was recorded as a reduction of goodwill, note 10(b).

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, unless otherwise stated.

(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, the share based compensation 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 dollar (US$), and all values are rounded to the nearest US$ thousand, except when otherwise indicated.

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. 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 and the valuation of derivatives. 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, 2008. 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:

- IAS 39, "Financial Instruments: Recognition and Measurement" and IFRS 7, "Financial Instruments: Disclosures" – "Reclassification of Financial Assets" (Amendment). This amendment allows reclassifications of certain financial instruments out of held for trading and available for sale categories since July 1, 2008. Due to the fact that Credicorp did not reclassify any of its financial instruments, this standard does not have any impact on the Group's consolidated financial statements.

- IFRIC 11, IFRS 2 – "Group and Treasury Share Transactions", this interpretation requirements arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The Group has no transactions to be considered under this interpretation.

- IFRIC 12, "Service Concession Arrangements", this interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has no impact on the Group.

- IFRIC 14 - IAS 19, "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", addresses how to assess the limit, under IAS 19 "Employee Benefits", on the amount of the surplus that can be recognized as an asset particularly when a minimum funding requirement exists. This standard does not have any impact on the Group's consolidated financial statements.

(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 consolidated financial statement of the Group, note 3(z).

Net equity and net income attributable to the minority interest are shown separately on the consolidated balance sheets and the consolidated statements of income, respectively.

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 balance sheets; 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.

As of December 31, 2008 and 2007, 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 income (loss)	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	%	%	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Banco de Crédito del Perú and Subsidiaries (i)	97.41	97.33	18,514,133	15,171,338	17,112,683	14,038,774	1,401,450	1,132,564	423,529	331,652
Atlantic Security Holding Corporation and Subsidiaries (ii)	100.00	100.00	1,453,915	1,738,697	1,360,471	1,401,237	93,444	337,460	(50,395)	20,537
El Pacífico Peruano-Suiza Compañía de Seguros y Reaseguros and Subsidiaries (iii)	75.74	75.74	1,307,547	1,197,943	1,155,405	932,765	152,142	265,178	(20,994)	21,979
Grupo Crédito S.A. and Subsidiaries (iv)	100.00	100.00	335,854	389,577	101,748	125,089	234,106	264,488	18,271	7,662
CCR Inc. (v)	99.99	99.99	1,152,336	879,997	1,247,465	917,655	(95,129)	(37,658)	138	(4)
Credicorp Securities Inc. (vi)	99.99	99.99	2,851	2,047	470	215	2,381	1,832	549	347

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 2008 and 2007, Credicorp acquired 0.08 percent and 0.09 percent of BCP shares, respectively, owned by minority interest.

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, began operations on December 1981, 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 61.99 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 on March, 2005, whose activities are supervised by the SBS. As of December 31, 2008, Prima AFP total assets, liabilities and net income amounted to US$225.6, US$96.3, and U$11.2 million, respectively (US$246.4 million, US$116.8 million and US$3.0 million, respectively, as of December 31, 2007).

v CCR Inc., is a special purposes entity incorporated in Bahamas in 2001, whose 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, 2008 and 2007, the negative equity is generated by unrealized losses of cash flow hedge derivatives, as it is explained in note 16(c) and 11(b)(ii).

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.

(c) Foreign currency translation

The Group considers 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 balance sheet.

- 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 reversed against income. 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.

(e) Insurance activities

Product classification:

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. 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 policyholders.

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

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

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

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the consolidated balance sheet. These are deposit assets or financial liabilities that are recognized based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective interest rate method when accrued.

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.

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 consolidated balance sheet date, 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 consolidated balance sheet date. Incurred but non-reported claims (hereafter "IBNR") are estimated and included in the provision (liabilities). IBNR reserves as of December 31, 2008 and 2007, 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.

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 consolidated balance sheet date. 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.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the consolidated balance sheet date. 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

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recorded 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.

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental cost of acquisition or issue.

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. Management defines the classification of its financial instruments at initial recognition.

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

This category has two sub-categories: financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated as hedging instruments. Financial assets and financial liabilities are designated at fair value through profit or loss when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the 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 an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Changes in fair value 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 right to the payment 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.

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 considering any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. Impairment losses 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.

iii Available-for-sale financial investments:
Available-for-sale financial investments are those which are designated as such (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 do not qualify to be classified as designated at fair value through profit or loss, held-to-maturity, loans or receivables.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value. Unrealized gains and losses are recognized directly in equity in "Other reserves", net of its corresponding deferred tax and minority interest. When an available-for-sale financial investment is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the consolidated income statement in the caption "Net gain on sales of securities" considering the average cost basis. 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.

Losses arising from impairment (see note 3(i) below) are recognized in the consolidated income statement and removed from the equity caption "Other reserves".

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.

(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, and the difference in the respective carrying amounts 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 balance sheet 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 consolidated balance sheet 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. The criteria used for each category of financial assets is as follows:

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. 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 statement of income. Interest income, if applicable, is accrued on the reduced carrying amount based on the original effective interest rate of the asset. A loan, together with its associated allowance is 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 a future 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.

ii Available-for-sale financial investments:
For available-for-sale financial investments, the Group assesses at each consolidated balance sheet date 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. 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 equity 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 equity.

In the case of debt instruments, impairment is assessed based on the same criteria as financial assets carried at amortized cost (loans and receivables). 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

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 lives, as follows:

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

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.

(l) Seized assets

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

(m) 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 AFP Unión Vida, note 2, "client relationships" and other intangible assets, are recognized on the consolidated balance sheet at their fair values determined on the acquisition date and are amortized using the straight line method over their estimated useful life; 20 years for "client relationships" and 5 years for other identified intangible assets.

(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.

(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 banks. 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 in the consolidated financial statements at fair value, in "Other liabilities", being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amortized premium 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 premium 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.

(s) Provisions

Provisions for legal claims are recognized when the Group has a present (legal) or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The amount recorded as a provision is equal to the present value of future payments expected to be needed to settle the obligation.

(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 consolidated balance sheet date, 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 consolidated balance sheet date, 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.

(v) Earnings per share

Basic and diluted earnings per share are 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. For the years ending December 31, 2008, 2007 and 2006 Credicorp has no financial instruments with dilutive effects. Therefore, basic and diluted earnings per share are the same for all years presented.

(w) Stock appreciation rights

The Group has granted supplementary profit sharing participation to certain executives and employees who have at least one year of service in Credicorp or any of its Subsidiaries, in the form of stock appreciation rights (SARs) over a certain number of Credicorp's shares. Such SARs options are granted at the market price of the shares of Credicorp on the date of the grant and are exercisable at that price, allowing the employee to obtain a gain from the difference between the fixed exercise price of the share at the date of execution and the market price, note 18.

The recorded expense in each year is the estimated market value of the rights that can be exercised by the beneficiaries at the consolidated balance sheets date. When Credicorp changes the price or the terms of the SARs, the additional compensation expense is recorded for an amount equal to the difference between the new exercise price and the market price of the underlying shares.

(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 balance sheet 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 the 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.

As part of its risk management, the Group uses derivative instruments for hedging purposes in order to reduce its exposure to market risk of certain liabilities. The accounting treatment is established according to the nature of the item hedged and compliance with the hedge criteria.

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognized directly in equity in "Other reserves". The ineffective portion of the gain or loss on the hedging instrument is recognized in the consolidated income statement in the captions "Interest and dividend income" or "Interest expense", as appropriate. When the hedged cash flow affects the consolidated income statement, the gain or loss on the hedging instrument is recycled in the corresponding income or expense line of the consolidated income statement.

For designated and qualifying fair value hedges, the change in the fair value of a hedging derivative is recognized in the consolidated income statement in the captions "Interest and dividend income" or "Interest expense", as appropriate. Changes in the fair value of the hedged item attributable to the risk hedged are recorded as part of the carrying value of the hedged item and recognized in the consolidated income statement. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated.

Embedded derivates:

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

The Group has certificates indexed to Credicorp Ltd. share price that will be settled in cash and credit linked notes obtained to provide financial instruments in the same basis to its clients. These instruments have been classified at inception by the Group as "financial instrument at fair value though profit or loss", note 7.

(y) Segment reporting

The Group considers as a business segment a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environment, 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 statements of income.

(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 balance sheets.

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

(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. The main reclassifications to the report as of December 31, 2007 and for the two years ended December 31, 2007 are the following:

i For the year 2007, the "Impairment loss on available-for-sale investments" amounting to US$5.0 million was shown as part of the caption "Net gain on sale of securities"; as of December 31, 2008, this concept is shown separately in the consolidated income statement.

ii For the year 2006, the "Net gain on financial assets and liabilities designated at fair value through profit or loss" amounting to US$3.5 million was shown as part of the caption "Other income"; as of December 31, 2007, this concept is shown separately in the consolidated income statement.

iii For the year 2006, the "Interest and dividend Income" and the "Interest expense" were shown in detail on the face of consolidated income statement. For the year 2007 they are shown as part of note 20 to the consolidated income statement.

Management considers that these reclassifications result in a better presentation of the Group's activities.

(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, 2008:

- IFRS 8 "Operating Segments", effective for periods beginning on or after January 1, 2009, IFRS 8 replaces IAS 14 "Segment Reporting" and adopts a full management approach identifying, measuring and disclosing the results of its operating segments. The standard is only applicable to entities that have debt or equity instruments that are traded in a public market (as opposed to a "public securities market" as required by IAS 14) or that files (or is in the process of filing) its financial statements with a securities commission or similar party.

- IAS 23 (Amendment) "Borrowing Costs", effective for periods beginning on or after January 1, 2009. 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.

- IFRIC 13, "Customer Loyalty Programmes", effective for periods beginning on or after July 1, 2008. 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.

- 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. The Standard establishes that its application is not retroactive; therefore, it will not have any effect on the Group's consolidated financial statements.

- IFRS 2, "Share-based payments - Vesting conditions and cancellations", effective for periods beginning on or after January 1, 2009. The Standard restricts the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services.

- IAS 1 (Revised) "Presentation of financial statements", effective for periods beginning on or after January 1, 2009. The Standard separates owner and non owner-changes in equity. In addition, the Standard introduces the statement of comprehensive income.

- IAS 32 (Revised) and IAS 1 "Puttable Financial Instruments" (Revised), effective for periods beginning on or after January 1, 2009. The revisions provide a limited scope exception for puttable instruments to be classified as equity if they meet a number of specified features.

- IFRIC 15, "Agreement for the Construction of Real State", effective for annual periods beginning on or after January 1, 2009. The interpretation is to be applied retrospectively. 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.

- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation", effective for periods beginning on or after October 1, 2008. The interpretation is to be applied prospectively. This interpretation provides guidance in respect to hedges of foreign currency gains and losses on a net investment in a foreign operation.

- 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 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.

The Group does not expect significant implications of these standards or interpretations in its consolidated financial statements once adopted.

4 CASH AND DUE FROM BANKS

(a) This item is made up as follows:

	2008	2007
	US$(000)	US$(000)
Cash and clearing	625,954	548,298
Deposits in Peruvian Central Bank - BCRP	1,952,952	1,798,581
Deposits in banks	1,184,729	720,992
	3,763,635	3,067,871
Accrued interest	2,536	5,994
Total	**3,766,171**	**3,073,865**

(b) As of December 31, 2008 and 2007, cash and due from banks balances include approximately US$2,488.7 and US$1,191.2 million, respectively, mainly from Banco de Crédito del Perú (BCP), which represent the legal reserve that Peruvian banks must maintain for its obligations with the public. These funds are deposited in BCP's vaults and in the BCRP, and are within the limits established by prevailing legislation. As of December 31, 2007 the balance of this caption also includes US$1,000 million, relating to an overnight operation deposited in the BCRP, this operation earned interest at an effective rate of 4.45 percent and had a 2 days maturity.

The legal reserve funds maintained with BCRP are not interest-bearing, except for the part of the mandatory reserve in U.S. Dollars that exceeds the minimum legal reserve. As of December 31, 2008, this excess amounts to approximately US$1,601.6 million and bears interest in U.S. Dollars at an average annual interest rate of 0.4 percent (approximately US$1,222.5 million and 3.5 percent, respectively as of December 31, 2007).

5 INVESTMENTS AVAILABLE-FOR-SALE

(a) This item is made up as follows:

	2008				2007			
		Unrealized gross amount				Unrealized gross amount		
	Amortized cost	Gains	Losses (b)	Estimated fair value	Amortized cost	Gains	Losses (b)	Estimated fair value
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Fixed maturity								
BCRP certificates of deposit (d)	2,209,460	2,939	(3,457)	2,208,942	2,410,062	224	(3,281)	2,407,005
Corporate, leasing and subordinated bonds (e)	950,322	16,015	(58,109)	908,228	945,794	17,028	(8,380)	954,442
Government's treasury bonds (f)	833,729	57,678	(10,231)	881,176	670,717	59,316	(403)	729,630
Central Bank of Bolivia certificates of deposit (g)	217,516	115	(81)	217,550	121,706	38	(96)	121,648
Participations in mutual funds	97,234	2,189	(2,479)	96,944	145,182	3,652	-	148,834
Collateralized mortgage obligations (CMO) (h)	96,256	46	(22,375)	73,927	106,245	597	(1,092)	105,750
US Government – Agencies and Sponsored Enterprises (i)	41,000	3,718	(67)	44,651	86,337	2,337	(427)	88,247
Restricted mutual funds (j)	49,775	1,887	-	51,662	47,347	18,255	-	65,602
Participation in RAL's funds (k)	73,268	-	-	73,268	56,641	-	-	56,641
Negotiable certificates of deposit	41,628	1,003	(76)	42,555	53,236	1,850	(1)	55,085
Hedge funds	31,742	2,920	(284)	34,378	41,129	8,557	(113)	49,573
Corporación Andina de Fomento and Corporación Financiera de Desarrollo bonds	34,799	116	(587)	34,328	45,136	143	-	45,279
Commercial papers	11,203	3	(96)	11,110	15,585	27	(9)	15,603
Other	20,104	2	(674)	19,432	21,860	1,348	(21)	23,187
	4,708,036	88,631	(98,516)	4,698,151	4,766,977	113,372	(13,823)	4,866,526
Shares								
Listed securities (l)	106,521	109,032	(5,936)	209,617	107,332	167,578	(1,701)	273,209
Not-listed securities	6,242	1,761	(3)	8,000	19,568	28,343	(3)	47,908
	112,763	110,793	(5,939)	217,617	126,900	195,921	(1,704)	321,117
	4,820,799	199,424	(104,455)	4,915,768	4,893,877	309,293	(15,527)	5,187,643
Accrued interest				43,300				40,998
Total				**4,959,068**				**5,228,641**

(b) Credicorp's Management has determined that the unrealized losses as of December 31, 2008 and 2007 are of temporary nature. Management intents and has the ability to hold each investment for a period of time sufficient to allow for an anticipated recovery in fair value, until the earlier of its anticipated recovery or maturity.

Credicorp's Management has considered the following criteria in determining whether a loss is temporary or not for equity investments (shares):

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

Credicorp's Management has considered the following criteria in determining whether a loss is temporary or not for debt investments (fixed maturity):

- Assess whether it is probable that the Group will receive all amounts due according to the contractual terms of the security (principal and interest). The identification of credit-impaired securities considers a number of factors, including the nature of the security and the underlying collateral, the amount of subordination or credit enhancement supporting the security, published credit rating and other information, and other evidential analyses of the probable cash flows from the security. If recovery of all amounts due is not probable, a "credit impairment" is deemed to exist, and the unrealized loss is recorded directly in the consolidated income statement. This unrealized loss recorded in income represents the security's decline in fair value, including the decline due to forecasted cash flow shortfalls as well as general market spread widening.

- For securities with unrealized losses but not identified as impairment, Credicorp's Management determines whether it has the positive intent and ability to hold each investment for a period of time sufficient to allow for an anticipated recovery in its amortized cost. Credicorp's Management estimates the forecasted recovery period using current estimates of volatility in market interest rates (including liquidity and risk premiums). Management's assertion regarding its intent and ability to hold investments considers a number of factors, including a quantitative estimate of the expected recovery period and the length of that period (which may extend to maturity), the severity of the impairment, and Credicorp's Management intended strategy with respect to the identified security or portfolio. If Credicorp's Management does not have the intent and ability to hold the security for a sufficient time period, the unrealized loss is recorded directly in the consolidated income statement.

(c) For the year ended December 31, 2008, as a result of the impairment assessment of its investments available-for-sale, the Group recorded an gross impairment amounting to US$60.4 million, US$55.7 million net of deferred taxes and minority interest (US$5.0 million of impairment gross and net of deferred taxes and minority interest as of December 31, 2007), which is presented in the consolidated income statement caption "Impairment losses on available-for-sale investments".

The movement of "Other reserves" in consolidated equity includes mainly the net change in the realized and unrealized gains and losses, net of deferred taxes, and the recorded impairment. This caption is as follows:

	2008	2007	2006
	US$(000)	US$(000)	US$(000)
Unrealized gains (loss), net of taxes and minority interest, note 16(c)	(164,302)	85,129	69,411
Realized gains, net of taxes and minority interest, note 16(c)	35,684	17,634	6,620
Impairment on investments, net of taxes and minority interest note 16(c)	(55,732)	(5,017)	-

(d) BCRP certificates of deposit are discounted Nuevo Sol instruments with maturities due within one year and are acquired in public auctions. Annual effective interest rates in Peruvian currency range between 6.55 and 7.06 percent as of December 31, 2008 (between 4.93 and 6.01 annual percent as of December 31, 2007).

As of December 31, 2008, this amount includes BCRP certificates of deposit in US$ Dollars amounting to US$1,070.7 million, with maturities between January and April 2009. These certificates accrue interests at annual effective rates that range between 0.34 and 1.55 percent.

As of December 31, 2008 and 2007, the Group has entered into BCRP - Repo transactions in Peruvian currency with its clients using these securities, for approximately US$294.2 and US$242.8 million, respectively. As of December 31, 2008, these operations earn an annual effective interest rate between 6.75 and 7.00 percent and with maturities between February 2009 and November 2009 (between 5.04 and 6.00 percent and with maturities between January 2008 and December 2009 as of December 31, 2007).

(e) As of December 31, 2008, comprise corporate bonds for US$900.4 million, leasing bonds for US$5.8 million and subordinated bonds for US$2.0 million (US$947.9, US$4.3 and US$2.2 million, respectively, as of December 31, 2007), with maturities between January 2009 and November 2066 (between January 2008 and November 2066 as of December 31, 2007). These bonds accrue interests at annual effective rates that range between 2.81 and 8.8 percent for the bonds denominated in Peruvian currency (between 2.79 and 6.87 percent as of December 31, 2007), and between 1.58 and 18.4 percent for the bonds denominated in U.S. Dollars (between 3.13 and 15.63 percent

as of December 31, 2007). The unrealized losses on these investments as of December 31, 2008, correspond to 178 items of which the highest individual unrealized loss amounts to approximately US$2.0 million.

(f) Includes principally debt instruments for US$795.2, US$67.7 and US$4.9 million issued by the Peruvian Government, the Colombian Government and the Government of El Salvador, respectively, as of December 31, 2008 (US$616.1, US$85.4 and US$11.1 million, respectively, as of December 31, 2007). Their maturities are between January 2009 and August 2046 (between January 2008 and August 2046 as of December 31, 2007) and earned interests at annual effective rates that range between 2.85 and 9.15 percent (between 3.28 and 9.13 percent as of December 31, 2007).

As of December 31, 2007, the Group had Repo transactions in U.S. Dollars with its clients using Peruvian Government bonds and Colombian Government bonds for approximately US$38.9 million and US$59.3 million, respectively. Such transactions had maturities between October 2008 and December 2008 and accrued interest at annual effective rates that were between 5.35 and 6.00 percent, respectively.

(g) As of December 31, 2008 and 2007, certificates of deposit issued by the Central Bank of Bolivia are denominated in Pesos Bolivianos, had maturities between January and July 2009 and between January and October 2008, respectively, and accrued interest at annual effective rates that ranges between 7.4 and 11.5 percent and between 1.8 and 8.5 percent, respectively.

(h) Collaterized mortgage obligations are not related with "sub prime mortgages", they correspond to senior tranches and have maturities between December 2015 and January 2047 (between May 2033 and January 2047 as of December 31, 2007) and accrues interest at annual effective rates that ranges between 3.8 and 14.2 percent (between 3.5 and 6.7 percent as of December 31, 2007). The unrealized losses on these instruments as of December 31, 2008 correspond to 23 items of which the highest individual unrealized loss amounts to approximately US$1.5 million.

(i) Corresponds to debt instruments issued by US Government – Agencies and Sponsored Enterprises. Their maturities are between April 2009 and August 2038 (between July 2008 and August 2038 as of December 31, 2007) and earned interest at annual effective rates between 4.1 and 6.3 percent (between 4.1 and 6.8 percent as of December 31, 2007).

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

(k) The participation quotas in the Fund "Requirement of Cash Assets" (RAL for its Spanish acronym) are denominated in Pesos Bolivianos and comprise investments made by the Group in the Central Bank of Bolivia as collateral for the deposits maintained with the public. Such fund has restrictions for its use and it is required for all the banks established in Bolivia. The fund accrues interest at an average annual effective rate of 5.48 and 5.42 percent as of December 31, 2008 and 2007, respectively.

(l) As December 31, 2008, the unrealized gains on listed securities arises mainly from shares in Banco de Crédito e Inversiones de Chile - BCI Chile, Inversiones Centenario S.A. and Alicorp S.A.A., which amounted to US$18.2, US$28.8 and US$8.8 million, respectively (US$61.3, US$31.2 and US$29.0 million, respectively, as of December 31, 2007).

(m) Amortized cost and estimated fair value of investments available-for-sale classified by maturity are as follows:

	2008		2007	
	Amortized cost	Fair value	Amortized cost	Fair value
	US$(000)	US$(000)	US$(000)	US$(000)
Up to 3 months	2,021,269	2,023,679	798,053	828,839
From 3 months to 1 year	950,458	946,369	1,961,129	1,959,497
From 1 to 3 years	285,044	279,982	922,822	925,330
From 3 to 5 years	262,872	258,878	170,413	175,532
Over 5 years	1,188,393	1,189,243	914,560	977,328
Without maturity (shares)	112,763	217,617	126,900	321,117
Total	**4,820,799**	**4,915,768**	**4,893,877**	**5,187,643**

6 LOANS, NET

(a) This item is made up as follows:

	2008	2007
	US$(000)	US$(000)
Direct loans		
Loans	7,324,485	5,842,934
Leasing receivables	1,792,827	1,118,301
Credit card receivables	854,968	677,182
Discounted notes	368,648	325,047
Advances and overdrafts	102,687	127,486
Factoring receivables	124,537	109,928
Refinanced and restructured loans	55,179	88,451
Past due and under legal collection loans	82,867	61,488
	10,706,198	8,350,817
Add (less)		
Accrued interest	90,094	66,974
Unearned interest	(249,914)	(166,972)
Allowance for loan losses (d)	(224,337)	(211,319)
Total direct loans, net	**10,322,041**	**8,039,500**
Indirect loans, note 19(a)	**1,755,902**	**1,564,525**

(b) Loans by class, are as follows:

	2008	2007
	US$(000)	US$(000)
Commercial loans	8,058,585	6,222,178
Residential mortgage loans	1,485,214	1,253,835
Consumer loans	1,162,399	874,804
Total	**10,706,198**	**8,350,817**

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

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

2008	Commercial loans	Residential mortgage loans	Consumer loans	Total
	US$(000)	US$(000)	US$(000)	US$(000)
Beginning balances	184,584	14,454	30,662	229,700
Provision (recoveries)	(10,667)	16,024	43,403	48,760
Recoveries of written-off loans	19,956	808	10,515	31,279
Loan portfolio written-off	(31,595)	(291)	(27,422)	(59,308)
Translation result	(1,108)	(163)	(1,097)	(2,368)
Ending balances (*)	161,170	30,832	56,061	248,063

2007	Commercial loans	Residential mortgage loans	Consumer loans	Total
	US$(000)	US$(000)	US$(000)	US$(000)
Beginning balances	183,374	9,253	17,959	210,586
Provision (recoveries)	(5,591)	4,884	29,146	28,439
Recoveries of written-off loans	26,016	2,587	5,481	34,084
Loan portfolio written-off	(22,079)	(2,395)	(22,792)	(47,266)
Translation result	2,864	125	868	3,857
Ending balances (*)	184,584	14,454	30,662	229,700

2006	Commercial loans	Residential mortgage loans	Consumer loans	Total
	US$(000)	US$(000)	US$(000)	US$(000)
Beginning balances	196,059	8,528	14,049	218,636
Provision (recoveries)	(19,118)	1,202	13,673	(4,243)
Recoveries of written-off loans	31,546	1,064	11,674	44,284
Loan portfolio written-off	(25,971)	(2,447)	(21,441)	(49,859)
Translation result	858	906	4	1,768
Ending balances (*)	183,374	9,253	17,959	210,586

(*) The movement in the allowance for loan losses includes the allowance for direct and indirect loans for approximately US$224.3 and US$23.7 million, respectively, as of December 31, 2008 (approximately US$211.3 and US$18.4 million; and US$190.3 and US$20.3 million, as of December 31, 2007 and 2006, respectively). The allowance for indirect loan losses is included in the "Other liabilities" caption of the consolidated balance sheets, note 11(a).

In Management's opinion, the allowance for loan losses recorded as of December 31, 2008 and 2007 and 2006 has been established in accordance with IAS 39 and is sufficient to cover the losses on the loan portfolio, note 3(i).

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

(f) Interest on past due and under legal collection loans are recognized when collected.
Interest income that would have been recorded for these credits in accordance with the terms of the original contract amount approximately to US$17.0, US$18.7 and US$28.1 million as of December 31, 2008, 2007 and 2006, respectively.

(g) As of December 31, 2008 and 2007, the direct gross loan portfolio classified by maturity, based on the remaining period to repayment date is as follows:

	2008	2007
	US$(000)	US$(000)
Outstanding loans		
Up to 1 year	6,307,197	4,980,021
From 1 to 3 years	1,648,821	1,443,070
From 3 to 5 years	1,033,375	666,670
Over 5 years	1,633,938	1,199,568
Past due loans		
Up to 4 months	34,955	20,825
Over 4 months	22,569	20,122
Under legal collection loans	25,343	20,541
Total	**10,706,198**	**8,350,817**

7 FINANCIAL ASSETS AND FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) This item is made up as follows:

	Assets		Liabilities	
	2008	2007	2008	2007
	US$(000)	US$(000)	US$(000)	US$(000)
Citigroup indexed certificates (b)	129,631	162,592	-	-
Credit linked notes (c)	-	50,561	-	50,561
	129,631	**213,153**	**-**	**50,561**

(b) In connection with the liabilities that result from Credicorp´s stock appreciation rights (SARs), (note 18), BCP signed several contracts with Citigroup Global Markets Holdings Inc., Citigroup Capital Limited and Citigroup Capital Market Inc.

These contracts consist of the purchase of up to 3,252,035 certificates indexed to the performance of Credicorp Ltd. (BAP) shares, in the form of "warrants", issued by Citigroup, which are equivalent to the same number of shares of Credicorp Ltd. These certificates are cash settled and, at their maturity, they pay an amount equal to the final settlement price minus the strike price (US$ 0.0000001) plus the accrued dividends, less the annual fee multiplied by the number of warrants underlying the certificate. The final settlement price is equivalent to the daily volume-weighted average of the per share price for BAP shares on each business day, on which Citigroup or any of its affiliates effects any transactions with respect to BAP shares in order to unwind its position established and maintained to hedge its price and market risk with respect to the issued certificates.

The program has a maturity of 5 years but can be settled at anytime before its maturity, partially or totally. As of December 31, 2008 and 2007, the Group had acquired 2,487,414 and 2,097,414 certificates, respectively, at a total cost of US$129.1 and US$94.9 million, respectively (US$51.9 and US$45.3 per certificate on average, respectively). At those dates, the estimated market value amounted to US$129.6 million and US$162.6 million, respectively (US$52.1 and US$77.5 per certificate on average, as of December 31, 2008 and 2007, respectively). The loss resulting from the difference between cost and estimated market value amounting to approximately US$67.1 million (gain of US$65.1 million as of December 31, 2007) that has been recorded in the caption "Net (loss) gain on financial assets and liabilities designated at fair value through profit and loss" of the consolidated statement of income, according to the accounting principles described in note 3(x).

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

During the first quarter of 2008 and before their maturity, said instruments were liquidated at their estimated market value. This transaction did not have a material effect on the Group's net consolidated income.

8 RECEIVABLE AND PAYABLE ACCOUNTS FROM INSURANCE CONTRACTS

(a) This item is made up as follows:

	2008	2007
	US$(000)	US$(000)
Assets		
Premiums and other policies receivable (b)	111,561	85,495
Accounts receivable from reinsurers and coinsurers (c)	165,144	116,141
Total	**276,705**	**201,636**
Liabilities		
Accounts payable to reinsurers and coinsurers (c)	**55,841**	**33,963**

(b) Premiums and other polices receivable correspond to:

	2008	2007
	US$(000)	US$(000)
General insurance	81,489	73,524
Life insurance	5,982	4,857
Health insurance	24,090	7,114
	111,561	**85,495**

These accounts receivable are primarily due in a current period and have no collaterals; their aging is as follows:

	2008	2007
	US$(000)	US$(000)
Non past due accounts receivable	**89,371**	**71,830**
Past due accounts receivable		
Up to 30 days	**14,375**	**6,793**
From 31 to 60 days	6,309	2,016
From 61 to 90 days	1,197	1,748
More than 90 days	309	3,108
	111,561	**85,495**

(c) The movements of accounts receivable and payable to reinsurers and coinsurers are as follows:

Accounts receivable:

	2008	2007
	US$(000)	US$(000)
Beginning balances	**116,141**	**35,181**
Reported claims of premiums ceded	64,787	86,458
Premiums ceded unearned during the year	1,054	(14,538)
Premiums assumed	22,664	15,811
Settled claims of premiums ceded	14,885	14,213
Collections and other	(54,387)	(20,984)
Ending balances	**165,144**	**116,141**

Accounts receivable as of December 31, 2008 and 2007, include US$32.0 million and US$30.9 million, respectively which correspond to the unearned portion of the ceded premiums to the reinsurers.

Accounts payable:

	2008	2007
	US$(000)	US$(000)
Beginning balances	**33,963**	**25,134**
Premiums ceded to reinsurers by facultative contracts	84,301	53,180
Coinsurance granted	2,531	8,153
Payments and other	(64,954)	(52,504)
Ending balances	**55,841**	**33,963**

Accounts payable to reinsurers are primarily related to the proportional facultative contracts for ceded premiums, automatic non-proportional contracts (excess of loss) and reinstallation premiums. For facultative contracts the Group transfers to the reinsurers a percentage or an amount of an insurance contract or individual risk, based on the premium and the covered period. The net movement of the accounts payable of non proportioned contracts (excess of loss) as well as installation premiums of the years 2008 and 2007 are included in the concept "Payments and other" for US$26.4 million and U$16.3 million, respectively.

9 PROPERTY, FURNITURE AND EQUIPMENT, NET

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

Description	Land	Buildings and other construction	Installa-tions	Furni-ture and fixtures	Computer hardware	Vehicles and equip-ment	Work in progress	2008	2007
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Cost									
Balance as of January 1st	37,289	263,241	99,624	73,537	197,132	20,637	17,023	708,483	659,334
Additions	1,285	3,289	7,884	8,800	33,717	8,946	27,432	91,353	53,901
Transfer	-	11,959	3,737	-	-	-	(15,696)	-	-
Sales and other	(207)	(664)	(487)	(1,238)	(11,737)	(517)	7	(14,843)	(4,752)
Balance as of December 31	38,367	277,825	110,758	81,099	219,112	29,066	28,766	784,993	708,483
Accumulated depreciation									
Balance as of January 1st	-	140,046	63,813	58,429	163,581	7,679	-	433,548	403,856
Depreciation for the year	-	6,568	6,707	3,308	17,095	2,356	-	36,034	33,535
Sales and other	-	(664)	(404)	(1,222)	(11,278)	(479)	-	(14,047)	(3,843)
Balance as of December 31	-	145,950	70,116	60,515	169,398	9,556	-	455,535	433,548
Net book value	38,367	131,875	40,642	20,584	49,714	19,510	28,766	329,458	274,935

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

(c) As of December 31, 2008, Credicorp and its Subsidiaries have property available for sale for approximately US$25.0 million, net of its accumulated depreciation amounting to approximately US$8.8 million (US$24.4 and US$7.3 million, respectively, as of December 31, 2007).

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

10 INTANGIBLES ASSETS AND GOODWILL, NET

(a) Intangibles

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

Description	Client Relationships (note 2)	Software	Developments	Other	2008	2007
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Cost						
Balance as of January 1st	88,378	48,187	41,421	9,251	187,237	172,025
Additions	-	21,404	14,297	3,560	39,261	30,404
Retirements	-	(431)	(792)	(1,213)	(2,436)	(15,192)
Balance as of December 31	88,378	69,160	54,926	11,598	224,062	187,237
Accumulated amortization						
Balance as of January 1st	5,017	19,933	16,542	6,060	47,552	45,220
Amortization of the year	4,419	9,980	5,627	1,309	21,335	17,478
Retirements	-	(430)	(708)	(30)	(1,168)	(15,146)
Balance as of December 31	9,436	29,483	21,461	7,339	67,719	47,552
Net book value	78,942	39,677	33,465	4,259	156,343	139,685

During the year ended December 31, 2008 and 2007, Credicorp has capitalized disbursements related to the implementation and development of sundry computer systems in BCP (mainly SAP-ERP and SERIVA, an integrated system for capital markets operations).

(b) Goodwill

This item is made up as follows:

	2008	2007
	US$(000)	US$(000)
Goodwill		
Prima AFP (AFP Unión Vida S.A.), note 2	44,594	44,594
Banco de Crédito del Perú	18,609	15,582
El Pacífico Peruano – Suiza Compañía de Seguros y Reaseguros	13,007	13,007
Atlantic Security Holding Corporation	10,660	10,660
Coporación Novasalud Perú S.A. EPS	3,744	3,744
Book value, net	90,614	87,587

Management annually assesses goodwill to identify any impairment; assumptions used are consistent with previous years. As of December 31, 2008 and 2007, Management concluded that there is no impairment in the recorded goodwill.

The movement of goodwill for the years ended December 31, 2008, 2007 and 2006 is as follows:

	2008	2007	2006
	US$(000)	US$(000)	US$(000)
Cost			
Opening balance	**87,587**	**88,842**	**33,557**
Acquisition, notes 2 and 3(b)	3,027	3,282	56,285
Decreases	-	(4,537)	(1,000)
Final balance	**90,614**	**87,587**	**88,842**

11 OTHER ASSETS AND OTHER LIABILITIES

(a) These items are made up as follows:

	2008	2007
	US$(000)	US$(000)
Other assets		
Financial instruments:		
Value added tax credit	124,880	55,989
Derivatives receivable (b)	79,275	45,843
Accounts receivable	56,886	47,653
Operations in process (c)	38,282	35,786
Income tax prepayments, net	27,417	12,397
	326,740	197,668
Non-financial instruments:		
Deferred income tax asset, note 17(c)	67,173	66,856
Prepaid expenses	56,252	24,468
Deferred fees	36,526	30,634
Investments in associates	8,474	4,599
Other	15,755	16,160
	184,180	142,717
Total	**510,920**	**340,385**
Other liabilities		
Financial instruments:		
Derivatives payable (b)	256,792	69,662
Accounts payable	126,421	122,029
Payroll, taxes, salaries and other personnel expenses	126,295	181,223
Operations in process (c)	36,996	36,063
Contributions	4,882	31,618
Allowance for indirect loan losses, note 6(d)	23,726	18,381
	575,112	458,976
Non-financial instruments:		
Deferred income tax liability, note 17(c)	66,133	89,825
Provision for sundry risks (d)	47,512	24,038
Other	13,642	17,206
	127,287	131,069
Total	**702,399**	**590,045**

(b) The table below presents the fair value of derivative financial instruments, recorded as an asset or a liability, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are not indicative of market risk nor credit risk, note 19(c).

			2008
	Assets	Liabilities	Notional amount
	US$(000)	US$(000)	US$(000)
Derivatives held for trading (i)			
Forward exchange contracts	33,427	49,979	2,478,234
Interest rate swaps	32,918	38,181	763,126
Currency swaps	12,904	9,675	192,899
Derivatives held as hedges			
Cash flow hedge(ii) :			
Interest rate swaps, notes 13(a)(i)(*), 13(b) and 12(a)	-	112,978	1,283,902
Cross currency swap	-	5,992	39,696
Cross currency swap and Interest rate swaps (*)	26	19,389	113,362
Fair value hedge (iii) :			
Cross currency swap	-	20,598	163,985
	79,275	**256,792**	**5,035,204**

			2007
	Assets	Liabilities	Notional amount
	US$(000)	US$(000)	US$(000)
Derivatives held for trading (i)			
Forward exchange contracts	36,546	19,414	2,210,179
Interest rate swaps	9,297	10,986	581,841
Currency swaps	-	1,194	118,552
Derivatives held as hedges			
Cash flow hedge (ii) :			
Interest rate swaps	-	37,433	696,000
Fair value hedge (iii) :			
Cross currency swap	-	635	50,420
	45,843	**69,662**	**3,656,992**

(*) On December 2007 and during the first months of 2008, the Group entered into three cross currency swaps (CCS) contracts which were initially designated as fair value hedges as they reduced the Group's exposure to changes in the fair value of three fixed-rate corporate bonds issued in Peruvian currency, see note 15 (a)(i); arising from changes in the exchange rate and interest rates (Libor).

During 2008, given the current international context, the Group entered into three interest rate swaps (IRS) contracts aimed at mitigating the inherent risks in having a variable interest rate (Libor) for the hedged corporate bonds indicated in the previous paragraph; fixing their respective interest rates. Therefore, in accordance with IAS 39, the initial designations of fair value hedges were revoked and the combined CCS and IRS were redesignated as cash flow hedges from the date of entering into the IRS contracts. In this sense, net loss on these cash flow hedges recognized directly in equity amounted to approximately US$5.8 million.

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

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

	Up to 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years
	US$(000)	US$(000)	US$(000)	US$(000)
Cash outflows (liabilities)	(11,599)	(522,086)	(109,169)	(71,401)
Income statement	**(38,299)**	**(48,481)**	**(30,317)**	**(13,926)**

For the years 2008 and 2007, the unrealized loss arising from the cash flow hedges amounted to US$80.7 million and US$40.4 million, respectively, and is included in the "Other reserves" caption of the consolidated equity, see note 16(c). Likewise, the transfer of net loss on cash flow hedges to the consolidated income statement amounts to US$14.3 million for the year 2008 (net gain of US$1.0 million for the year 2007).

As of December 31, 2008 and 2007 the accumulated balance of unrealized loss on cash flow hedges recorded in the caption "Other reserves" of the consolidated equity amounted to US$118.1 and US$37.4 million, respectively, see note 16(c).

iii The Group maintains CCS designated as fair value hedges because they reduce the exposure to changes in the fair value of fixed-rate subordinate and corporate bonds denominated in Peruvian currency, see note 15 (a)(ii); related to variations in the foreign currency exchange and interest rates (Libor).

(c) Operations in process include deposits received, loans disbursed, loans collected, funds transferred and other similar types of transactions, which are made at the end of the month and not reclassified to their final consolidated balance sheet account until the first days of the following month. These transactions do not affect the Group's net income.

(d) The movement of the provision for sundry risks for the years ended on December 31, 2008, 2007 and 2006 is as follows:

	2008	2007	2006
	US$(000)	US$(000)	US$(000)
Beginning balance	**24,038**	**17,179**	**18,768**
Provision (i), note 24	37,549	8,096	6,461
Decreases	(14,075)	(1,237)	(8,050)
Ending balance	**47,512**	**24,038**	**17,179**

i The year 2008 provision include US$36.4 million related to the estimated liability arising from a fund managed by ASHC, which had invested with Bernard L. Madoff Investment Securities LLC (Madoff Securities) on behalf of its clients. In Management's opinion, based in the information available up to date, it is not expected that any additional liability will be incurred.

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

12 DEPOSITS AND OBLIGATIONS

(a) This item is made up as follows:

	2008	2007
	US$(000)	US$(000)
Time deposits	4,856,112	3,967,864
Demand deposits	4,578,247	3,638,593
Saving deposits	2,968,739	2,380,904
Severance indemnity deposits	1,039,887	896,283
Client - Repurchase agreements	294,030	325,908
Bank's negotiable certificates	140,013	90,119
	13,877,028	11,299,671
Interest payable	73,409	51,043
Total	**13,950,437**	**11,350,714**

The Group has established a policy to remunerate demand deposits and savings accounts according to an interest rate scale, based on their average balance; on the other hand balances that are lower than a specified amount, do not bear interest.

Interest rates are determined by the Group considering interest rates prevailing in the market in which each of Group's subsidiaries operates. As of December 31, 2008, the Group has hedged time deposits with variable interest rates through interest rate swaps for a notional amount of US$177.9 million, see note 11(b).

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

	2008	2007
	US$(000)	US$(000)
Non-interest bearing deposits and obligations		
In Peru	2,710,770	2,257,840
In other countries	502,759	668,468
	3,213,529	2,926,308
Interest bearing deposits and obligations		
In Peru	8,689,977	6,591,815
In other countries	1,973,522	1,781,548
	10,663,499	8,373,363
Total	**13,877,028**	**11,299,671**

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

	2008	2007
	US$(000)	US$(000)
Up to 3 months	3,039,029	2,944,189
From 3 months to 1 year	1,578,258	699,479
From 1 to 3 years	147,008	254,750
From 3 to 5 years	51,876	30,743
More than 5 years	39,941	38,703
Total	**4,856,112**	**3,967,864**

As of December 31, 2008 and 2007, in Management's opinion the Group's deposits and obligations is widely diversified with no significant concentrations.

13 DUE TO BANKS AND CORRESPONDENTS AND BORROWED FUNDS

(a) Due to bank and correspondents

This item is made up as follows:

	2008	2007
	US$(000)	US$(000)
International funds and others (i)	1,016,932	1,145,340
Promotional credit lines (ii)	109,730	196,204
Inter-bank funds	39,216	102,470
	1,165,878	1,444,014
Interest payable	14,113	9,247
Total	**1,179,991**	**1,453,261**

i This item is made up as follows:

	2008	2007
	US$(000)	US$(000)
Syndicated loan (*)	410,000	300,000
Corporación Andina de Fomento - CAF	180,000	150,000
Wachovia Bank	60,326	145,000
Dresdner Bank AG. Frankfurt	45,000	35,000
JP Morgan Chase & Co.	32,000	50,000
Bank of New York	20,000	30,000
Citibank N.A.	20,000	40,000
Commerz Bank	20,000	44,780
Banco Latinoamericano de Exportaciones - BLADEX	-	80,000
Other	229,606	270,560
Total	**1,016,932**	**1,145,340**

(*) As of December 31, 2007, this amount was related to three loans of US$100 million each one, obtained from three financial entities. In March 2008, these loans were changed to a syndicated loan amounting to 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 percent during the first year, Libor plus 0.75 percent during the second year and Libor plus 0.85 percent 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, see note 11(b).

As of December 31, 2008, these loans have maturities between January 2009 and March 2011 (between January 2008 and February 2011 as of December 31, 2007) and their annual interest rate is between 3.11 and 7.77 percent (between 4.88 and 5.73 percent as of December 2007).

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

ii Promotional credit lines represent loans granted to BCP by Corporación Financiera de Desarrollo (COFIDE) to promote the development of Peru, they have maturities between October 2009 and December 2028 and their annual interest rates are between 6.20 and 7.75 percent (between March 2008 and December 2027 and annual interest rate between 5.73 and 7.75 percent as of December 31, 2007). These credit lines are secured by a loan portfolio amounting to US$109.7 and US$196.2 million as of December 31, 2008 and 2007, respectively.

Promotional credit lines include standard covenants related to financial ratios, use of funds and other administrative matters, which in Management's opinion, do not limit the Group's operations and it has fully complied with as of the consolidated balance sheet dates.

(b) Borrowed funds

This item is made up as follows:

	Interest	Maturity	2008	2007
	%		US$(000)	US$(000)
CCR Inc. MT-100, Payment rights master Trust				
2005 Serie A Floating Rate Certificates	Libor 1m + 21 bps	10/10/2012	221,079	230,000
2005 Serie B Floating Rate Certificates	Libor 1m + 60 bps	12/10/2009	37,918	50,000
2006 Serie A Floating Rate Certificates	Libor 1m + 24 bps	10/03/2016	100,000	90,404
2007 Serie A Floating Rate Certificates	Libor 1m + 28 bps	10/07/2017	350,000	350,000
2007 Serie B Floating Rate Certificates	Libor 1m + 25 bps	10/07/2014	150,000	150,000
2008 Serie A Fixed Rate Certificates	6.27%	10/06/2015	141,719	-
2008 Serie B Floating Rate Certificates	Libor 1m + 225 bps	10/12/2015	150,000	-
Total			1,150,716	870,404

All issuances are secured by the collection of BCP's (including its foreign branches) future inflows from electronic messages sent through the Society for Worldwide Interbank Financial Telecommunications 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.

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

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 2007 and 2006 issuances (Series A y B).

Series 2007 (A and B) and a portion of the loan (70 percent) of the 2005 total issuance (Series A and B), subject to variable interest rate risk, has been hedged through an interest rate swap operation, for a notional amount of US$500 million and US$196.0 million, respectively (see note 11(b)).

(c) As of December 31, 2008 and 2007, maturities of due to bank and correspondents and borrowed funds are shown below, based on the remaining period to the repayment date:

Due to bank and correspondents	2008	2007
	US$(000)	US$(000)
Up to 3 months	369,483	670,153
From 3 months to 1 year	256,884	307,170
From 1 to 3 years	502,039	338,802
From 3 to 5 years	6,468	105,694
More than 5 years	31,004	22,195
Total	1,165,878	1,444,014

Borrowed funds	2008	2007
	US$(000)	US$(000)
Up to 1 year	63,324	8,165
From 1 to 3 years	317,541	148,921
From 3 to 5 years	362,374	303,476
More than 5 years	407,477	409,842
Total	**1,150,716**	**870,404**

(d) As of December 31, 2008 and 2007, credit lines granted by several local and foreign financial institutions and available for future operating activities or to settle capital commitments amounted to US$1,617.0 million (US$1,390.5 million as of December 31, 2007).

14 TECHNICAL RESERVES, INSURANCE CLAIMS RESERVES AND RESERVES FOR UNEARNED PREMIUMS

(a) This item is made up as follows:

				2008
	Technical reserves	Reserves for direct claims	Claims assumed	Total
	US$(000)	US$(000)	US$(000)	US$(000)
Life insurance	553,127	64,553	-	617,680
General insurance	124,846	137,297	32,812	294,955
Health insurance	17,367	37,741	27	55,135
Total	**695,340**	**239,591**	**32,839**	**967,770**

				2007
	Technical reserves	Reserves for direct claims	Claims assumed	Total
	US$(000)	US$(000)	US$(000)	US$(000)
Life insurance	500,768	50,046	-	550,814
General insurance	97,646	92,887	21,257	211,790
Health insurance	15,766	25,059	49	40,874
Total	**614,180**	**167,992**	**21,306**	**803,478**

Insurance claims reserves represent reported claims and an estimation for incurred and not reported claims (IBNR). Reported claims are adjusted on the basis of technical reports received from independent adjusters. Claims to be paid by the reinsurers and coinsurers are shown as ceded claims.

As of December 31, 2008, the reserves for direct claims include reserves for incurred and non-reported claims for the three types of risks that the Group manages; US$15.2 millions for life risks, US$4.7 millions for general risks and US$20.1 millions to health risks (US$14.9, US$3.1 and US$18.6 millions, respectively, as of December 31, 2007).

During 2008 and previous years, the differences between the estimations for the incurred and non-reported claims and the settled and pending liquidation claims have not been significant. In the case of general and health risks, retrospective analysis indicate that the amounts provisioned are greater than the settled claims and those pending liquidation by a percentage that does not exceed 10 percent of the provisioned amounts. Management believes that the estimated IBNR reserve is sufficient to cover any liability as of December 31, 2008 and 2007.

The movement for the years ended December 31, 2008 and 2007 of technical and insurance claims reserves is as follows:

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

2008				
	Life insurance	General insurance	Health insurance	Total
	US$(000)	US$(000)	US$(000)	US$(000)
Initial balance	50,046	114,144	25,108	189,298
Claims	88,059	163,251	155,387	406,697
Payments	(72,676)	(107,197)	(141,470)	(321,343)
Translation result	(876)	(89)	(1,257)	(2,222)
Final balance	64,553	170,109	37,768	272,430

2007				
	Life insurance	General insurance	Health insurance	Total
	US$(000)	US$(000)	US$(000)	US$(000)
Saldo inicial	42,726	41,593	19,061	103,380
Siniestros	63,744	152,351	108,767	324,862
Pagos de siniestros	(57,626)	(79,817)	(103,061)	(240,504)
Resultado por traslación	1,202	17	341	1,560
Final balance	50,046	114,144	25,108	189,298

(c) Technical reserves:

2008	Life insurance	General insurance	Health insurance	Total
	US$(000)	US$(000)	US$(000)	US$(000)
Initial balance	500,768	97,646	15,766	614,180
Accretion expenses and other	14,808	-	-	14,808
Unearned premium reserves and annual variation, net	1,433	27,200	1,601	30,234
Insurance subscriptions	70,311	-	-	70,311
Payments	(26,732)	-	-	(26,732)
Translation result	(7,461)	-	-	(7,461)
Final balance	553,127	124,846	17,367	695,340

2007	Life insurance	General insurance	Health insurance	Total
	US$(000)	US$(000)	US$(000)	US$(000)
Initial balance	442,172	67,640	15,029	524,841
Accretion expenses and other	16,499	-	-	16,499
Unearned premium reserves and annual variation, net	220	30,006	737	30,963
Insurance subscriptions	78,342	-	-	78,342
Payments	(26,868)	-	-	(26,868)
Translation result	(9,597)	-	-	(9,597)
Final balance	500,768	97,646	15,766	614,180

As of December 31, 2008 and 2007, no additional reserves were needed as a result of the liability adequacy test. The main assumptions used in estimation of annuities, disability and survivor reserves as of those dates, were the following:

Modality	Mortality Table	Technical rates
Life Immediate Annuity	RV–2004, B-85 and MI-85	4.90% - 5.36% in US$ 3.32% in S/
Dead an Disability Pension System Insurance	B-85 and MI-85	Previsional regime 3.00% Definitive regime 2.14% in S/ Definitive regime 4.57% in US$
Individual Life	CSO 80 adjustable	4.00% - 5.00%

The mortality tables used are those recommended by the Peruvian regulator (SBS).

The sensitivity of the estimates used by the Group to measure its insurance risks is represented primarily by the life insurance risks; the main variables as of December 31, 2008, are the interest rates and the mortality tables used. The Group has evaluated the changes of the reserves related to its most significant life insurance (Life immediate annuities) of +/- 100 bps of the interest rates and of +/- 5 bps of the mortality factors, being the results as follows:

		Variation of the reserve	
Variables	Amount of the reserve	Amount	Percentage
	US$(000)	US$(000)	%
Portfolio in US$ - Basis amount	**309,132**		
Changes in interest rates: + 100 bps	281,653	(27,479)	(8.89)
Changes in interest rates: - 100 bps	341,705	32,573	10.54
Changes in Mortality tables to 105%	305,679	(3,453)	(1.12)
Changes in Mortality tables to 95%	312,773	3,641	1.18
Portfolio in S/ - Basis amount	**20,203**		
Changes in interest rates: + 100 bps	18,012	(2,191)	(10.84)
Changes in interest rates: - 100 bps	22,913	2,710	13.41
Changes in Mortality tables to 105%	20,070	(133)	(0.66)
Changes in Mortality tables to 95%	20,345	142	0.70

15 BONDS AND SUBORDINATED NOTES ISSUED

(a) This item is made up as follows:

	Weighted average annual interest rate				
	2008	2007	Maturity	2008	2007
	%	%		US$(000)	US$(000)
Bonds					
Corporate bonds (i)	6.91	6.59	Between November 2009 and July 2018	227,902	127,331
Leasing bonds (i)	6.87	6.10	Between June 2009 and August 2018	217,863	167,255
Subordinated bonds (i)	6.71	6.72	Between September 2009 and May 2027	61,074	104,841
Mortgage bonds	7.69	7.70	Between May 2011 and April 2012	15,278	20,744
				522,117	**420,171**
Subordinated notes					
Subordinated negotiable certificates notes	6.95	6.95	November 2021	117,512	113,503
Subordinated notes (ii)	7.17	7.17	October 2022	137,761	161,308
				777,390	**694,982**
Interest payable				7,840	7,316
Total				**785,230**	**702,298**

i During 2008 y 2007, the Group issued corporate and leasing bonds for the following amounts:

Issuance 2008	Amount	Currency	Maturity	Rate
	US$(000)			
Second Program of Corporate Bonds BCP				
First issuance - Series B(*)	38,152	Nuevo Sol	27/03/2015	6.81
Second issuance - Series A (*)	25,932	Nuevo Sol	18/04/2011	5.78
Third issuance - Series A	47,770	Nuevo Sol	12/06/2018	7.47
Third issuance - Series B	15,924	Nuevo Sol	10/07/2018	8.50
	127,778			
Sixth Program of Leasing Bonds BCP				
Sixth issuance - Series A	**31,847**	Nuevo Sol	20/08/2018	8.72
Fourth Program of Leasing Bonds Credito Leasing				
Fourth issuance – Series A	10,492	US Dollars	08/02/2011	5.47
Fourth issuance – Series B	30,000	US Dollars	14/05/2011	6.25
Fourth issuance – Series C	25,000	US Dollars	23/06/2011	6.25
Fourth issuance – Series D	18,000	US Dollars	23/07/2011	6.25
	83,492			
Fifth Program of Leasing Bonds Credito Leasing				
Fourth issuance – Series A	12,739	Nuevo Sol	28/02/2011	6.06
Fourth issuance – Series B	1,653	Nuevo Sol	14/05/2011	5.72
	14,392			
Issuance 2007	**Amount**	**Currency**	**Maturity**	**Rate**
	US$(000)			
Second Program of Corporate Bonds BCP				
First issuance - Series A (*)	**48,849**	Nuevo Sol	19/12/2014	6.84
First Program of Leasing Bonds BCP				
Second issuance – Series A	10,000	US Dollars	10/06/2009	5.41
Second issuance – Series B	15,000	US Dollars	13/07/2009	5.75
Second issuance – Series C	9,625	US Dollars	13/08/2009	5.72
Second issuance – Series A	4,777	Nuevo Sol	11/01/2010	6.06
	39,402			

(*) As a result of the hedging strategy described in note 11(b)(*), these bonds were economically converted to US Dollars with fixed interest in US Dollar of 4.10, 4.02 and 4.41 percent, respectively, through CCS and IRS.

During 2008, redeemed corporate, leasing and subordinate bonds amounted to US$23.9 million, US$84.8 million and US$40.3 million, respectively (US$18.8 million, US$55.0 million and US$5.5 million, respectively, during 2007).

Leasing and mortgages bonds are collateralized by the fixed assets financed by the Group.

ii In October 2007, BCP through its Panama branch, issued Subordinated Notes for S/483.3 million in the international market with maturities on 2022. This debt accrues a fixed annual interest rate of 7.17 percent, for the first 10 years, with semi annual payments. After the first 10 years, in October 2017, interest rate will be the market interest rate for sovereign bonds issued by the Peruvian Government with maturity on 2037, plus 150 basis points, with semi annual payments. At those dates, BCP can redeem 100 percent of the notes, without penalties. This debt, subject to foreign exchange risk and interest rate risk, has been hedged through a CCS; as a result, the Subordinated Notes were changed to US$ Dollars and the fixed interest rate was changed to variable rate of Libor 6 months plus 99 basis points, note 11(b)(iii).

This subordinated debt has certain financial and operating covenants which, in Management's opinion, the Group is in compliance at the consolidated balance sheet date.

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

	2008	2007
	US$(000)	US$(000)
Up to 3 months	1,717	61,188
From 3 months to 1 year	64,190	85,968
From 1 to 3 years	235,867	154,953
From 3 to 5 years	75,398	68,007
Over 5 years	400,218	324,866
Total	**777,390**	**694,982**

16 EQUITY

(a) Share capital

As of December 31, 2008, 2007 and 2006, 94,382,317 shares of capital stock were issued at US$5 per share.

(b) Treasury stock

As of December 31, 2008, 2007 and 2006, treasury stock comprises the par value of 14,620,842 Credicorp's shares owned by the Group's companies. The difference between their acquisition cost (US$186.5 million) and their par value (US$73.1 million), is presented as a reduction of the "Capital surplus".

(c) Reserves

In accordance with Peruvian regulation, a reserve of up to at least 35 percent of paid-in capital of the Group's subsidiaries operating in Peru is required to be established through annual transfers of at least 10 percent of their net income. As of December 31, 2008, 2007 and 2006, these reserves amounted to approximately US$231.7, US$222.7 and US$214.8 million, respectively.

The Shareholders' meetings held on March 28, 2008, February 28, 2007 and October 26, 2006 agreed to transfer from "Retained earnings" to "Other reserves" an amount of US$228.2, US$107.3 and US$210.4 million, respectively.

The caption "Other reserves" includes the unrealized net gain (loss) from available-for-sale investments and from derivatives instruments used as cash flows hedge net of its corresponding deferred tax and minority interest; its movement is as follows:

	Unrealized net gain (loss) of:		
	Available-for-sale investments	Derivatives instruments used as cash flow hedge	Total
	US$(000)	US$(000)	US$(000)
Balances as of January 1st, 2006	**81,680**	**1,622**	**83,302**
Net unrealized gain from available-for-sale investments, note 5(c)	69,411	-	69,411
Transfer of net realized gain from investments available-for-sale to the income statement, net of realized loss, note 5(c)	(6,620)	-	(6,620)
Net gain on cash flow hedge	-	1,316	1,316
Balances as of December 31, 2006	**144,471**	**2,938**	**147,409**
Net unrealized gain from available-for-sale investments note 5(c)	85,129	-	85,129
Transfer of net realized gain from investments available-for-sale to the income statement, net of realized loss, note 5(c)	(17,634)	-	(17,634)
Transfer of impairment on investment available-for-sale to income statement, note 5(c)	5,017	-	5,017
Net loss on cash flow hedge, note 11(b)(ii)	-	(40,371)	(40,371)
Balances as of December 31, 2007	**216,983**	**(37,433)**	**179,550**
Net unrealized loss from available-for-sale investments note 5(c)	(164,302)	-	(164,302)
Transfer of net realized gain from investments available-for-sale to the income statement, net of realized loss, note 5(c)	(35,684)	-	(35,684)
Transfer of impairment on investment available-for-sale to income statement, note 5(c)	55,732	-	55,732
Net loss on cash flow hedge, note 11(b)(ii)	-	(80,689)	(80,689)
Balances as of December 31, 2008	**72,729**	**(118,122)**	**(45,393)**

(d) Dividend distribution

During 2008, 2007 and 2006, Credicorp paid cash dividends, net of the effect of treasury shares, for approximately US$119.6, US$103.7 and US$87.7 million, respectively.

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

(e) Equity for legal purposes (Regulatory capital)

As of December 31, 2008 and 2007, the regulatory capital for Credicorp's subsidiaries engaged in financial and insurance activities in Peru calculated following SBS regulations amounted to approximately US$1,604.7 and US$1,420.2 million, respectively. On the other hand, the consolidated regulatory capital for Credicorp exceeds by approximately US$263.6 million the minimum regulatory capital required as of December 31, 2008 (approximately US$350.4 million as of December 31, 2007).

17 TAXES

(a) Credicorp is not subject to income tax or any taxes on capital gains, equity or property. Credicorp's Peruvian subsidiaries are subject to corporate taxation on income under the Peruvian Tax system. The statutory Income Tax rate was 30 percent on taxable income after calculating the workers' profit sharing, which in accordance with current legislation is determined using a 5 percent rate.

ASHC and its Subsidiaries are not subject to taxes in the Cayman Islands or Panama. For the three years ended December 31, 2008, 2007 and 2006, no taxable income was generated from its operations in the United States of America.

The reconciliation between the statutory income tax rate and the effective tax rate for the Group is as follows:

	2008	2007	2006
	%	%	%
Peruvian statutory income tax rate	30.00	30.00	30.00
Increase (decrease) in the statutory tax rate due to:			
(i) Increase arising from net income of subsidiaries not domiciled in Peru	4.39	0.46	4.08
(ii) Non-taxable income, net	(14.90)	(5.76)	(4.86)
(iii) Translation results not considered for tax purposes	3.38	(3.15)	(3.96)
Effective income tax rate	**22.87**	**21.55**	**25.26**

(b) Income tax expense as of December 31, 2008, 2007 and 2006 comprises:

	2008	2007	2006
	US$(000)	US$(000)	US$(000)
Current -			
In Peru	110,365	114,496	85,413
In other countries	3,537	2,712	2,960
	113,902	117,208	88,373
Deferred			
In Peru	(4,394)	(14,921)	(4,786)
Total	**109,508**	**102,287**	**83,587**

The deferred income tax has been calculated on all temporary differences considering an income tax rate of 30 percent.

(c) The following table presents a summary of the Group's deferred income tax:

	2008	2007
	US$(000)	US$(000)
Assets		
Allowance for loan losses, net	28,337	21,985
Stock appreciation rights provision	11,578	24,001
Tax loss carry-forward -PPS	6,013	4,451
Reserve for sundry risks, net	9,709	8,853
Non-accrued interest	1,713	3,243
Other	9,823	4,323
Deferred income tax asset	**67,173**	**66,856**
Liabilities		
Intangibles assets, net	(23,128)	(25,205)
Unrealized net gains on investments	(18,809)	(38,424)
Deferred commissions	(6,926)	(3,290)
Gain for difference tax exchange	(5,502)	(800)
Leasing operations, net	(1,862)	(1,250)
Valuation of Citigroup Indexed certificates	(815)	(18,131)
Other	(9,091)	(2,725)
Deferred income tax liability	**(66,133)**	**(89,825)**
Net deferred income tax asset (liability)	**1,040**	**(22,969)**

Credicorp and its subsidiaries have recorded a deferred income tax as part of the equity caption "Other reserves" for US$19.6, US$10.1, and US$9.2 million, as of December 31, 2008, 2007 and 2006, respectively, related to the income tax effects of unrealized gains and losses on investments available for sale. Likewise, in 2006, the Group recognized the deferred tax liability arising from the acquisition of AFP Union Vida (Note 2) for approximately US$25.6 million.

(d) The Peruvian Tax Authority has the right to review and, if necessary, amend the annual tax returns of the Peruvian subsidiaries up to four year after their filing. BCP's tax returns for years 2001-2005 and PPS's tax returns for years 2001-2006, were reviewed by the Tax Authority; no significant additional taxes arose from said reviews. Management of each subsidiary has filed an appeal in the applicable cases.

Years 2006 to 2008 for BCP and 2007 to 2008 for PPS, are pending review. Any additional tax arising as a result of the Tax Authority review will be charged to income in the year when such additional tax is determined. At present, it is not possible to estimate the adjustments that the Tax Authority may determine; however, in Management's opinion, it is not expected that any additional tax will be determined in amounts considered significant to the consolidated financial statements as of December 31, 2008 and 2007.

18 STOCK APPRECIATION RIGHTS

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

The number of outstanding SARs and their exercise prices are as follows:

Year of Issuance	Number of outstanding SARs issued as of December 31, 2008	Number of Vested SARs as of December 31		Exercise price	
		2008	2007	2008	2007
				US$	US$
2000	-	-	49,750	8.00	8.50
2001	60,000	60,000	73,000	4.80	5.30
2002	60,000	60,000	92,500	6.48	6.98
2003	134,900	134,900	151,900	7.67	8.17
2004	185,950	185,950	237,700	10.49	10.99
2005	241,700	241,700	349,813	15.50	16.00
2006	362,800	327,784	310,800	24.82	25.32
2007	513,125	320,859	271,656	48.00	48.50
2008	656,750	286,625	-	72.04	-
	2,215,225	1,617,818	1,537,119		

Credicorp's Management has estimated the SARs´ fair value as of December 31, 2008 and 2007, using the binomial option pricing model, considering the following market information:

Key assumptions	2008	2007
Expected volatility	34.98%	32.70%
Risk free interest rate	6.25%	3.51%
Expected lifetime	4.84 años	4.92 años
Quoted price of Credicorp shares at year-end	US$49.96	US$76.30

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

	2008			2007		
	Outstanding SARs	Vested SARs		Outstanding SARs	Vested SARs	
	Number	Number	Amount	Number	Number	Amount
			US$(000)			US$(000)
Balance as of January 1st	**2,134,650**	**1,537,119**	**89,602**	**1,858,350**	**1,301,928**	**38,761**
Granted and vested	665,500	576,874	9,498	689,500	647,610	22,248
Exercised	(496,175)	(496,175)	(19,734)	(410,700)	(410,700)	(18,801)
Decrease	(88,750)	-	-	(2,500)	(1,719)	(88)
Increase (decrease) in the option fair value	-	-	(36,379)	-	-	47,482
Balance as of December 31	**2,215,225**	**1,617,818**	**42,987**	**2,134,650**	**1,537,119**	**89,602**

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

The liabilities, including the above mentioned income tax, recorded for this plan are included in the consolidated balance sheet caption "Other liabilities – Payroll taxes, salaries and other personnel expenses", note 11 (a), and the expenses in the consolidated income statement caption "Personnel expenses". In 2008, 2007 and 2006, SARs prices were modified and informed to the Group's executives and employees.

During 2008, 2007 and 2006, the Group signed several contracts with Citigroup by which it acquired certificates linked to the yield of Credicorp's shares, see note 7(b).

19 OFF-BALANCE SHEET ACCOUNTS

(a) This item is made up as follows:

	2008	2007
	US$(000)	US$(000)
Contingent credits (b)		
Guarantees and stand by letters	1,506,506	1,133,476
Import and export letters of credit	249,396	431,049
	1,755,902	1,564,525
Responsibilities under credit lines agreements (d)	1,234,964	1,082,115
Forward currency contracts - sell (c)	1,552,917	939,531
Forward currency contracts - buy (c)	(925,317)	(1,270,648)
Swap contracts (c)		
Interest rate swaps	2,160,390	1,277,841
Currency swaps	192,899	118,552
Cross currency swaps	317,043	50,420
Total	**6,288,798**	**3,762,336**

(b) In the normal course of its business, the Group's banking subsidiaries are party to transactions with off-balance sheet risk. These transactions expose them to credit risk in addition to the amounts recognized in the consolidated 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. The Group applies the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments (note 6(a)), including the requirement to obtain collateral when it is deemed necessary. Collateral held varies, but may include deposits in financial institutions, securities or other assets. Many of the contingent transactions are expected to expire without any performance being required, therefore the total committed amounts do not necessarily represent future cash requirements.

(c) As of December 31, 2008 and 2007, 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 counter-party to the transaction does not perform as agreed and from the changes in the prices of the underlying currencies. As of those dates, forward currency purchase and sale agreements nominal amounts were approximately US$2,478.2 million and US$2,210.2 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, 2008, the forward contracts net position is an oversell of U.S. Dollars of approximately US$627.6 million (overbuy of approximately US$331.1 million as of December 31, 2007).

Interest rate and currency swaps are derivatives contracts, where counter parties 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, 2008, the notional amount of open interest rate and currency swap contracts was approximately US$2,353.3 million (approximately US$1,396.4 million as of December 31, 2007).

Cross currency swap derivative contract involves the exchange of interest payments based on two different currency principal balances and reference interest rate, generally also includes the exchange of principal amounts at the start and / or end of the contract. As of December 31, 2008, the notional amount of cross currency swap contracts were approximately US$317.0 million (approximately US$50.4 million as of December 31, 2007).

As of December 31, 2008, the fair values of the asset and liability forward exchange contracts and interest rate and cross currency swaps amounted approximately to US$79.3 and US$256.8 million, respectively (approximately US$45.8 and US$69.7 million as of December 31, 2007) and are included under the caption "Other assets and other liabilities" of the consolidated balance sheets, respectively, note 11(b).

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

20 INTEREST AND DIVIDEND INCOME AND INTEREST EXPENSES

These items are made up as follow:

	2008	2007	2006
	US$(000)	US$(000)	US$(000)
Interest and dividend income			
Interest on loans	963,940	701,471	537,671
Interest on due from banks	75,266	105,817	93,886
Interest on trading securities	1,168	3,289	2,913
Interest on investments available-for-sale	298,549	228,473	132,792
Dividends from investments available-for-sale and trading securities	12,214	9,083	9,140
Gain from hedging derivatives instruments	15,794	635	-
Other interest income	33,403	17,206	5,600
Total	**1,400,334**	**1,065,974**	**782,002**
Interest expenses			
Interest on deposits and obligations	(360,238)	(295,750)	(189,552)
Interest on bonds and subordinated notes issued	(51,756)	(33,592)	(25,282)
Interest on due to banks and correspondents and borrowed funds	(104,818)	(83,070)	(56,634)
Loss from hedging derivatives instruments	(16,296)	(635)	-
Other interest expenses	(44,303)	(18,953)	(12,010)
Total	**(577,411)**	**(432,000)**	**(283,478)**

During 2008, 2007 and 2006 the interest income accrued on impaired financial instrument recognized in the consolidated income statement amounted to US$4.7, US$3.5 and US$4.1 million, respectively.

21 BANKING SERVICES COMMISSIONS

This item is made up as follows:

	2008	2007	2006
	US$(000)	US$(000)	US$(000)
Maintenance of accounts and transfers and credit and debit card services	180,512	152,626	122,534
Funds management	102,760	83,726	38,728
Contingent credits	30,174	23,819	22,344
Collection services	26,795	27,163	24,514
Commissions for banking services	12,851	9,468	7,300
Brokerage and custody services	10,075	13,708	7,793
Other	31,080	14,251	20,565
Total	**394,247**	**324,761**	**243,778**

22 NET PREMIUMS EARNED

This item is made up as follows:

	Gross premiums (*)	Premiums ceded to reinsurers, net (**)	Assumed from other companies, net	Net premiums earned	Percentage of assumed net premiums
	US$(000)	US$(000)	US$(000)	US$(000)	%
2008					
Life insurance	110,730	(2,484)	6	108,252	-
Health insurance	169,410	(2,692)	-	166,718	-
General insurance	218,563	(105,431)	5,801	118,933	4.88
Total	**498,703**	**(110,607)**	**5,807**	**393,903**	**1.47**
2007					
Life insurance	89,598	(2,658)	1,408	88,348	1.59
Health insurance	129,306	(2,488)	116	126,934	0.09
General insurance	146,331	(71,759)	7,418	81,990	9.05
Total	**365,235**	**(76,905)**	**8,942**	**297,272**	**3.01**
2006					
Life insurance	66,477	(2,923)	1,228	64,782	1.90
Health insurance	111,295	(2,377)	1,526	110,444	1.38
General insurance	138,964	(64,767)	1,838	76,035	2.42
Total	**316,736**	**(70,067)**	**4,592**	**251,261**	**1.83**

(*) Includes the annual variation of the technical and unearned premiums reserves.
(**) "Premiums ceded to reinsurers, net" include:
(i) US$22.5 million for non- proportional automatic contracts (excess of loss) (US$17.5 million in the year 2007),
(ii) US$3.7 million for reinstallation premiums (US$6.1 million in the year 2007) and
(iii) US$84.3 million for facultative contracts (US$53.1 million in the year 2007).

23 NET CLAIMS INCURRED FOR LIFE, GENERAL AND HEALTH INSURANCE CONTRACTS

This item is made up as follows:

2008	Life insurance	General insurance	Health insurance	Total
	US$(000)	US$(000)	US$(000)	US$(000)
Gross insurance claims	88,059	163,251	155,387	406,697
Ceded claims	(1,693)	(61,361)	(1,733)	(64,787)
Net insurance claims	**86,366**	**101,890**	**153,654**	**341,910**

2007	Life insurance	General insurance	Health insurance	Total
	US$(000)	US$(000)	US$(000)	US$(000)
Gross insurance claims	63,744	152,351	108,767	324,862
Ceded claims	(52)	(84,662)	(1,548)	(86,262)
Net insurance claims	**63,692**	**67,689**	**107,219**	**238,600**

2006	Life insurance	General insurance	Health insurance	Total
	US$(000)	US$(000)	US$(000)	US$(000)
Gross insurance claims	52,713	60,285	89,797	202,795
Ceded claims	(823)	(13,698)	(1,752)	(16,273)
Net insurance claims	**51,890**	**46,587**	**88,045**	**186,522**

24 OTHER INCOME AND EXPENSES

These items are made up as follow:

	2008	2007	2006
	US$(000)	US$(000)	US$(000)
Other income			
Income from the sale of seized assets	12,895	10,689	9,244
Real estate rental income	7,743	3,519	3,031
Recoveries of other accounts receivable and other assets	2,859	3,113	1,763
Other	14,175	7,613	8,638
Total other income	**37,672**	**24,934**	**22,676**
Other expenses			
Commissions from insurance activities	39,364	29,135	25,555
Provision for sundry risks, note 11(d)	37,549	8,096	6,461
Sundry technical insurance expenses	9,158	21,929	10,910
Provision for other accounts receivables	3,288	2,836	3,163
Other	12,517	10,003	6,629
Total other expenses	**101,876**	**71,999**	**52,718**

25 EARNINGS PER SHARE

The net earning per ordinary share has been determined over the net income attributable to equity holders of Credicorp as follows:

	2008	2007	2006
Number of shares:			
Ordinary shares, note 16(a)	94,382,317	94,382,317	94,382,317
Less - treasury shares, note 16(b)	(14,620,842)	(14,620,842)	(14,620,842)
Weighted outstanding average number of ordinary shares	**79,761,475**	**79,761,475**	**79,761,475**
Net income attributable to equity holders of Credicorp (in thousands of U.S. dollars)	357,756	350,735	230,013
Basic and diluted earnings per share for net income attributable to equity holders of Credicorp (in U.S. Dollars)	4.49	4.40	2.88

26 BUSINESS SEGMENTS

Transactions between the business segments are realized on normal commercial terms and conditions. The following table presents the Group's financial information by industry (primary segment) and geographical area (secondary segment) as of December 31, 2008, 2007 and 2006:

i Business segments by industry (amount expressed in million of U.S. Dollars):

	External income	Income from other segments	Eliminations	Total income (*)	Operating income (**)	Total assets	Fixed assets, net	Depreciation and amortization	Impairment of available-for-sale investments	Other provisions (***)
2008										
Banking	1,797	83	(83)	1,797	804	19,168	262	44	44	54
Insurance	469	15	(15)	469	118	1,231	56	4	11	-
Pension funds	71	1	(1)	71	-	224	11	9	-	-
Brokerage and other	50	62	(62)	50	(47)	198	-	-	5	(4)
Total consolidated	**2,387**	**161**	**(161)**	**2,387**	**875**	**20,821**	**329**	**57**	**60**	**50**
2007										
Banking	1,407	65	(65)	1,407	614	16,245	218	39	5	35
Insurance	377	13	(13)	377	110	1,138	46	4	-	-
Pension funds	55	(4)	4	55	(1)	244	11	8	-	-
Brokerage and other	47	7	(7)	47	(30)	79	-	-	-	(4)
Total consolidated	**1,886**	**81**	**(81)**	**1,886**	**693**	**17,706**	**275**	**51**	**5**	**31**
2006										
Banking	975	24	(24)	975	447	11,090	197	36	-	2
Insurance	316	2	(2)	316	115	989	47	4	-	-
Pension funds	23	-	-	23	-	227	11	10	-	-
Brokerage and other	58	1	(1)	58	1	576	-	-	-	-
Total consolidated	**1,372**	**27**	**(27)**	**1,372**	**563**	**12,882**	**255**	**50**	**-**	**2**

ii Segment information by geographical area (amounts expressed in millions of U.S. Dollars):

	2008			2007			2006		
	Total income (*)	Operating income (**)	Total assets	Total income (*)	Operating income (**)	Total assets	Total income (*)	Operating income (**)	Total assets
Peru	2,035	805	16,081	1,573	625	12,693	1,152	518	9,655
Panama	204	19	2,490	107	10	2,506	55	7	839
Cayman Islands	24	(4)	1,088	100	19	1,423	81	14	1,364
Bolivia	112	52	933	78	38	815	62	28	654
United States of America	12	3	229	28	1	269	22	(4)	370
Total consolidated	**2,387**	**875**	**20,821**	**1,886**	**693**	**17,706**	**1,372**	**563**	**12,882**

(*) Includes total interest and dividend income, other income and net premiums earned from insurance activities.
(**) Operating income includes the net interest income from banking activities and the amount of the net premiums earned, less insurance claims.
(***) Correspond to reserves for seized assets and the allowance for loan losses.

27 TRANSACTIONS WITH RELATED PARTIES

(a) The Group's consolidated financial statements as of December 31, 2008 and 2007 include transactions with related companies, the Board of Directors, the Group's key executives (defined as the management of Credicorp's Holding) and enterprises which are controlled by these individuals through their majority shareholding or their role as chairman or CEO.

(b) The following table shows the main transactions with related parties as of December 31, 2008 and 2007.

	2008	2007
	US$(000)	US$(000)
Direct loans	143,855	94,102
Trading securities	1	1,673
Investments available-for-sale	63,782	90,396
Deposits	34,669	31,689
Contingent credits	23,574	14,026
Derivatives at fair value	4,179	386
Interest income related to loans – income	2,889	2,288
Interest expense related to deposits - expense	2,669	2,009
Other income	2,533	1,192

(c) All transactions with related parties are made in accordance with normal market conditions available to other customers. As of December 31, 2008, direct loans to related companies are secured by collaterals, and had maturities between February 2009 and July 2017 and accrued an annual averages interest rate of 7.98 percent (as of December 31, 2007 had maturities between January 2008 and September 2017 and accrued an annual average interest rate of 6.79 percent). Likewise, as of December 31, 2008 and 2007, the Group maintains allowance for loan losses to related parties amount to approximately US$1.2 million, respectively.

(d) As of December 31, 2008 and 2007, directors, officers and employees of the Group have been involved, directly and indirectly, in credit transactions with certain subsidiaries of the Group, as permitted by Peruvian Banking and Insurance Law N°26702, which regulates and limits certain transactions with employees, directors and officers of a bank or an insurance company. As of December 31, 2008 and 2007, direct loans to employees, directors and key management amounts to US$116.3 and US$85.1 million, respectively and are paid monthly and earn interest at market rates.

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

(e) The Group's key executives compensation (including the related income taxes assumed by the Group) as of December 31, 2008, 2007 and 2006, comprised the following:

	2008	2007	2006
	US$(000)	US$(000)	US$(000)
Stock appreciation rights, note 18	27,362	27,113	23,206
Salaries	5,625	5,535	4,824
Directors compensations	1,303	1,162	1,173
Other	8,209	12,947	6,962
Total	**42,499**	**46,757**	**36,165**

(f) As of December 31, 2008 and 2007, the Group has participation in different mutual funds and hedge funds managed by certain Group's subsidiaries, classified as trading securities and Investments available-for-sale for a total amount of US$94.7 million and US$133.8 million, respectively.

28 FINANCIAL INSTRUMENTS CLASSIFICATION

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

	As of December 31, 2008					
	Financial assets/liabilities designated at fair value					
	Held for trading	At inception	Loans and receivables	Investments available-for-sale	Liabilities at amortized cost	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Assets						
Cash and due from banks	-	-	3,766,171	-	-	3,766,171
Trading securities	36,084	-	-	-	-	36,084
Investments available-for-sale	-	-	-	4,959,068	-	4,959,068
Loans, net	-	-	10,322,041	-	-	10,322,041
Financial assets designated at fair value through profit or loss	-	129,631	-	-	-	129,631
Premiums and other policies receivable	-	-	111,561	-	-	111,561
Accounts receivable from reinsurers and coinsurers	-	-	165,144	-	-	165,144
Due from customers on acceptances	-	-	232,580	-	-	232,580
Other assets, note 11	79,275	-	247,465	-	-	326,740
	115,359	129,631	14,844,962	4,959,068	-	20,049,020
Liabilities						
Deposits and obligation	-	-	-	-	13,950,437	13,950,437
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to banks and correspondents	-	-	-	-	1,179,991	1,179,991
Due from customers on acceptances	-	-	-	-	232,580	232,580
Accounts payable to reinsurers and coinsurers	-	-	-	-	55,841	55,841
Borrowed funds	-	-	-	-	1,150,716	1,150,716
Bonds and subordinated notes issued	-	-	-	-	785,230	785,230
Other liabilities, note 11	256,792	-	-	-	318,320	575,112
	256,792	-	-	-	17,673,115	17,929,907

As of December 31, 2007					
Financial assets/liabilities designated at fair value					
Held for trading	At inception	Loans and receivables	Investments available-for-sale	Liabilities at amortized cost	Total
US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
-	-	3,073,865	-	-	3,073,865
50,995	-	-	-	-	50,995
-	-	-	5,228,641	-	5,228,641
-	-	8,039,500	-	-	8,039,500
-	213,153	-	-	-	213,153
-	-	85,495	-	-	85,495
-	-	116,141	-	-	116,141
-	-	35,901	-	-	35,901
45,843	-	151,825	-	-	197,668
96,838	213,153	11,502,727	5,228,641	-	17,041,359
-	-	-	-	11,350,714	11,350,714
-	50,561	-	-	-	50,561
-	-	-	-	1,453,261	1,453,261
-	-	-	-	35,901	35,901
-	-	-	-	33,963	33,963
-	-	-	-	870,404	870,404
-	-	-	-	702,298	702,298
69,662	-	-	-	389,314	458,976
69,662	50,561	-	-	14,835,855	14,956,078

29 FINANCIAL RISK MANAGEMENT

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

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

The Group also trades in financial instruments where it takes positions in traded and over-the-counter instruments, including derivatives, to take advantage of short-term market movements in equities, bonds, currency and interest rates.

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

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

(a) Risk management structure

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

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

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

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

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

v Treasury and Foreign Exchange Departments

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

(b) Risk measurement and reporting systems

The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and 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. The Group also runs worse case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

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

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

(c) Risk mitigation

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

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

The Group actively uses collateral to reduce its credit risks.

(d) Excessive risk concentration

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

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

29.1 CREDIT RISK

(a) The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss by failing to discharge an obligation. Credit risk is the most important risk for the Group's business; Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans, and investment activities that bring debt securities and other bills into the Group's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as contingent credits, which expose the Group to similar risks to loans and these are mitigated by the same control processes and policies. Likewise, credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the consolidated balance sheet.

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

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

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

i Collateral
The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group implements 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; liens over financial instruments such as debt securities and equities.

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

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

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

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

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

iii Credit-related commitments

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

In order to manage credit risk, as part of the Risk Management Department of the Group, see note 29(a), there is a Risk Management Service Unit whose major functions are implementing methodologies and statistical models for measuring credit risk exposures, developing and applying methodologies for the calculation of risk-ratings, both at the corporate and business unit levels, performing analysis of credit concentrations, verifying that credit exposures are within the established limits and suggesting global risk exposures by economic sector, time term, among others.

Also, a Risk Assessment Committee has been established comprising 3 directors, the Chief Executive Officer, the Chief Financial Officer, the Deputy Chief Executive Officer and the Risk Management Department Manager. Each of the financial indicators prepared by the Risk Management Service Unit are analyzed by this committee on a quarterly basis to subsequently evaluate the policies, procedures and limits currently effective at the Group to ensure that an efficient and effective risk management is always in place.

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

(b) The maximum exposure to credit risk as of December 31, 2008 and 2007, before the effect of mitigation through any collateral, is the book value of each class of financial assets mentioned in note 29.7 and the contingent credits detailed in note 19(a).

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

- 98 percent of the loans portfolio is categorized in the top two grades of the internal rating system as of December 31, 2008 (97 percent as of December 31, 2007);

- 95 percent of the loan portfolio is considered to be neither past due nor impaired as of December 31, 2008 (94 percent as of December 31, 2007);

- 83 percent of the investments have at least investment grade credit rating (BBB- or higher) or are debt securities issued by Banco Central de Reserva del Peru - BCRP (not rated) as of December 31, 2008 (75 percent as of December 31, 2007); and

- 17 percent and 52 percent of the cash and due from banks represent amounts deposited in the Group's vaults and in the BCRP (including overnight operations), respectively, as of December 31, 2008 (18 percent and 59 percent, respectively, as of December 31, 2007).

(c) Credit risk management for loans

Credicorp classifies its loan portfolio into one of five risk categories, depending upon the degree of risk of non-payment of each debtor. The grades used by Credicorp are: (i) normal, (ii) potential problems, (iii) substandard, (iv) doubtful and (v) loss, and have the following characteristics:

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

Potential problems (Class B): Debtors of commercial loans included in this category are those that at the time of the evaluation demonstrate certain deficiencies, which, if not corrected on a timely manner, imply risks with respect to the recovery of the loan. Certain common characteristics of loans or credits in the category include: delays in loan payments which are promptly covered, a general lack of information required to analyze the credit, out-of-date financial information, temporary economic or financial imbalances on the part of the debtor which could affect its ability to repay the loan, market conditions that could affect the economic sector in which the debtor is active, material overdue debts or pending judicial collection actions initiated by other financial institutions, noncompliance with originally contracted conditions, conflicts of interest within the client, labor problems; unfavorable credit history, noncompliance with its own internal policies of concentration of suppliers or customers, and low inventory turnover ratios or large inventories that are subject to competitive challenges or technological obsolescence. Consumer loans are categorized as Class B if payments are between 9 and 30 days late. Residential mortgage loans become Class B when payments are between 31 and 90 days late.

Substandard (Class C): Debtors of commercial loans included in this category demonstrate serious financial weakness, often with operating results or available income insufficient to cover financial obligations on agreed upon terms, with no reasonable short-term prospects for a strengthening of their financial capacity. Debtors demonstrating the same deficiencies that warrant classification as category B warrant classification as Class C if those deficiencies are such that if they are not corrected in the near term, they could impede the recovery of principal and interest on the loan on the originally agreed terms. In addition, commercial loans are classified in this category when payments are between 61 and 120 days late. If payments on a consumer loan are between 31 and 60 days late, such loans are classified as Class C. Residential mortgage loans are classified as Class C when payments are between 91 and 120 days late.

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

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

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

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

- Individually assessed allowance

The Group determines the allowances appropriate for each individually significant loan or advance on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support and the realizable value of collateral, and the timing of the expected cash flows. Impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

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

- Collectively assessed allowance

Allowances are assessed collectively for losses on loans and advances that are not individually significant (including consumer and residential mortgages) and for individually significant loans and advances where there is not yet objective evidence of individual impairment (included in categories A and B). Allowances are evaluated on each reporting date with each portfolio receiving a separate review.

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

Financial guarantees and letter of credit are assessed and provision made in similar manners as for loans.

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

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

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

					As of December 31, 2008
	Commercial loans	Residential mortgage loans	Consumer loans	Total	%
	US$(000)	US$(000)	US$(000)	US$(000)	
Neither past due nor impaired					
Normal	7,526,355	1,350,793	1,020,352	9,897,500	94
Potential problem	214,040	18,348	8,932	241,320	2
Past due but not impaired					
Normal	186,887	83,757	78,629	349,273	3
Potential problem	14,231	387	1,027	15,645	-
Impaired					
Substandard	41,570	11,337	18,982	71,889	1
Doubtful	46,309	12,630	21,146	80,085	1
Loss	29,193	7,962	13,331	50,486	1
Gross	**8,058,585**	**1,485,214**	**1,162,399**	**10,706,198**	**102**
Less: Allowance for loan losses	137,444	30,832	56,061	224,337	2
Total, net	**7,921,141**	**1,454,382**	**1,106,338**	**10,481,861**	**100**

					As of December 31, 2007
	Commercial loans	Residential mortgage loans	Consumer loans	Total	%
	US$(000)	US$(000)	US$(000)	US$(000)	
Neither past due nor impaired					
Normal	5,517,220	1,138,912	779,866	7,435,998	91
Potential problem	347,186	13,781	7,463	368,430	5
Past due but not impaired					
Normal	204,766	70,738	52,379	327,883	4
Potential problem	5,410	318	134	5,862	-
Impaired					
Substandard	49,535	10,097	11,733	71,365	1
Doubtful	61,578	12,552	14,586	88,716	1
Loss	36,483	7,437	8,643	52,563	1
Gross	**6,222,178**	**1,253,835**	**874,804**	**8,350,817**	**103**
Less: Allowance for loan losses	166,203	14,454	30,662	211,319	3
Total, net	**6,055,975**	**1,239,381**	**844,142**	**8,139,498**	**100**

As of December 31, 2008 and 2007, loans that are neither past-due nor impaired whose terms have been renegotiated amounts to US$10.3 and US$19.7 million, respectively.

As of December 31, 2008 and 2007, loans amounting to approximately US$349.3 and US$327.9 million, respectively, were not impaired and were past due for less than 30 days.

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

				As of December 31, 2008
	Commercial loans	Residential mortgage loans	Consumer loans	Total
	US$(000)	US$(000)	US$(000)	US$(000)
Impaired loans	117,072	31,929	53,459	202,460
Fair value of collateral	49,254	18,742	4,386	72,382
Allowance for loan losses	50,782	11,395	29,722	91,899

				As of December 31, 2007
	Commercial loans	Residential mortgage loans	Consumer loans	Total
	US$(000)	US$(000)	US$(000)	US$(000)
Impaired loans	147,596	30,086	34,962	212,644
Fair value of collateral	59,957	19,863	3,914	83,734
Allowance for loan losses	72,793	6,238	20,173	99,204

(d) Credit risk management on investments in trading securities and available-for-sale

The Group evaluates the credit risk identified of each of the financial instruments in these categories, stating the risk rating granted to them by a risk rating agency. For investments traded in Peru, the risk ratings use are those provided by Apoyo & Asociados Internacionales S.A.C. (a Peruvian rating agency authorized by the Peruvian government regulator and associated to Fitch Rating) and for investments traded abroad, the risk-ratings used are those provided by Standard & Poors. In the event any subsidiary use a risk-rating prepared by any other risk rating agency, such risk-ratings are standardized with those provided by the afore-mentioned institutions for consolidation purposes

The following table shows the analysis of the risk-rating of available-for-sale investments, provided by the institutions referred to above. These financial instruments are mostly concentrated on the first risk ratings or are debt securities issued by Banco Central de Reserva del Peru – BCRP (not rated), as a way to reduce their impact on the consolidated financial statements of any eventual substantial loss that may arise from the impairment of the credit and general position of issuers. The exposure composition is as follows:

	As of December 31, 2008		As of December 31, 2007	
	US$(000)	%	US$(000)	%
Instruments rated in Peru				
AAA	426,653	8.6	285,661	5.5
AA- to AA+	36,486	0.8	35,943	0.7
A to A+	18,346	0.4	13,306	0.3
BBB- to BBB	-	-	2,018	-
BB- to BB+	1,858	-	2,214	-
Lower than B-	-	-	-	-
Unrated (*)	2,466,772	49.7	2,854,295	54.6
	2,950,115	**59.5**	**3,193,437**	**61.1**
Instruments rated abroad				
AAA	105,249	2.1	242,428	4.6
AA- to AA+	128,714	2.6	132,907	2.5
A to A+	410,118	8.3	234,455	4.5
BBB- to BBB+	785,250	15.8	584,549	11.2
BB- to BB+	325,861	6.6	539,816	10.4
Lower than B-	20,394	0.4	22,740	0.4
Unrated (*)	233,367	4.7	278,309	5.3
	2,008,953	40.5	2,035,204	38.9
Total	**4,959,068**	**100.0**	**5,228,641**	**100.0**

(*) As of December 31, 2008, includes principally US$2,208.9 million, US$217.6 million and US$131.3 million of debt securities issued by BCRP, listed and non-listed equity securities and mutual funds, respectively (US$2,407.0 million, US$321.1 million and US$198.4 million as of December 31, 2007, respectively).

As of December 31, 2008 and 2007, most of held for trading investments were financial instruments issued by the BCRP or had an investment grade rating.

The following table presents the summary of the various techniques used by the Group to measure the Investments available-for-sale recognized at fair value in percentage:

	2008	2007
	%	%
Quoted Market Price	40.0	39.4
Valuation Techniques - market observable inputs	58.8	58.6
Valuation Techniques - non-market observable inputs	1.2	2.0
Total	**100.0**	**100.0**

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

As of December 31, 2008 and 2007, the financial instruments with exposure to the credit risk were distributed by the following economic sectors:

	2008					2007				
	Designated at fair value through profit or loss					Designated at fair value through profit or loss				
	Held for trading	At inception	Loans and receivables	Investments available-for-sale	Total	Held for trading	At inception	Loans and receivables	Investments available-for-sale	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Financial services	101,126	129,631	3,897,748	3,245,159	7,373,664	49,901	213,153	3,303,821	3,569,312	7,136,187
Public administration and defense	13,466	-	273,506	932,227	1,219,199	22,161	-	73,533	746,634	842,328
Manufacturing	44	-	2,536,277	156,925	2,693,246	2,710	-	2,134,497	199,874	2,337,081
Commerce	5	-	1,484,431	64,595	1,549,031	520	-	861,701	62,011	924,232
Mortgage loans	-	-	1,401,296	-	1,401,296	-	-	1,079,955	-	1,079,955
Consumer loans	-	-	1,126,301	-	1,126,301	-	-	833,505	-	833,505
Electricity, gas and water	523	-	556,937	203,595	761,055	9,802	-	330,480	207,014	547,296
Communications, storage and transportation	-	-	632,895	117,103	749,998	-	-	387,911	97,945	485,856
Mining	130	-	660,855	78,416	739,401	11,737	-	448,570	138,578	598,885
Leaseholds and real estate activities	-	-	608,651	47,321	655,972	-	-	373,659	159,063	532,722
Micro-business loans	-	-	619,680	-	619,680	-	-	474,968	-	474,968
Community services	-	-	247,144	-	247,144	-	-	239,947	-	239,947
Construction	-	-	236,163	2,283	238,446	-	-	197,257	3,914	201,171
Agriculture	-	-	224,417	7,761	232,178	-	-	172,817	5,550	178,367
Education, health and other services	-	-	127,670	29,699	157,369	-	-	102,456	4,514	106,970
Fishing	2	-	80,277	159	80,438	-	-	131,483	-	131,483
Insurance activities	-	-	27,430	-	27,430	-	-	122,667	-	122,667
Other	63	-	103,284	73,825	177,172	7	-	233,500	34,232	267,739
Total	**115,359**	**129,631**	**14,844,962**	**4,959,068**	**20,049,020**	**96,838**	**213,153**	**11,502,727**	**5,228,641**	**17,041,359**

As of December 31, 2008 and 2007, the financial instruments with exposure to credit risk were distributed by the following geographical areas:

2008					
	Designated at fair value through profit or loss				
	Held for trading	At inception	Loans and receivables	Investments available-for-sale	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Peru	113,015	-	12,565,873	3,571,213	16,250,101
United States of America	109	129,631	871,859	681,184	1,682,783
Bolivia	2,224	-	566,170	309,530	877,924
Europe	-	-	307,533	84,445	391,978
Chile	-	-	115,883	90,587	206,470
Colombia	-	-	101,173	72,178	173,351
Other	11	-	316,471	149,931	466,413
Total	**115,359**	**129,631**	**14,844,962**	**4,959,068**	**20,049,020**

2007					
	Designated at fair value through profit or loss				
	Held for trading	At inception	Loans and receivables	Investments available-for-sale	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Peru	70,189	-	10,048,500	3,693,246	13,811,935
United States of America	49	213,153	591,202	889,421	1,693,825
Bolivia	3,683	-	578,436	192,896	775,015
Europe	13,690	-	93,141	58,477	165,308
Colombia	-	-	59,471	89,363	148,834
Chile	-	-	5,178	124,557	129,735
Other	9,227	-	126,799	180,681	316,707
Total	**96,838**	**213,153**	**11,502,727**	**5,228,641**	**17,041,359**

29.2 MARKET RISK

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

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

Trading portfolios include those liquid positions arising from market-making transactions where the Group 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).

(a) 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).

The Group applies VaR to its 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. The Risk Management Committee set limits on the level of risk that may be accepted and review of daily.

VaR is a statistically-based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the "maximum" amount the Group might lose, but only to a certain level of confidence (99 percent). There is therefore a specified statistical probability (1 percent) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain "holding period" until positions can be closed (1 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 times the square root of 10 - results are presented in the tables below. The assessment of past movements has been based on historical one-year data. The Group applies these historical changes in rates directly to its 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, 2008 and 2007, the Group's VaR by type of asset was as follows:

	2008	2007
	US$(000)	US$(000)
Equity securities	55	5,211
Mutual funds	1,034	-
Fixed income	1,116	567
Derivatives	-	626
Consolidated VaR by type of asset	1,604	5,261

As of December 31, 2008 and 2007, the Group's VaR by risk type is as follows:

	2008	2007
	US$(000)	US$(000)
Foreign exchange risk	579	133
Interest rate risk	1,063	514
Equity risk	850	4,879
Consolidated VaR by risk type	1,604	5,261

(b) ALM Book

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

i Interest risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Cash 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. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. 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, which is monitored daily by Treasury Department.

Re-pricing gap

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

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

As of December 31, 2008

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	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	1,208,593	989,125	543,549	1,141,155	294,577	4,995,152
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 or loss	-	-	-	-	-	129,631	129,631
Premiums and other policies receivables	-	-	-	-	-	111,561	111,561
Accounts receivable from reinsurers and coinsurers	-	-	-	-	-	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 reinsurers and coinsurers	-	-	-	-	-	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	2,444,863	1,267,306	577,445	458,944	286,646	-	5,035,204
Derivatives liabilities	1,582,377	770,950	816,213	1,438,652	427,012	-	5,035,204
	862,486	496,356	(238,768)	(979,708)	(140,366)	-	-
Marginal gap	**840,472**	**278,175**	**(279,998)**	**1,717,965**	**726,185**	**(3,282,799)**	**-**
Accumulated gap	**840,472**	**1,118,647**	**838,649**	**2,556,614**	**3,282,799**	**-**	**-**

As of December 31, 2007

	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Assets							
Cash and due from banks	2,331,637	31,074	48,172	42,045	19	620,918	3,073,865
Investments	567,613	680,272	1,974,368	837,269	842,317	377,797	5,279,636
Loans	2,078,657	2,294,056	1,499,311	2,051,629	115,847	-	8,039,500
Assets designated at fair value through profit or loss	-	-	50,561	-	-	162,592	213,153
Premiums and other policies receivables	-	-	-	-	-	85,495	85,495
Accounts receivable from reinsurers and coinsurers	-	-	-	-	-	116,141	116,141
Other assets	-	-	-	-	-	898,108	898,108
Total assets	**4,977,907**	**3,005,402**	**3,572,412**	**2,930,943**	**958,183**	**2,261,051**	**17,705,898**
Liabilities							
Deposits and obligations	3,358,599	3,089,841	1,709,965	263,913	2,088	2,926,308	11,350,714
Due to banks and correspondents	484,560	437,345	303,506	198,357	21,296	8,197	1,453,261
Financial liabilities designated at fair value through profit or loss	-	-	50,561	-	-	-	50,561
Accounts payable to reinsurers and coinsurers	-	-	-	-	-	33,963	33,963
Technical, insurance claims reserves and reserves for unearned premiums	1,626	4,878	14,634	95,017	305,039	382,284	803,478
Borrowed funds	-	870,404	-	-	-	-	870,404
Bonds and subordinated notes issued	101,521	34,520	54,546	176,924	328,147	6,640	702,298
Other liabilities	-	-	8,275	-	-	617,671	625,946
Equity	-	-	-	-	-	1,815,273	1,815,273
Total liabilities and equity	**3,946,306**	**4,436,988**	**2,141,487**	**734,211**	**656,570**	**5,790,336**	**17,705,898**
Off-Balance sheet items							
Derivatives assets	1,746,686	724,850	719,635	349,552	116,269	-	3,656,992
Derivatives liabilities	967,415	617,771	801,599	806,626	463,581	-	3,656,992
	779,271	107,079	(81,964)	(457,074)	(347,312)	-	-
Marginal gap	**1,810,872**	**(1,324,507)**	**1,348,961**	**1,739,658**	**(45,699)**	**(3,529,285)**	**-**
Accumulated gap	**1,810,872**	**486,365**	**1,835,326**	**3,574,984**	**3,529,285**	**-**	**-**

Sensitivity to changes in interest rates

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

The sensitivity of the consolidated income statement is 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 non-trading financial assets and financial liabilities held at December 31, 2008 and 2007, including the effect of derivatives instruments. The sensitivity of equity is calculated by revaluing fixed rate available-for-sale financial assets, before income tax and minority interest, including the effect of any associated hedges, and derivatives instruments designated as cash flow hedges, as of December 31, 2008 and 2007 for the effects of the assumed changes in interest rates:

						As of December 31, 2008
Currency	Changes in basis points		Sensitivity of net income		Sensitivity of Equity	
				US$(000)		US$(000)
U.S. Dollar	+/-	50	+/-	6,842	-/+	16,709
U.S. Dollar	+/-	100	+/-	13,684	-/+	33,417
U.S. Dollar	+/-	200	+/-	27,368	-/+	66,834
U.S. Dollar	+/-	300	+/-	41,052	-/+	100,251
Peruvian Currency	+/-	50	-/+	12,227	-/+	16,791
Peruvian Currency	+/-	100	-/+	24,454	-/+	33,581
Peruvian Currency	+/-	200	-/+	48,908	-/+	67,162
Peruvian Currency	+/-	300	-/+	73,362	-/+	100,743

						As of December 31, 2007
Currency	Changes in basis points		Sensitivity of net income		Sensitivity of Equity	
				US$(000)		US$(000)
U.S. Dollar	+/-	50	+/-	7,652	-/+	20,204
U.S. Dollar	+/-	100	+/-	15,305	-/+	40,408
U.S. Dollar	+/-	200	+/-	30,609	-/+	80,816
U.S. Dollar	+/-	300	+/-	45,914	-/+	121,224
Peruvian Currency	+/-	50	-/+	4,335	-/+	20,705
Peruvian Currency	+/-	100	-/+	8,670	-/+	41,409
Peruvian Currency	+/-	200	-/+	17,340	-/+	82,818
Peruvian Currency	+/-	300	-/+	26,010	-/+	124,227

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

Available-for-sale equity securities and mutual funds are not considered as part of the investment securities for sensitivity calculation purposes; however, a 10, 30 and 50 percent for equity and 10, 20 and 30 percent for mutual funds changes in market prices is conducted to these price-sensitivity securities and the expected unrealized gain or loss, before income tax, is presented below:

Market price sensitivity	Changes in market prices		As of December 31, 2008		As of December 31, 2007	
		%		US$(000)		US$(000)
Equity securities	+/-	10	+/-	21,762	+/-	32,112
Equity securities	+/-	30	+/-	65,285	+/-	96,335
Equity securities	+/-	50	+/-	108,809	+/-	160,559
Mutual funds	+/-	10	+/-	13,132	+/-	19,841
Mutual funds	+/-	20	+/-	26,264	+/-	39,681
Mutual funds	+/-	30	+/-	39,397	+/-	59,522

ii Foreign exchange risk

The Group is exposed to foreign currency exchange rates on its financial position and cash flows. Management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

Foreign currency transactions are made at the free market exchange rates of the countries where Credicorp's Subsidiaries are established. As of December 31, 2008 and 2007, the Group's assets and liabilities by currencies were as follows:

	2008				2007			
	U.S. Dollars	Peruvian currency	Other curren-cies	Total	U.S. Dollars	Peruvian currency	Other curren-cies	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Monetary assets								
Cash and due from banks	3,156,279	495,550	114,342	3,766,171	2,644,858	311,828	117,179	3,073,865
Trading securities	23,220	11,523	1,341	36,084	38,647	11,463	885	50,995
Available-for-sale investments	2,897,658	1,736,160	325,250	4,959,068	1,934,672	3,129,351	164,618	5,228,641
Loans, net	6,930,125	3,298,579	93,337	10,322,041	5,555,864	2,450,297	33,339	8,039,500
Financial assets designated to fair value through profit or loss	129,631	-	-	129,631	213,153	-	-	213,153
Other assets	594,107	255,476	12,383	861,966	261,102	299,695	9,745	570,542
	13,731,020	5,797,288	546,653	20,074,961	10,648,296	6,202,634	325,766	17,176,696
Monetary liabilities								
Deposits and obligations	(8,614,042)	(4,963,932)	(372,463)	(13,950,437)	(7,173,362)	(3,892,138)	(285,214)	(11,350,714)
Due to bank and correspondents and borrowed funds	(2,189,114)	(140,155)	(1,438)	(2,330,707)	(2,071,882)	(248,362)	(3,421)	(2,323,665)
Financial liabilities designated at fair value through profits or loss	-	-	-	-	(50,561)	-	-	(50,561)
Bonds and subordinated notes issued	(311,860)	(473,370)	-	(785,230)	(329,567)	(372,731)	-	(702,298)
Other liabilities	(1,425,817)	(508,063)	(24,710)	(1,958,590)	(1,040,178)	(434,353)	11,144	(1,463,387)
	(12,540,833)	(6,085,520)	(398,611)	(19,024,964)	(10,665,550)	(4,947,584)	(277,491)	(15,890,625)
	1,190,187	(288,232)	148,042	1,049,997	(17,254)	1,255,050	48,275	1,286,071
Forwards position, net	(627,600)	591,628	35,972	-	331,117	(273,971)	(57,146)	-
Currrency swaps position, net	31,458	(31,458)	-	-	7,227	(7,227)	-	-
Cross currency swaps position, net and interest rate swaps position, net	(277,347)	277,347	-	-	(50,420)	50,420	-	-
Net monetary position	**316,698**	**549,285**	**184,014**	**1,049,997**	**270,670**	**1,024,272**	**(8,871)**	**1,286,071**

The Group manages foreign exchange risk by monitoring and controlling the position values due to changes in exchange rates. The Group measures its performance in U.S. Dollar, 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 Group's consolidated balance sheet positively. The current position in a foreign currency comprises exchange rate-linked assets and liabilities in that currency. An institution's open position in individual currencies comprises assets, liabilities and off-balance sheet items denominated in the respective foreign currency for which the institution itself bears the risk; any appreciation/depreciation of the foreign exchange would affect the consolidated income statement.

The Group's net foreign exchange balance is the sum of its positive open non-U.S. Dollar positions (net long position) less the sum of its negative open non-U.S. Dollar positions (net short position); and any devaluation/revaluation of the foreign exchange position would affect the consolidated income statement. A currency mismatch would leave Group's consolidated balance sheet vulnerable to a fluctuation of the foreign currency (exchange rate shock).

The table below shows the sensitivity analysis of the Peruvian Currency, the currency to which the Group had significant exposure as of December 31, 2008 and 2007 on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against 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 consolidated income statement, while a positive amount reflects a net potential increase:

Sensitivity Analysis	Change in currency rates	2008	2007
	%	US$(000)	US$(000)
Devaluation			
Peruvian Currency	5	(28,910)	(51,636)
Peruvian Currency	10	(61,032)	(109,009)
Revaluation			
Peruvian Currency	5	26,156	46,718
Peruvian Currency	10	49,935	89,189

29.3 LIQUIDITY RISK

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors, fulfill commitments to lend or meet other operating cash needs.

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loans draw-downs, guarantees and other calls. The Group does not maintain cash resources to meet all of these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Management of the Group's subsidiaries sets limits on the minimum proportion of funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demands. Sources of liquidity are regularly reviewed by a separate team in Group Treasury Department to maintain a wide diversification by currency, geography, provider, product and term.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks to be completely matched, as transacted business is often based on uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment, because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

A maturity mismatch, long-term illiquid assets against short-term liabilities, exposes a consolidated balance sheet to risks related both to rollover and to interest rates. If liquid assets do not cover maturing debts, a balance sheet is vulnerable to a rollover risk. Furthermore, a sharp increase in interest rates can dramatically increase the cost of rolling over short-term liabilities, leading to a rapid increase in debt service. The contractual-maturity gap report is useful in showing liquidity characteristics.

The table below presents the cash flows payable by the Group by remaining contractual maturities at the consolidated balance sheets dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

						As of December 31, 2008
	Up to a month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Deposits and obligations	4,200,202	1,573,685	6,727,731	1,485,233	381,475	14,368,326
Financials liabilities designated at fair value through profit and loss	-	-	-	-	-	-
Due to bank and correspondents and Borrowed funds	222,667	262,027	355,464	1,226,162	564,212	2,630,532
Accounts payable to reinsurer and coinsurers	16,232	13,663	25,946	-	-	55,841
Technical, insurance claims reserves and reserves for unearned premiums	57,470	117,509	280,424	200,023	606,096	1,261,522
Bonds and subordinates notes issued	6,635	5,883	110,975	444,563	589,016	1,157,072
Other liabilities	122,619	155,032	379,563	90,430	60,048	807,692
Total liabilities	**4,625,825**	**2,127,799**	**7,880,103**	**3,446,411**	**2,200,847**	**20,280,985**

						As of December 31, 2007
	Up to a month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Deposits and obligations	3,509,461	1,785,348	3,914,794	2,602,403	298,750	12,110,756
Financials liabilities designated at fair value through profit and loss	266	534	2,448	65,063	-	68,311
Due to bank and correspondents and Borrowed funds	274,279	524,809	486,328	1,053,649	529,040	2,868,105
Accounts payable to reinsurer and coinsurers	3,507	10,840	14,984	4,632	-	33,963
Technical, insurance claims reserves and reserves for unearned premiums	77,047	100,991	177,197	160,618	558,301	1,074,154
Bonds and subordinates notes issued	48,867	43,071	104,174	315,911	426,688	938,711
Other liabilities	30,464	23,993	367,922	83,492	-	505,871
Total liabilities	**3,943,891**	**2,489,586**	**5,067,847**	**4,285,768**	**1,812,779**	**17,599,871**

The table below shows the contractual maturity of the Group's contingent credits at the consolidated balance sheets dates:

	As of December 31, 2008					
	Up to a month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Contingent credits	208,248	541,900	705,150	279,693	20,911	1,755,902
	As of December 31, 2007					
	Up to a month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Contingent credits	318,692	253,054	571,702	402,443	18,634	1,564,525

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

29.4 OPERATIONAL RISK

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, including the use of Internal Audit.

29.5 RISK OF THE INSURANCE ACTIVITY

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risks mitigation program. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business.

Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and geographical area.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

Life insurance contracts

Life insurance contracts offered by the Group include whole life, term assurance, unitised pensions, guaranteed annuity pensions, pure endowment pensions and mortgage endowments.

Whole life and term assurance are conventional regular premium products where lump sum benefits are payable on death or permanent disability. Few contracts have a surrender value.

Pensions are contracts where retirement benefits are expressed in the form of an annuity payable at retirement age. If death occurs before retirement, contracts generally return the value of the fund accumulated or premiums.

Guaranteed annuities are single premium products named "Rentas Vitalicias" which pay a specified payment to the policyholder whilst they and/or their spouse are still alive. Payments are generally either fixed or increased each year at a specified rate or at inflation rate.

Death benefits of endowment products are subject to a guaranteed minimum amount. The maturity value usually depends on the investment performance of the underlying assets.

The main risks that the Group is exposed to are as follows:

- Mortality risk – risk of loss arising due to policyholder death experience being different than expected.
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected.
- Longevity risk – risk of loss arising due to the annuitant living longer than expected.
- Investment return risk – risk of loss arising from actual returns being different than expected.
- Expense risk – risk of loss arising from expense experience being different than expected.
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

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

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. The Group further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

For contracts when death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Group wide reinsurance limits of US$50,000 on any single life insured and on all high risk individuals insured are in place.

For annuity contracts, the most significant factor is continuing improvement in medical science and social conditions that would increase longevity.

Management has made a sensitivity analysis of the estimates of the technical reserves, note 14(c).

Non-life insurance contracts (general insurance and healthcare)

The Group principally issues the following types of general insurance contracts: motor, household and commercial. Healthcare contracts provide medical expense cover to policyholders. Risks under non-life insurance policies usually covers 12 months.

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

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

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

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

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

(a) Interest risk of the insurance activity

The following tables show the re-pricing gap of the insurance activity based on the financial statements in accordance with IFRS for investments and Technical, insurance claims reserves and reserves for unearned premiums and after the eliminations for consolidation:

		2008
	Investments	Technical, insurance claims reserves and reserves for unearned premiums
	US$(000)	US$(000)
Up to 1 month	7,873	31,254
1 to 3 months	20,263	19,357
3 to 12 months	44,850	86,935
1 to 5 years	112,057	148,437
More than 5 years	558,328	331,697
Non-interest bearing	63,543	350,090
Total	**806,914**	**967,770**

		2007
	Investments	Technical, insurance claims reserves and reserves for unearned premiums
	US$(000)	US$(000)
Up to 1 month	4,295	1,626
1 to 3 months	10,847	4,878
3 to 12 months	11,630	14,634
1 to 5 years	96,207	95,017
More than 5 years	513,714	305,039
Non-interest bearing	159,755	382,284
Total	**796,448**	**803,478**

The others financial assets and liabilities are related to the balances presented in the consolidated balance sheets and include mainly accounts receivable from and payable to reinsurers and premiums and other policies receivables which are non-interest bearing , see also note 29.2 (b)(i).

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

						As of December 31, 2008
Currency	Changes in basis points		Sensitivity of net income		Sensitivity of Equity	
				US$(000)		US$(000)
U.S. Dollar	+/-	50	-/+	201	-/+	6,734
U.S. Dollar	+/-	100	-/+	402	-/+	13,468
U.S. Dollar	+/-	200	-/+	805	-/+	26,935
U.S. Dollar	+/-	300	-/+	1,207	-/+	40,403
Peruvian Currency	+/-	50	+/-	58	-/+	2,597
Peruvian Currency	+/-	100	+/-	117	-/+	5,193
Peruvian Currency	+/-	200	+/-	234	-/+	10,386
Peruvian Currency	+/-	300	+/-	351	-/+	15,579

						As of December 31, 2007
Currency	Changes in basis points		Sensitivity of net income		Sensitivity of Equity	
				US$(000)		US$(000)
U.S. Dollar	+/-	50	-/+	129	-/+	9,883
U.S. Dollar	+/-	100	-/+	259	-/+	19,766
U.S. Dollar	+/-	200	-/+	517	-/+	39,532
U.S. Dollar	+/-	300	-/+	776	-/+	59,297
Peruvian Currency	+/-	50	+/-	50	-/+	1,533
Peruvian Currency	+/-	100	+/-	101	-/+	3,066
Peruvian Currency	+/-	200	+/-	201	-/+	6,132
Peruvian Currency	+/-	300	+/-	302	-/+	9,199

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

(b) Foreign exchange risk of the insurance activity

As of December 31, 2008 and 2007, the insurance activity assets and liabilities by currencies after eliminations for consolidation were as follows:

			2008
	U.S. Dollars	Peruvian Currency	Total
	US$(000)	US$(000)	US$(000)
Monetary assets	876,823	358,855	1,235,678
Monetary liabilities	(851,685)	(261,271)	(1,112,956)
Net monetary position	**25,138**	**97,584**	**122,722**
			2007
	U.S. Dollars	Peruvian Currency	Total
	US$(000)	US$(000)	US$(000)
Monetary assets	800,899	259,279	1,060,178
Monetary liabilities	(636,170)	(211,013)	(847,183)
Net monetary position	**164,729**	**48,266**	**212,995**

The table below shows the sensitivity analysis of the peruvian currency as of December 31, 2008 and 2007 on the insurance activity 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 on the consolidated income statement, with all other variables held constant, before income tax. A negative amount in the table reflects a potential net reduction in consolidated income statement, while a positive amount reflects a net potential increase.

Sensitivity Analysis	Change in currency rates	2008	2007
	%	US$(000)	US$(000)
Devaluation			
Peruvian Currency	5	5,136	(2,540)
Peruvian Currency	10	10,843	(5,363)
Revaluation			
Peruvian Currency	5	(4,647)	2,298
Peruvian Currency	10	(8,871)	4,388

(c) Liquidity risk of the insurance activity

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

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

The following table presents the undiscounted cash flows payable by the Group for technical, insurance claims reserves and reserves for unearned premiums by their remaining contractual maturities as of December 31, 2008, including interest payments:

	2008	2007
	US$(000)	US$(000)
Up to 1 month	57,470	77,047
From 1 to 3 months	117,509	100,991
From 3 to 12 months	280,424	177,197
From 1 to 5 years	200,023	160,618
Over 5 years	606,096	558,301
Total	**1,261,522**	**1,074,154**

Other non-derivative financial liabilities are related to the balances presented in the consolidated balance sheets and include mainly accounts payable to reinsurers and coinsurers and other liabilities with contractual maturities of less than one year, see also note 29.3.

(d) Credit risk of the insurance activity

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

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

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

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

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

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

29.6 CAPITAL MANAGEMENT

The Group maintains an actively managed capital base to cover risks inherent in its business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the SBS, the supervising authority of its major subsidiaries and for consolidation purposes.

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

Capital adequacy and the use of regulatory capital are monitored daily by the Group's Management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the SBS for supervisory purposes. The required information is filed with the SBS on a quarterly basis. The SBS requires each bank or banking group to: (a) hold the minimum level of the regulatory capital, and (b) maintain a ratio of total regulatory capital to the risk-weighted asset at maximum level of 11. On June 2008, through Legislative Decree 1028, the ratio indicated in (b) above was modified, requiring that starting July 1, 2011, the regulatory capital be at least 10 percent of the assets and contingent credits weighed by credit risk plus 10 times the required regulatory capital for operational and market risk (9.5 percent starting July 1, 2009 and 9.8 percent starting July 1, 2010). In addition, those individual banking subsidiaries or similar financial institutions not incorporated in Peru are directly regulated and supervised by their local banking supervisor, which may differ from country to country.

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

As of December 31, 2008 and 2007, the regulatory capital for the subsidiaries engaged in financial and insurance activities amounted to approximately US$1,649.9 and US$1,420.2 million, respectively. This regulatory capital has been determined in accordance with SBS regulations in force as of such dates. According to the SBS and the Administradoras Privadas de Fondos de Pensiones (AFP) regulations, the Group's regulatory capital exceeds in approximately US$308.7 million the minimum regulatory capital required as of December 31, 2008 (approximately US$350.4 million as of December 31, 2007).

29.7 FAIR VALUE

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

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

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

(a) Assets for which fair value approximates carrying value - For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

(b) Fixed rate financial instruments - The fair value of fixed rate financial assets and liabilities carried at amortized cost are estimated by comparing market interest rates when they were first recognized with current market rates offered for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For quoted debt issued the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

(c) Financial instrument recorded at fair value - The fair value for financial instruments traded in active markets at the consolidated balance sheets dates is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques and comparison to similar instruments for which market observable prices exist.

Based in the aforementioned, set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments that are carried in the consolidated balance sheets. The table does not include the fair values of non-financial assets and non-financial liabilities:

	2008		2007	
	Book value	Fair value	Book value	Fair value
	US$(000)	US$(000)	US$(000)	US$(000)
Assets				
Cash and due from banks	3,766,171	3,766,171	3,073,865	3,073,865
Trading securities	36,084	36,084	50,995	50,995
Investments available-for-sale	4,959,068	4,959,068	5,228,641	5,228,641
Loans, net	10,322,041	10,330,518	8,039,500	8,056,106
Financial assets designated at fair value through profit or loss	129,631	129,631	213,153	213,153
Premiums and other policies receivable	111,561	111,561	85,495	85,495
Accounts receivable from reinsurers and coinsurers	165,144	165,144	116,141	116,141
Due from customers on acceptances	232,580	232,580	35,901	35,901
Other assets	326,740	326,740	197,668	197,668
Total	**20,049,020**	**20,057,497**	**17,041,359**	**17,057,965**
Liabilities				
Deposits and obligation	13,950,437	13,950,437	11,350,714	11,350,714
Due to banks and correspondents	1,179,991	1,180,404	1,453,261	1,453,185
Banker's acceptances outstanding	232,580	232,580	35,901	35,901
Accounts payable to reinsurers and coinsurers	55,841	55,841	33,963	33,963
Financial liabilities designated at fair value through profit or loss	-	-	50,561	50,561
Borrowed funds	1,150,716	1,153,108	870,404	870,404
Bonds and subordinated notes issued	785,230	773,652	702,298	716,609
Other liabilities	575,112	575,112	458,976	458,976
Total	**17,929,907**	**17,921,134**	**14,956,078**	**14,970,313**

29.8 FIDUCIARY ACTIVITIES, MANAGEMENT OF FUNDS AND PENSION FUNDS

The Group provides custody, trustee, investment management and advisory services to third parties. The Group makes allocations and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these consolidated financial statements. These services give rise to the risk that the Group will be accused of poor administration or under-performance.

As of December 31, 2008 and 2007, the assigned value of the financial assets under administration (in U.S. Dollars million) is as follows:

	2008	2007
Investments funds	1,394.6	1,768.8
Pension Funds	4,199.0	5,939.0
Equity managed	1,966.8	2,740.7
Total	**7,560.4**	**10,448.5**

Risk Ratings

Credicorp

Apoyo & Asociados Internacionales S.A.C.	Rating	Definition
Ordinary stock	1ª (pe)	Highest level of solvency and greatest stability in issuers' economic results.

Equilibrium Clasificadora de Riesgo S.A.	Rating	Definition
Ordinary stock	1ª	Highest level of solvency and greatest stability in issuers' economic results.

Board of Directors, Senior Management and Auditing Committee

Board of Directors

Dionisio Romero S.	*Chairman of the Board*
Raimundo Morales	*Vice chairman*
Fernando Fort M.	*Director*
Reynaldo Llosa	*Director*
Juan Carlos Verme	*Director*
Luis Enrique Yarur	*Director*
Felipe Ortiz de Zevallos	*Director*
Germán Suárez	*Director*

Management

Dionisio Romero S.	*Chief Executive Officer*
Walter Bayly	*Chief Operating Officer*
Alvaro Correa	*Chief Financial Officer*
David Saettone	*Senior Vice President, Insurance*

Auditing Committee

Reynaldo Llosa	*Chairman*
Germán Suárez	*Director*
Benedicto Cigüeñas	*Advisor*
Luis Nicolini	*Advisor*

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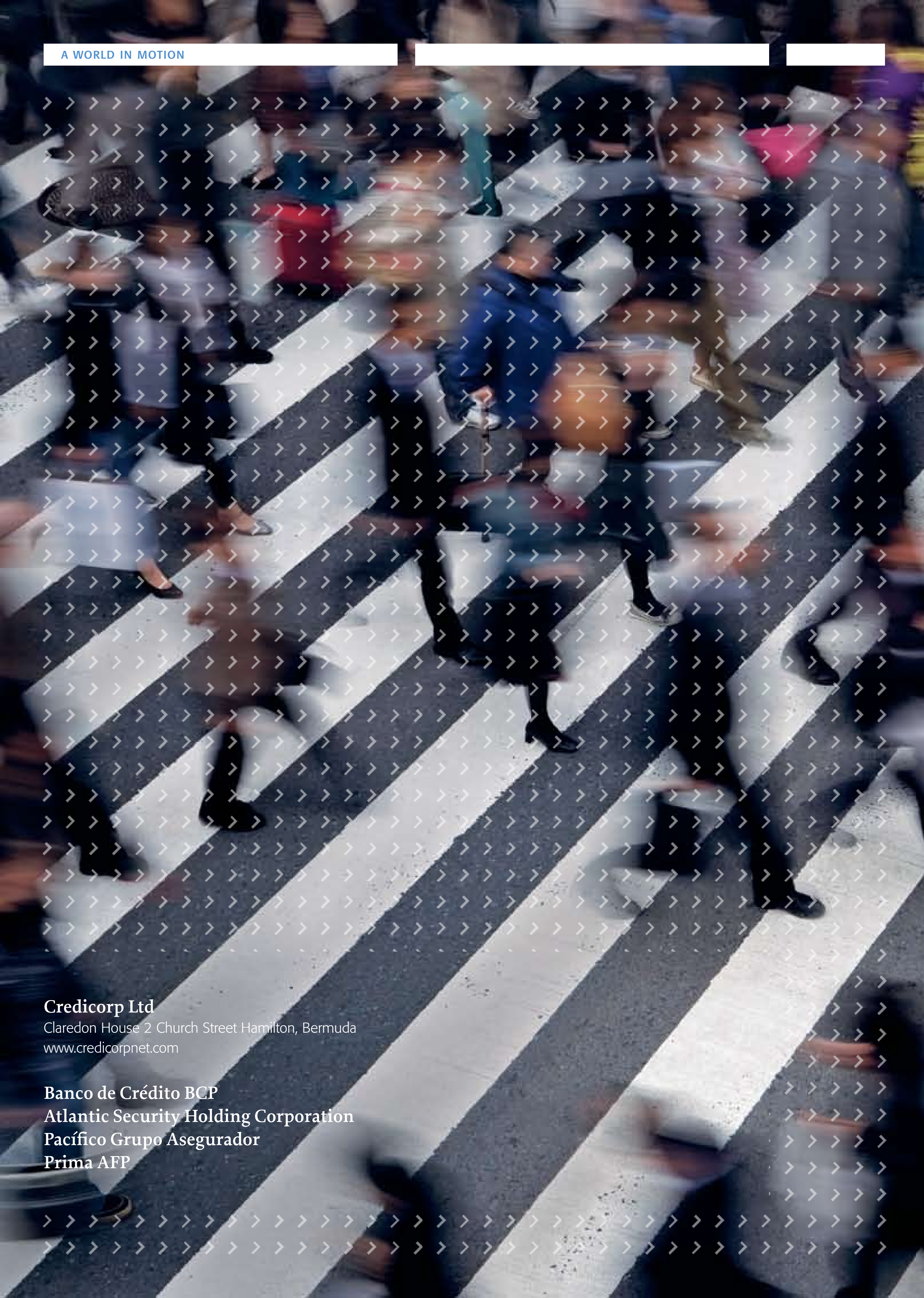

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Banco de Crédito BCP
Atlantic Security Holding Corporation
Pacífico Grupo Asegurador
Prima AFP

Annual Report 2008

Banco de Crédito BCP

At the pace of change

Contents

At the pace of change

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

Mission

Serving the client.

Vision

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

Our principles

Dedication

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

Access

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

Flexibility

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

Letter from the Chairman 1

Dear shareholders,

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

Results

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

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

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

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

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

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

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

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

Banco de Crédito BCP Bolivia

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

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

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

Dividends and capitalization

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

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

Outlook

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

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

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

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

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

Thank you,

Dionisio Romero Seminario
Chairman of the Board

Economic environment 2


BCP

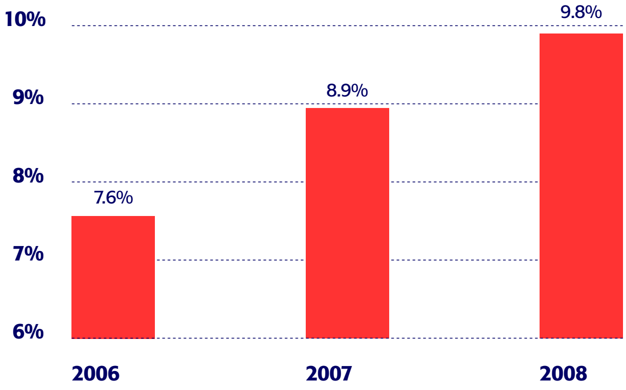
The economy in figures

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

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

In 2008, the United States' economy, and the world economy generally, slipped into recession. Growth was particularly week as some key areas, including the labor market, contracted at levels not seen in recent recessions. As uncertainty mounted about the crisis' depth and duration, the main world governments enforced fiscal policies to prevent a generalized collapse. Thus, the United States approved a US$700 billion package to rescue some key industries, including the financial and automobile sectors. Expectations of lower growth slowed down price increases in the main commodities during the first half. Likewise, inflation expectations weakened as revealed by lower price increase rates in some countries in the last months of 2008.

GDP growth rate (% real change)



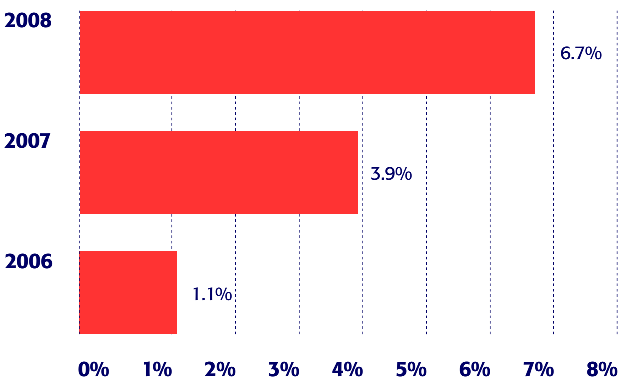
Source BCR

Main economic and financial indicators

Economic activity: Driven by investment

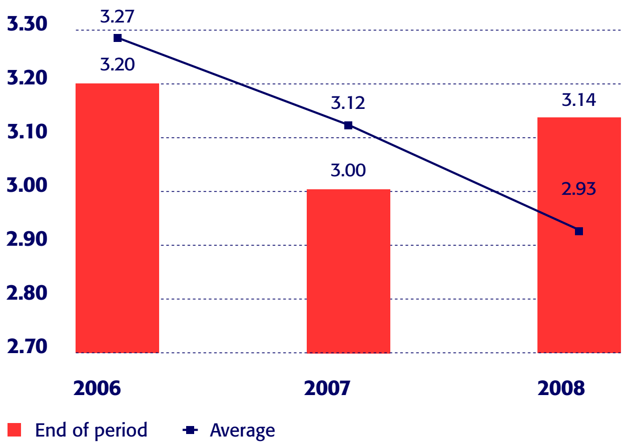
In 2008, Peru's economy grew at 9.8% over a year before. Thus, Peru's economy completed 10 years of uninterrupted growth at an average annual 5.1% rate (7.6% in the last 5 years). Industry by industry, the best performing sectors were construction, non-primary manufacturing and trade, while primary activities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

Inflation (% change)



Source BCR

Exchange rate (S/. per US$)



Source BCR

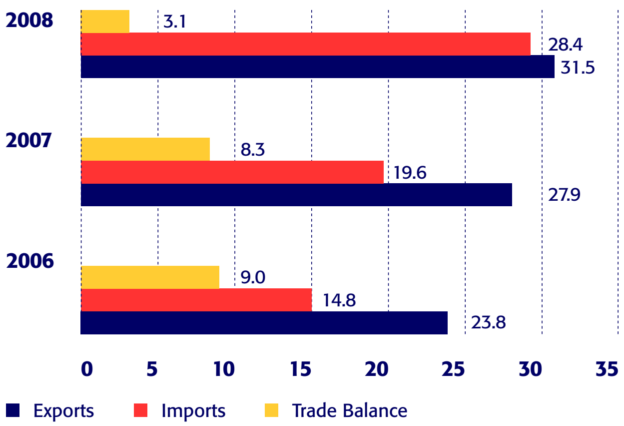
Prices: Inflation driven by food price increases

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

Exchange rate: Greater uncertainty

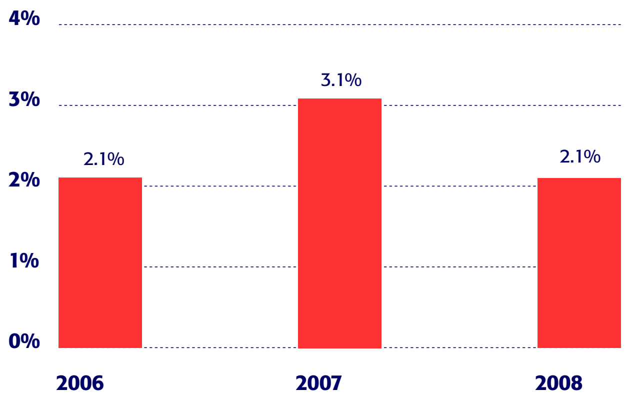
Exchange rate volatility increased in 2008, compared to previous years, despite BCR's permanent interventions in the exchange rate, prompted by greater uncertainty about the world's economy. In addition, the dollar showed much greater instability in international markets. Two different behavior patterns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

Trade balance (US$ billion)



Source BCR

Non Financial Public Sector Results (% of GDP)



Source BCR

Trade balance: Livelier imports

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

Fiscal sector: Government surplus

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

Outlook for 2009

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

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

3 Corporate strategy

At the pace of change

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

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

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

Internal changes in our organization responded to a well-planned generational transition and occurred at a point in time that allowed us to react nimbly to events in a changing world. In line with such internal changes, we have reorganized our functions within the organization to focus on those areas of emerging importance as our environment changes dramatically.

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

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

Strong foundations… the anchor in the midst of the storm

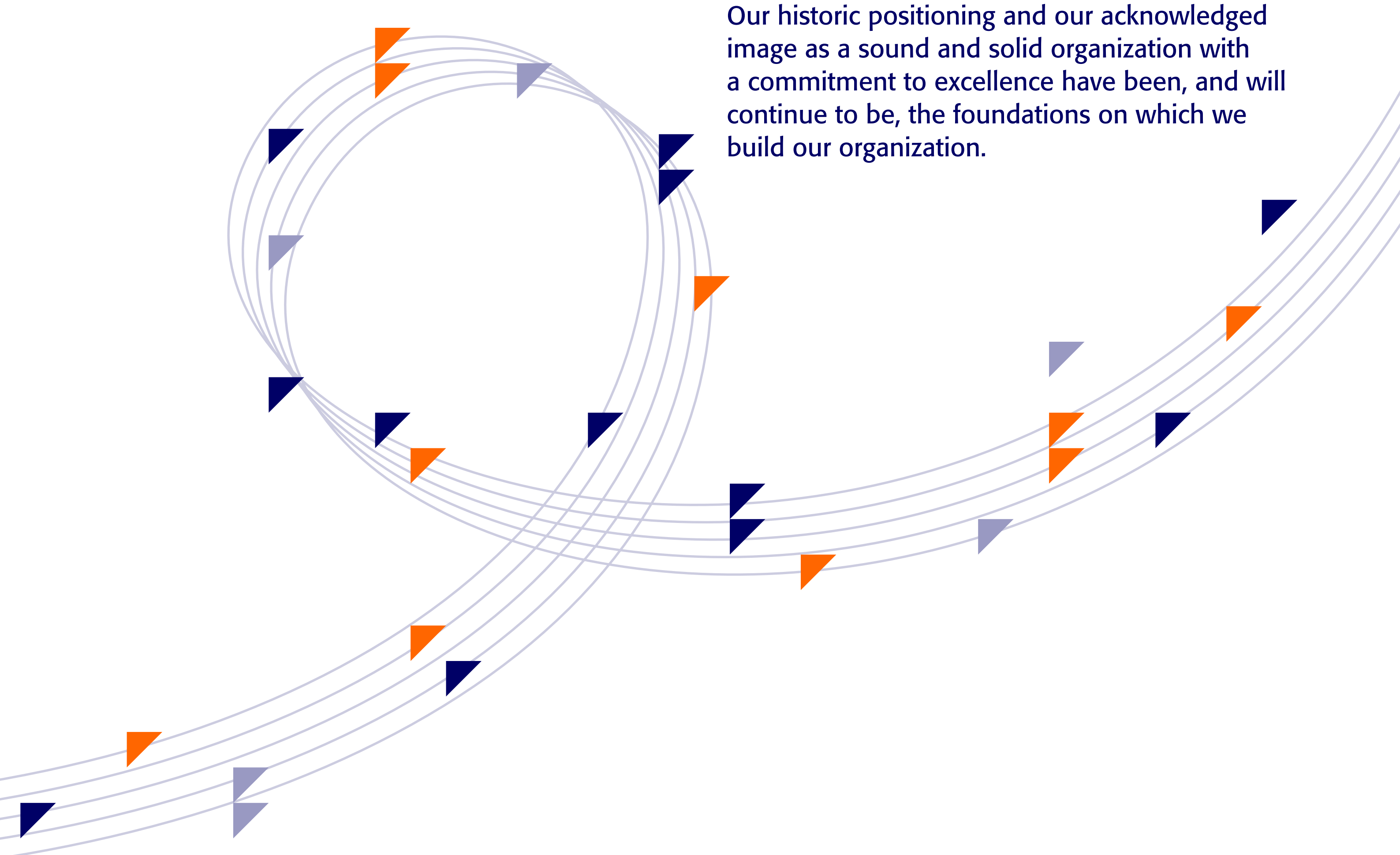
Structural changes in the world financial system, still underway, will bring even greater challenges in 2009.

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

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

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

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



Continuing growth with clear goals

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

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

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

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

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

Beyond 2009

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

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

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

Awards and acknowledgements

Gran Effie

The Effie Awards are awarded every year in 34 European, Asian, North American and South American countries to recognize creative corporate strategies with successful and outstanding results.
In this year's Peru Effie Awards under the Services category for our successful Cuenta Sueldo BCP campaign that resulted in significant increases in new accounts. This distinction fills us with pride and encourages us to be even better and continue giving our clients our characteristic quality services.

The Banker

This renowned English publication, that benchmarks the world's one thousand most important banks, recognized us as Peru's Best Bank of 2008.
This award has been granted since 1926 to recognize each country's leading financial organization. It assesses the value of the asset's organization in the last year, and the financial information provided by the banks themselves. In addition, it recognized the use of technology, innovation and strategies in place that have an impact on the financial organization's long term positioning.

The Banker Awards 2008

Business Creativity

Our Cuenta Sueldo BCP benefits program awarded us the Business Creativity Prize in the Bank, Financial and Insurance Services category.
This award is organized by Universidad Peruana de Ciencias Aplicadas (UPC), RPP broadcasting corporation, ATV television and El Comercio daily to recognize innovative companies and their most significant achievements as examples to follow.
This award is a further incentive for us to give our clients our best effort and to introduce innovative programs for their benefit.

Corporate social responsibility and sustainable development

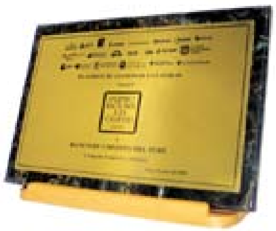
Our Pilot20 education program was awarded the Anda 2008 Excellence Prize under the Social Responsibility Category in the V Corporate Social Responsibility and Sustainable Development Contest organized by Peru 2021, Universidad del Pacifico and Pontificia Universidad Católica del Perú.
Such distinction commits us to continue encouraging learning efforts among our more than 200 thousand school children

VIII Annual Management Survey 2008

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

National Quality Award 2008

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



Peru's most valuable brand

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

Latin Finance

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

4 A graphic view of management

The bank in figures

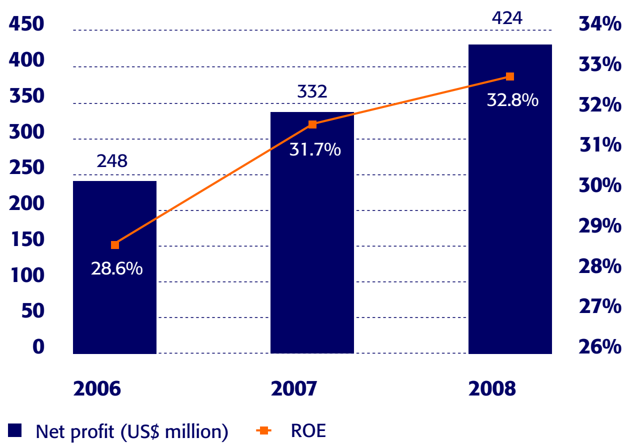
Indicator	2006	2007	2008
Profitability			
Net profit (US$ million)	247.8	331.7	423.5
Net profit per share (US$ per share)	0.19	0.26	0.28
Return on average equity[1] (%)	28.6	31.7	32.8
Return of average assets[1] (%)	2.5	2.4	2.4
Operating ratios (%)			
Operating expenses over total income[2,3]	49.1	51.3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

1 Average calculated taking the final balance of each quarter.
2 Operating expenses include salaries (excluding complementary program of employees' profit sharing) administrative expenses, depreciation and amortization.
3 Operating income include net interest income, income for commissions and profits from foreign exchange transactions
4 Risk weighted assets include market risks assets.

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

Main management indicators

Net profit and ROE



Source BCP - Finance Division

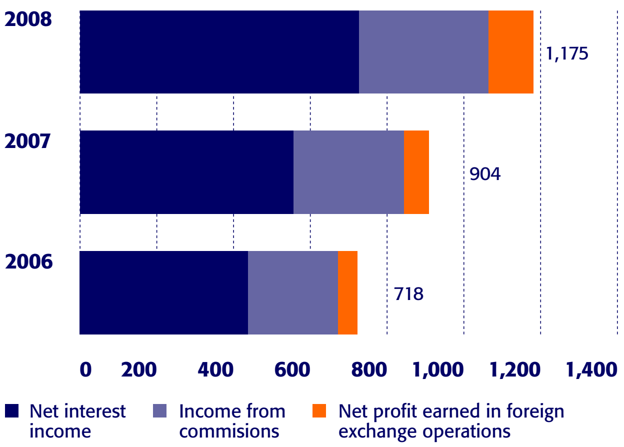
Results

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

Such outstanding results were accomplished thanks to the ongoing and sound growth of our loan portfolio across all segments and products, and which was preserved to the end of the year. This was reflected in increased net interest income (29.5%), growth of non-financial revenues (16.5%) and appropriate expenditure containment, which increased at the pace of growth of our network that expanded 12%.

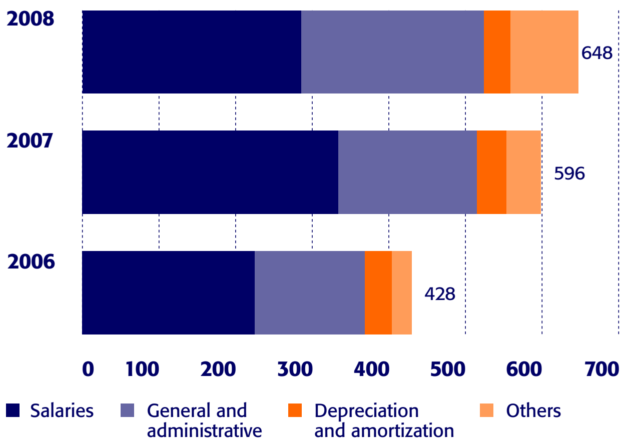
It is worthwhile underscoring such outstanding performance was accomplished despite the international financial crisis, which became more acute at the start of the first quarter of 2008. The crisis influenced the investment policies for our liquid assets, favoring high liquidity positions over more profitable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

Operating income (US$ million)



Source BCP - Finance Division

Operating expenses (US$ million)



Source BCP - Finance Division

Operating performance

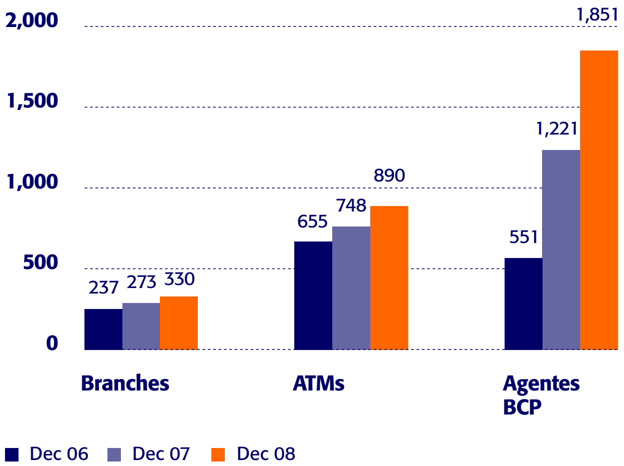
The bank's operating income increased 29.9% compared to 2007. This evolution is due principally to a 29.5% growth in interest income following a 27.6% growth of loans (35.5%, when measured as average daily balance) and a 0.4% increase in the investment portfolio, which in turn was strengthened by a sound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

On the other hand, operating expenses increased 12% resulting from strong growth of our branch network which grew from 273 to 330 branches over the year. Personnel expenses, excluding the effect of the provissions for the SAR program, increased 20.4%, as more employees were hired (12,667 in 2007 vs. 15,971 at the end of 2008).

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

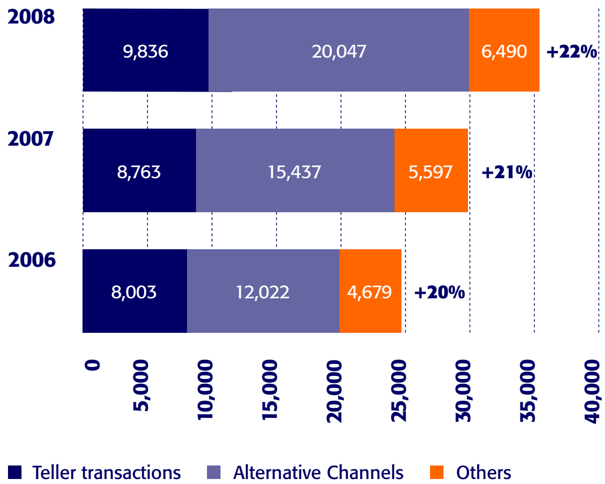
Consequently and despite the increase of costs linked to our growth, BCP's efficiency ratio reflected our outstanding performance and reached 50.3%, lower than 2007's 51.3%.

Distribution channels (units)



Source BCP - Finance Division

BCP Monthly average transactions (Thousand)



Source BCP - Finance Division

Customer service channels

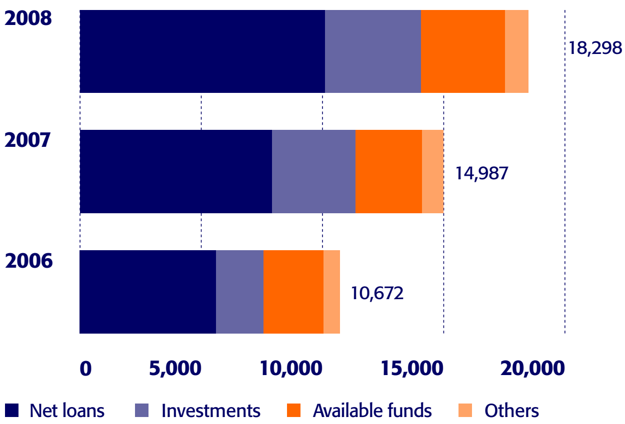
In 2008, we directed our strategy to strengthen our customer service channels, in line with the need to provide more and better access to the financial system, together with appropriate products to meet our customers' needs, in a way that will allow increasing our bank penetration and expand traditional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

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

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

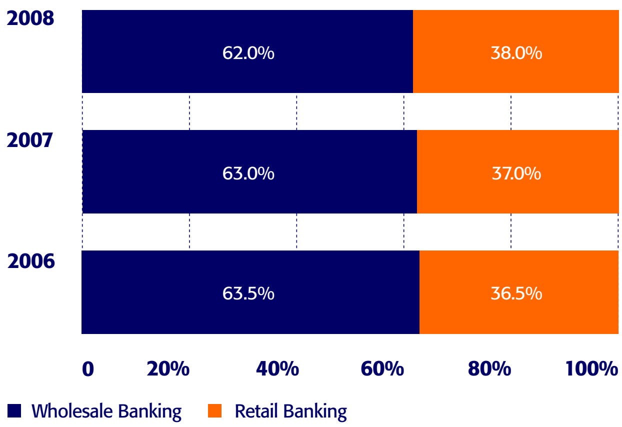
The growth of our network has allowed us to meet the rising demand for banking services and products reflected by a significant 22.1% increase in the average number of transactions, year over year.

Assets breakdown (US$ million)



Source BCP - Finance Division

Loans portfolio composition (%)*



* Average daily balance

Source BCP - Finance Division

Assets and loans

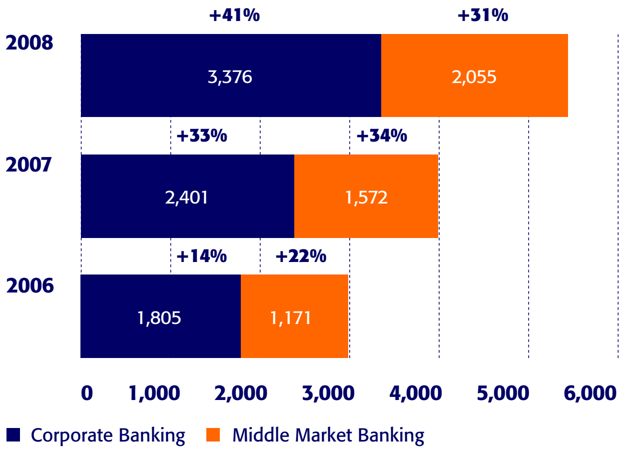
At year-end 2008, BCP assets reached US$ 18,298 million, representing a 22.1% increase compared to 2007.

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

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

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

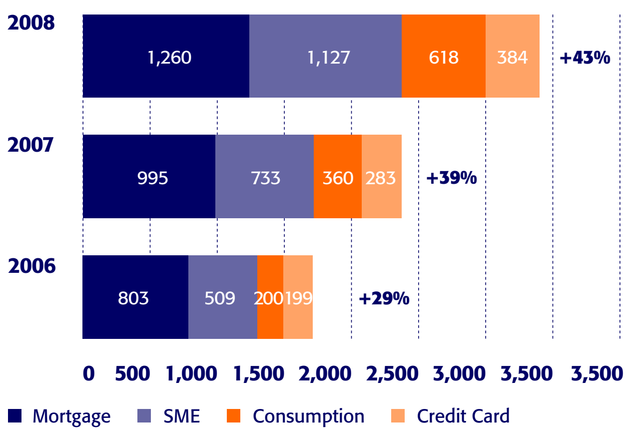
Corporate and Middle Market Banking portfolio (US$ million)*



* Average daily balance

Source BCP - Finance Division

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



* Average daily balance

Source BCP - Finance Division

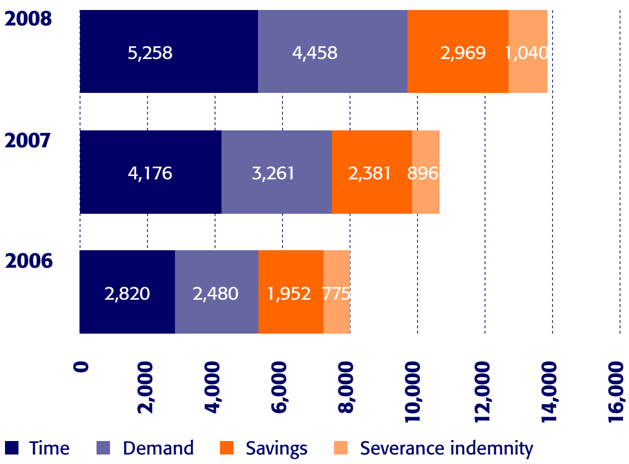
Loans by segment

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

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

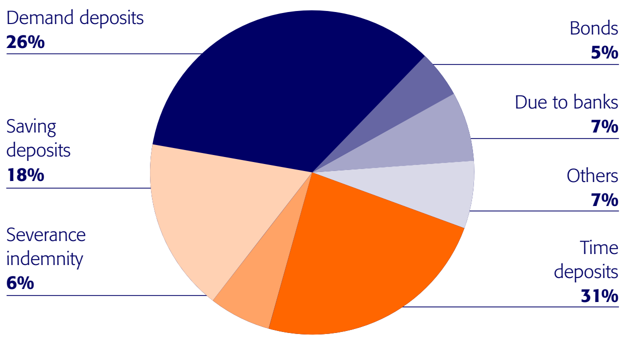
Mortgage loans grew 26.6% and remained as the main component of the retail portfolio, totaling US$ 1,260 million, while credit cards increased 35.7%.

Composition of deposits (US$ million)



Source BCP - Finance Division

Funding structure (%)



Source BCP - Finance Division

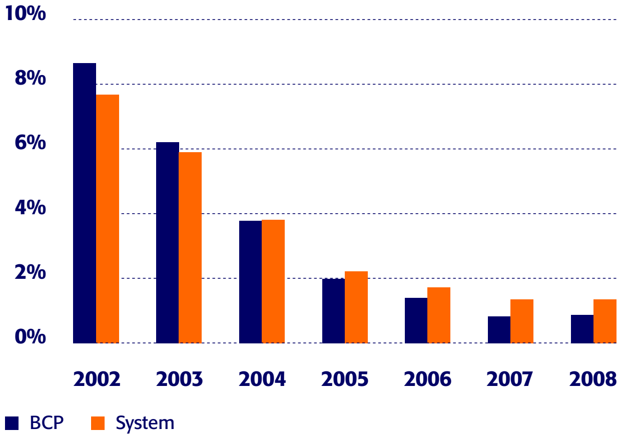
Liabilities and deposits

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

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

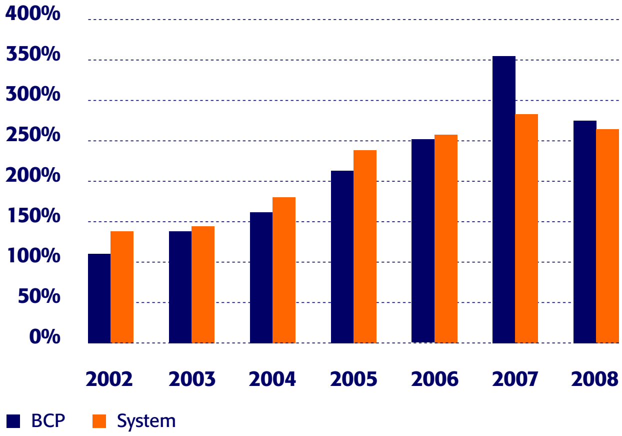
Once again, demand deposits experienced the fastest growth at 36.7%. Likewise, time and savings deposits grew 25.9% and 24.7%, respectively. Severance indemnity (CTS) grew a moderate 16%, because of unceasing competition from other market players and the customers' sensitivity to interest earned from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

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



Source BCP - Finance Division

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



Source BCP - Finance Division

Risks

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

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

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

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

Business units 5

Wholesale Banking

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

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

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

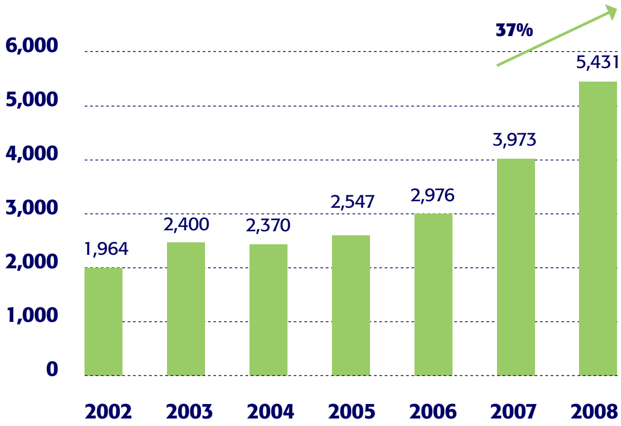
Wholesale Banking continued on the upward trend for direct loans that started in prior years, with an average annual total of US$ 5,431 million, representing 37% growth over the previous year. This outcome was accomplished despite BCP's already high market share –a result of several years of growth and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

Wholesale Banking key figures (US$ million)

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

Source Finance Division

Wholesale Banking direct loans (US$ million)



Source Finance Division

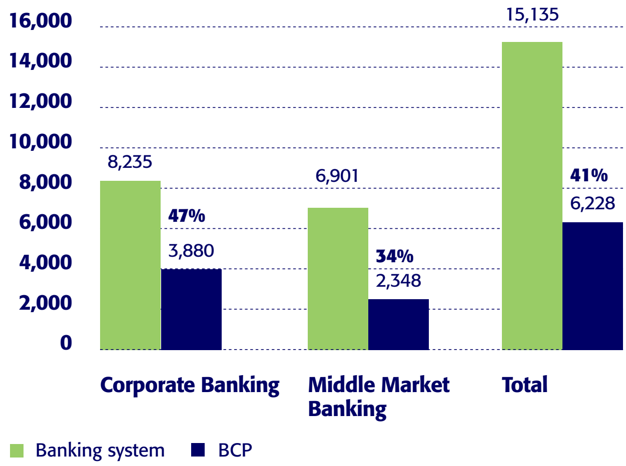
natural impediment to further expansion–, strong competition and reduced financial intermediation, as a consequence of strong local capital market development.

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

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

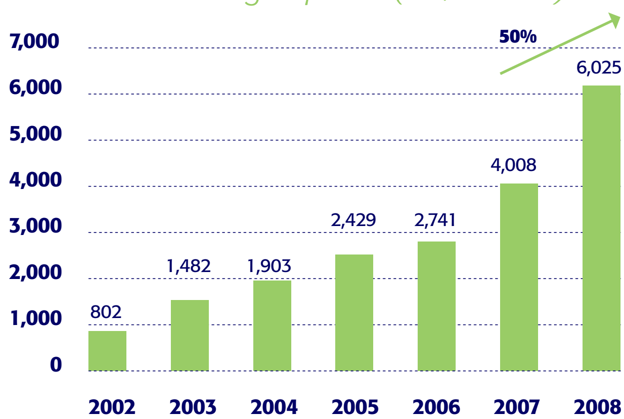
Results for the year 2008 reflect profits of US$ 141million.

Commercial loans and market share (US$ million)



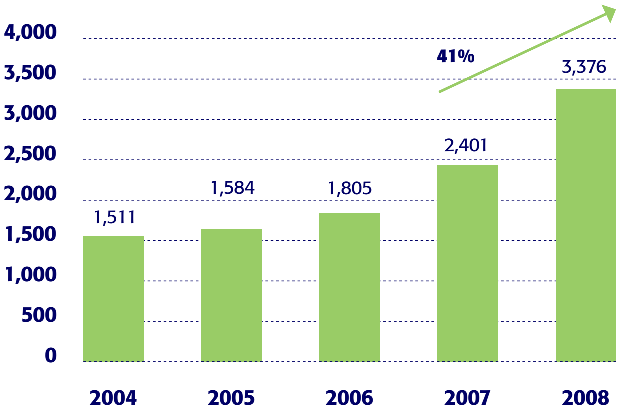
Source SBS

Wholesale Banking deposits (US$ million)



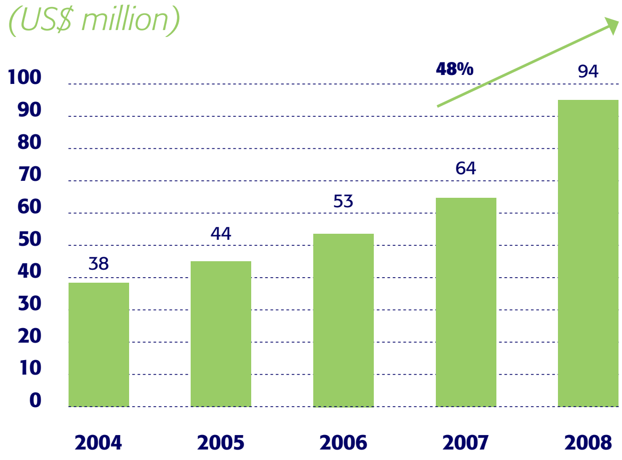
Source Finance Division

Corporate Banking direct loans (US$ million)



Source Finance Division

Corporate Banking income from services (US$ million)



Source Finance Division

Corporations

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

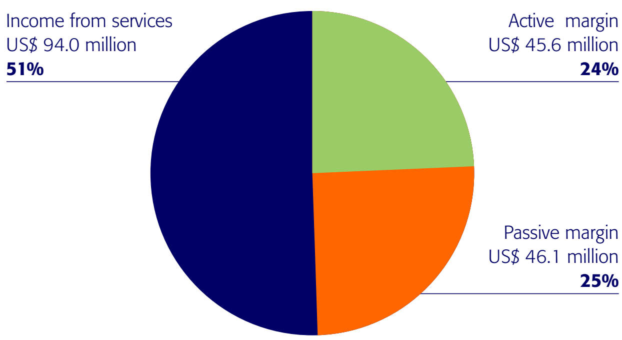
Our market share for direct loans reached 47.1% at 2008-closing, preserving our leadership in this market segment.

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

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

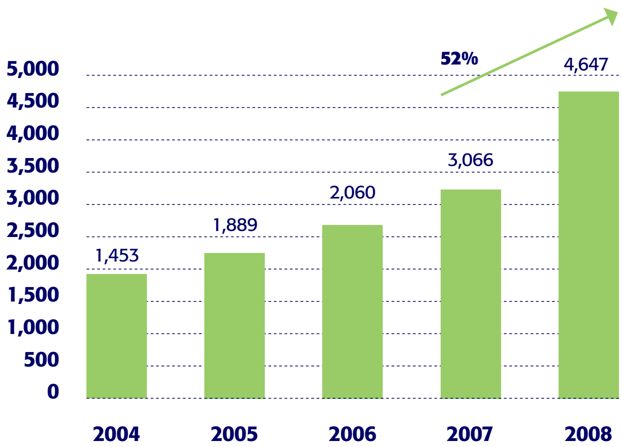
As a consequence of the above, net annual earnings in the corporate segment reached US$ 76.2 million, or 43% higher than in 2007.

Composition of Corporate Banking total income (%)



Source SIG - Finance Division

Corporate Banking deposits (US$ million)



Source Finance Division

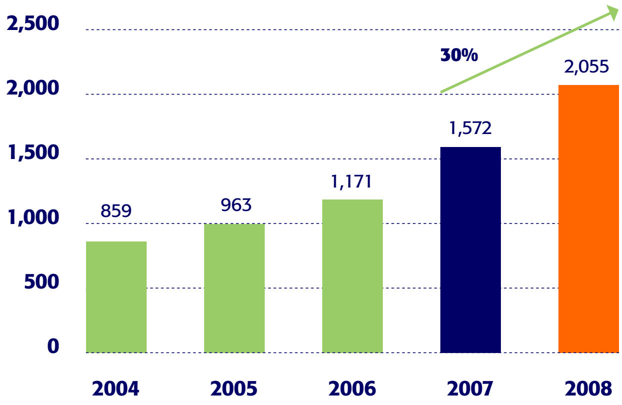
Middle market

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

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

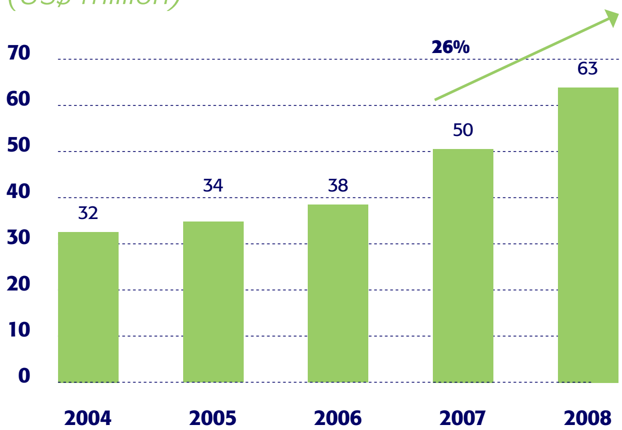
On strategy focused on transactional banking has also led this business unit. Non- financial revenues from this bank segment are becoming increasingly important as a portion of total revenues, so that in 2008 they accounted for 41% of total revenues (financial plus non-financial), and reached US$ 63.1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

Middle Market Banking direct loans (US$ million)



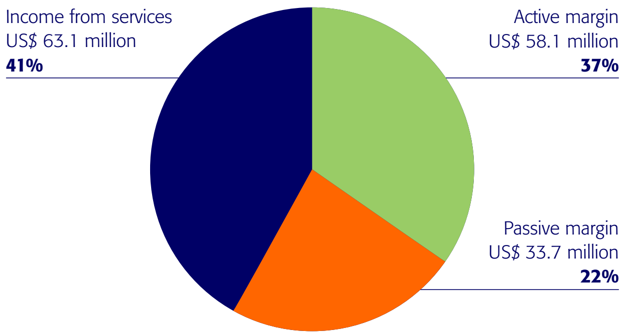
■ Includes loans for US$ 80 million transferred from Retail Banking.
■ Includes loans for US$ 83 million transferred from Retail Banking.
Source SIG - Finance Division

Middle Market Banking income from services (US$ million)



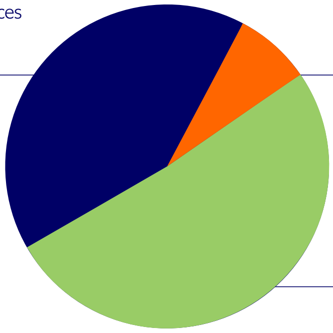
Source Finance Division

Composition of Middle Market Banking total income (%)



Source SIG - Finance Division

Composition of Institutional Banking total income (%)



Source SIG - Finance Division

Institutions

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

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

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

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

Support units

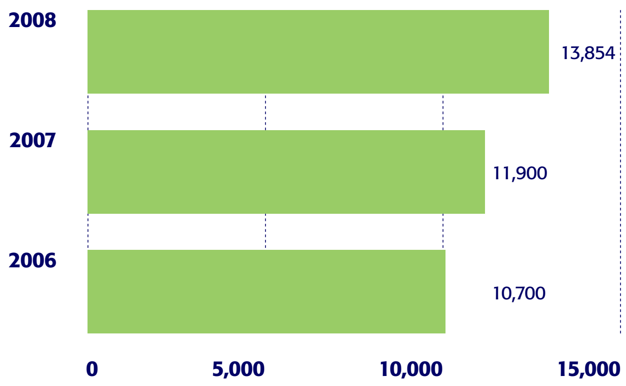
2008: Year of international crisis

Many challenges rose in 2008 for financial institutions worldwide.

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

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

BCP: Foreign trade transactions income (US$ thousands)



Source BCP

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

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

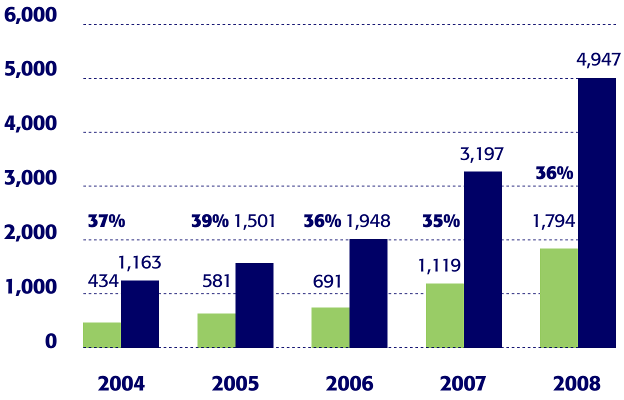
The strategy to increase revenues from foreign trade services continued to be a priority in 2008, and translated into 16.4% annual growth to US$ 13.9 million this year.

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

In September, we visited banks in China, South Korea, Japan and Hong Kong to introduce BCP, expand our business relations and evaluate the risks and cultures in those countries. Our Asian tour was extremely successful.

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

Leasing financing and market share (US$ millions)



Source SBS

More clients persuaded of the advantages of leasing

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

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

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

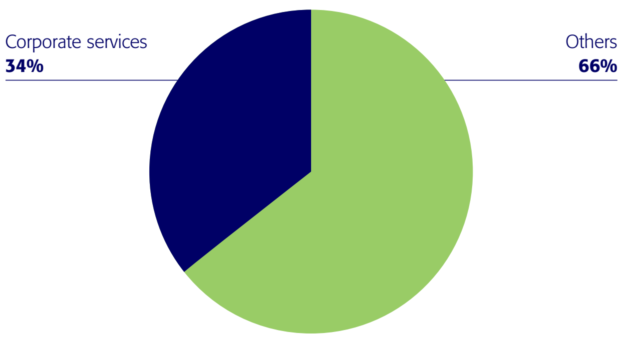
Financing more and better projects

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

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

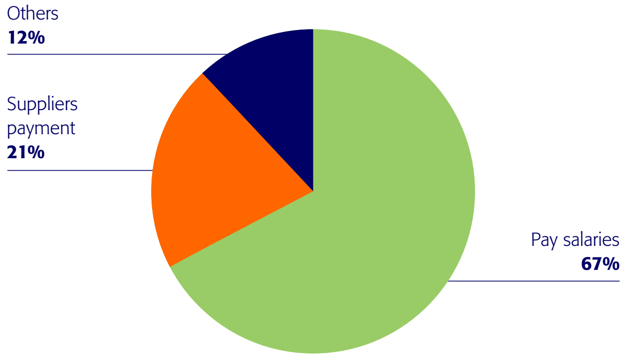
In the capitals market, we successfully structured the takeover bid for ordinary stock issued by a mining company, as well as a private stock offering made in the Lima Stock Exchange and the Alternative Investment Market (AIM) of the London Stock Exchange, among other transactions. Also, the Corporate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

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



Source BCP - Finance Division

Monetary transactioms by Telecrédito (%)*



*Total transactions: 2'216,000 monthly.

Source: BCP

Leaders in cash management solutions

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

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

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

Telecrédito, our remote banking system, used now by more than 11 thousand Wholesale Banking and Commercial Department clients (87% growth by number of new member clients year over year, including holders and incorporated) allows customers to optimize their information and payment management processes; organize and streamline procedures, and save on transactional costs.

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

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

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

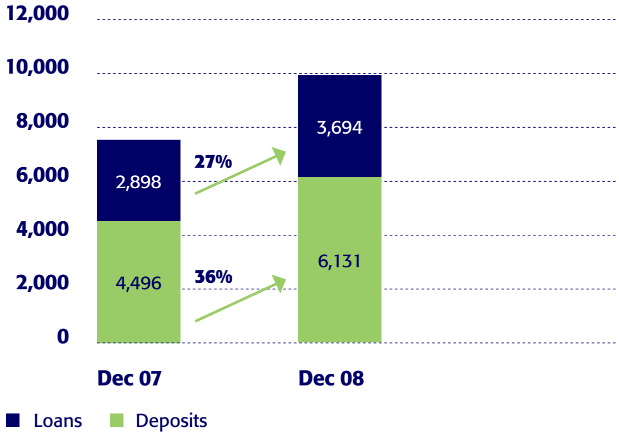
Retail Banking

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

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

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

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



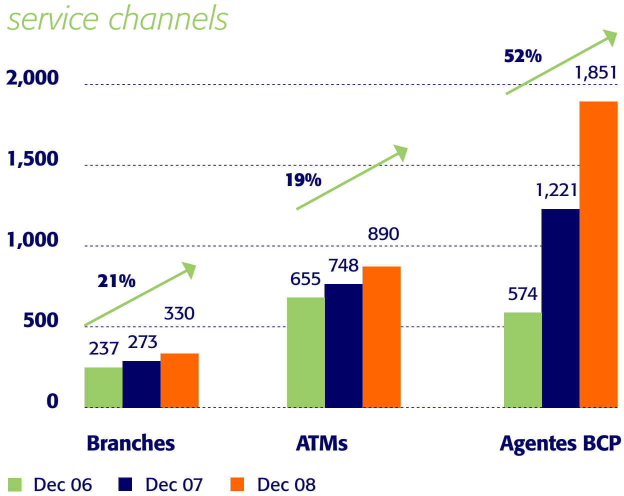
Source BCP - Finance Division

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

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

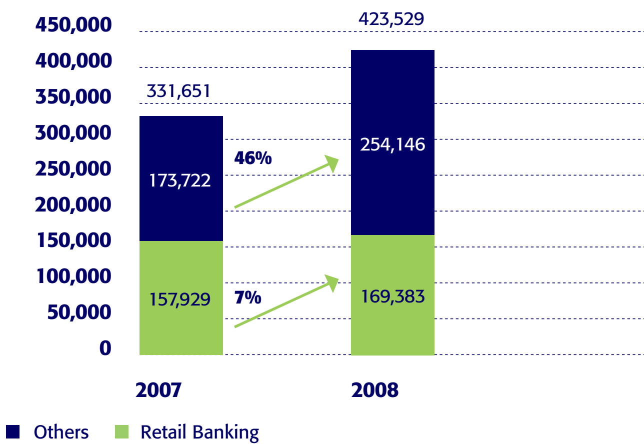
As a result of the strategy focusing on expanding growth of Retail Banking, and taking account of the expenditures and investments required for that, profits reached US$ 169.4 million, representing a contribution of 40% of BCP earnings.

Evolution of infrastructure in customer service channels



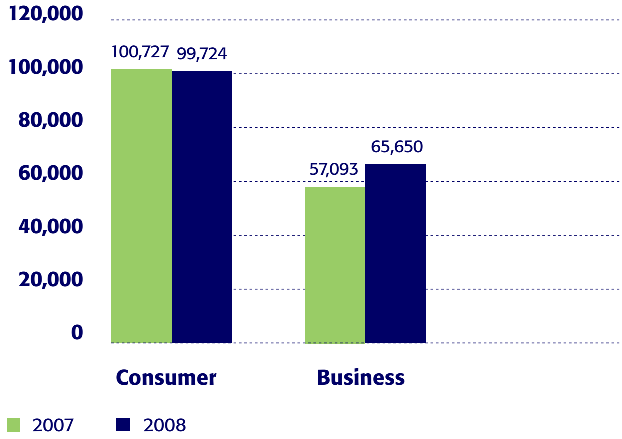
Source BCP - Finance Division

Retail Banking profits (US$ thousands)



Source BCP - Finance Division

Profits by retail banking units (US$ thousands)



Source BCP - Finance Division

More than 2.5 million individual clients

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

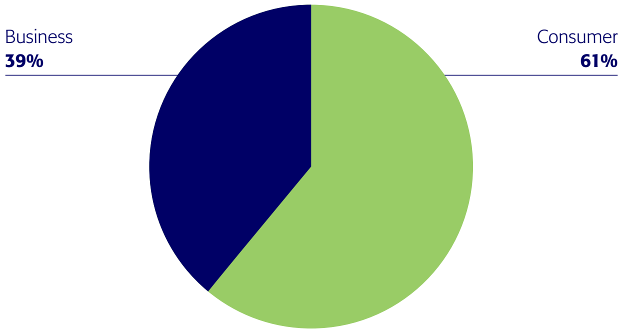
The main initiatives this year focusing on and providing value to the high income segment included the Visa LANPASS Signature card, a preferential high-volume mileage card combined to additional benefits for travelers and expanded benefits from the Exclusive Banking service, which offered many more customers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

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

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

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

Contribution to Retail banking profits (%)



Source BCP - Finance Division

More than 260 thousand business and SME customers

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

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

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

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

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

Risk management 6

Credit risks

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

Implementation of adequacy project to Basel II

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

Some 2008 highlights are listed below.

(i) The second survey on quantitative impacts led by SBS concluded. It used standardized methods and methodologies building on internal models to compute the minimum regulatory capital.

(ii) Capital calculations using the standard method were fully developed and automated, in compliance with the preliminary regulations issued in January 2008.

(iii) With support from external consultants, we diagnosed the Retail Banking loan portfolio management and prepared a plan to adapt ourselves so we can apply the NCA Advanced IRB method for this portfolio.

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

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

Development in credit risk modelling

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

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

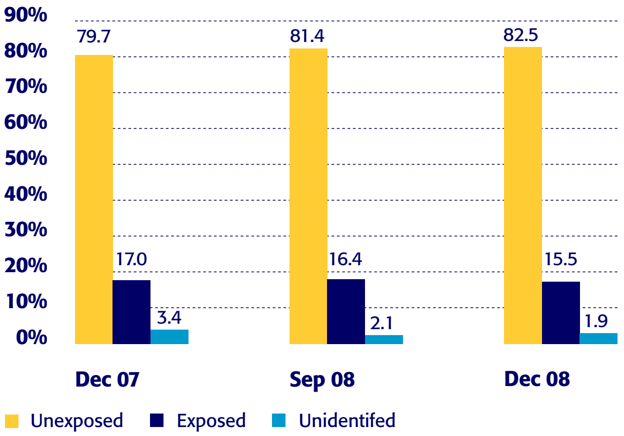
In 2008 we started using tools and methods to perform stress testing on our loan portfolio and thereby be in a position to determine the right capital in those conditions. We established procedures to perform these stress tests on a half-yearly basis. These scenarios are coordinated with the Market Risk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

Operational Risk Central Office

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

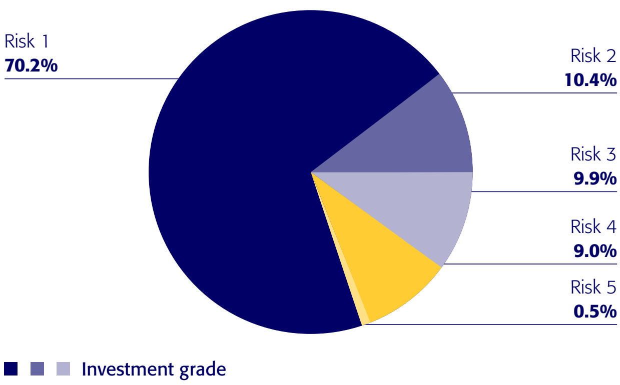
In 2008 SBS provided detailed technical considerations about the ORCO. They had requiriments for the design and development of all changes in the source language and data warehouse. After they were reviewed by the IT Division at the

RCC exposure level (% of total loans)



Source BCP

*Credicorp exposition by risk classification, to december 2008**



* Pacífico Peruano Suiza not included
Source BCP

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

Exchange rate credit risk

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

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

Country risk

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

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

Market risks

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

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

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

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

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

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

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

Operational risks

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

Risk identification and evaluation

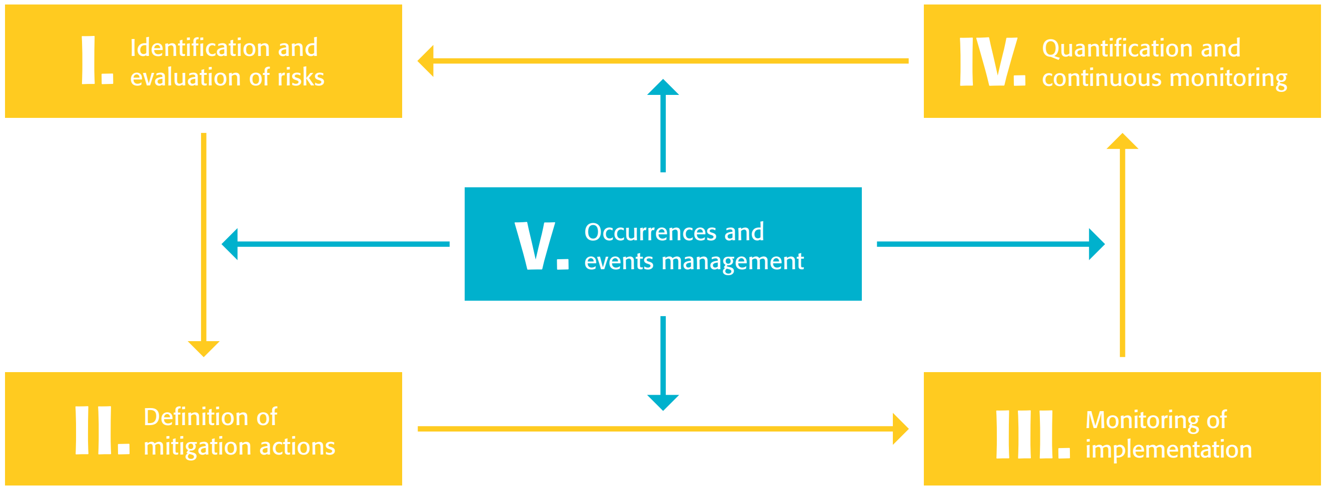
Activities focused on reviewing the present methodology for operational risk evaluations to propose improvements in line with the best international practices. Protivity, an experienced US risk management consultancy, was retained to review our methodology in risk management.

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

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

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

Operational Risk Management Model



Implementation of controls (Business Continuity Process)

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

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

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

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

Near-miss management

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

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

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

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

Capital and assets 7

Capital market

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

Stock Market intermediation

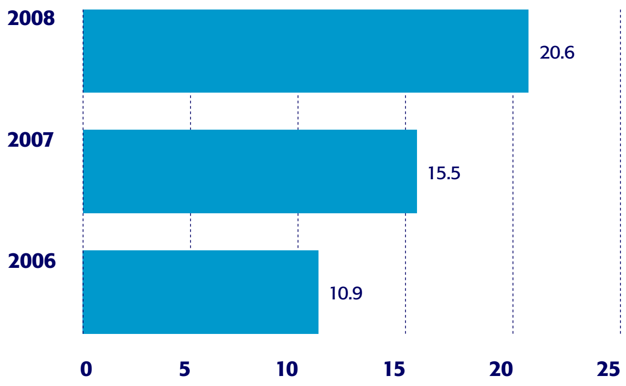
Despite Peru's strong economic results in 2008, when GDP growth reached 9.8%, the U.S. home mortgage crisis and its impact in the financial system of the United States also influenced behaviors in Peruvian markets, further compounded by sliding base and precious metal quotations, all of which triggered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

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

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

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

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



Source BCP

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

Foreign exchange

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

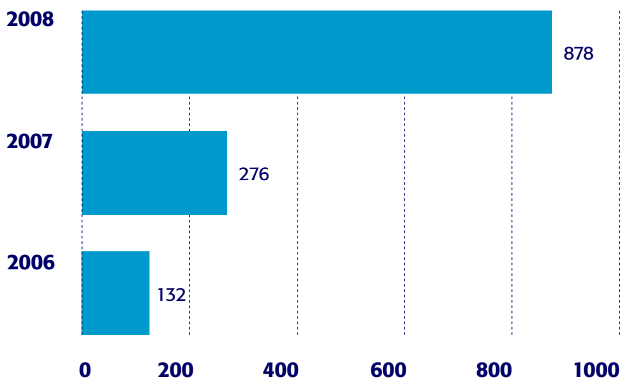
The market of forwards portfolio moved in the opposite direction because of uncertainty and devaluation expectations, and was undersubscribed by US$ 1 billion. BCR stepped in to sell about US$ 5 billion against the backdrop of large demand and insufficient foreign currency. The combination of uncertainty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

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

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

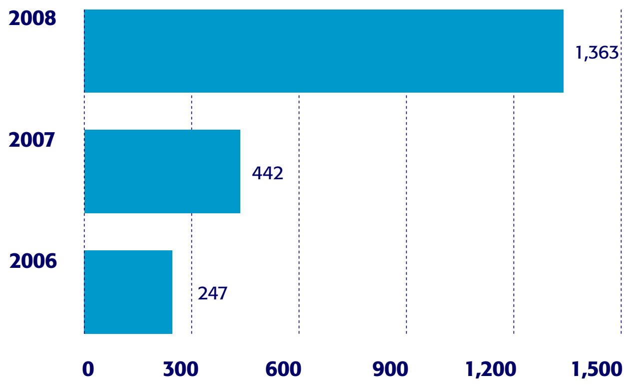
BCP had 27% market share for number of clients in the foreign exchange market in 2008. This figure demonstrates our strong positioning in a fast growing and increasingly competitive market and further confirmed that our strategy to focus on quality service in various distribution channels is a permanent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

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



Source BCP

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



Source BCP

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

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

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

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

Innovation in creating structured products.

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

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

Treasury

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

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

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

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

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

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

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

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

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

Investments

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

Asset management

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

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

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

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

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

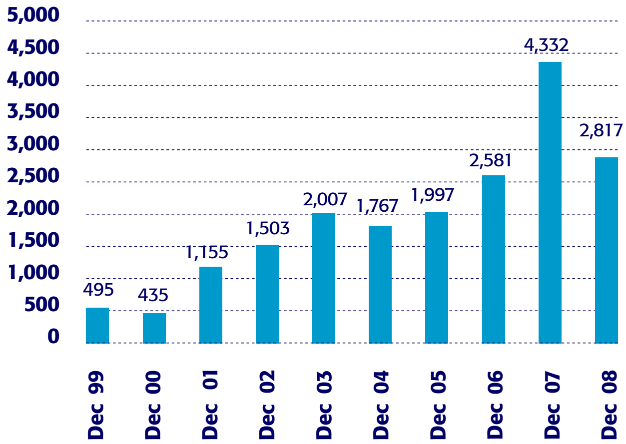
From the point of view of investment management, Credifondo chose to redefine its investment strategy for the portfolios it manages, to reduce the impacts of international volatility. For conservative profile funds, a choice was made to improve diversification, reduce investment terms, and preserve such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

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

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

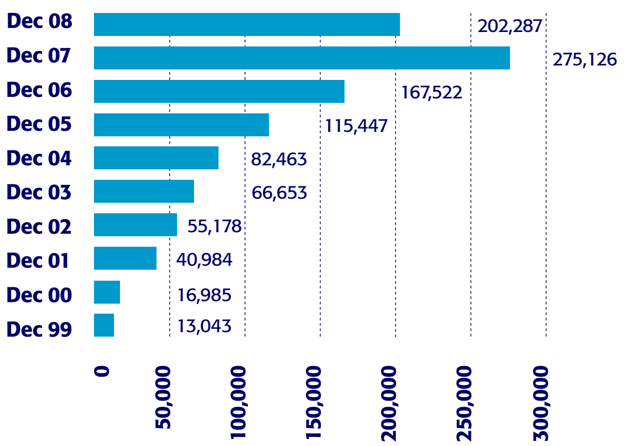
b. Preserve our leadership as advisors through ongoing training for internal customers (office managers, business officials, loan and service officials) and ii) conferences for external clients nationwide.

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

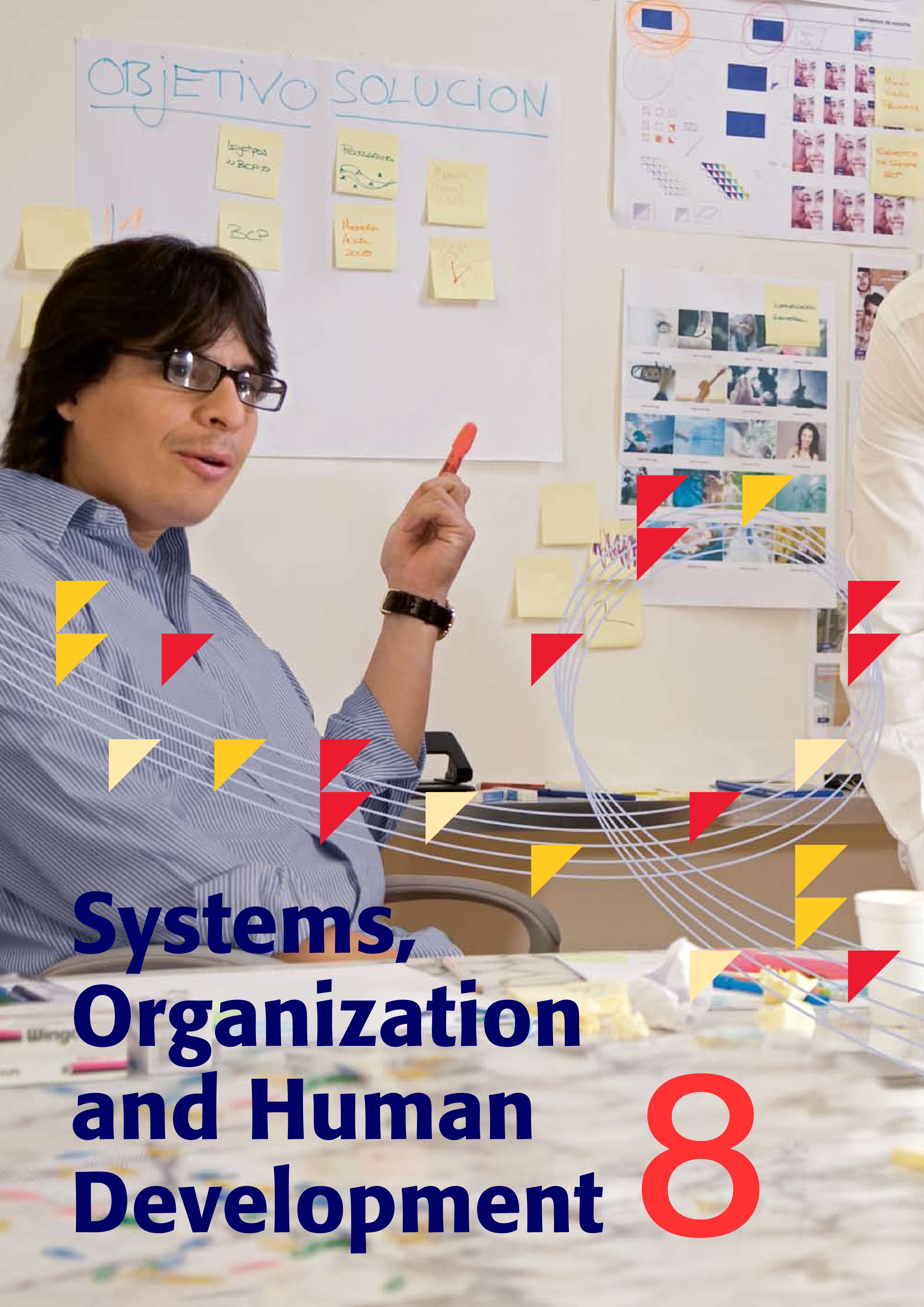


Source CONASEV

Mutual Funds: Number of affiliates



Source CONASEV

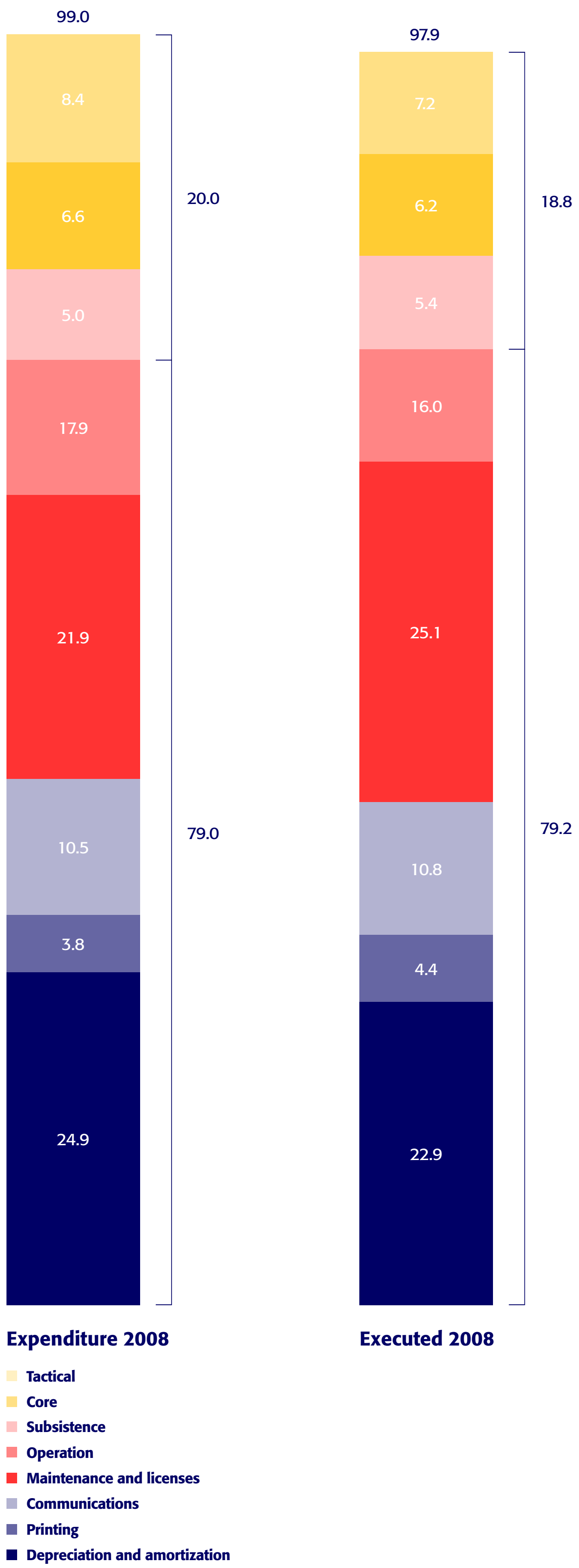


8 Systems, Organization and Human Development

Systems and Organization

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

Expenditure of Systems Expenses 2008 (US$ million)



Source BCP

Expenses and investments

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

Main projects

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

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

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

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

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

ECO Program

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

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

MAS Program

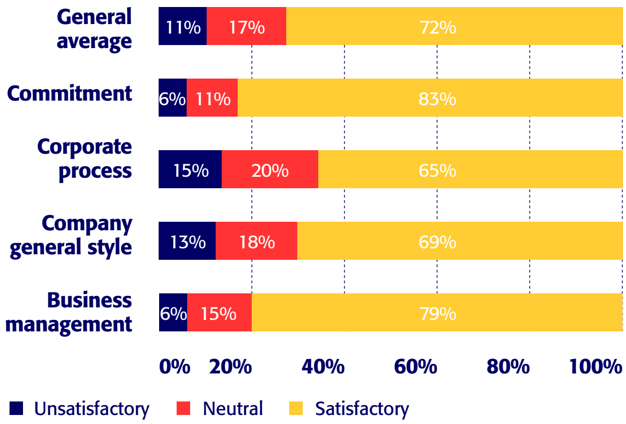
In its constant search for and introduction of the best world practices for its management model, BCP has devised the Improving IT Actions program ("Mejorando la Acción de Sistemas" MAS is the Spanish acronym).

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

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

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

Work enviroment survey results (%)



Source BCP - Human resources division

Management and Human Development

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

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

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

* Excluding subsidiaries

Source: Information management unit

Work climate

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

Leadership

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

Communications

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

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

Screening and training

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

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

The review and redesign of our education programs was, and still is, a fundamental task to improve their effectiveness and efficiency. A distinctive feature of our efforts was to identify and adopt best practices from other first line banks. These new elements include virtual testing, business games, tutoring, *on the job* modules and new evaluation models.

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

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

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

Talent management

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

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

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

Competency-driven management

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

Integrated Human Resources System

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

BCP volunteers

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

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

Benefits

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

Ergonomics

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

Banco de Crédito BCP Bolivia

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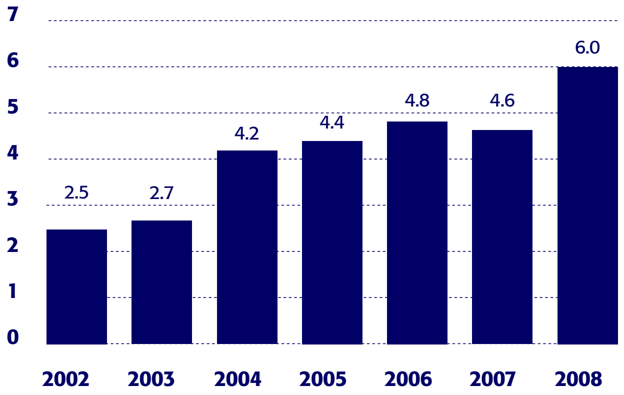
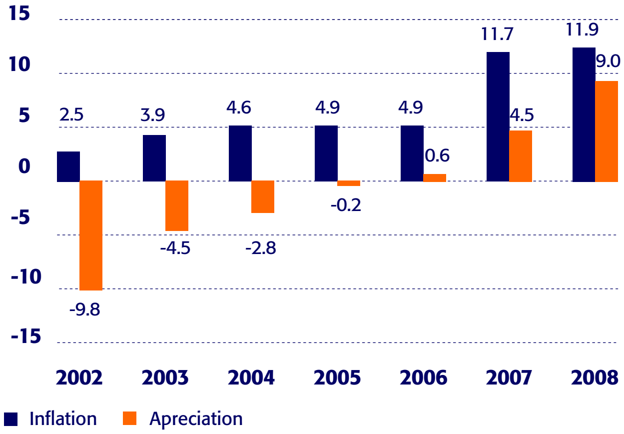
GDP growth in Bolivia (Annual % change)



Source INE

Inflation and apreciation in Bolivia (%)



Source INE

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

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

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

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

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

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

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

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

Results

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

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

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

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

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

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

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

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

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

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

Acknowledgements

Paul Harris

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

Global Finance

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

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

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

Euromoney

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

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

World Trade Chamber

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

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

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

The Bizz Awards

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

The Banker

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

Board of Directors and Management

Board of Directors

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

Management

Diego Cavero Belaunde	General Manager

10 Corporate governance and social responsibility

Corporate governance

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

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

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

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

Board and internal administration

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

Audit Committee

Risk Management Committee

Credit Committee

Operations Risk Committee

Assets and Liabilities Management Committee (ALCO)

Productivity Committee

IT Governance Committee

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

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

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

Customer relations

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

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

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

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

Relationship with our shareholders

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

Relations with our team

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

Relationship with our suppliers

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

Social responsibility

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

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

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

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

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

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

596 schools participating in the MPT program
More than 450,000 school beneficiaries
Present in 20 regions across Peru.

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

Pilot 20 Card (Tarjeta Piloto20)

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

329,087 registered school students nationwide
10,537 registered teachers nationwide
9,430,368 tests
167,814,723 web page hits

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

Business Classroom (Aula Empresa)

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

10 participating schools
8 departments reached
3,395 school children beneficiaries
95,416 web page hits

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

Volleyball and Field and Track

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

19,648 athletes from the provinces joined in 2008
13 host cities nationwide

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

Sports platforms

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

80 sports platforms
230 multi-sports courts

From 1988 to December 2008.

Banco de Crédito BCP Bolivia

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

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

Signing of the United Nations World Compact

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

Financial Statements 2008

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Banco de Crédito del Perú and subsidiaries

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

Consolideted Financial Statements as of December 31, 2008 and 2007

Independent auditor's report

Consolidated balance sheets

Consolidated statements of income

Consolidated statements of changes in shareholders' equity

Consolidated statements of cash flows

Notes to the consolidated financial statements

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

Consolidated Pro forma balance sheets - Unaudited

Consolidated Pro forma incme statements - Unaudited

Supplementary exhibits to the Pro forma information – Unaudited

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

Independent auditor's report

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

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

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

Independent auditor's report (continued)

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Lima, Peru,
February 26, 2009

Medina, Zaldívar, Paredes & Asociados

Countersigned by:

Cristian Emmerich
C.P.C. Register Nº 19-289

Consolidated balance sheets

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

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

Consolidated balance sheets (continued)

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

Consolidated income statements

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

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

Consolidated statements of changes in shareholders' equity

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

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

Consolidated cash flows statements

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

Consolidated cash flows statements (continued)

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

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

1 Operations

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

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

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

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

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

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

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

2 Significant accounting policies

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

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

(i) Basis for presentation and use of estimates
The accompanying consolidated financial statements have been prepared from the Bank's accounting records which are maintained in nominal Peruvian currency (Nuevos Soles), in accordance with SBS

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

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

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

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

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

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

(b) Consolidation

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

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

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

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

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

(c) Financial instruments

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

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

(d) Recognition of revenues and expenses

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

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

Dividends are recognized as income when they are declared.

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

Other revenues and expenses are recorded on an accrued basis.

(e) Loans and allowance for loan losses

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

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

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

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

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

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

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

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

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

(f) Foreign currency transactions

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

(g) Derivative financial instruments

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

Trading

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

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

Hedge

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

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

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

Embedded derivatives

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Permanent investments

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

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

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

(j) Property, furniture and equipment and depreciation

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

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

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

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

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

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

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

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

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

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

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

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

(l) Intangible assets

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

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

(m) Goodwill

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

(n) Bonds and subordinated notes issued

Include the liability from the issuance of different types of bonds and subordinated notes, which are recorded at their face value, recognizing the accrued interest in the consolidated results of the year. Discounts granted or premiums generated in their placement are deferred in the "Other assets, net" and "Other liabilities, net" captions of the consolidated balance sheets, respectively, and are amortized during the term of each bond.

(o) Income tax and workers' profit sharing

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

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

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

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

(p) Supplementary plan for workers' profit sharing

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

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

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

(q) Impairment

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

(r) Fiduciary activities

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

(s) Provisions

Provisions are only recognized when the Bank and its Subsidiaries have a present (legal) obligation as a result of past events, it is probable that an outflow of resources will be required to settle such obligation, and the amount has been reliably estimated. Provisions are reviewed in each period and are adjusted to reflect the best estimate as of the consolidated balance sheet date. When the effect of the time value of money is significant, the amount recorded as a provision is equal to the present value of future payments required to settle the obligation.

(t) Contingencies

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

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

(u) Earnings per share

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

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

(v) Sale and repurchase agreements

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

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

(w) Cash and cash equivalents

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

(x) New accounting rules

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

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

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

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

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

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

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

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

SBS Resolution N° 11356-2008 "Regulations for the Evaluation and Classification of Debtors and Provisioning Requirements", will replace SBS Resolution Nº 808-2003 and modifications thereto starting January 1, 2010. According to this new regulation, certain changes must be implemented as of December 31, 2008, see paragraph (a)(ii), and other changes are applicable starting January 1, 2010. The most important changes applicable starting January 1, 2010 are the following:

- Loans, considering the established criteria, are to be recorded in one of the following eight categories: corporate loans, loans to large companies, loans to medium-sized companies, loans to small companies, loans to micro-business, revolving consumer loans, non-revolving consumer loans and mortgage loans.

- Considering the above detailed categories, new provisioning percentages (fixed and pro-cyclical components) for loans classified as normal were established.

(x.2) International financial reporting standards

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

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

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

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

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

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

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

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

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

3 Foreign currency transactions and exposure to exchange risk

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

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

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

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

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

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

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

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

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

4 Cash and due from banks

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

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

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

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

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

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

(a) This item is made up as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 Loans, net

(a) This item is made up as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 Permanent investments, net

(a) This item is made up as follows:

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

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

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

8 Property, furniture and equipment, net

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

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

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

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

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

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

9 Other assets and other liabilities

(a) These items are made up as follows:

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

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

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

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

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

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

			2008
	Assets	**Liabilities**	**Notional amount**
	S/(000)	S/(000)	S/(000)
Derivatives held for trading (i)			
Forward exchange contracts	88,833	137,368	7,871,447
Interest rate swaps	103,362	119,888	2,402,810
Currency swaps	41,849	49,194	719,546
Derivatives held as hedges			
Cash flow hedge (ii):			
Interest rate swaps	-	55,253	1,846,012
Cross currency swap and interest rate swaps (*)	30	60,882	355,958
Fair value hedge (iii):			
Cross currency swap	-	64,679	514,912
	234,074	**487,264**	**13,710,685**

			2007
	Assets	**Liabilities**	**Notional amount**
	S/(000)	S/(000)	S/(000)
Derivatives held for trading (i)			
Forward exchange contracts	98,995	45,844	6,813,698
Interest rate swaps	26,243	32,250	1,827,082
Currency swaps	9,385	13,116	355,181
Derivatives held as hedges			
Fair value hedge (iii):			
Cross currency swap	-	1,902	151,058
	134,623	**93,112**	**9,147,019**

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) Operations in process include deposits received, loans disbursed and/or collected, funds transferred and other similar types of transactions, which are made at the end of the month and not reclassified to their final consolidated balance sheets accounts until the first days of the following month. These transactions do not affect the Bank and its Subsidiaries' consolidated net income.

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

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

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

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

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

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

10 Deposits and obligations

(a) This item is made up as follows:

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

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

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

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

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

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

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

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

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

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

11 Due to banks and correspondents

(a) This item is made up as follows:

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

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

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

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

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

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

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

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

12 Bonds and subordinated notes issued

(a) This item is made up as follows:

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

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

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

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

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

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

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

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

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

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

13 Deferred income tax and workers' profit sharing

(a) These items are made up as follows:

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

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

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

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

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

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

14 Net shareholders' equity

(a) Capital stock

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

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

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

(b) Legal reserve

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

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

(c) Special reserve

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

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

(d) Dividend distribution

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

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

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

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

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

15 Tax situation

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

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

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

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

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

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

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

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

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

16 Stock appreciation rights

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

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

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

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

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

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

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

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

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

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

17 Commitments and contingencies

(a) Commitments

In November 2005, March 2006 and July 2007; the Bank's Panamanian Branch entered into several agreements with a foreign related party by which it guarantees the collection of BCP's future inflows from electronic messages sent through the Society for Worldwide Interbank Financial Telecommunications ("SWIFT") and utilized within the network to instruct correspondent banks to make a payment of a certain amount to a beneficiary that is not a financial institution. For these transactions the related party was granted several loans, which are secured by the above mentioned future inflows; the amounts of the loans received are the following:

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

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

(b) Contingencies

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

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

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

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

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

18 Off-balance sheet accounts

(a) This item is made up as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 Financial income and expenses

These items are made up as follows:

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

20 Provision for loan losses, net

This item is made up as follows:

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

21 Banking services commisions, net

This item is made up as follows:

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

22 Net gain on securities

This item is made up as follows:

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

23 Other non financial income and other operating expenses

These items are made up as follows:

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

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

24 Salaries and employees´ benefits

This item is made up as follows:

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

25 Earnings per share

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

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

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

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

26 Risk Assessment

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

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

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

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

Market risks

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

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

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

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

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

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

Liquidity risk

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

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the Bank and its Subsidiaries Management. It is unusual for banks to be completely matched, as transacted business if often based on uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing Group's the liquidity and its exposure to changes in interest and exchange rates.

Liquidity requirements to support calls under guarantees and stand by letters of credit are considerably less than the commited amount, because the Bank and its Subsidiaries do not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit not necessarily represents future cash requirements, as many of these commitments will expire without being funded.

The notes to the consolidated financial statements include an analysis of the Bank and its Subsidiaries' main assets and liabilities by maturities based on contractual maturity dates.

Cash flow and fair value risks due to changes in interest rates

The Bank and its Subsidiaries are exposed to the effect of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interests margins may increase as a result of such changes, but may reduce or create losses in case of unexpected movements arise. Management of the Bank and its Subsidiaries sets limits on the level of mismatch of interest rate reprising that may be undertaken, which is monitored periodically.

The Bank and its subsidiaries also negotiate business instruments in the stock and over-the-counter markets including financial derivatives instruments, aimed at taking advantage of short term movements in the market and to hedge the risk of fluctuations in exchange and interest rates.

Resources for investing are mainly obtained form short-term liabilities, the interest of which are agreed at fixed and variable interest rates prevailing in the market. Loans, customer deposits and other financing instruments are subject to risk derived from interest rate fluctuations. The relevant contract maturity characteristics and interest rates of such financial instruments are disclosed in Notes 5, 6(h) and (i), 10(a) and (d), 11 and 12.

Currency risk

The Bank and its Subsidiaries take on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

Most assets and liabilities are maintained in Nuevos Soles and U.S.Dollars. Foreign currency transactions are made at the free market exchange rates of the countries where the Bank and its Subsidiaries are established. As of December 31, 2008 and 2007, the Bank and its Subsidiaries' assets and liabilities by currencies are shown in note 3.

Credit risk

The Bank and its Subsidiaries take on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank and its Subsidiaries provide impairment provisions for losses that have been incurred at the consolidated balance sheet date. Significant changes in the economy or in a particular industry segment, that represents a concentration in the Bank and its Subsidiaries' portfolio, could result in losses that are different from those provided for at the consolidated balance sheet date. Management, therefore, carefully manages its exposure to credit risk.

The Bank and its Subsidiaries structure the levels of credit risk that they undertake by placing limits on the amount of risk accepted in relation to one borrower or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits in the level of credit risk by product, industry sector and by country are approved by the Board of Directors.

Exposure to credit risk is managed through regular analyses of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also managed in part by obtaining corporate and personal guarantees, but there is a significant portion in personal loans (consumer loans) where no such guarantees can be obtained.

As of December 2008 and 2007, Management of the Bank ant its Subsidiaries have estimated that their maximum exposure to credit risk is represented by the book value of the financial assets that presents credit risk, which comprise, mainly, deposits in banks, trading securities, investments available-for-sale, financial instruments at fair value through profit and loss, loans and indirect loans, without considering the fair value of the guarantees and collaterals. The exposure for each borrower, including banks, is further restructured by sub-limits covering on and off balance sheet exposures, and daily delivery risk limits to trading items such as forward foreign exchange contracts. Real exposures compared against established limits are monitored daily.

27 Fair value

Fair value is defined as the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction, assuming an on-going enterprise.

When a financial instrument is traded in an active and liquid market, its quoted market price in an actual transaction provides the best evidence of its fair value. When a quoted market price is not available, or may not be indicative of the fair value of the instrument, to determine such fair value, the current market value of another instrument that is substantially similar, discounted cash flow analysis or other estimation techniques may be used, all of which are significantly affected by assumptions used. Although Management uses its best judgment in estimating the fair value of these financial instruments, there are inherent weaknesses in any estimation technique. As a result, the fair value may not be indicative of the net realizable or liquidation value.

The methodologies and assumptions used to determine fair values depend on the terms and risk characteristics of the various financial instruments and include the following:

- Cash and due from banks represent cash and short-term deposits that do not represent significant credit or interest risks; in consequence, their book value is equivalent to their fair value.

- Trading securities are recorded at their estimated fair value at the dates of the consolidated balance sheets; in consequence, their book and fair values are the same.

- Available-for-sale investments are recognized at the lower of cost or estimated fair value; in consequence, the unrealized potential gains have been considered when estimating fair value, which is determined considering stock-market prices or other valuation techniques; thus, their book value is different from their fair value as indicated in note 5(l).

- Loans' fair values are similar to their book value because they are mainly short-termed, granted at variable interest rates; and are shown net of their respective allowance for loan losses. The net amounts are considered by Management as the approximate recoverable amounts at the dates of the consolidated financial statements.

- Management considers that the book values of permanent investments approximates to their fair value, because most of them are not listed securities and are recorded at their equity value, except for certain investments held by Inversiones BCP Ltda., which estimated fair values are indicated in note 7(b).

- Financial instruments at fair value through profit and loss, included in the caption "Other assets" are recorded at their estimated fair value.

- The fair value of deposits and obligations is similar to its book value due, mainly, to their current maturities and interest rates, which are comparable to other similar liabilities in the market at the dates of the consolidated balance sheets.

- Due to banks and correspondents generate interest contracted at variable interest rates and/or preferred rates similar to the ones prevailing in the market. As a result, it is considered that their book value approximates their fair values.

- Bonds and subordinated notes accrue interest at fixed or variable rates. Their fair value was estimated using discounted cash flows at rates prevailing in the market for liabilities with similar characteristics; the estimated fair value approximates the book value as of the consolidated balance sheets dates.

- As disclosed in note 18, the Bank and its Subsidiaries have various commitments to extend loans, open documentary credits and outstanding guarantees and it has received guarantees in endorsement of the granted loans. Based on the level of fees currently charged for granting such commitments and open documentary credits, taking into account maturity and interest rates, together with the present creditworthiness of the counterparties, the Bank and its Subsidiaries has estimated that the difference between the book value and the fair value is not significant.

Considering the above detailed explanations, as of December 31, 2008 and 2007, Management considers that the estimated fair values of the Bank and it Subsidiaries financial instruments do not differ significantly from their book value, except for the fair values indicated in notes 5(l) and 7(b).

28 Financial information by geographical area

As of December 31, 2008 and 2007, segment information by geographical area is as follows (amounts expressed in millions of Nuevos Soles):

	2008					2007				
	Total income	Gross financial margin	Deprecia-tion and amortiza-tion	Property, furniture and equi-pment	Total assets	Total income	Gross financial margin	Deprecia-tion and amortiza-tion	Property, furniture and equi-pment	Total assets
Perú	4,543	1,919	128	792	44,059	3,759	1,572	120	633	32,519
Panamá	510	61	-	-	7,817	305	29	-	-	7,507
Bolivia	396	162	10	49	2,946	240	115	9	43	2,460
United States of America	32	22	-	2	673	70	29	-	1	1,228
Total	**5,481**	**2,164**	**138**	**843**	**55,495**	**4,374**	**1,745**	**129**	**677**	**43,714**

29 Transactions with related parties and related companies

(a) During the years 2008 and 2007, the Bank and its Subsidiaries have acquired bonds, granted loans, supplied and requested several services, correspondent relationships and other operations with Credicorp's subsidiaries, balances are shown below:

	2008	2007
	S/(000)	S/(000)
Assets		
Cash and due form banks	18,051	17,068
Loans, net	325,050	213,937
Other assets	16,310	14,203
Liabilities		
Deposits and obligations	4,877,663	2,757,560
Due to banks and correspondents	-	30,367
Bonds and subordinated notes issued	31,605	84,400
Other liabilities	3,556	2,840
Contingent operations	40,897	131,828
Other off-balance sheet accounts	1,193,437	992,436
Income		
Financial income	15,611	16,658
Financial expenses	277,330	122,134
Other income	89,794	24,390
Other expenses	55,742	18,625

Loans and other contingent credits with related entities, not Credicorp's subsidiaries, are as follows:

	2008	2007
	S/(000)	S/(000)
Direct loans	451,705	281,930
Indirect loans	74,022	42,022
Derivatives, market value	13,122	1,156
Deposits	108,860	94,940

Likewise, as of December 31, 2008 and 2007, the Bank and its Subsidiaries hold debt or equity instruments, presented as securities available-for-sale, issued by related entities for an amount of S/12.5 and S/16.8 million, respectively.

The Bank has contracted insurance coverage with El Pacífico-Peruano Suiza Compañia de Seguros y Reaseguros (PPS), the related premiums amounted to S/80.5 million in 2008 (S/56.7 million in 2007); the accrued part is recorded in the caption "Administrative expenses" of the consolidated statement of income.

The Bank receives fees from Pacífico Vida S.A for the selling of life insurance through its offices and agencies to customers who have saving accounts; fees received amounted to approximately S/6.2 and S/5.1 million in 2008 and 2007, respectively.

According to Peruvian legislation, loans to related parties can not be granted on terms more favorable than those that would have been offered to the general public. Management considers that the Group has complied with all legal requirements for transactions with related parties. Loans granted to related parties are secured by guarantees and collaterals. Loans granted to related parties as of December 31, 2008, have maturities between February 2009 and July 2017 and accrue interest at interest rates that range between 5.25 and 14.0 percent (maturities between January 2008 and September 2017 and interest rates between 5.8 and 9.3 percent, as of December 31, 2007). As of December 31, 2008, the allowance for loan granted to related parties amounts to US$1.9 million (US$1.1 million as of December 31, 2007) and was established based on an individual assessment of the related parties financial positions and the market where they operate.

(b) As of December 31, 2008 and 2007, the Group has participations quotas in several mutual funds managed by one of its Subsidiaries, the detail is the following:

	2008	2007
	S/(000)	S/(000)
Trading and available-for-sale investments		
Mutual funds - Credifondo U.S. Dollars	229,084	334,733
Mutual funds - Credifondo Nuevos Soles	29,146	20,603
Real estate fund - Credifondo	-	955
Total	**258,230**	**356,291**

As of December 31, 2008, the Bank had entered into foreign exchange sales with mutual funds managed by Credifondo S.A. Sociedad Administradora de Fondos, with a notional amount of S/.77,019 (sales operations with notional amounts of S/.100,145, as of December 31, 2007), which are included under the caption "Contingent operations" of the consolidated balance sheet, see note 18.

(c) Loans to employees and their families

The Bank and its Subsidiaries grant loans to their employees and families for terms that depends on the different types of loans granted to third parties. Loans granted to employees and their families are mainly mortgage loans and are included under the caption "Loans, net" of the consolidated balance sheets. Generally, interest rates applied are lower than market interests rates; however, others terms are similar to those prevailing in the market. As of December 31, 2008 and 2007, the balance of loans and other facilities granted to employees, family members, directors and key executives of the Bank and its Subsidiaries amounted to S/494.0 and S/346.1 million, respectively.

(d) The Bank's key executive's compensation for the years 2008 and 2007, considering all payments made, is as follows:

	2008	2007
	S/(000)	S/(000)
Stock appreciation rights, note 16	84,695	81,229
Salaries	16,542	16,582
Directors compensation	4,091	3,482
Other	25,409	38,798
Total	**130,737**	**140,091**

30 Explanation added for translation into English

The accompanying translated consolidated financial statements were originally issued in Spanish and are presented on the basis of accounting principles generally accepted in Peru for financial entities, as described in note 3. Certain accounting practices applied by the Bank and its Subsidiaries that conform to generally accepted accounting principles in Peru for financial entities may not conform in a significant manner with generally accepted accounting principles applied in other countries. In the event of a discrepancy, the Spanish language version prevails.

Consolidated balance sheets

Proforma - Unaudited

As of December 31, 2008 and 2007	Exhibit	2008	2007
Assets		US$(000)	US$(000)
Cash and due from banks:	1		
Non-interest bearing		1,052,908	615,012
Interest bearing		2,476,814	2,193,688
		3,529,722	**2,808,700**
Investments:			
Trading securities	2	36,084	50,995
Investments available-for-sale	3	3,405,393	3,377,558
		3,441,477	**3,428,553**
Loans, net:	4		
Loans, net of unearned income		10,444,723	8,187,848
Allowance for loan losses		(223,161)	(209,996)
		10,221,562	**7,977,852**
Financial assets designated at fair value through profit or loss		204,660	252,085
Property, furniture and equipment, net		261,967	217,049
Due from customers on acceptances		232,580	35,822
Assets seized, net		11,454	19,615
Intangible assets and goodwill, net		68,530	46,897
Other assets	5	326,445	200,423
Total assets		**18,298,397**	**14,986,996**

Consolidated balance sheets

Proforma - Unaudited (continued)

As of December 31, 2008 and 2007	Exhibit	2008	2007
Liabilities and Equity		US$(000)	US$(000)
Deposits and obligations:	6		
Non-interest bearing		3,128,662	2,625,259
Interest bearing		11,106,079	8,553,864
		14,234,741	**11,179,123**
Financial liabilities designated at fair value through profit or loss		162,344	82,724
Due to banks and correspondents	7	1,179,863	1,459,359
Bankers' acceptances outstanding		232,580	35,822
Bonds and subordinated notes issued	8	795,295	721,056
Other liabilities	5	298,081	375,545
Total liabilities		**16,902,904**	**13,853,629**
Shareholder's equity			
Capital stock		439,474	364,706
Reserves		388,062	282,189
Unrealized gain		33,203	58,575
Retained earnings		534,754	427,897
Total shareholder's equity		**1,395,493**	**1,133,367**
Total liabilities and shareholder's equity		**18,298,397**	**14,986,996**

Consolidated income statements

Proforma - Unaudited

For the years ended December 31, 2008 and 2007	2008	2007
	US$(000)	US$(000)
Interest and dividends income		
Interest on loans	959,490	697,585
Interest on deposits in banks	66,774	68,633
Interest from trading securities and investments available-for-sale	206,356	143,665
Other interest income	49,183	18,071
Total interest and dividends income	**1,281,803**	**927,954**
Interest expense		
Interest on deposits and obligations	(389,969)	(264,900)
Interest on bonds and subordinated notes issued	(54,262)	(36,497)
Interest on due to banks and correspondents and borrowed funds	(66,542)	(45,038)
Other interest expense	(42,446)	(18,764)
Total interest expense	**(553,219)**	**(365,199)**
Net interest income and dividends	**728,584**	**562,755**
Provision for loan losses	(51,275)	(33,074)
Net interest income after provision for loan losses	**677,309**	**529,681**
Other income		
Banking services commissions	336,844	281,310
Net gain on foreign exchange transactions	109,032	59,739
Net gain on sales of securities	40,881	20,993
Other	27,417	79,348
Total other income	**514,174**	**441,390**

Consolidated income statements
Proforma - Unaudited (continued)

For the years ended December 31, 2008 and 2007	2008	2007
	US$(000)	US$(000)
Other expenses		
Salaries and employees benefits	(294,115)	(335,903)
Administrative expenses	(229,862)	(182,105)
Depreciation and amortization	(43,526)	(38,238)
Provision for assets seized	(1,067)	(3,057)
Other	(79,161)	(19,224)
Total other expenses	**(647,731)**	**(578,527)**
Income before translation result and income tax	**543,752**	**392,544**
Translation result	(12,244)	29,562
Income tax	(107,979)	(90,453)
Net income	**423,529**	**331,653**
Basic and diluted earnings per share (1,508,288 shares)	**0.28**	**0.22**

Conciliation between Net income in Soles according to SBS Standards and net income under International Financial Reporting Standards
(in thousands)

For the years ended December 31, 2008 and 2007	2008	2007
Net income in Soles according to SBS Standards	**1,334,546**	**883,438**
Average exchange rate	2.941	3.124
Expressed net income in dollars to exchange rate SBS	**453,773**	**282,791**
Translation result from monetary accounts in nuevos soles	(16,809)	12,347
Translation result from monetary accounts in US dollars	(12,244)	29,562
Effect on exchange rate by non monetary items	(6,258)	6,434
Adjustments that would be required to determine the net income under NIIF's instead of under SBS standards	5,067	519
Net income in US dollars according to International Financial Reporting Standards	**423,529**	**331,653**

1 Cash and due from banks

This item is made up as follows:

	2008	2007
	US$(000)	US$(000)
Cash and clearing	625,830	548,128
Deposits in Peruvian Central Bank - BCRP	1,952,952	1,798,581
Deposits in banks	948,519	457,163
	3,527,301	2,803,872
Accrued interest	2,421	4,828
Total	**3,529,722**	**2,808,700**

2 Trading securities

This item is made up as follows:

	2008	2007
	US$(000)	US$(000)
Shares		
Listed equity securities	161	24,947
Bonds and similar instruments		
Peruvian treasury bonds	11,885	20,925
Corporate and leasing bonds	583	1,711
Bank certificates	364	1,400
Participation in mutual funds	21,471	762
Bolivian government treasury bonds	1,341	707
Other	5	7
	35,649	25,512
	35,810	50,459
Accrued interest	274	536
Total	**36,084**	**50,995**

3 Investments available-for-sale

(a) This item is made up as follows:

	2008				2007			
	Amortized Cost	Unrealized gross amount Gains	Unrealized gross amount Losses	Estimated Market value	Amortized Cost	Unrealized gross amount Gains	Unrealized gross amount Losses	Estimated Market value
	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)	US$(000)
Fixed maturity								
BCRP deposit certificates	2,196,165	2,938	(2,818)	2,196,285	2,410,062	224	(3,281)	2,407,005
Corporate, leasing and subordinated bonds	125,452	4,566	(4,293)	125,725	68,626	1,970	(500)	70,096
Government treasury bonds	530,915	33,579	(2,245)	562,249	388,903	6,478	(271)	395,110
Participation in mutual funds	81,276	2,095	(478)	82,893	133,563	120	-	133,683
Central Banks of Bolivia deposit certificates	217,516	115	(81)	217,550	121,705	38	(96)	121,647
US Federal Agencies bonds	-	-	-	-	837	3	-	840
Participation in RAL's funds	73,268	-	-	73,268	56,641	-	-	56,641
Negotiable deposit certificates	-	-	-	-	2,692	1	-	2,693
Bonds from international financial institutions	34,799	116	(587)	34,328	44,796	143	-	44,939
Other	7,624	-	(267)	7,357	10,021	97	(4)	10,114
	3,267,015	**43,409**	**(10,769)**	**3,299,655**	**3,237,846**	**9,074**	**(4,152)**	**3,242,768**
Shares								
Listed securities	30,062	52,338	(97)	82,303	40,622	75,930	(367)	116,185
Non-listed securities	2,697	-	-	2,697	2,117	-	-	2,117
	32,759	**52,338**	**(97)**	**85,000**	**42,739**	**75,930**	**(367)**	**118,302**
	3,299,774	95,747	(10,866)	3,384,655	3,280,585	85,004	(4,519)	3,361,070
Accrued interest				20,738				16,488
Total				**3,405,393**				**3,377,558**

(b) The amortized cost and market value of the investments available-for-sale are classified by maturity as follows:

	2008		2007	
	Amortized Cost	**Market Value**	**Amortized Cost**	**Market Value**
	US$(000)	US$(000)	US$(000)	US$(000)
Up to 3 months	1,861,291	1,862,261	639,850	640,105
From 3 months to 1 year	804,149	803,414	1,836,011	1,834,235
From 1 to 3 years	94,352	95,684	573,538	573,438
From 3 to 5 years	97,965	100,506	18,259	18,269
Over 5 years	409,258	437,790	170,188	176,721
Without maturity (shares)	32,759	85,000	42,739	118,302
Total	**3,299,774**	**3,384,655**	**3,280,585**	**3,361,070**

4 Loans, net

(a) This item is made up as follows:

	2008	2007
	US$(000)	US$(000)
Direct loans		
Loans	7,209,368	5,782,285
Leasing receivables	1,808,446	1,118,301
Credit card receivables	854,968	677,182
Discount notes	368,648	325,047
Factoring receivables	124,537	109,928
Advances and overdrafts	102,403	127,078
Refinanced and restructured loans	55,179	88,451
Past due and under legal collection loans	82,068	60,280
	10,605,617	8,288,552
Add (less)		
Accrued interest	89,020	66,268
Unearned interest	(249,914)	(166,972)
Allowance for loan losses	(223,161)	(209,996)
Total direct loans, net	**10,221,562**	**7,977,852**
Indirect loans	**1,963,110**	**1,515,824**

(b) As of December 31, 2006 and 2005, direct loan portfolio is distributed among the following economic sectors:

	2008		2007	
	US$(000)	%	US$(000)	%
Sector				
Manufacturing	2,495,420	23.5	2,166,916	26.1
Mortgage loans	1,390,060	13.1	1,121,775	13.5
Commerce	1,305,836	12.3	866,607	10.5
Consumer loans	1,164,670	11.0	864,491	10.4
Electricity, gas and water	546,005	5.1	341,708	4.1
Micro-business	606,168	5.7	493,360	6.0
Leaseholds and real estate activities	482,711	4.6	382,179	4.6
Mining	662,999	6.3	455,919	5.5
Communications, storage and transportation	640,524	6.0	389,859	4.7
Agriculture	207,733	2.0	167,338	2.0
Financial services	323,917	3.1	271,305	3.3
Construction	226,917	2.1	195,724	2.4
Fishing	74,367	0.7	129,770	1.6
Education, health and other services	128,022	1.2	105,834	1.3
Other	350,268	3.3	335,767	4.0
Total	**10,605,617**	**100**	**8,288,552**	**100**

(c) As of December 31, 2008 and 2007, the credit risk classification of the loan portfolio is as follows:

	2008						2007					
Credit risk classification	**Direct loans**		**Indirect loans**		**Total**		**Direct loans**		**Indirect loans**		**Total**	
	US$(000)	%	US$(000)	%	US$(000)	%	US$(000)	%	US$(000)	%	US$(000)	%
Normal	10,141,599	95.6	1,937,887	98.7	12,079,486	96.1	7,698,155	92.9	1,479,156	97.6	9,177,311	93.6
Potential problems	264,735	2.5	21,628	1.1	286,363	2.3	384,198	4.6	29,563	2.0	413,761	4.2
Substandard	70,356	0.7	1,657	0.1	72,013	0.6	68,145	0.8	4,878	0.3	73,023	0.7
Doubtful	79,545	0.8	1,178	0.1	80,723	0.6	90,469	1.1	1,196	0.1	91,665	0.9
Loss	49,382	0.4	760	0.0	50,142	0.4	47,585	0.6	1,031	-	48,616	0.6
Total	**10,605,617**	**100**	**1,963,110**	**100**	**12,568,727**	**100**	**8,288,552**	**100**	**1,515,824**	**100**	**9,804,376**	**100**

5 Other assets and other liabilities

This item is made up as follows:

	2008	2007
	US$(000)	US$(000)
Other assets		
Financial instruments:		
Accounts receivable	46,630	36,097
Operations in process	18,953	34,152
Value added tax	124,880	55,989
Income tax prepayments, net	13,743	2,110
	204,206	128,348
Non-financial instruments:		
Deferred expenses	22,455	9,820
Deferred income tax asset	62,494	45,294
Deferred workers' profit sharing	10,060	8,037
Investment in related companies	7,240	3,035
Other	19,990	5,889
	122,239	72,075
Total	**326,445**	**200,423**
Other liabilities		
Financial instruments:		
Tax, payroll salaries and other personnel expenses	113,817	170,852
Accounts payable	67,007	68,141
Operations in process	41,839	36,043
Contributions	-	24,072
Allowance for indirect loan losses.	23,726	18,383
	246,389	317,491
Non-financial instruments:		
Deferred income tax liability	33,922	19,623
Transfers received in process	2,896	16,096
Provision for sundry risks	10,939	19,069
Deposit insurance fund	3,935	3,266
	51,692	58,054
Total	**298,081**	**375,545**

6 Deposits and obligations

(a) This item is made up as follows:

	2008	2007
	US$(000)	US$(000)
Non-interest bearing deposits and obligations		
In Peru	2,724,717	2,206,016
In other countries	403,945	419,243
	3,128,662	**2,625,259**
Interest bearing deposits and obligations		
In Peru	8,712,457	6,633,435
In other countries	2,320,056	1,873,530
	11,032,513	**8,506,965**
	14,161,175	11,132,224
Interest payable	73,566	46,899
Total	**14,234,741**	**11,179,123**

(b) As of December 31, 2008 and 2007, deposits and obligations are classified by type as follows::

	2008	2007
	US$(000)	US$(000)
Time deposits	5,257,655	4,175,712
Demand deposits	4,458,300	3,260,787
Saving deposits	2,968,842	2,381,012
Severance indemnity deposits	1,039,887	896,283
Client - Repurchase agreements	294,030	325,908
Bank and Deposit negotiable certificates	142,461	92,522
Total	**14,161,175**	**11,132,224**

(c) Time deposits are classified by maturity as follows:

	2008	2007
	US$(000)	US$(000)
Up to 3 months	2,548,163	2,429,650
From 3 months to 1 year	1,372,824	611,096
From 1 to 3 years	105,241	189,265
From 3 to 5 years	51,833	30,525
More than 5 years	1,179,594	915,176
Total	**5,257,655**	**4,175,712**

7 Due to banks and correspondents

This item is made up as follows:

	2008	2007
	US$(000)	US$(000)
International funds and others	1,016,803	1,151,367
Promotional credit lines	109,730	196,204
Inter-bank funds	39,217	102,470
	1,165,750	**1,450,041**
Interest payable	14,113	9,318
Total	**1,179,863**	**1,459,359**

8 Bonds and subordinate notes issued

(a) This item is made up as follows:

	Weighted average annual interest rate				
	2008	**2007**	**Maturity**	**2008**	**2007**
	%	%		US$(000)	US$(000)
Bonds					
Corporate bonds	6.91	6.59	Between November 2009 and July 2018	229,494	130,507
Leasing bonds	6.87	6.10	Between June 2009 and August 2018	219,129	173,535
Mortgage bonds	7.69	7.70	Between May 2011 and April 2012	15,868	20,744
Subordinated bonds	6.71	6.72	Between September 2009 and May 2027	61,074	107,383
Total bonds				**525,565**	**432,169**
Subordinate notes					
Subordinated negotiable certificates notes				120,000	120,000
Subordinated notes				141,774	161,308
Total subordinate notes				**787,339**	**713,477**
Interest payable				7,956	7,579
Total				**795,295**	**721,056**

(b) The bonds and subordinate notes issued as of December 31, 2008 and 2007, classified by maturity are shown below::

	2008	**2007**
	US$(000)	US$(000)
Up to 3 months	1,716	62,544
From 3 months to 1 year	64,257	96,823
From 1 to 3 years	238,294	163,441
From 3 to 5 years	75,398	59,306
Over 5 years	407,674	331,363
Total	**787,339**	**713,477**

Risk ratings

Risk ratings	Rating
Standard & Poor's	
Domestic currency	BBB- / Stable / A-3
Foreign currency	BBB- / Stable / A-3
Moody's	
Financial strength	D+
Long term deposits - foreign currency	Ba2
Long term deposits - domestic currency	Baa2 / P-2
Outlook	Stable
Subordinated debt - foreign currency	Baa3
Subordinated debt - domestic currency	Baa3
Fitch Ratings	
Long term issuances	BBB-
Long term issuances in domestic currency	BBB-
Short term issuances	F3
Short term issuances in domestic currency	F3
Outlook	Positivo
Subordinated debt	BB+
Support	BB+

Risk ratings	Rating
Company rating	A+
Short term time deposits	CP-1+ (pe)
1st Program of negotiable certificates of deposits	CP-1+ (pe)
2nd Program of negotiable certificates of deposits	CP-1+ (pe)
Leasing bonds	AAA (pe)
Medium and long term deposits	AAA (pe)
Mortgage certificates	AAA (pe)
Corporate bonds	AAA (pe)
Mortgage bonds	AAA (pe)
Subordinated bonds	AA+ (pe)
Common stock	1ª (pe)

Risk ratings	Rating
Company	A+
Short term time deposits	EQL 1+
Negotiable certificates of short term deposits	EQL 1+
Medium and long term deposits	AAA
Negotiable certificates of long term deposit	AAA
Corporate bonds	AAA
Leasing bonds	AAA
Mortgage bonds	AAA
Subordinated bonds	AA+
Common stock	1ª

Board of Directors and Executive Committee

Board of Directors

Dionisio Romero S.	Chairman
Dionisio Romero P.	Vicechairman
Jorge Camet	Director
Fernando Fort M.	Director
Eduardo Hochschild	Director
Juan Bautista Isola	Director
Reynaldo Llosa	Director
Benedicto Cigüeñas	Director
Luis Nicolini	Director
Juan Carlos Verme	Director
Luis Enrique Yarur	Director
Felipe Ortiz de Zevallos	Director
Germán Suárez	Director

Executive Committee

Dionisio Romero S.	Chairman
Dionisio Romero P.	Director
Fernando Fort M.	Director
Reynaldo Llosa	Director
Juan Carlos Verme	Director
Benedicto Cigüeñas	Director

Management

Management	
Walter Bayly	General Manager

Central Management	
Alvaro Correa	**Central Planning and Finance Manager**
José Luis Muñoz	General Accounting
André Figuerola	Treasury and Foreign Exchange Operations
Pedro Rubio	**Central Wholesale Banking Manager**
Christian Laub	*Corporate Banking Division*
Andrés Arredondo	Institutional Banking Division
Luis Alfonso Carrera	Corporate Finance
Fernando Fort G.	*Middle Market Banking Division*
Miguel del Mar	Middle Market Banking Lima 1
Luis Bouroncle	Middle Market Banking Lima 2
Pedro Bordarampé	Middle Market Banking Lima 3
Francisco Paz	Business Services
Gonzalo Álvarez-Calderón	International Business
Andrés Ferrand	Leasing

Javier Maggiolo	**Central Asset Management Manager**
Bruno Ghio	Investments Management
Ignacio Aguirre	Investment Products Management
Pablo Rojas	Portfolio Management
Augusto Pérez	Products and Technology Management
Jose Manuel Peschiera	Fiduciary Business
Gianfranco Ferrari	**Central Retail Banking Manager**
Carlos Morante	*Commercial Division*
Percy Urteaga	Commercial Banking Lima 1
Jorge Mujica	Commercial Banking Lima 2
Enrique Rizo Patrón	Commercial Banking Lima 3
Lionel Derteano	Commercial Banking Lima 4
Javier Ichazo	Commercial Banking Provinces 1
Paul Macarachvili	Commercial Banking Provinces 2
Nancy Tueros	Sales
Alfredo Fernández	Real Estate Business

Ricardo Bustamante	*System and Organization Division*
Italo Muñoz	Business Solutions
Carlos Herrera	Infrastructure and IT Operations
Ivana Osores	System Development
Bruno Rivadeneyra	System Development
César Sanguinetti	Process and Information Management
Patty Canales	Systems Action Improvement
Jorge Ramírez del Villar	*Process and Administration Division*
Augusto Astete	Operations
César Ríos	Retail Banking Collection
Jose Marangunich	Fraud Prevention
Agustín Pestana	Central Administration
Jose Ignacio Maúrtua	Infrastructure Division
Fernando Dasso	*Marketing Division*
María del Pilar Ruiz	Products
Arturo Johnson Pastor	Customer Service Channels Management
Constantino Sulopulos	Commercial Management
Ernesto Melgar	Marketing
Antonio Di Paola	Insurance Banking
Werner Harster	Quality


Walter Bayly
General Manager


Alvaro Correa
Central Planning and Finance Manager


Pedro Rubio
Central Wholesale Banking Manager


Javier Maggiolo
Central Asset Management Manager


Gianfranco Ferrari
Central Retail Banking Manager

Others	
Reynaldo Llosa	**Risks Division**
Pablo Miñán	*Credit Management Division*
Alicia Franco	Foreign Bank Risk and Corporate Credit Risk
Alfonso Gavilano	Middle Market Banking Credit - Lima
Álvaro García	Middle Market Banking Credit - San Isidro
Javier Gómez	Central Credit
Luis Rivera	Monitoring and Control of Credit
Cristina Arias	Special Accounts
Juan Inchaústegui	*Risks Management*
Harold Marcenaro	*Retail Banking Risks*

Javier Otero	**Coporate Business Division**
Alvaro Carrulla	Institutional Relations
Aida Kleffmann	Investor Relations
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Atlantic Security Holding Corporation

Management Report

2008

Content

Main indicators

	2007	2008
Profiability		
Net income (US$ million)	39.5	-22..4
Net income per share (US$ per share)	0.56	-0.25
Return on average equity [1,2]	26.8%	-18.1%
Return on average assets [1]	3.5%	-1.9%
Operations		
Operating cost over total income	17.1%	26.9%
Operating costs over average assets [1]	0.6%	0.5%
Balance (end of period, US$ million)		
Assets	1,615	1,454
Net loans	130	201
Trading securities and investments [3]	916	650
Deposits	1,383	1,270
Net equity	214	116
Managed funds	1,408	1,427
Capital adequacy (N° of times)		
Total assets over equity	7.5	12.6
Loan portfolio quality		
Past due loans over total loans	0.0%	0.0%
Provisions over past due loans	1.0%	0.6%
Other information		
Number of shares, net (in millions)	70.1	90.1
Number of employees	68	75

1 Average determined from the average of the beginning, quarterly and final balances in each year.
2 Equity does not include gains on the investment in Credicorp.
3 Includes investments available for sale and long-term investments.

Market comment

The effects of the sub-prime mortgages crisis that initiated in 2007 and its later contagion to the whole U.S. Financial system became more critical during this 2008, year that would be remembered for being the start of the most severe financial crisis in the U.S. since "The Great Depression" of 1929. This year is marked with several milestones ranging from bankruptcy of large traditional Wall Street Investment Banks; intervention of the U.S. Government and control take over of companies with well known financial strength to the promotion of a Financial Relief Program from the U.S. Government.

With the effects of the financial sector crisis and announcements of poor economic performance through the year, until the declaration of an U.S. economy in true recession, the FED decreased its intervention rate in more than 300 basis points to leave its FED Funds rate ranging between 0% and 0.25% as of December 2008, reporting historic lowest levels of this rate.

The general market crisis pushed for widening of credit risk spreads in debt markets. This was more noticeable in the difference between LIBOR rate and U.S. Treasury rate, especially in the short term. This also implies that the yield curves for different risk levels will tend to become sloppiest

This market condition was translated in a higher volatility on global capital markets, with more impact during this last quarter of 2008. At stock market level, in general terms most of the profits made during year, were reverted with negative corrections between September and October, being this the month in which historical negative results were reported. At debt market level, an important transition to low-risk securities has been observed (flight-to-quality), a move that although represents lower returns, provides capital protection in contrast to securities that represent higher risks.

Global markets closed the last quarter in negative territory, being harshly affected by the general financial crisis, which had a significant impact in all markets and in the world economy. The financial sector crisis and mortgage market had impact in the real sector of the economy, mostly in the developed regions (U.S., Europe and Japan), whose countries went also into recession, due to the weakening of their main macroeconomic indicators, internal consumption rates and private investment, which in turn propelled higher unemployment rates. Under this scenario, the main World Central Banks were forced to lower their interest rates like the U.S. did with its FED Funds rate. Along with the weakening macroeconomic conditions, a strong increase in market volatility was also observed, forcing investors to take protection under U.S. Treasury Bonds, causing that short-term bonds yielded minimum rates.

Financial results

From all of the Credicorp subsidiaries, ASHC received the strongest embattlement from the financial crisis. The impact of the severe financial crisis affected the results for the year 2008 that represented a loss for US$ 22.4 million. This performance has no precedent in the history of ASHC and was caused mainly by a large impairment charge of securities affected by the market meltdown that reached US$ 35.4 million for the year and by a provision for potential losses and contingencies related to the alleged Madoff fraud that was constituted for a total of US$ 43.5 million.

Atlantic US Blue Chip Fund (AUSBCF) one of the funds managed on behalf of our customers went insolvent as a result of the collapse of Madoff Securities. Confronted by this alleged fraud, the company decided to constitute provisions anticipating losses in its proprietary positions as well as any other potential contingencies arising from such event.

Income from dividends

Higher dividend income is the result of the ASHC stockholding position in Credicorp Ltd. This year, this revenue is 14% higher, due to better results reported by Credicorp Ltd., in 2007. Notwithstanding, this dividend income is eliminated in the reporting consolidation, therefore the ASCH contribution to Credicorp Ltd., resulted in a US$ 50.4 million loss.

Net income from interests

Net interest income presents an increase of 21% due to the widening of spreads, obtained through the year, until the third quarter, as a result of the combined effect of interest rate drop-down and short term deposit structure of the Bank, allowing quick repricing effect and consequently a lower cost of funds with locked-in higher and longer term interest rates on the asset side. By mid third quarter, the stabilization on interest rate environment was observed which maintained the cost of funds in more stable levels.

Income from commissions

Commission's income derived from asset management presents a decrease of 8% originated by lower market value of managed funds, being this main factor for calculation of performance incentive and management commissions.

Foreign exchange

Foreign exchange currency operations report a loss of US$ 320 thousand, originated by EUROS and British Pounds positions, currencies with strong devaluation within current economic global turmoil.

Balance Sheet

Balance sheet decreased 10%, decrease concentrated in Available-for-Sale Investments which in turn decreased 33% due to the combination of maturities, sales and market value loss reported as a separate component in shareholders' equity as unrealized loss.

Return on average equity (ROE) went from 23.8% during 2007 to -18% in 2008. Meanwhile, return on average assets went from 3.5% to -1.9% in the same period. Operative expenses maintained same levels in relation to prior year. Core revenues increased from US$ 49.0 millions to US$ 54.0 million. Other income / expenses include charges related to Madoff Securities of US$ 36 million, to report an efficiency ratio of 26% for 2008 after reporting 17.1% for 2007. Notwithstanding, without considering the effect of Madoff Securities, an adjusted efficiency ratio reports 12.4%

For 2009, although ASHC will not modify its low risk proprietary investment strategy, an increase in financial margin is expected as a direct consequence of credit spreads widening. Regarding, Asset Management business it is expected to take advantage of the fact in spite of the extreme market conditions of 2008, adequate returns were obtained by our customers and although the reduced figures, these outperformed those from our competitors. These facts should contribute in maintaining steady growth of the business.

ASHC aspires to maintain recognition from its customers, as the best investment manager in the market, with the best global products offer with the intention to attend each customer profile, with returns, diversification and risk controls and the best financial advisory team. This identity has been built over all years ASHC has operated in the market and it is based on its high-quality standards.

Consolidated Balance Sheet

	2007 (US$ 000)	2008 (US$ 000)
Assets		
Available funds	548,106	584,412
Cash and banks	65	26
Deposits in banks	530,591	438,385
Overnight funds	17,450	146,000
Investments available for sale, net	853,739	575,600
Investments available for sale ASB	853,739	575,600
Investments available for sale ASB	0	12,474
Corporate Investment STL	0	12,474
Loans, net	130,096	201,405
Loans, net	131,419	202,581
Less: provisions	(1,323)	(1,176)
Other investments	61,838	61,838
Fixed assets, net	188	263
Other assets	21,374	18,256
Total assets	1'615,341	1'454,248
Net liabilities and shareholder's equity		
Deposits	1'382,882	1'270,213
Current account deposits	96,625	162,862
term deposits	1,286,257	1,107,351
Liabilities	**0**	**15,000**
ASB	0	15,000
Other liabilities	**18,354**	**53,326**
Total liabilities	1'401,237	1'338,540
Net shareholder's equity	214,105	115,708
Total liability and net shareholder's equity	1'615,341	1'454,248

Consolidated Statement of Income and Expenses

	2007 (US$ 000)	2008 (US$ 000)
Income and expenses from interests		
Income from interests	87,924	79,842
Income from dividends	19,566	22,365
Expense from interests	(69,214)	(55,758)
Income from interests, net	38,276	46,448
Non financial revenues	15,830	(15,374)
Commissions from services	9,164	8,455
Earnings from sales of securities	2,581	8,222
Net earning (loss) from exchange operations	2,039	(322)
Other revenues	2,047	(31,729)
Provision for loans	(292)	(1,000)
Provision for trading securities	(5,017)	(44,130)
Operating expenses	(9,254)	(8,384)
Salaries and benefits of employees	(4,167)	(4,417)
General and administration expenses	(4,962)	(3,799)
Depreciation and amortization	(120)	(127)
Other expenses	(5)	(39)
Net Income	39,544	(22,439)

Board of Directors

Chairman	**Dionisio Romero S.**
Vice chairman	**Dionisio Romero P.**
Directors	**Fernando Fort** **Reynaldo Llosa** **Fernando Montero** **Raimundo Morales** **Juan Carlos Verme** **Benedicto Cigüeñas**

Executive Committee

General Manager	**Eduardo Montero**

PACIFICO
COMPROMETIDOS DE VERDAD

Pacífico Insurance Group

Management Report

2008

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Main indicators[1]

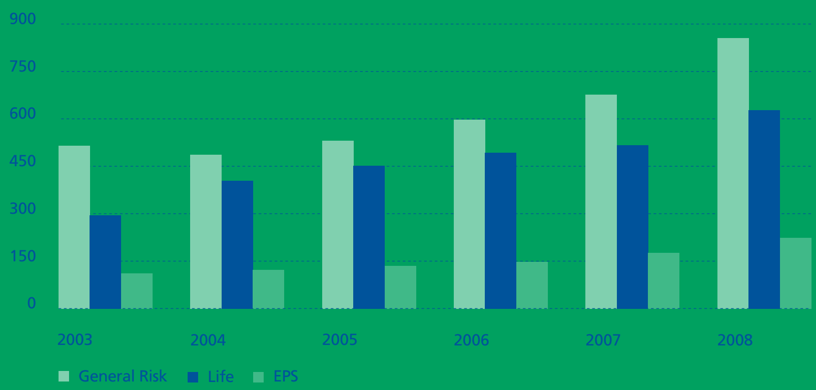
	2006	2007	2008
Profit and loss statement (US$ million, at the end of period)			
Total premiums	372.6	467.2	587.6
Ceded premiums	63.5	97.4	111.2
Increase in Reserve	50.0	62.6	70.6
Net earned premiums	259.1	307.3	405.7
Net claims	186.5	238.6	341.9
Net commissions	26.9	31.3	56.8
Net technical expenses	10.9	21.9	14.7
Technical results	34.8	15.5	(7.7)
Financial performance	89.4	76.8	70.4
General expenses and provisions	61.2	72.5	80.4
Net consolidated income	53.3	12.5	(15.0)
Contribution to Credicorp	13.6	9.4	(15.9)
Balance (US$ million, end of period)			
Assets	996.2	1,197.9	1,298.9
Investments in secuirities and real property	728.9	821.3	822.3
Technical reserves	629.4	817.5	968.5
Total liabilities	706.3	932.8	1,113.0
Net shareholders' equity	236.7	206.1	146.3
Minority interests	53.2	59.1	39.7
Profiability			
Net profit per share (US$ per share)	2.10	0.46	n.d.
Return on average equity [2]	25.4%	5.6%	-8.5%
Return on average assets [2]	5.8%	1.1%	-1.2%
Operating ratios			
Equity / total assets	23.8%	17.2%	11.3%
Increase in technical reserves	16.2%	16.9%	14.8%
Net claims / net premiums	72.0%	77.7%	84.3%
Expenses and commissions / net earned premiums	14.6%	17.3%	17.6%
Technical results / net earned premiums	13.4%	5.0%	-1.9%
Operating expenses and fees / net earned premiums	23.6%	23.6%	19.8%
Operating expenses and fees / average assets [2]	6.7%	6.6%	6.4%
Combined ratio [3]	104.4%	115.4%	118.3%
Other information			
Number of shares, net (in millions)	25.4	27.1	27.1
Number of employees	1,467	2,242	2,316

1 Non-audited numbers according to International Fiancial Reporting Standars (IFRS).
2 Average are calculated using the average initial balance and final balance of each period.
3 It does not include Pacífico Vida.

The Peruvian insurance market

As of December 2008, in terms of production, the insurance market's net premiums were US$ 1,466.7 million, 24.1% higher than the figure recorded for the same period last year. Premiums corresponding to general insurance grew 25.7% to total US$ 846.4 millon, while premiums associated with the Life, Pension and Annuity lines totaled US$ 620.3 million, demonstrating 22.0% growth over figures for last year. Health insurance contributions, as of December 2008, grew 30.5% for a total contribution of US$ 220.1 million.

Evolution of premiums and contributions - Peruvian insurance market as of December 2008 *(US$ million)*



Source: SBS - Progress Report November 2008
Elaboration: In house.
Note: SBS's average exchange rate was used to calculate the premium in dollars.

The total market for General Insurance, Personal Accidents, Life and Health totaled US$ 1,686.8 million as of December 2008, demonstrating 24.9% growth in comparison to the same period last year.

In the General Insurance segment, as of December 2008 and in comparison with the same period in 2007, Automobile premiums grew 56.4%; Theft and Assault grew 52.9%; Technical Lines increased by 38.5%; Transport by 30.1%; Transportation grew 30.1%; Personal Accidents increased 21.5%; Medical Assistance saw 18.9% growth and Fire 16.7%. These growth rates were due to the economy's dynamism, particularly in the construction, manufacturing and commercial sectors.

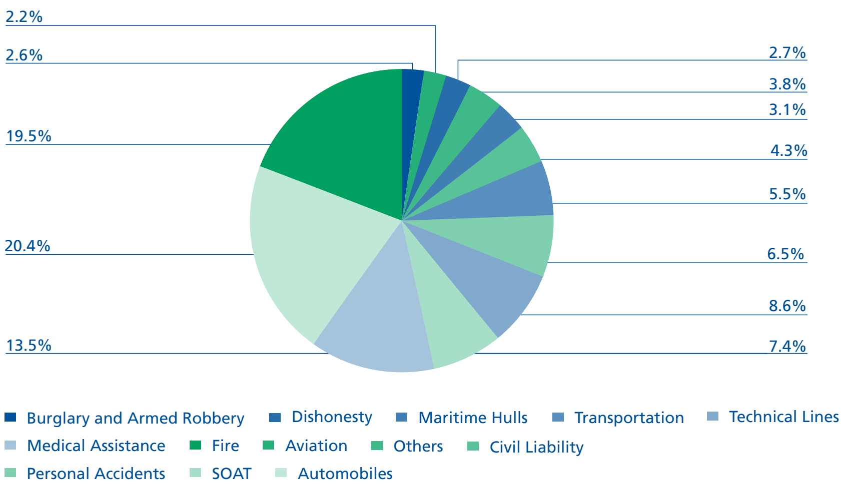
It is important to mention that the Maritime Hull Insurance market was among those that experienced a market decline (-9.2%).

The system's net earned premiums grew 27.2% due to a higher demand for property insurance in the business segment. This was the result of the economy's increased dynamism and significant growth in automobile insurance policies.

The Technical Result Index in relation to Net Earned Premiums in the market was -2.3% as of December 2008.

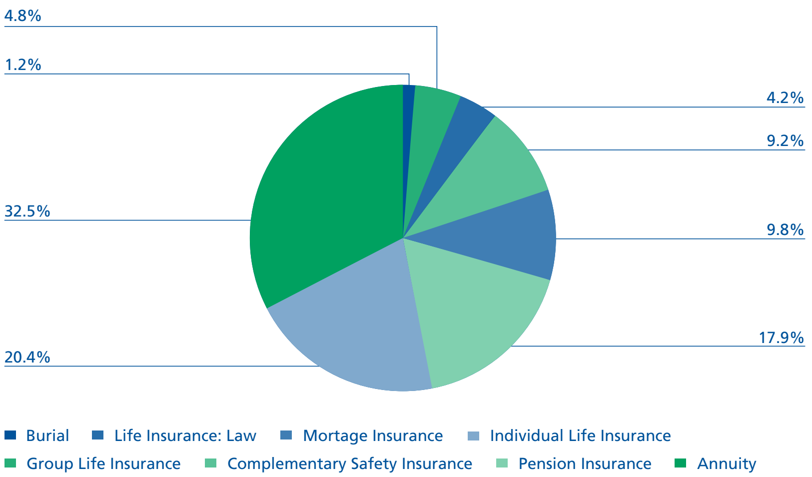
In terms of payments to policyholders, the net incurred claims rate in General Lines was 65.9%, lower than the 73.0% obtained up to December 2007. The Index of General Expenses over Net Earned Premiums in the system, considering General and Life Insurance, decreased 25.2%. The Peruvian insurance system's financial income declined 31.8%.

Distribution of the net premium portfolio in the General Insurance, Accidents and Illnesses lines in the Peruvian insurance market as of December 2008 *(%)*



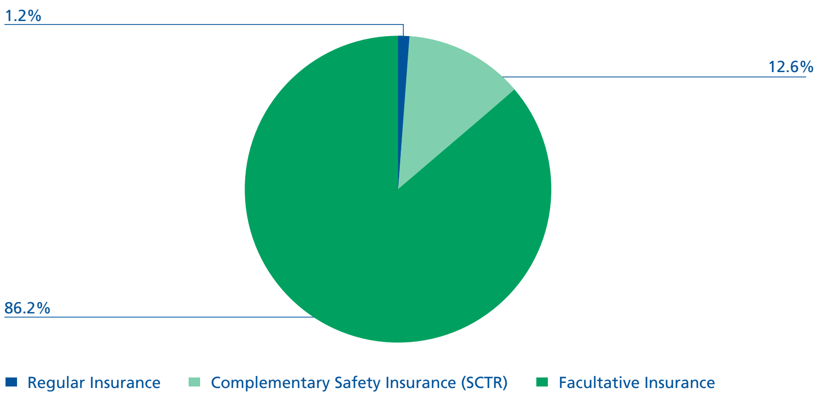
Source: SBS – Progress Report November2008.
Elaboration: In-house.

Distribution of the net premium portfolio in Life Insurance lines in the Peruvian market as of December 2008 *(%)*



Source: SBS – Progress Report November 2008.
Elaboration: In-house.

Distribution of the Contributions' portfolio in the Peruvian market for Health Care Providers (EPS) as of December 2008 *(%)*



Source: SBS – Progress Report November 2008.
Elaboration: In-house.

The insurance business

During 2008, the insurance business's results were negative. There was an increase in claims in all three market segments (General Insurance, Health and Life, which experienced five large claims in its Fire and Technical Lines for US$ 11.9 million). Additionally, US$ 11.3 million were recorded as impairment and a translation loss was taken for US$ 3.4 million, attributable to the Nuevo Sol's devolution against the US dollar.

The insurance business recorded a net loss of US$ 15.0 million in comparison to the US$ 12.5 million net earnings achieved in 2007. If consolidation adjustments are considered, Grupo Pacifico's contribution to Credicorp went from a positive contribution of US$ 9.4 million in 2007 to a loss of US$15.9 million in 2008.

Despite this year's less than favorable result, the Pacífico Group continues to push forward with its successful strategy to penetrate the individual insurance segment. This effort is directed at atomizing and diversifying the risk portfolio and transferring exposure to significant corporate risk to the international reinsurance market, thereby reducing the volatility of results and enhancing the ability to predict the same.

During 2008, premium production grew 25.8% to reach US$ 587.6 million at the end of the same period. This means that the Pacífico Group is one of the primary insurance groups in the region. By segments, growth in General Insurance was 23.5%; Pacífico Vida experienced 30.4% growth and Pacífico Salud EPS saw 27.4% growth. This allowed us, as a group, to achieve a total market share of 34.4% considering all three market segments: General Insurance, Health Insurance and Life.

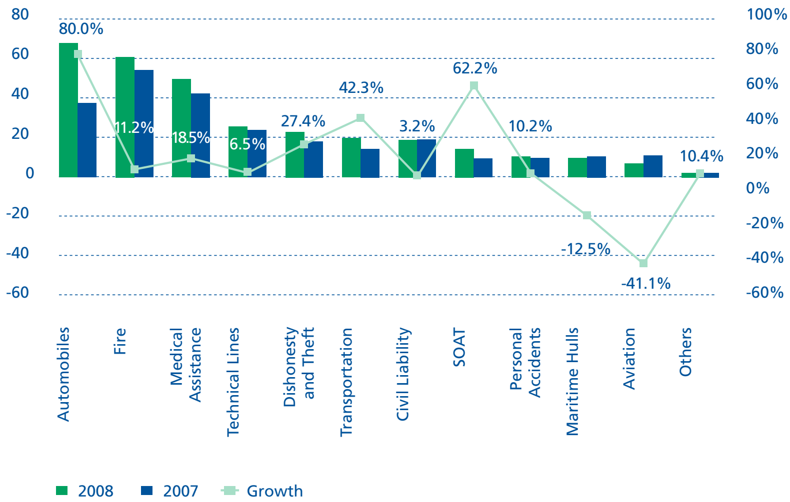
Pacífico Seguros

During 2008, general insurance sales performed positively, achieving a 23.5% increase over figures for the same period last year. Total yearly production reached US$ 296.8 million, US$ 56.4 million more than premiums obtained in 2007.

This growth includes all lines. Particularly notable growth was evident in: Automobiles (80.0%), SOAT (62.2%), Transportation (42.3%), Dishonesty and Theft (27.4%), Medical Assistance (18.5%), Fire (11.2%) and Personal Accidents (10.2%).

Distribution of Pacífico Seguro's premium portfolio

(Total premiums and growth 2008 / 2007, US$ million IFRS / %)



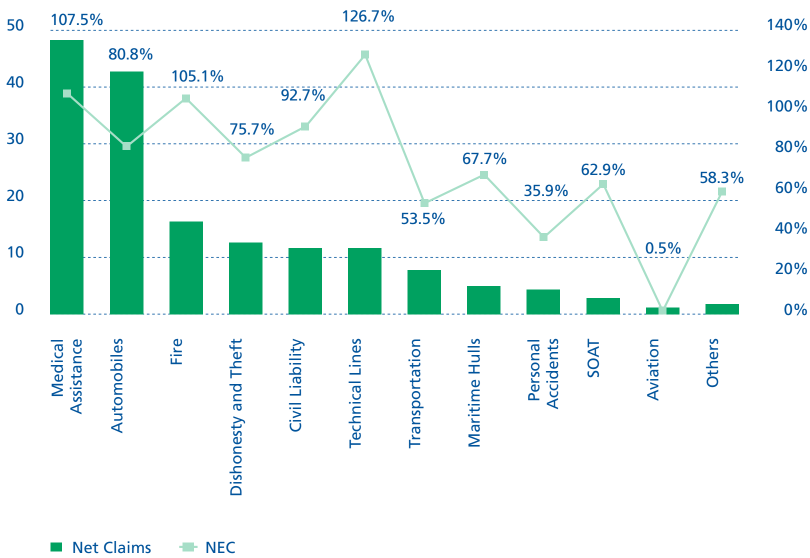
Source: SBS – Progress Report November 2008.
Elaboration: In-house.

It is important to point out that the reorganization process begun in 2006 seeks to increase our sales in terms of individual insurance in order to atomize or risk portfolio, make claims occurrence more predictable and reduce our results' volatility. In this context, production in personal lines- which the company defines as Automobile, SOAT, Medical Assistance, Personal Accidents and Home Insurance- increased 45.1% during the year. As such, over the last three years, the participation of personal lines in our risk portfolio went from 34.9% to 46.8%.

During 2008, claims totaled US$ 152.8 million- US$ 49.9 million more than the previous year- reporting Net Incurred Claims of 87.2% in comparison to 80.2% in 2007, when an earthquake hit the southern-central area of the country.

Distribution Pacífico Seguro's claim portfolio

(Net claims/ Net Incurred Claims 2008, US$ million IFRS / %)



Source: SBS – Progress Report November 2008.
Elaboration: In-house.

This increase in claims can be explained by an unusually adverse environment attributable primarily to increased economic activity in the country, which generates higher use of installed capacity, and an intense rainy season in northern Peru during the fourth quarter of the year, with precipitation levels 60% above the historic average. In this scenario, the company processed five large claims in the Fire and Technical Insurance lines for a total cost of US$11.9 million. In total, these events have caused a seven percent increase in PPS's net incurred claims.

It is also important to mention that the local automobile import sector has experienced extraordinary dynamism, thanks to sustained economic growth. Unfortunately, this has been accompanied by an increase in vehicle theft. At a national level during the period from 2000-2007, the Peruvian insurance industry recorded an annual average of US$ 6.7 million in vehicle theft. This figure rose to US$ 35.0 million in 2008, for which PPS has recorded reserves for US$ 8 million. Finally, in the Medical Assistance line, we experienced a significant increase in claims, attributable to higher costs for medical services that could not be immediately transferred to premiums for the entire portfolio of shareholders or higher requirements for actuarial reserves.

Recorded net income for the year was US$ 19.1 million, 33.8% lower than that obtained in 2007, when the total was US$ 28.9 million. This result has prompted the company to make an impairment of US$ 6.9 million, based on its conservative policy for recording investments and in accordance with international financial reporting standards. All impairment is the direct result of the global financial crisis's effects on the Peruvian stock market. Nevertheless, PPS estimates that, given the quality of the assets in its portfolio, these results will tend to recover in the mid-term.

Investments - Pacífico Seguros* (US$ thousands, end of period)	2008	%
Stocks	31,102	16.2%
Real property	41,880	21.9%
Trading securities	100,140	52.3%
Time deposits	18,524	9.7%
Total	191,646	100.0%

(*) Net of Pacífico Vida and Pacífico Salud investment.

In 2008, general expenses and remunerations increased 1.6%. During this period, gross premiums grew 23.5% and net earned premiums 36.5%, which means that expenses represent 22.5% of net premiums earned in comparison to the 30.2% achieved last year. Despite this significant improvement, the company will continue its efforts to rationalize expenses to achieve levels below 20% of the net earned premium and improve the company's ability to compete with local and international insurers. To achieve this, we will continue to implement the strategies begun two years ago to reduce operating costs through intensive use of computer systems and integrating technology in our distribution channels.

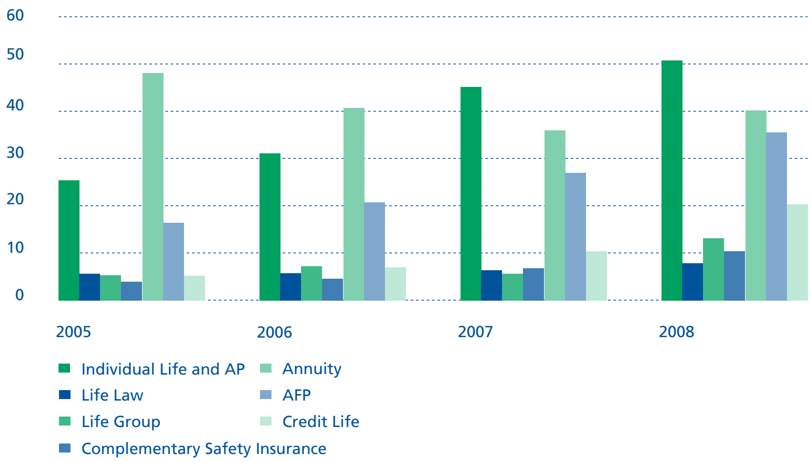
Due to an increase in claims and impairment in 2008, PPS recorded a net loss of US$19.6 million in its General Insurance business. To cover the operating deficit and take advantage of opportunities that the Peruvian market offers for growth and investment, the company's shareholders decided, in the month of December, to make a cash contribution equivalent to US$ 17.5 million.

By December 2008, we had achieved a 34.1% market share in general insurance. It is important to point out that, in keeping with our objective to increase our penetration of the individual insurance segment, we have recovered our position as market leader in the Automobile segment with a 38.1% share. We have also significantly increased our participation in the SOAT (21.2%), personal accidents and home insurance lines.

Pacífico Vida

As of December 2008, the total premium volume was US$ 178.2 million, 30.4% higher than that obtained in 2007. This means that we have maintained our position as market leader (27.6%). It is fundamental to mention that all business lines have showed significant increases, the most representative of which are AFP, Individual Life and Credit Life.

Evolution of Pacífico Vida's premium portfolio *(US$ million)*



Source: SBS – Progress Report November 2008.
Elaboration: In-house.

In the Individual Life Insurance line, there was a 31% increase in premiums, attributable to the higher productivity obtained by each of our account advisors, an increase in our sales force, an increase in the sales of new products such as Pacífico Saving Life and Premium Life Max and improved service. We expect this growth to continue and are in the process of recruiting more experienced account advisors to improve our persistence and productivity. It is important to point out that development in other channels, including brokers, part-time employees and sponsors, has contributed to generating more production.

The Individual Life line represents 21% of total annual income. Pacífico Vida maintains its position as market leader in Individual Life insurance with a 32.8% share (as of December 2008).

The Life Annuity line increased its income by 14% to represent 22% of the company's total accumulated premiums. It is important to mention that this year's growth in Pacífico Vida's Life Annuity segment exceeded market growth (7% on average). As of December 2008, we had achieved third place with a market share of 19.9%.

The Pension Insurance segment (AFP) has also shown significant growth and currently represents 20% of our income. At the end of the accumulated year, our income in this line exceeded figures recorded for 2007 by 33% while average market growth was 22%. An increase in the country's development has contributed to this growth trend. Pacífico Vida maintained its position as market leader in this segment with a 31.7% share as of December of 2008.

In terms of accumulated levels, the Group Life line (Collective Life, Law and Complementary Employment Insurance), which represents 18% of our income, showed an increase of 29% over last year's figure. This is primarily attributable to the Complementary Employment Insurance line, which experienced an increase of 50%, followed by Life Law. This significant increase is directly related to the country's growth, an increase in the number of businesses formalized and development in sectors such as mining and construction. In December of 2008, this business line held second place in the corresponding market with a 27.4% share.

Life Credit has increased its production 102% in comparison to last year. Without a doubt, the dynamism of the company's credit market contributed to this line's good performance (credit cards and home loans). This increase is attributable to an individualization of our insurance products, primarily through BCP and to a lesser degree, Ripley Bank. It is important to point out that in December of 2008, we held third place in terms of market share with 33% participation.

Although the Personal Accidents line does not represent a significant portion of this year's income (5%), it has shown significant growth over last year's figures (33%). We would like to point out that this business line is commercialized, like our Individual Life line, by means of our agency channel, banks and other alternative channels (sponsors) that have facilitated significant growth.

Development in both traditional and alternative distribution channels continues to be a key strategy at Pacífico Vida. In addition to companies in the financial system, our distribution channels have been expanded with positive results to department stores and public service companies.

We are committed to maintaining our position as market leader to develop new products through our traditional and non-traditional channels by taking strategic action. We are convinced that this vehicle best complements market development.

In terms of investment management, despite an adverse international and local juncture, our investment portfolio's financial income continued to grow with regard to previous fiscal years to obtain a positive results that can be attributed to the company's habitual investment operations. In 2008, there were no significant profits or losses due to extraordinary or non-recurring events.

With regard to portfolio investment, by December 31, approximately 40% was invested in foreign instruments, 40% in instruments either issued or guaranteed by the Peruvian Government and approximately 20% in financial institutions or private local companies. As such, more than 80% of the company's investments correspond to instruments that fall into the International Investment Grade category. Local risk classifiers have given all of our corporate investments a local investment grade.

These investments correspond to financial instruments issued by top-notch international and local institutions that also have the highest credit ratings. As such, the financial quality (credit related) of our investments means that we are able to ensure payment of future commitments with our clients.

More than 96% of our investment portfolio corresponds to fixed income instruments, which are invested until they reach maturity. These assets back business lines whose obligation flows are known or inferred (probability estimate) and guaranteed by the company.

In terms of this kind of product, the company's investment policy is focused on achieving an adequate currency ratio and cash flow matching to mitigate or eliminate the risk associated with reinvestment rates and liquidity risk.

In business lines that do not guarantee minimum returns, the investment policy focuses on achieving long-term profitability based on risk and each portfolio's investment policy.

In the first quarter of 2008, Pacífico Vida made its first investment in real property, acquiring an office building in the Cronos Business Center in the district of Surco. This building will be ready in the first quarter of 2009. The objective of this purchase is to generate income from leasing offices to businesses or corporations. .

Fitch Rating International maintain Pacífico Vida's investment grade and improved its expectation from stable to positive. This is due to the company's favorable results, adequate risk management, strict subscription policies, investment management and financial strength. This rating identifies Pacífico Vida as a reliable, safe company with an elevated capacity to cover the commitments and obligations it has with its clients and suppliers.

Administrative expenses have increased 33% in comparison to last year due to the company's significant growth in terms of personnel, operations and infrastructure. Personnel spending and third-party services represented the most significant expenditure increases. In terms of ratios, however, we are at 16.5% versus last year's 16.2%.

This year, we will continue to implement our policy to reduce costs. We hope that this will enable us to reach the objective we have set to further improve our profitability.

Our claims' rate is above last years (38%), which is attributable to larger claims, particularly in the group business line, and due to growth in the AFP business. The latter recorded a higher number of claims due to an increase in affiliates. The claims' ration increased to 47.9% of the total premium value in comparison to 45.3% last year.

Technical expenses have increased 32% over last year's figure. This is basically due to expenses relative to the individualization of Life Credit operations, which has been accompanied by increases in this line's premiums.

In December 2008, accumulated earnings were 42% less than those recorded for the same period last year, due primarily to higher claims in some business lines, a lower proportion of financial income, a larger adjustment for a decline in market value, and, to a lesser extent, higher technical expenses.

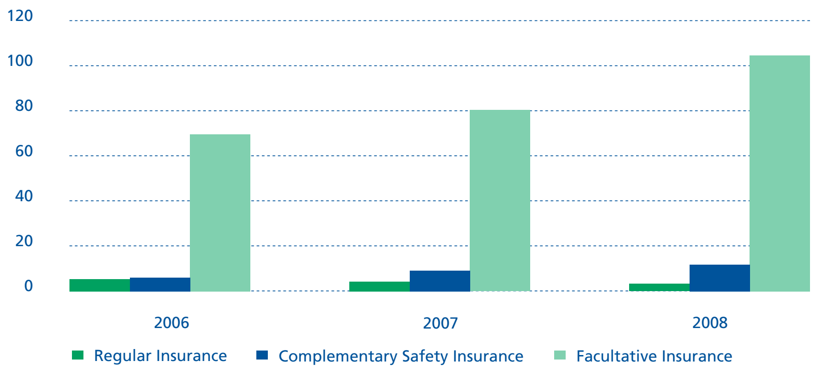
In December of 2008, Pacífico Vida obtained net profit before minority interests of US$ 14.5 million.

Pacífico Salud EPS

Business results for the health services line have also been unsatisfactory. In the Medical Assistance line, inflation relative to medical services could not be immediately transferred to premiums given that the business' structure only permits annual or mid-year adjustments. During this period, the company has been more conservative in its approach to set up IBNR reserves (claims incurred but not reported) due to the business's evolution and a higher claims rate, which has generated additional reserves for US$ 3.9 million.

Total production in 2008 grew 27.4% (US$ 116.5 million). The main contributor to this growth was Regular Insurance, with US$ 102.8 million, followed by Complementary Safety Insurance with US$ 11.0 million and contributions for facultative contracts for US$ 2.7 million.

Evolution of Pacífico Salud EPS's contribution portfolio *(US$ million)*



Source: SBS – Progress Report November 2008.
Elaboration: In-house.

Total claims in 2008 reached US$ 105.1 million, which represents a Net Incurred Claims Rate of 90.3% in comparison with 82.4% last year. In addition to an increase in medical costs and higher reserves, it is important to mention that an increase in the population's purchasing power allows people to assume co-payments more easily, contributing in parallel to higher use of insurance policies.

During 2008, general expenses and remunerations totaled US$10.4 million, 2.3% higher than the expense recorded last year. If general expenses and remunerations are calculated as a percentage of the net earned premium, they reached an equivalent of 8.9% in this period, an improvement of 11.1% over the figure obtained in 2007. This means that the company's performance in this area is within international levels.

At the end of 2008, Pacífico Salud recorded losses for S$ 4.6 million in comparison to the US$ 2.7 million profit recorded in 2007.

Finally, Pacífico Salud managed to maintain its position as market leader during this period despite the fact that two new companies entered the market in 2007. As of December 2008, the company had obtained a market share of 52.4%.

Consolidated Balance Sheet
(US$ million, at end of period)

Assets	2006 US$(000)	2007 US$(000)	2008 US$(000)
Cash and banks	78.0	46.2	49.7
Net investments	728.9	821.3	822.3
Real property, furniture and equipment, net	47.0	46.5	56.1
Receivables and other assets	142.3	284.0	370.9
Total assets	996.2	1,197.9	1,298.9
Liabilities and net shareholders' equity			
Technical reserves	629.4	817.5	968.5
Accounts payable and other liabilities	76.9	115.3	144.5
Total liabilities	706.3	932.8	1,113.0
Net shareholders' equity	236.7	206.1	146.3
Minority interest	53.2	59.1	39.7
Total liabilities and net shareholder's equity	996.2	1,197.9	1,298.9

Profit and Loss Statement
(US$ million, end of period)

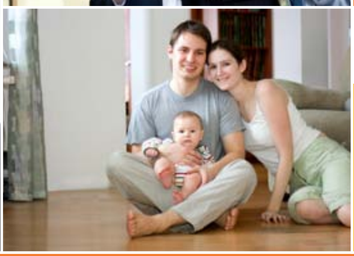
	2006 US$(000)	2007 US$(000)	2008 US$(000)
Total premiums	372.6	467.2	587.6
Ceded premiums	63.5	97.4	111.2
Adjustment of reserves	50.0	62.6	70.6
Net premiums earned	259.1	307.3	405.7
Net claims	186.5	238.6	341.9
Net commissions	26.9	31.3	56.8
Net technical costs	10.9	21.9	14.7
Technical result	34.8	15.5	(7.7)
Financial income, net	89.4	76.8	70.4
General expenses and provisions	61.2	72.5	80.4
Other income		2.6	2.3
Results by shifting	1.6	3.9	(3.4)
Income tax and employee participation	5.4	4.3	(9.2)
Income before minority interest	59.1	22.0	(9.5)
Minority interest	5.7	9.5	5.5
Consolidated net profit	53.3	12.5	(15.0)
Contribution to Credicorp	13.6	9.4	(15.9)

Board

President	Dionisio Romero Seminario
Vice-president	Dionisio Romero Paoletti
Directors	Eduardo Hochschild Beeck Maximiano Lemaitre del Campo Reynaldo Llosa Barber José Miguel Morales Dasso Raimundo Morales Dasso Luis Nicolini Bernucci José Antonio Onrubia Holder Carlos Palacios Rey Ricardo Rizo Patrón de la Piedra Luis Enrique Romero Belismelis







MANAGEMENT REPORT

2008

Contents

1. EVOLUTION OF THE PRIVATE PENSION SYSTEM

1.1 MARKET COMMENT

Throughout 2008, the private pension system showed stability in its commercial activity, allowing for a reduction in the number of transfers and sales representatives compared to the previous year. However, high market volatility sparked by the severe international crisis impacted negatively the performance of the funds under management.

The international financial crisis was the single most important event in 2008's agenda, particularly during the second half and translated into a steep decline of the value of most financial assets and created extreme market volatility. These developments affected returns of funds under management. The system's portfolio reached S/.49.9 billion as of December 2008, an 18.3% reduction in soles compared to 2007-closing.

In the commercial arena, companies slowed down their competition to recruit transfers, resulting in a sliding trend throughout 2008. Sales personnel fell from 2,265 in January to 1,763 in December, while transfers fell from a monthly 26,200 in January to 17,300 in December. Nonetheless, new affiliations remained at 2007 levels. As the national economy becomes increasingly formal, the number of payroll workers as a percent of new affiliations remained strong, with 94% of members on payrolls in 2008 and 95% in 2007.

Pension fund management companies' (AFP is the Spanish acronym) financial revenues reached US$ 254.7 million, 24.7% more than the previous year, a consequence of an increased revenue base and a stronger on average domestic currency. System-wide administrative expenses rose and sale expenses fell, leading to operative expenses of US$ 178.7 million, comparable to last year. Although earnings from operations reached US$ 76.0 million, 204.0% more than in 2007, AFP's impaired legal reserves reduced net profits that reached US$ 1.8 million compared to US$ 52.2 million in 2007.

"Pension fund management companies' (AFP is the Spanish acronym) financial revenues reached US$ 254.7 million, 24.7% more than the previous year."

1. EVOLUTION OF THE PRIVATE PENSION SYSTEM

1.2 MAIN INDICATORS

We present below the main indicators of the Private Pension System (SPP is the Spanish acronym) for 2008:

- The SSP's total number of affiliates continued to grow at a pace similar to 2007.
- The number of individuals contributing to the system increased significantly. Although the annual growth rate was slightly below the previous year, it did exceed that of other years', reflecting a livelier contribution from individuals and companies.
- The number of sales representatives declined gradually as competition for transfers also slipped.
- Funds under management were strongly impaired by fluctuations in international financial markets, with the subsequent 22.1% value impairment in the portfolio under management for the entire year (change in dollars).
- System-wide earnings from operations grew 204.0% year over year. However, the AFPs' legal reserves' value fell as markets slipped, leading to a S/. 143.88 million (22.3%) loss in value compared to 2007's closing.

"System-wide earnings from operations grew 204.0% year over year. However, the AFPs' legal reserves' value fell as markets slipped, leading to a S/. 143.88 million (22.3%) loss in value compared to 2007's closing."

1. EVOLUTION OF THE PRIVATE PENSION SYSTEM

MAIN PRIVATE PENSION SYSTEM INDICATORS

End of period	2008	2007	2006
Members (thousands)	4,296	4,101	3,882
% change (1)	4.8%	5.6%	6.7%
New members (thousands)	229	226	258
% change	1.1%	-12.5%	2.8%
Contributions (thousands) (2)	1,708	1,591	1,416
% change (1)	7.4%	12.4%	3.6%
Sales	1,763	2,340	5,647
Funds under management (US$ million)	15,875	20,371	14,404
% change (1)	-22.1%	41.4%	51.7%
Voluntary contributions (US$ million)	138.6	356.1	128.1
% change (1)	-61.1%	178.0%	n.a.
Contributions (US$ million) (3)	1,635	1,731	1,163
Revenues (US$ million)	254.7	204.2	158.0
Operating expenses (US$ million)	178.7	179.1	161.4
Operating earnings (US$ million)	76.0	25.0	(3.4)
Operating returns (US$ million)	-50.8	39.4	30.9
Net earnings (US$ million) (4)	1.8	52.2	15.4

Source: Conasev and Superintendencia de Banca y Seguros.

(1) Change year over year.

(2) Annual average number of contributors.

(3) Contributions: Total deposits during this period from mandatory and voluntary contributions.

(4) Pursuant to Peruvian accounting rules, legal reserves are included in net profits contrary to IFRS reports.

No system-wide information is available on results adjusted for international accounting rules

2. PRIMA AFP

2.1 HIGHLIGHTS

A stable commercial climate where competition for transfers was less acute was the main characteristic of the pension fund market in 2008. Prima AFP preserves its leading market position thanks to a stronger value proposal aimed at providing quality information and service to its members, as well as outstanding returns and strong backing from Grupo Credito, Peru's largest financial holding. In August, Prima AFP announced an increase of its management fee from 1.50% to 1.75% that would apply to revenues starting in January 2009. Despite the increase, they are still the lowest in the market. These higher fees are consistent with our value proposal to markets, as is widely acknowledged by our affiliates. In consequence, the transition to the new fee took place in a stable scenario.

Strong productivity from Prima AFP sales management helped preserve a high quality portfolio and reached the growth goals set against the monthly insurable remuneration (RAM in Spanish) that is the basis of the company's revenues. It also contributed in maintaining a robust market share.

Investments-wise, weaker international and local financial markets hurt the value of funds under management. Thus, as of December 2008, the value of our portfolio under management was S/. 15,275 million.

In addition, operative systems were improved and developed to increase the efficiency of collections and auditing of revenues and charges, with a positive overall influence in the company's operative efficiency.

In human resources, we launched the "Cultura Prima" project to define the values, believes and rules that should guide our organization, while maintaining a strong commitment to corporate objectives. Throughout 2008, we engaged in a number of activities to tighten our bonds with our workers and strengthen our corporate identity.

We launched our "Comprometidos" project to obtain quality certification for our management system under the ISO 9001:2000 norm and which we expect to receive in 2009.

In addition, we confirmed our interest in enhancing the image of senior citizens through the second edition of the Entrepreneur Senior Citizen Award and the Outstanding Senior Citizen Award, which acknowledge senior citizens who take up new activities when arriving at their senior age or who stand out for their contributions and example to their community.

> "Prima AFP preserves its leading market position thanks to a stronger value proposal aimed at providing quality information and service to its members."

2. PRIMA AFP

2.2 MARKET SHARE

In 2008 we strengthened our market position in the most important fronts. The main indicators of 2008 and their relationship with system-wide figures are as follows:

- The increased number of contributors, as well as the wider base of collections available for revenue calculation reflects Prima AFP's stronger commercial position.

- A slight reduction in the sales team took the total number of sales representative from 421 persons in December of 2007 to 335 a year later, as reported by SBS.

- By December 2008, Prima AFP's share of the portfolio under management reached 30.6%, worth US$ 4,862 million (US$ 6,403 million in 2007, when our share was 31.4%). This slide is accounted for by (i) a commercial strategy that reduced PRIMA AFP's sales force and the expected slip of funds with lower RAM; and (ii) the impact of declining markets, which had a greater effect on the value of Fund 3, where we held the largest share of the market.

- The remunerations level of our contributors is the core source of our revenues. Pursuant to estimates based on revenues at Prima AFP, and taking into account the 1.5% administration fee, in 2008 the basis remuneration for revenues increased allowing us to garner, one more time, the highest share of the market (32.3%).

- Prima AFP also accomplished the largest market share (32.7% as of December 2008) for contributions' collection. This figure was slightly lower than last year's as the market crisis reduced voluntary contributions.

- In accordance to market evolution, in 2008 our volume of voluntary contributions under management fell to US$ 61.9 million in December 2008. However, we still hold the largest share in the system (44.7%).

> "By December 2008, Prima AFP's share of the portfolio under management reached 30.6%, worth US$ 4,862 million."

2. PRIMA AFP

PRIMA AFP: MAIN INDICATORS AND MARKET SHARE

	Prima AFP 2008	System 2008	Share % 2008	Share % 2007
Affiliates (1)	1,045,410	4,296,480	24.3%	25.0%
New affiliates (2)	43,134	228,807	18.9%	21.0%
Sales Force (1)	335	1,763	19.0%	18.0%
Funds under management US$ million (1)	4,862	15,875	30.6%	31.4%
Contributions collection US$ million (2)	545	1,635	33.4%	35.7%
Total collection for year US$ million (3)	494	1,719	28.7%	54.3%
Voluntary contributions US$	62	138	44.7%	47.2%
RAM US$ million (4)	344	1,063	32.3%	32.0%

(1) Source Superintendencia de Banca y Seguros.
(2) Cummulative for period.
(3) Contribution plus recognition bond. Net of funds.
(4) Monthly insurable remuneration, base of revenue calculation. Prima AFP estimates, based on average revenues for most recent 4 months period, excluding impact of double collection, special collections and commissions charge by voluntary contribution.

2. PRIMA AFP

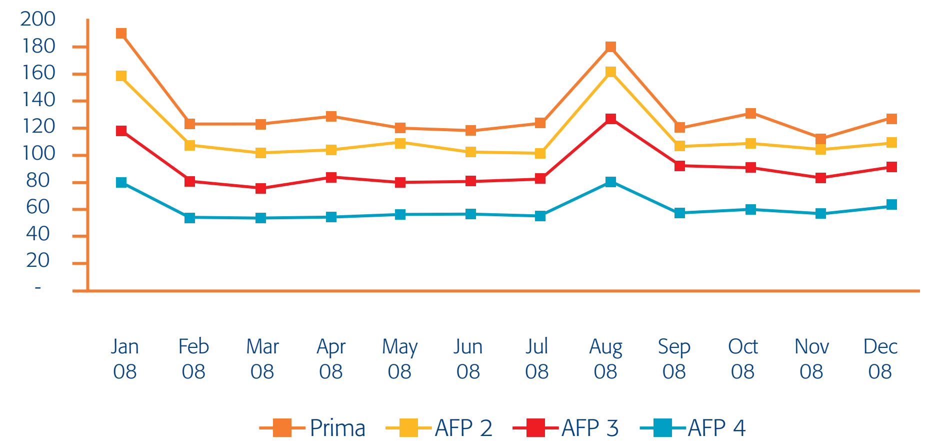
2.3 COMMERCIAL OUTCOME

In the commercial field, during 2008, we strengthened our focus on preserving our customers' portfolio and recruiting new affiliates. Recruitment of new affiliates was stable throughout the year (monthly average equalling 3,600). Transfers fell from a monthly average of 4,700 at the beginning of the year to 4,000 towards year-end.

As a consequence of our commercial efforts, Prima AFP collected approximately a net S/.110 million RAM.

In 2008 Prima AFP again led the industry by volume of contributions collected, as shown below.

MONTHLY CONTRIBUTION COLLECTION BY AFP
(S/. MILLION)



Prima remains focused on giving its affiliates the greatest possible comfort. In October we opened a new office in Chimbote (Ancash). This new office has strengthened our network comprised of 15 branches nationwide combined with 16 sales points.

Our decision to increase our management fee was supported by a new value proposal to the market, namely becoming the AFP providing best information, service and returns to its affiliates with solid support from Grupo Credito. As a response to this challenge, our commercial initiatives within the system grew slightly to the levels planned for the transition period. Likewise, we focused our efforts on the maintenance of affiliates and direct contact with clients, supported by successful advertising and communications campaigns. Our success in introducing the fee change was evidenced by the negligible loss of RAM during the months when we were most exposed.

2. PRIMA AFP

2.4 OUTCOME FROM INVESTMENTS

In a year of international financial crisis, characterized by high volatility and strong impairment of financial instruments, pension funds' investments were significantly hurt though in line with each fund's risk profile. However, it is important to mention that investments made by pension funds are managed with a long term vision that discounts short term fluctuations. In addition, the system's average returns since its inception remain strong.

Prima AFP's rate of return in the last 24 months placed it in the first and second positions for funds 2 and 3, and in third position for fund 1. In terms of risk-adjusted returns, Prima AFP ranked first for fund 2, in line with its objective of managing the lowest-risk investments.

In the last year, returns of investments from funds 1, 2 and 3 were -5.04%, -21.09% and -38.44%, respectively.

PRIMA AFP: RETURN RATES

Results from investments	Dec - 08 Prima AFP	System
Fund 1		
Returns (12 months)	-5.04%	-4.26%
Returns (24 months)	5.24%	5.88%
Fund 2		
Returns (12 months)	-21.09%	-21.87%
Returns (24 months)	-1.00%	-2.36%
Fondo 3		
Returns (12 months)	-38.44%	-37.84%
Returns (24 months)	-9.88%	-10.87%

Accumulated nominal rate of return to December.
Source: SBS

“Prima AFP's rate of return in the last 24 months placed it in the first and second positions for funds 2 and 3, and in third position for fund 1.”

2. PRIMA AFP

The financial crisis changed the relative weight of each fund in the total portfolio under management. Accordingly, fund 3 saw its share fall, while shares of funds 1 and 2 increased.

PRIMA AFP: PORTFOLIO MANAGEMENT AS OF DECEMBER 2008 AND 2007
(US$ million)

	Dec - 08	Share %	Dec - 07	Share %
Fund 1	397	8.2%	277	4.3%
Fund 2	3,355	69.0%	4,154	64.9%
Fund 3	1,110	22.8%	1,973	30.8%
Total US$ mm	4,862	100.0%	6,403	100.0%

Source: Superintendencia de Banca y Seguros.

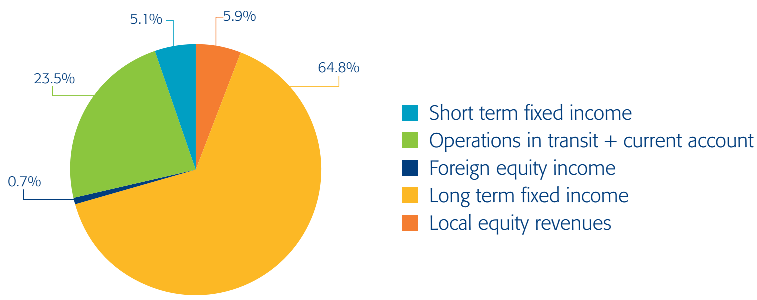
System-wise, efforts focused on diversifying existing portfolios by expanding the supply of investment instruments. In 2008 Prima took steps to establish new rules for derivatives, define new criteria for security eligibility and approve centralized trading mechanisms. It is important to underscore the Central Reserve Bank of Peru authorized an increase from 20 to 30% in the maximum amount of AFP investments abroad, although this rule has not yet been put in effect.

Locally, Prima AFP continued supporting Peru's development efforts. Our funds under management have been invested in the country's main companies and are part of major development projects in the energy, (electricity distribution and hydropower and hydrocarbons), transportation (road networks), telecommunications and agricultural industries.

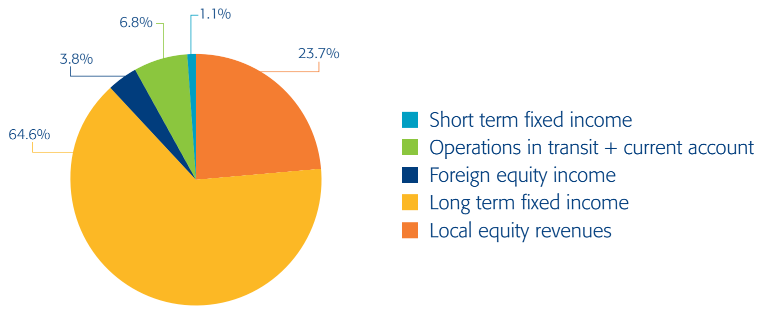
"System-wise, efforts focused on diversifying existing portfolios by expanding the supply of investment instruments."

2. PRIMA AFP

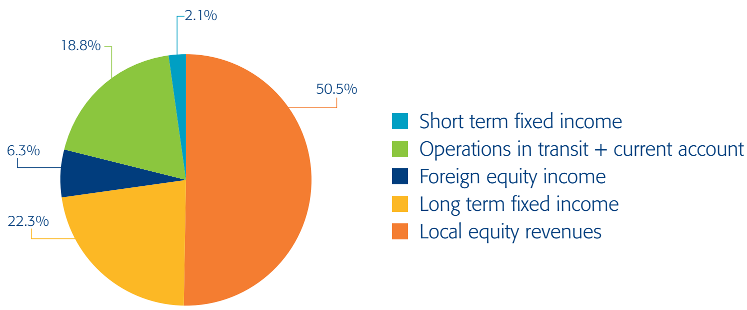
PRIMA AFP: FUND 1 STRUCTURE BY TYPE OF ASSETS, AS OF DECEMBER 2008 (%)



PRIMA AFP: FUND 2 STRUCTURE BY TYPE OF ASSETS, AS OF DECEMBER 2008 (%)



PRIMA AFP: FUND 3 STRUCTURE BY TYPE OF ASSETS, AS OF DECEMBER 2008 (%)



2. PRIMA AFP

2.5 FINANCIAL RESULTS

Prima AFP earned revenues for US$ 70.7 million in 2008 and profits of US$ 11.2 million (IFRS results), through growth of its revenue base and a gradual reduction in operative expenses.

2.5.1 Revenues

Our revenues reached US$ 70.7 million, or 23.1% higher than in 2007. This increase was made possible by a strong contributing client portfolio which has remained stable throughout 2008 and was further supported by a growing Peruvian labour market. In addition, the local currency was stronger on average than a year earlier, allowing to further increased revenues.

In 2008, we expected to strengthen our "Voluntary Contribution" product as a complement of our revenues. However, the world's financial crisis has strongly impaired this product. After the balance of funds under management fell, subsequent to both withdrawals and value impairments, their contribution to our business fell drastically.

2.5.2 Operative expenses

Our sales personnel expenses reached US$ 13.9 million, 7.3% less than in 2007. This outcome was a consequence of a downscaled sales effort (lower sales commissions and expenses) and would have been even stronger had it not been for the greater deferral of expenses in 2007, pursuant to IFRS.

In addition, in 2008 the sales force was significantly smaller than the previous year. Dismissals and lower commissions paid to the sales team translated into overall lower expenses.

Administrative expenses reached US$ 36.8 million or 16.8% higher than in 2007, including US$ 8.8 million for depreciation and amortization. This expense increase originated in heavier personnel charges (mainly increases in windfall provisioning), greater expenses relating to the higher number of contributors and increased spending for securities trading in the volatile atmosphere reigning in 2008.

2.5.3 Other revenues and expenses

By the end of 2008, revenues and expenses totalled US$ 4.1 million, mainly accounted for by interest related to the company's financial burden.

"Our revenues reached US$ 70.7 million, or 23.1% higher than in 2007. This increase was made possible by a strong contributing client portfolio which has remained stable throughout 2008 and was further supported by a growing Peruvian labour market."

2. PRIMA AFP

2.5.4 Balance Sheet

Prima AFP closed 2008 with US$ 0.9 million cash, slightly below December 2007. The company's financial management focused on using the business cash flow to amortize bank debt.

Amortization on intangible assets relating to the acquisition of AFP Unión Vida reached US$ 5.6 million.

Legal reserves, which are invested in the funds managed by each AFP as guarantee against return rate fluctuations when compared to our competitors', dropped significantly and reached US$ 51.6 million resulting in a reduction of unrealized gains to US$ 0.6 million as of December 2008.

This year Prima AFP used US$ 18.2 million to amortize its debt with banks, which as of December had reached US$ 40.2 million, 32.3% below December 2007's balance.

Because some of the debt had been denominated in nuevos soles, Prima AFP entered a hedge operation with Banco de Crédito to ensure future payments will be made in dollars. In 2009, we expect to continue reducing our debt with resources from estimated cash flows.

Finally, Prima AFP closed 2008 with assets of US$ 222.2 million (- 9.8%), liabilities totalling US$ 92.9 million (-20.4%) and equity worth US$ 129.3 million (-0.2%).

2.5.5 Legal and corporate highlights

At its Annual Mandatory Shareholders' Meeting held on February 29, 2008, an agreement was reached to appoint a new board comprised of the following persons:

1. Dionisio Romero Seminario (to replace Raimundo Morales Dasso)
2. Walter Bayly Llona
3. Alvaro Correa Malachowski (to replace Benedicto Cigüeñas)
4. Rodolfo Javier Otero Nosiglia
5. Javier Ernesto Maggiolo Dibos
6. Fernando Dasso Montero

In addition, the Board Meeting held on September 25, 2008 appointed Gianfranco Piero Dario Ferrari De Las Casas as new director of Prima AFP, to replace Rodolfo Javier Otero Nosiglia. Other appointments included Alejandro Pérez-Reyes Zarak as Investment Manager to replace Ignacio Aguirre Rey, and Renzo Ricci Cocchella to head the Commercial Division, to replace Alberto D'Angelo Dañino.

PRIMA AFP: MAIN FINANCIAL INDICATORS
(US$ thousands) 1/

	2008	2007
Revenues	70,720	54,417
General expenses	(59,519)	(51,386)
Profit (loss) net	11,201	3,031
Total assets	222,242	246,391
Total liabilities	92,975	116,784
Net equity	129,268	129,607

1/ IFRS

2. PRIMA AFP

2.6 OUTLOOK FOR 2009

Our commercial outlook for 2009 will focus on strengthening our affiliate base and preserving our existing client portfolio through providing pension and investment counselling. We will also direct our efforts to recruit new affiliates to widen our contributions base within the private pension's market. In addition, we expect that competition for transfers will continue to slide, thus contributing to improve efficiency in the sector's operations.

We expect to accomplish significant revenue growth and to keep our operative expenses tightly under control, thus maximizing our contribution to Credicorp's bottom line.

"Our commercial outlook for 2009 will focus on strengthening our affiliate base and preserving our existing client portfolio through providing pension and investment counselling."

3. FINANCIAL STATEMENTS

3.1 BALANCE SHEET

	2008 (US$ 000)	2007 (US$ 000)
Assets		
Cash	990	3,008
Mandatory reserves	51,663	65,602
Fixed Assets	10,967	10,948
Intangibles	89,157	86,780
Goodwill	44,594	44,594
Other assets	23,717	29,883
Income tax and profit sharing, deferred	1,155	5,574
Total assets	**222,243**	**246,391**
Liabilities and net equity		
Deposits and obligations	788	-
Bank debt	40,848	60,484
Income tax and profit sharing, deferred	40,953	49,143
Other liabilities	10,386	7,157
	92,975	**116,784**
Net equity		
Capital	107,956	107,956
Unrealized earnings	598	12,137
Cummulative results	9,511	6,481
Annual results	11,203	3,033
Total liabilities and net equity	**222,243**	**246,391**

3. FINANCIAL STATEMENTS

3.2 PROFIT AND LOSS STATEMENT

	2008 (US$ 000)	2007 (US$ 000)
Financial revenues	**414**	**270**
Interests from bank deposits	332	270
Derivatives` returns (+) financial expenses	82	-
Financial expenses	**-4,268**	**-4,898**
Interests paid on bank and correspondents` loans	-3,896	-4,281
Interests paid on securities, papers and liabilities outstanding	-372	-
Other expenses from interests		-617
Revenues from net interests	**-3,854**	**-4,628**
Other earnings	**71,893**	**55,394**
Commissions	70,720	54,181
Net earnings from exchange transactions	336	128
Other earnings	837	1,085
Operative expenses	**-51,758**	**-46,421**
Personnel expenses	-25,782	-22,522
Administrative expenses	-16,036	-14,968
Depreciation and amortization	-8,801	-8,384
Other expenses	-1,139	-547
Profit sharing	**-1,033**	**-248**
Income tax	**-4,047**	**-1,064**
Net earnings	**11,201**	**3,033**

PRIMA AFP
Grupo Crédito

3. FINANCIAL STATEMENTS

3.3 BOARD OF DIRECTORS AND MANAGEMENT

Board of Directors

Dionisio Romero Seminario	President
Walter Bayly Llona	Vicepresident
Alvaro Correa Malachowski	Director
Javier Maggiolo Dibós	Director
Fernando Dasso Montero	Director
Gianfranco Ferrari De Las Casas	Director

Management

Ruben Loaiza Negreiros	General Manager
Renzo Ricci Cocchella	Commercial Manager
Alejandro Pérez-Reyes Zarak	Investment Manager
Jaime Vargas Galdós	Central Processes Department Manager
Michel Flit Pait	Finance and Administration Manager
Julio Bravo Torrontegui	Operations Manager
Fernando Díaz Camacho	IT Manager
Claudia Subauste Uribe	Legal Manager
Bruno Zapata Mansilla	Risk Manager
Rossina Castagnola Vásquez	Human Resources Manager