BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2022 AND DECEMBER 31, 2021 AND FOR THE
THREE-MONTH PERIOD ENDED MARCH 31, 2022 AND 2021

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2022 AND DECEMBER 31, 2021 AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022 AND 2021

CONTENTS

S/ = Sol
US$ = American Dollar

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

May 27, 2022

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Banco de Crédito del Perú S.A. and subsidiaries** (the Company) as of March 31, 2022 and the related interim condensed consolidated statements of income, comprehensive income, changes in net equity and cash flows for the three-month period then ended March 31, 2022 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Generally Accepted Accounting Principles in Peru applicable for Financial Institutions. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Gaveglio Aparicio y Asociados

Countersigned by

--------------------------------------(partner)
Alan Ryuta Kato
Peruvian Public Accountant
Registration No.56411

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BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31,2022 AND DECEMBER 31, 2021
(Amounts expressed in thousands of soles)

	Note	2022	2021
		S/000	S/000
Assets			
Cash and due from banks:	4		
Cash and clearing		4,850,585	4,441,447
Deposits in Peruvian Central Bank		25,855,296	25,359,565
Deposits in local and foreign banks		2,486,954	5,555,382
Restricted funds		417,264	765,154
Accrued interest		1,902	966
		33,612,001	36,122,514
Investments:			
At fair value through profit or loss	5(a)	729,168	1,261,896
Available-for-sale	5(a)	20,198,620	19,335,277
Held-to-maturity	5(j)	7,540,072	7,679,342
		28,467,860	28,276,515
Loans, net	6	124,410,821	126,466,940
Investments in associates		32,706	28,443
Property, furniture and equipment, net		1,109,906	1,130,254
Goodwill	7	276,321	276,321
Other assets, net	7	5,513,289	5,531,653
Total assets		193,422,904	197,832,640
Off-Balance Sheet accounts	14	91,069,155	97,081,185

	Note	2022	2021
		S/000	S/000
Liabilities			
Deposits and obligations	8	130,422,598	132,150,615
Payables from repurchase agreements	5(k)	18,064,487	20,250,739
Due to banks, correspondents and other entities	9	5,872,463	6,684,191
Bond and subordinated notes issued	10	13,575,977	14,482,984
Other liabilities	7	5,538,644	3,792,590
Total liabilities		173,474,169	177,361,119
Equity, net	12		
Attributable to Banco de Crédito del Perú equity holders:			
Capital stock		12,176,365	11,317,387
Legal reserve		4,273,913	3,970,773
Other reserves		2,970,308	2,464,769
Unrealized results		(780,919)	(497,305)
Retained earnings		1,185,422	3,097,740
		19,825,089	20,353,364
Non-controlling interest		123,646	118,157
Total equity, net		19,948,735	20,471,521
Total liabilities and net equity		193,422,904	197,832,640
Off-Balance Sheet accounts	14	91,069,155	97,081,185

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

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 2022 AND 2021
(Amounts expressed in thousands of soles)

	Note	2022 S/000	2021 S/000
Financial income and expenses			
Financial income	15	2,709,909	2,321,375
Financial expenses	15	(488,520)	(548,432)
Gross financial margin		2,221,389	1,772,943
Provision for credit losses on loan portfolio		(364,597)	(935,757)
Recovery of writen-offs loans		86,428	61,095
Provision for credit losses on loan portfolio, net of recoveries	6(e)	(278,169)	(874,662)
Net financial margin		1,943,220	898,281
Non-financial income			
Commissions for banking services, net	16	731,112	631,778
Net result from derivatives instruments		(10,962)	12,335
Net result on securities	17	(2,807)	41,761
Net gain on foreign exchange transactions		242,503	174,005
Other non-financial income	18	123,756	59,066
		1,083,602	918,945
Operating expenses			
Salaries and employees benefits		(695,867)	(602,819)
General and administrative expenses		(522,542)	(426,723)
Depreciation and amortization		(98,759)	(99,092)
Provision for goods received in payment and awarded		(3,995)	(7,505)
Taxes and contributions		(47,489)	(44,708)
Other operating expenses	18	(45,187)	(43,985)
		(1,413,839)	(1,224,832)
Loss (gain) for exchange difference		(37,534)	14,173
Income before income tax		1,575,449	606,567
Income tax	11	(450,831)	(149,515)
Net income		1,124,618	457,052
Attributable to:			
Shareholders' equity of Banco de Crédito del Perú		1,119,085	457,019
Non-controlling Interest		5,533	33
		1,124,618	457,052
Net basic and dilutive earnings per share attributable to Banco de Crédito del Perú's equity holders		0.0919	0.0375
Weighted average number of ordinary shares for basic earnings (in thousand of units)		12,176,365	12,176,365

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

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 2022 AND 2021
(Amounts expressed in thousands of soles)

	Note	2022 S/000	2021 S/000
Net profit for the year		1,124,618	457,052
Other comprehensive income			
Net gain (loss) on available-for-sale investments	12(e)	(323,311)	(797,130)
Net movement of cash flow hedges	12(e)	12,732	31,104
Exchange differences on translation of foreign operations	12(e)	(1,189)	(37)
Income tax	12(e)	28,070	420
Other comprehensive income (loss) for the year, net of income tax		(283,698)	(765,643)
Total comprehensive income for the year, net of income tax		840,920	(308,591)
Attributable to:			
Shareholders' equity of Banco de Crédito del Perú		835,471	(308,387)
Non-controlling interest		5,449	(204)
		840,920	(308,591)

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

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 2022 AND 2021
(Amounts expressed in thousands of soles)

	Attributable to shareholders' equity of Banco de Crédito del Perú											
	Number of outstanding shares	Capital stock	Legal reserve	Other reserves	Available-for-sale investment reserve	Cash flow hedges reserve	Foreing currency translation reserve	Retained earnings	Total	Non-controlling interest	Total
	(in thousand of units)	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Balances of January 1, 2021	11,067,387	11,067,387	3,887,157	2,279,513	731,040	(41,768)	1,822	893,270	18,818,421	124,948	18,943,369
Changes in Shareholders' equity for the Three month period ended March 31, 2021											
Net income	-	-	-	-	-	-	-	457,019	457,019	33	457,052
Other comprehensive income	-	-	-	-	(787,358)	21,995	(43)	-	(765,406)	(237)	(765,643)
Total comprehensive income	-	-	-	-	(787,358)	21,995	(43)	457,019	(308,387)	(204)	(308,591)
Capitalization of income, Note 12(a)	250,000	250,000	-	-	-	-	-	(250,000)	-	-	-
Transfer to legal reserve, Note 12(b)(c)	-	-	83,289	457,544	-	-	-	(540,833)	-	-	-
Dividend distribution, Note 12(f)	-	-	-	-	-	-	-	(42,056)	(42,056)	-	(42,056)
Mibanco Capital Reduction, Note 3(b)	-	-	-	(267,705)	-	-	-	-	(267,705)	(14,295)	(282,000)
Others	-	-	-	-	-	-	-	-	-	(2)	(2)
Balances as of March 31, 2021	11,317,387	11,317,387	3,970,446	2,469,352	(56,318)	(19,773)	1,779	517,400	18,200,273	110,447	18,310,720
Balances of January 1, 2022	11,317,387	11,317,387	3,970,773	2,464,769	-499,642	(939)	3,276	3,097,740	20,353,364	118,157	20,471,521
Changes in Shareholders' equity for the Three month period ended March 31, 2022											
Net income	-	-	-	-	-	-	-	1,119,085	1,119,085	5,533	1,124,618
Other comprehensive income	-	-	-	-	(291,398)	8,973	(1,189)	-	(283,614)	(84)	(283,698)
Total comprehensive income	-	-	-	-	(291,398)	8,973	(1,189)	1,119,085	835,471	5,449	840,920
Capitalization of income, Note 12(a)	858,978	858,978	-	-	-	-	-	(858,978)	-	-	-
Transfer to legal reserve, Note 12(b)(c)	-	-	303,140	505,539	-	-	-	(808,679)	-	-	-
Dividend distribution, Note 12(f)	-	-	-	-	-	-	-	(1,363,745)	(1,363,745)	-	(1,363,745)
Others	-	-	-	-	-	-	-	(1)	(1)	40	39
Balances as of March 31, 2022	12,176,365	12,176,365	4,273,913	2,970,308	(791,040)	8,034	2,087	1,185,422	19,825,089	123,646	19,948,735

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

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 2022 AND 2021
(Amounts expressed in thousands of soles)

	Note	For the three-month period ended March 31, 2022 S/000	2021 S/000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit of the period		1,124,618	457,052
Adjustments to reconcile net profit to net cash provided by operating activities:			
Provision for credit losses on loan portfolio	6(e)	364,597	935,757
Depreciation and amortization		98,759	99,092
Deferred income tax	11	(13,552)	(75,801)
Net loss (gain) on securities	17	2,807	(41,761)
Net loss (gain) on trading derivatives instruments		10,962	(12,335)
Expense for share-based compensation plan		11,817	16,906
Provision for seized assets		3,995	7,505
Provision for uncollectable receivables	18	1,805	335
Net income from sale of seized and recovered assets	18	(535)	23
Provisions for litigation, lawsuits and other contingencies	18	6,603	7,664
Net income for sales of property, furniture and equipment	18	(468)	(781)
Variation in bonds fair value		676	4,395
Amortization of bond issuance expenses		16,767	6,381
Net gain from sale of written off portfolio	18	(12,167)	(12,348)
Net (increase) decrease in assets			
Loans		(796,349)	1,389,909
Investment at fair value through profit or loss		452,764	(1,270,932)
Investment available-for-sale		(1,451,339)	(2,552,043)
Investments held-to-maturity		(66,296)	(45,953)
Other assets, net		296,921	(129,575)
Sale of written off portfolio		13,015	18,739
Net increase (decrease) of liabilities			
Deposits and obligations		2,284,170	4,236,133
Payables for repurchase agreements		(2,186,252)	(1,428,234)
Due to banks, correspondent and financial institutions and interbank funds		(693,717)	(845,526)
Bonds and subordinated notes issued		(108,354)	(925,594)
Other liabilities		2,023,745	718,660
Income tax paid		(229,669)	(275,247)
Net cash flows from (used in) operating activities		1,155,323	282,421
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, furniture and equipment		(14,361)	(3,397)
Revenue from sale of property, furniture and equipment		583	1,848
Purchase of intangibles		(43,808)	(52,351)
Revenue from sales and reimbursement of investments held-to-maturity		200,406	126,583
Purchase of investments held-to-maturity		-	(610,496)
Net cash flows from (used in) investing activities		142,820	(537,813)
NET CASH FLOWS FROM FINANCING ACTIVITIES			
Bonds and subordinated notes issued		-	2,028,521
Dividends paid		(1,363,745)	-
Net cash flows from (used in) financing activities		(1,363,745)	2,028,521
Net (decrease) increase in cash and cash equivalents before the effect of variations in exchange rate		(65,602)	1,773,129
Effect of changes in exchange rate of cash and cash equivalents		(2,097,021)	920,035
Cash and cash equivalents at the beginning of period		35,357,360	33,028,049
Cash and cash equivalents at the end of period		33,194,737	35,721,213
Additional information regarding cash flow			
Interest received		2,859,354	2,482,432
Interest paid		(527,043)	(680,011)

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

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES:
FOR THE THREE-MONTH PERIOD ENDED MARCH 2022 AND 2021
(Amounts expressed in thousands of soles)

		Changes that generate cash flows		Changes that do not generate cash flows				
For the three-month period ended March 31, 2022	**At January 1, 2022**	**New issues**	**Amortization of principal**	**Exchange difference**	**Changes in fair value**	**Discontinuing of hedge**	**Others**	**At March 31, 2022**
	S/000	**S/000**	**S/000**	**S/000**	**S/000**	**S/000**	**S/000**	**S/000**
Amortized cost	5,469,458	-	-	(382,084)	-	-	6,872	5,094,246
Fair value	-	-	-	-	-	-	-	-
	5,469,458	-	-	(382,084)	-	-	6,872	5,094,246

		Changes that generate cash flows		Changes that do not generate cash flows				
For the three-month period ended March 31, 2021	**At January 1, 2021**	**New issues**	**Amortization of principal**	**Exchange difference**	**Changes in fair value**	**Discontinuing of hedge**	**Others**	**At March 31, 2021**
	S/000	**S/000**	**S/000**	**S/000**	**S/000**	**S/000**	**S/000**	**S/000**
Amortized cost	4,835,159	2,028,521	-	181,287	(599,061)	-	512	6,446,418
Fair value	-	-	-	-	-	-	-	-
	4,835,159	2,028,521	-	181,287	(599,061)	-	512	6,446,418
Fair value hedge	-	-	-	-	-	-	-	-

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

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2022 AND DECEMBER 31, 2021 AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022 AND 2021

1 GENERAL INFORMATION

Banco de Crédito del Perú (hereinafter “the Bank” or “BCP”) was incorporated in 1889 and is a subsidiary of Credicorp Ltd. (a holding incorporated in Bermuda in 1995), which as of March 31, 2022 and December 31, 2021 owns directly and indirectly 97.74 percent of its capital stock.

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

At a Credicorp Board of Directors meeting, held on December 19, 2019, the Corporate Policy for the Prevention of Corruption and Bribery was approved. This document specifies that neither BCP nor any of its subsidiaries can make contributions or deliver any benefit to political organizations or their members, under any modality, directly or indirectly. Management confirms that during the 2022 and during the 2021, none of these contributions have been made.

The accompanying interim condensed consolidated financial statements include the interim financial statements of BCP and Subsidiaries in which it has control. The main information of the Bank and of Subsidiaries, which are included in the interim condensed consolidated financial statements as of March 31, 2022 and in the consolidated financial statements as of December 31, 2021, and for the three-month period ended March 31, 2022 and 2021, before eliminations for consolidation purposes, are as follows:

Entity	Activity and country	Percentage of participation		Assets		Liabilities		Equity		Net profit (loss)	
		March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	March 31, 2021
		%	%	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Banco de Crédito del Perú	Banking, Peru	-	-	180,998,364	182,707,116	161,239,886	165,418,801	19,758,478	20,288,315	1,117,522	460,172
Mibanco, Banco de la Microempresa S.A.	Micro-credits, Peru	94.93	94.93	16,635,781	15,794,129	14,313,702	13,581,833	2,322,080	2,212,296	111,442	6,110
Solucion Empresa Administradora Hipotecaria S.A.	Mortgage loans, Peru	100.00	100.00	102,523	109,244	73,820	75,948	28,703	33,296	(39)	836
BCP Emisiones LATAM 1 S.A.(*)	Investments, Chile	-	50.39	-	12	-	93	-	(82)	-	-

(*) BCP Emisiones Latam 1 S.A. was liquidated in March 2022.

The consolidated financial statements as of December 31, 2021 and for the year then ended were approved by the General Shareholders’ Meeting held on March 29, 2022. The interim condensed consolidated financial statements as of March 31, 2022 and for the three-month period ended March 31, 2022 have been approved by Management and the Board of Directors on April 27, 2022, except the Note on subsequent events, which has been approved by Management on the date of issuance of the financial statements.

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

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

a) These interim condensed consolidated financial statements for the three-month period ended March 31, 2022 have been prepared in accordance with the regulations established by the Superintendencia de Banca, Seguros y AFP (hereinafter "SBS" for its Spanish acronym) in force in Peru. The SBS regulation regarding the Notes to the interim condensed financial statements follows IAS 34 "Interim Financial Reporting". It should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared with the regulations established by the SBS.

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

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

   In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

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

c) International Financial Reporting Standards (IFRS) -

   - IFRS 9, "Financial Instruments": The complete version of IFRS 9 was issued in July 2014. It replaces the guide of IAS 39 which dealt with the classification and measurement of financial instruments. This standard is effective for annual periods beginning on or after January 1, 2018. Among other differences with respect to the accounting regulations established by the SBS IFRS 9, it is important to mention that IFRS 9 considers an "expected losses" approach for estimating the allowance for credit losses, while the SBS regulations considers an "incurred losses" approach. The allowance for loan losses is determined following guidelines established by SBS Resolutions N°11356-2008 "Regulation for the evaluation and classification of the debtor and the requirement for provisions".

   - IFRS 15, "Revenue from Contracts with Customers": This replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and the corresponding interpretations. This new standard is based on the principle that revenue is recognized when the control of a good or service is transferred to a client, so that the notion of control replaces the existing notion of risks and benefits. According to Resolution N°005-2017-EF/30, IFRS 15 was become effective as from January 1, 2019. This standard is not adopted by SBS.

   - IFRS 16, "Leases": This replaces IAS 17 "Leases" and IFRIC 4, "Determining whether an arrangement contains a lease" and other related interpretations. IFRS 16, "Leases" will have substantial impact on lessees, since it will result in the recognition of almost all of their leases in the statement of financial position. This standard was become effective for annual periods beginning on or after January 1, 2019. This standard is not adopted by SBS.

The IFRS detailed above only apply in a supplementary manner to the accounting regulations established by the SBS, unless the SBS adopts them or takes action in future through the amendment of the Accounting Manual for entities of the financial system in Peru or the issue of specific norms.

The Peruvian Regulatory Accounting Council, through Resolution N°003-2019-EF/30 issued on September 19, 2019, made official the application of IFRIC 23 “Uncertainty over Income Tax Treatments”, effective for annual periods which began on January 1, 2019.

This interpretation clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty regarding income tax treatments. In this circumstance, an entity will recognize and measure its deferred or current tax assets or liabilities by applying the requirements of IAS 12 on the basis of tax gain (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this interpretation.

In this regard, the Company, through the corresponding areas, is making improvements in its processes in order to comply with this interpretation of the standard in fiscal year 2022.

3 SIGNIFICANT TRANSACTIONS UNTIL THE FIRST QUARTER

a) Post pandemic economic recovery -

In 2022, the global economy recovered as the vaccination process gained pace, but challenges related to new COVID-19 outbreaks and inflation arose. High energy prices, supply chain disruptions and pent-up demand, lead prices higher during the second half of the year and Central Banks, especially those in Emerging Economies, began to reduce its accommodative policy stance through interest rate hikes.

However, compared to other COVID-19 outbursts, given the positive impact of vaccinations, hospital admissions and deaths related to the virus have not risen as fast as before, except for China which is suffering its worst outbreak since the beginning of the pandemic.

i) Macroeconomic Indicators of Peru

	As of March 31, 2022	**As of December 31, 2021**
GDP % *	3.8	13.3
Inflation %	6.8	6.4
Fiscal Balance GDP %	1.6	2.6
Exchange rate, end of period	3.698	3.987

* Gross domestic product

Inflation has been an important global widespread factor in 2021, that has also affected the Peruvian economy, due to higher international prices of fuels and grains driven by global supply shocks, higher prices of foods with imported content, and the currency depreciation. In response, the Central Bank raised its policy rate in nine opportunities since August 2021.

b) Constitution of voluntary provision for doubtful accounts -

The subsidiary Mibanco, Banco de la Microempresa S.A. agreed, at its General Shareholders' Meeting held on February 4, 2021, to reduce the Capital Stock and Additional Capital by a total of S/400.0 million (See Note 6 (e)), to constitute voluntary provisions for doubtful accounts in accordance with the provisions of the Multiple Official Letter SBS No. 42138-2020 issued by SBS in December 2020, net of deferred income tax by a total of S/ 282.0 million and also approved the commitment to capitalize at least 80% of the profit for the year 2021.

This reduction was approved by the SBS through Resolution No. 00868-2021-SBS dated March 24, 2021, as a result of the recognition of this transaction in subsidiary Mibanco. As of December 31, 2021, S/16.4 million has been assigned from the voluntary provision to a specific provision and the associated income tax is S/4.8 million, resulting in total equity of S/286.8 million through SBS Official Letter No. 12863-2021-SBS.

BCP reduces its equity proportionally to its participation equivalent to S/272.3 million and it is included in the caption "Other Reserves" of the consolidated statement of changes in net equity. These voluntary provisions made against the capital stock may not be reversed, but only reassigned to cover new credit risk requirements.

4 CASH AND DUE FROM BANKS

Cash and due from banks can be described as follows:

Cash and cash equivalents -

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

	As of March 31, 2022 **S/000**	**As of December 31, 2021** **S/000**
Cash and clearing (a)	4,850,585	4,441,447
Deposits with Central Reserve Bank of Perú (a)	25,855,296	25,359,565
Deposits in local and foreign banks (b)	2,486,954	5,555,382
Accrued interest	1,902	966
Total cash and cash equivalent	33,194,737	35,357,360
Restricted funds (c)	417,264	765,154
Total cash and due from banks	33,612,001	36,122,514

(a) Cash and clearing and Deposits with Central Reserve Bank of Perú -

Those accounts include mandatory reserve that the Bank and Subsidiaries must maintain for their obligations with the public and are within the limits established by prevailing legislation.

The table below presents the composition of these reserves:

	As of March 31, 2022 **S/000**	**As of December 31, 2021** **S/000**
Mandatory reserve:		
Deposits with Central Reserve Bank of Perú	16,270,470	19,383,577
Cash in the vaults of the Bank and Subsidiaries	4,708,150	4,275,997
Subtotal related to mandatory reserve	20,978,620	23,659,574
Non mandatory reserve:		
Overnight deposits	6,506,360	4,536,379
Time deposits with Central Reserve Bank of Perú	3,015,000	1,260,000
Other Deposits BCRP	63,466	179,610
Cash in vaults of banks and others	142,435	165,449
Subtotal related to non-mandatory reserve	9,727,261	6,141,438
Total	30,705,881	29,801,012

As of March 31, 2022, cash and due from banks subject to mandatory reserve in Peruvian currency and foreign currency are affected at an implicit rate of 5.50 percent and 33.93 percent, respectively, of the total obligations subject to reserve, as required by the BCRP (4.77 percent and 33.17 percent, respectively, as of December 31, 2021).

The reserve funds, which represent the minimum mandatory, do not earn interest; however, the mandatory reserve deposited in BCRP in excess of minimum mandatory, earns interests at a nominal rate established by BCRP.

As of March 31, 2022, the available funds include “overnight” operations with the BCRP for US$1,683.7 million, equivalent to S/6,226.4 million, at a nominal annual rate of 0.33 percent and S/280.0 million at a nominal annual rate of 2.5 percent, with maturity at 1 day (US$964.7 million, equivalent to S/3,846.4 million, in “overnight” operations with the BCRP at a nominal rate of 0.05 percent with maturity at 3 days and S/690.0 million at a nominal rate 1.85 percent whit maturity at 3 days, as of December 31, 2021).

As of March 31, 2022, available funds include six time deposits with the BCRP for S/3,015.0 million at a nominal rate between 3.69 and 3.97 percent and maturing between April 1 and 4, 2022. (As of December 31, 2021, available funds include four time deposits which are denominated in soles, accrue an annual rate of 2.48 percent and 2.49 percent; and have maturities between January 3 and 4, 2022).

(b) Deposits in local and foreign banks -

Deposits in local and foreign banks correspond principally to balances in soles and U.S. dollars. All deposits are unrestricted and earn interest at market rates. As of March 31, 2022, and December 31, 2021, the Bank and Subsidiaries do not have significant deposits in any specific financial institution.

(c) Restricted funds -

The Bank and Subsidiaries maintain restricted funds related to:

	As of March 31, 2022	**As of December 31, 2021**
	S/000	**S/000**
Repurchase agreements with BCRP (i)	194,261	328,369
Repurchase agreements with other entities	7,865	16,091
Derivative financial instruments (ii)	203,209	407,736
Other	11,929	12,958
Total	417,264	765,154

(i) Corresponds to deposits in dollars maintained in the BCRP which guarantee repurchase agreements amounting to S/185.0 million as of March 31, 2022 (S/285.0 million as of December 31, 2021), see Note 5(k).

(ii) This account represents the funds that BCP maintains as assets abroad. For this quarter, the decrease is mainly due to the exposure of the value of the derivative instruments and the reduction in the value of derivatives in market operations.

5 INVESTMENTS

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

	As of March 31, 2022				As of December 31, 2021			
	Unrealized gross amount				Unrealized gross amount			
	Amortized cost	Gains	Losses	Estimated fair value	Amortized cost	Gains	Losses	Estimated fair value
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Investments at fair value through profit or loss (trading) - (b)	-	-	-	728,510	-	-	-	1,259,533
Accrued interest	-	-	-	658	-	-	-	2,363
Balance of investments at fair value through profit or loss				729,168				1,261,896
Investments available-for-sale -								
BCRP Certificate of deposits (c)	9,602,193	1,127	(7,407)	9,595,913	8,347,101	7	(9,676)	8,337,432
Corporate bonds (d)	5,482,113	4,267	(184,242)	5,302,138	5,423,764	37,944	(80,271)	5,381,437
Sovereign bonds - Republic of Peru (e)	5,482,045	-	(658,434)	4,823,611	5,507,603	-	(461,603)	5,046,000
Foreign government bonds (f)	165,618	-	(5,751)	159,867	171,136	1,734	(1,489)	171,381
Negotiable certificate of deposits (g)	48,636	331	(354)	48,613	74,714	844	-	75,558
Listed equity securities - Credicorp Ltd.	99,280	-	-	99,280	74,526	-	-	74,526
Securitization instruments	39,493	600	(3,429)	36,664	41,880	2,051	(2,810)	41,121
Peruvian Treasury bonds	24,495	-	(1,303)	23,192	26,731	-	(441)	26,290
Non-listed equity securities	5,072	4,005	-	9,077	5,073	3,287	-	8,360
Investment funds	36	-	(36)	-	36	-	(36)	-
	20,948,981	10,330	(860,956)	20,098,355	19,672,564	45,867	(556,326)	19,162,105
Accrued interest				100,265				173,172
Balance of available-for-sale investments (*)				20,198,620				19,335,277

(b) As of March 31, 2022, the balance includes BCRP certificates of deposit for S/633.9 million, Peruvian government bonds amounting to S/50.8 million, foreign government bonds for S/32.5 million and corporate bonds for S/11.2 million. (BCRP certificates of deposit for S/1,111.1 million, Peruvian government bonds amounting to S/94.4 million, corporate bonds for S/31.3 million and foreign government bonds for S/22.7 million, as of December 31, 2021).

(c) As of March 31, 2022, the Bank and Subsidiaries maintain 95,673 BCRP certificates of deposits, which are instruments issued at a discount through a public auction of the BCRP, traded in the Peruvian secondary market and settled in soles (84,041 BCRP certificates of deposit as of December 31, 2021).

(d) As of March 31, 2022, corporate bonds mainly include bonds issued by entities from the United States, Colombia, Peru and other countries that represent 48.7 percent, 29.7 percent, 7.3 percent and 14.3 percent of the total, respectively (bonds issued by Peru, US, Colombia and other country entities that represent 43.2 percent, 33.2 percent, 8.1 percent and 15.5 percent of the total, respectively, as of December 31, 2021).

(e) As of March 31, 2022, Sovereign bonds are issued by the Republic of Peru in soles amounting to S/4,823.6 million (S/5,046 million, as of December 31, 2021). The variation in the balance corresponds to sales of instruments and to the decrease in the fair value.

(f) As of March 31, 2022, foreign government bonds correspond to US$22.0 million, equivalent to S/81.4 million issued by the Government of Chile, US$21.2 million, equivalent to S/78.5 million issued by the Government of Colombia (foreign Government Bonds for US $ 21.9 million, equivalent to S/87.4 million, and US$21 million, equivalent to S/83.8 million, corresponding to bonds issued by the Government of Colombia and Chile, respectively, as of December 31, 2021).

(g) As of March 31, 2022, the negotiable certificates of deposits for COP 49,403.4 million, equivalent to S/48.6 million, corresponding to certificates issued by the Colombian financial system (negotiable certificates of deposits for COP 77,021.6 million, equivalent to S/75.6 million, as of December 31, 2021).

(*) As of March 31, 2022, the Bank maintained interest rate swaps (IRS), which were designated as fair value hedges of certain bonds issued at fixed rate in U.S. Dollars by corporate entities for a notional amount of S/1005.6 million (corporate companies for a nominal amount of S/636.4 million, as of December 31, 2021), see Note 7. Through said IRS, these bonds were economically converted at a variable rate.

As of March 31, 2022 the Bank keeps currency swaps (“Cross Currency Swap” or “CCS”), which were designated as hedges of certain corporate bonds and negotiable certificate of deposits for a nominal value of S/126.8 million (corporate bonds and negotiable certificate of deposits for S/154.6 million that were hedged Cross Currency Swaps (CCS) as of December 31, 2021), with a similar principal and maturity, see Note 7, through said CCS,the bonds and negotiable certificates of deposit were economically converted to soles at a fixed rate.

(h) As of March 31, 2022, and December 31, 2021, the maturities and the annual market rates of the investments available-for-sale are as follows:

	Maturity		Annual market rates											
	As of March 31, 2022	As of December 31, 2021	As of March 31, 2022						As of December 31, 2021					
			S/		US$		Other currency		S/		US$		Other currency	
			Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %
BCRP certificates of deposit	Apr-22/Mar-23	Jan-21/Mar-23	3.61	5.44	-	-	-	-	2.52	3.40	-	-	-	-
Corporate bonds	Apr-22/Apr-36	Feb-22/Apr-36	5.23	10.56	1.84	7.81	10.33	10.41	3.16	9.21	0.39	6.57	7.86	7.86
Sovereign bonds - Republic of Peru	Sep-23/Aug-40	Sep-23/Aug-40	4.94	7.02	-	-	-	-	3.62	6.72	-	-	-	-
Foreign government bonds	Mar-23/Feb-28	Mar-23/Feb-28	-	-	2.93	4.57	-	-	-	-	1.78	3.28	-	-
Negotiable certificate of deposits	Oct-22/Jan-25	Jan-22/Jan-23	-	-	-	-	6.49	9.64	-	-	-	-	2.25	6.02
Peruvian treasury bonds	Jul-25	Jul-25	-	-	3.11	3.11	-	-	-	-	1.79	1.79	-	-
Securitized instruments	Nov-29/Sep-34	Nov-29/Sep-34	8.30	12.64	4.28	4.28	-	-	7.23	11.66	2.17	2.17	-	-

(i) As of March 31, 2022 and December 31, 2021, Management has estimated the fair value of investments at fair value through profit or loss (trading) and available-for-sale using market price quotations available in the market or valuation techniques with inputs of active markets that are observable, either directly or indirectly, if the price was not available, by discounting the expected future cash flows at an interest rate that reflects the risk classification of the financial instrument, see Note 20.9(a).

Management has determined that the unrealized losses of available-for-sale investments as of March 31, 2022 and December 2021 are of temporary nature. The Bank and its Subsidiaries have decided and have the ability to maintain each of these available-for-sale investments for a period of time sufficient to allow for an anticipated recovery in fair value, which can occur at their maturity in the case of debt instruments.

(j) Held-to-maturity investments

This item is made up as follows:

	As of March 31, 2022	**As of December 31, 2021**
	S/000	**S/000**
Peruvian sovereign bonds (i)	7,421,031	7,439,947
Certificates of payment on work in progress (ii)	63,467	74,509
	7,484,498	7,514,456
Accrued interest	55,574	164,886
Total	7,540,072	7,679,342

(i) As of March 31, 2022, the fair value of held-to-maturity investments amounts to S/6,833.8 million and has maturities between September 2023 and February 2042 (S/7,169.9 million with maturities between September 2023 and February 2042 as of December 31, 2021). These investments bear interest at an annual effective interest rate between 4.94 and 7.11 percent for bonds issued in soles (3.62 and 6.77 percent for bonds issued in soles as of December 31, 2021).

(ii) As of March 31, 2022, a total of 81 certificates of payment on work in progress (“Reconocimiento Anual de Pago por Adelanto de Obra - CRPAO”) were issued by the Government of Peru to finance projects and concessions, this issuance is a mechanism set forth in the concession agreement signed by the Peruvian Government and the Concessionaire that allows the latter to obtain financing to continue with the committed work. Investment in CRPAOs amounted to S/63.5 million with maturities from April 2022 to April 2026, bearing interest at an annual effective rate ranging from 2.63 to 5.50 percent (89 CRPAOs, with a total investment of S/74.5 million and its estimated fair value amounts to S/77 million with maturities between January 2022 and April 2026, bearing interest at annual effective rates between 2.32 and 4.26 percent at December 31, 2021).

As of March 31, 2022 and December 31, 2021, Management has determined that unrealized loss on certain held-to-maturity investments are of temporary nature. Accordingly, at said dates, the Bank and its Subsidiaries have recognized no impairment loss on their held-to-maturity investments.

(k) As of March 31, 2022 and December 31, 2021, includes repurchase agreements in which the Bank and Subsidiaries has pledged cash as collateral, see Note 4, available-for-sale investments, see Note 5(a), and held-to-maturity investments. This item is made up as follows:

	As of March 31, 2022			As of December 31, 2021		
	Maturity	Carrying amount S/000	Guarantee	Maturity	Carrying amount S/000	Guarantee
Peruvian Central Bank (BCRP), Reactiva (i)	May-23/Dec-25	13,706,465	Credits with National Government Guarantee represented in titles and securities	May-23/Dec-25	15,729,959	Credits with National Government Guarantee represented in titles and securities
Peruvian Central Bank (BCRP)	Apr-22/Sep-25	2,937,770	Available-for-sale investments and held -to-maturity investments	Jan-22/Sep-25	2,938,683	Available-for-sale investments and held -to-maturity investments
Peruvian Central Bank (BCRP) Reactiva Especial (i)	Jun-23/Dec-25	630,611	Credits with National Government Guarantee represented in titles and securities	Jun-23/Dec-25	672,289	Credits with National Government Guarantee represented in titles and securities
Peruvian Central Bank (BCRP), see Note 4 (c)	Mar-23	185,000	Cash	Mar-22/Mar-23	285,000	Cash
Natixis	Aug-28	270,000	Held-to-maturity investments	Aug-28	270,000	Held-to-maturity investments
Citigroup Global Markets Limited (ii)	Aug-26	166,410	Available-for-sale investments	Aug-26	179,415	Available-for-sale investments
Natixis (iii)	Aug-26	92,450	Available-for-sale investments	Aug-26	99,675	Available-for-sale investments
		17,988,706			20,175,021	
Yields		75,781			75,718	
		18,064,487			20,250,739	

As of March 31, 2022, the Bank and its Subsidiaries had repurchase agreements for approximately S/17,988.7 million cash guaranteed for approximately S/ 194.3 million (see Note 4), for Reactiva program credits S/15,605.4 million and securities BCRP certificates of deposits, corporate bonds, financial institution bonds, sovereign bonds and global bonds, classified as investments available for sale and to maturity for an approximate value of US$1,054.4 million, equivalent to S/3,899.2 million (repurchase agreements amounting to S/20,175.0 million guaranteed with cash of approximately S/328.4 million, for Reactiva program credits S/17,866.1 million and securities classified as investments available for sale and to maturity for an approximate value of US$1,024.8 million, equivalent to S/4,085.7 million, as of December 31, 2021).

These repurchase agreements accrued an interest at fixed rate between 0.5 and 6.7 percent and between Libor six months plus 1.90 percent, as of March 31, 2022 end as of December 31, 2021.

(i) Through Repo Operations, the Bank and its Subsidiaries sell securities representing credits guaranteed by the National Government to the Central Reserve Bank of Peru (BCRP), receives soles and are obliged to buy them back at a later date. The securities representative of Credits with Guarantee of the National Government can have the form of portfolio of representative credits of credits (Reactive Credits) or of Certificates of Participation in trust of loan portfolio guaranteed by the National Government (Special Reactive Credits). The BCRP will charge monthly for the Operation a fixed interest rate in soles of 0.5 percent per annum and will include a grace period of twelve months without payment of interest or principal.

Certain repurchase agreements have been hedged through cross currency swaps (CCS), as detailed bellow:

(ii) As of March 31, 2022, the Bank and its Subsidiaries maintain cross currency swaps (CCS) which was designated as cash flow hedge of certain repurchase agreements in US dollars at a variable rate for a nominal amount of US$45 million, equivalent to S/166.4 million (US$45 million, equivalent to S/179.4 million, as of December 31, 2021). Through the cross currency swap (CCS), these repurchase agreements were economically converted into soles at a fixed rate, see Note 7(b).

(iii) As of March 31, 2022, the Bank and its Subsidiaries maintain a CCS which was designated as a cash flow hedge of certain repurchase agreements in US dollars at a variable rate for a nominal amount of US$25 million, equivalent to S/92.5 million (US$25 million, equivalent to S/99.7 million, as of December 31, 2021). Through the CCS, these repurchase agreements were economically converted to fixed rate soles, see Note 7(b).

6 LOANS, NET

a) This item is made up as follows:

	As of March 31, 2022 S/000	As of December 31, 2021 S/000
Direct loans		
Loans	107,064,340	108,666,970
Leasing receivable	6,191,886	6,446,450
Credit cards	5,498,674	5,495,276
Discounted Notes	2,265,084	2,716,731
Factoring receivables	3,461,454	3,572,697
Advances and overdrafts in current accounts	130,934	52,681
Refinanced and Restructured loans	1,671,697	1,753,625
Total loans to fall due	126,284,069	128,704,430
Past due loans and under court collection	5,654,490	5,433,592
Total gross loans	131,938,559	134,138,022
Add (less)		
Accrued interest from current loans	745,860	727,714
Deferred interest on discounted Notes	(160,432)	(175,828)
Allowance for loan losses (e)	(8,113,166)	(8,222,968)
Total direct loans	124,410,821	126,466,940
Indirect loans, Note 14(a)	20,162,661	21,735,965

b) As of March 31, 2022, the direct credits of the Reactiva Peru program amount to S/16,233.3 million and the credits of the FAE-MYPE program amount to S/9.8 million and S/181.1 million for FAE-MYPE 1 and FAE-MYPE 2, respectively. These amounts include the rescheduled credits of the Reactiva Perú and FAE-MYPE 2 programs for S/7,428.7 and S/55.2 million, respectively see Note 6(k).

As of December 31, 2021, the direct credits of the Reactiva Peru program amount to S/18,404.6 million and the credits of the FAE-MYPE program amount to S/14.8 million and S/209.9 million for FAE-MYPE 1 and FAE-MYPE 2 respectively. These amounts include the rescheduled credits from the Reactiva Peru and FAE-MYPE 2 programs for S/7,539.9 and S/55.9 million respectively.

c) As of March 31, 2022, and December 31, 2021, the distribution of the loan portfolio by segments, according to Resolutions SBS No.11356-2008, is as follows:

	As of March 31, 2022	**As of December 31, 2021**
	S/000	**S/000**
Non-retail loans		
Corporate	29,482,964	30,835,952
Large-business	20,952,685	22,496,637
Medium-business	27,022,907	29,153,893
Sub total	77,458,556	82,486,482
Retail loans		
Mortgage	19,425,135	18,957,457
Revolving and non-revolving consumer loans	15,979,329	14,135,525
Small-business	15,018,361	14,503,206
Micro-business	4,057,178	4,055,352
Sub total	54,480,003	51,651,540
Total	131,938,559	134,138,022

d) As of March 31, 2022 and December 31 2021, financial entities in Peru must constitute their allowance for loan losses based on the risk classification and using the percentages indicated in Resolution SBS N°11356-2008, as follows:

(i) For loans classified as "Normal":

Loan type	**Fixed rate**	**Pro-cyclical components (*)(**)**
	%	**%**
Corporate	0.70	0.10
Large-business	0.70	0.40
Mortgage	0.70	0.40
Medium-business	1.00	0.60
Small-business	1.00	1.00
Revolving consumer	1.00	1.50
Non-revolving consumer	1.00	1.00
Micro-business	1.00	1.00

(*) In case the credit granted has preferred self-liquidating guarantees (CGPA), the procyclical component will be 0 for the portion covered by said guarantees. The procyclical provision was deactivated by the SBS since November 2014.

(**) Through SBS Resolution No. 3718-2021 of December 7, 2021, the rates and activation and deactivation conditions of the procyclical rule were modified and special activation and deactivation conditions were established as events of fortuitous event or force majeure; or prudential situations, duly substantiated, such as the need to preserve the stability conditions of the financial system, or when due to extraordinary circumstances an excessive volatility is originated on the variables that determine the activation and deactivation of the procyclical rule; among other. The procyclical rule can be activated with the new guidelines as of December 31, 2023.

(ii) For loans classified as “Potential problems”, “Substandard”, “Doubtful” and “Loss”; depending on whether the loans are: Loans Without Guarantees (LWG), Loans With Preferred Guarantees (LWPG) or Loans With Readily Preferred Guarantees (LWRPG) or Credit With Highly Liquid Preferred Guarantees (CGPA):

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, the allowance requirement depends on the classification of the respective counterparty, for the amount covered, regardless of the debtor credit risk classification, using the percentages indicated above.

Due to the national State of Emergency, the SBS allowed exceptionally to apply zero-rate credit risk provisions for the loan's portion guaranteed by Reactiva Perú program. Nevertheless, for the non-guaranteed portion, the original credit risk provision must be used according to the debtor's credit rating.

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

	March 2022	**March 2021**
	S/000	**S/000**
Balance as of January 1	8,688,291	8,932,488
Provision, net of recoveries	278,169	874,662
Recoveries of written-off loans	86,428	61,095
Loan portfolio written-off	(363,761)	(747,821)
Sale of judicial portfolio (i)	(11,047)	(40,248)
Exchange difference	(112,789)	47,635
Condonations and other (ii)	(26,993)	374,538
Balance as of March 31 (iii)	8,538,298	9,502,349
Allowance for indirect loan losses	(425,132)	(413,065)
Allowance for direct loan losses (Note 6(a))	8,113,166	9,089,284
Balance as of December 31, 2021		8,688,291

(i) During the fist quarter 2022, a portion of the judicial collection portfolio sold for S/13.0 million, with a value of S/10.4 million. Total income is included in the Consolidated Income Statement under "Other non-financial income” for S/12.2 million, see Note 18.

(ii) SBS Resolution No. 00868-2021-SBS dated March 24, 2021 authorized Mibanco to reduce the equity account to increase the voluntary provision for S/400 million, see Note 3(b).

(iii) During the first quarter of 2022, the balance includes additional provisions to those established by the SBS for S/2,441.0 million to incorporate expected losses due to impairment and the increase in the probability of default of all segments of the portfolio of credits as a result of the effects of the COVID-19 pandemic (S/2,437.4 million as of December 31, 2021).

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

g) Interest accrued on the loan portfolio is freely agreed considering the current interest rates prevailing in the markets where the Bank and its Subsidiaries operate.

Interest, commissions and expenses on loans or installments which are past due, refinanced, under legal collection, or classified in the “Doubtful” or “Loss” categories, are recorded in the consolidated statement of income when they are effectively collected. The amounts not recognized as accumulated income for this concept amounted to S/3,272.5 million and S/2,220.4 million as of March 31, 2022 and December 31, 2021, respectively.

h) As of March 31, 2022, the Bank had a cross currency swap (CCS) for a nominal amount of JPY5,000.0 million equivalent to S/152.1 million (JPY5,000.0 million equivalent to S/173.2 million, as of December 31, 2021), see Note 9, which was decomposed by risk variables into two cross currency swaps (CCS) in order to be designated as a cash flow hedge of a bond issued in yen at a fixed rate; Through said CCS, this bond was converted to soles at a fixed rate and as a cash flow hedge of placements for US$43.4 million equivalent to S/160.6 million (US$43.4 million equivalent to S/173.1 million, as of December 31, 2021); Through said cross currency swap (CCS), these placements have been converted to soles.

i) The following table presents the gross direct loan portfolio as of March 31, 2022 and December 31, 2021 by maturity based on the remaining period to the payment due date:

	As of March 31, 2022 **S/000**	**As of December 31, 2021** **S/000**
Outstanding loans -		
Up to 1 year	61,005,793	60,883,918
From 1 to 3 years	24,676,291	34,508,362
From 3 to 5 years	16,046,055	8,441,297
Over 5 years	24,555,931	24,870,854
	126,284,070	128,704,431
Internal overdue loans-		
Overdue up to 90 days	1,263,497	1,322,685
Over 90 days	4,390,992	4,110,906
	5,654,489	5,433,591
Total	131,938,559	134,138,022

j) In relation to the diverse areas of the country declared in a state of emergency as a result of rainfall and flooding, due to the natural disaster “Fenómeno el Niño”, which have caused economic losses and difficulties for the debtors of these areas to comply with the timely payment of the credits they maintain in the financial system.

The SBS, through the Multiple Official Letter No.10250-2017 dated March 16, 2017, reported to enable the companies of the financial system to modify the contractual conditions of the various types of credit of retail debtors, without the modification constituting a refinancing, to the extent that the total term does not extend for more than 6 months. In that sense, the Bank and Subsidiaries present as of March 31, 2022, the total of S/229.2 million of credits reprogrammed within the current credits category (S/252.6 million as of December 31, 2021).

k) Due COVID-19 Pandemic effects, BCP and Subsidiaries have offered its clients the opportunity to reschedule their loans for 30 or 90 days without incurring in overdue fees and interest on capital. As of March 31, 2022, the rescheduled portfolio amounts to a total of S/16,444.7 million. As of December 2021, the rescheduled portfolio amounts to a total of S/20,961.0 million.

In the loan portfolio, the most vulnerable segments are: Mibanco and within BCP stand-alone SME-Pyme and individuals, where debt reprogramming rates reached .31.2 percent, 16.1 percent and 8.2 percent respectively at the end of March (5.25 percent, 34.0 percent and 11.04 percent as of December 2021).

As of March 31, 2022, the distribution of the reschedule loan portfolio by segments, due COVID-19 Pandemic effects, is as follows:

	BCP S/000	MIBANCO S/000	SEAH S/000	Total S/000
Reschedule loans				
Non-retail loans				
Corporate	906,011	-	-	906,011
Large-business	2,418,234	-	-	2,418,234
Medium-business	6,993,814	92,045	-	7,085,859
Total non-retail loans	10,318,059	92,045	-	10,410,104
Retail loans				
Mortgage	1,872,942	47,660	46,759	1,967,361
Revolving and non-revolving consumer loans	1,261,436	18,636	-	1,280,072
Small-business	1,612,719	969,164	-	2,581,883
Micro-business	23,714	181,609	-	205,323
Total retail loans	4,770,811	1,217,069	46,759	6,034,639
Total reschedule loans	15,088,870	1,309,114	46,759	16,444,743

As of December 31, 2021, the distribution of the reschedule loan portfolio by segments, due COVID-19 Pandemic effects, is as follows:

	BCP S/000	MIBANCO S/000	SEAH S/000	Total S/000
Reschedule loans				
Non-retail loans				
Corporate	1,171,629	-	-	1,171,629
Large-business	2,626,213	-	-	2,626,213
Medium-business	7,663,515	107,897	-	7,771,412
Total non-retail loans	11,461,357	107,897	-	11,569,254
Retail loans				
Mortgage	4,612,851	60,868	49,922	4,723,641
Revolving and non-revolving consumer loans	1,494,476	28,171	-	1,522,647
Small-business	1,764,181	1,166,351	-	2,930,532
Micro-business	24,756	190,222	-	214,978
Total retail loans	7,896,264	1,445,612	49,922	9,391,798
Total reschedule loans	19,357,621	1,553,509	49,922	20,961,052

7 GOODWILL, OTHER ASSETS AND OTHER LIABILITIES

These items are made up as follows:

	As of March 31, 2022 S/000	As of December 31, 2021 S/000
Goodwill		
Mibanco / Edyficar	276,321	276,321
Other assets, net		
Financial instruments		
Derivatives receivable (b)	1,435,891	1,437,620
Accounts receivable, net (a)	927,594	653,002
Operations in process	68,685	162,136
	2,432,170	2,252,758
Non-financial instruments		
Finite live intangible assets, net (c)	1,343,991	1,383,405
Deferred income tax (d)	960,299	927,804
Deferred expenses (e)	631,119	683,357
Advance income tax payment, net	102,518	216,606
Realizable, received in payment and seized assets, net	32,694	35,462
IGV tax credit	-	21,763
Other	10,498	10,498
	3,081,119	3,278,895
Total other assets	5,513,289	5,531,653
Other liabilities		
Financial instruments		
Dividends payable, Note 12(f)	1,363,745	-
Derivatives payable (b)	1,493,297	1,319,187
Other accounts payable (f)	751,584	403,257
Allowance for indirect loan losses, Note 6(c)	425,133	465,323
Suppliers account payable	214,679	283,553
Salaries payable	211,917	170,215
Employee's additional participations	108,070	278,167
Employee's legal participations	86,222	151,437
Share based payments	82,948	48,751
Operations in process (g)	83,541	51,430
	4,821,136	3,171,320
Non-financial instruments		
Provision for sundry risks	342,180	321,289
Taxes payable	91,845	-
Deposit insurance fund	55,309	56,047
Other (h)	228,174	243,934
	717,508	621,270
Total other liabilities	5,538,644	3,792,590

As of March 31, 2022, the balance mainly comprises accounts receivable for sale of securities, accounts receivable from Visa and MasterCard for payments to establishments, for works for taxes and credit balance for taxes amounting to S/371.5 million, S/101.7 million and S/185.3 million, respectively (accounts receivable for works for taxes and credit balance for taxes, commissions for intermediation with related parties, accounts receivable from Visa and MasterCard for payments to establishments for S/246.8 million, S/118.3 million and S/98.2 million, respectively, as of December 31, 2021).

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

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

	Nota	As of March 31, 2022 Assets S/000	Liabilities S/000	Notional amount S/000	Maturity	As of December 31, 2021 Assets S/000	Liabilities S/000	Notional amount S/000	Maturity	2022 and 2021 Hedged instrument
Derivatives held for trading (i) -										
Forward exchange contracts		731,611	455,770	28,198,347	Between April 2022 and September 2023	257,458	326,458	25,201,426	Between January 2022 and December 2022	-
Currency swaps		450,788	919,116	12,099,021	Between April 2022 and January 2033	801,876	734,997	14,070,768	Between January 2022 and January 2033	-
Interest rate swaps		176,898	97,422	10,054,371	Between April 2022 and March 2032	289,540	236,785	17,926,879	Between January 2022 and December 2031	-
Foreign currency options		2,859	5,382	633,941	Between April 2022 and December 2022	2,478	3,251	576,398	Between January 2022 and December 2022	-
		1,362,156	1,477,690	50,985,680		1,351,352	1,301,491	57,775,471		
Derivatives designated as cash flow hedging (ii) -										
Interest rate swaps (IRS)	10(a)(x)	-	-	-		-	1,076	119,610	March 2022	Bonds issued
Cross currency swaps (CCS)	10(a)(vi)	21,062	-	184,900	January 2025	36,512	-	199,350	January 2025	Bonds issued
Cross currency swaps (CCS)	10(a)(ix)/6(h)	-	5,488	152,100	December 2023	-	216	173,215	December 2023	Bonds issued
Cross currency swaps (CCS)	5(k)(ii)	13,425	-	166,410	August 2026	16,972	-	179,415	August 2026	Repurchase agreements
Cross currency swaps (CCS)	5(k)(iii)	10,420	-	92,450	August 2026	12,845	-	99,675	August 2026	Repurchase agreements
Cross currency swaps (CCS)	5(*)	19,565	1,798	77,612	Between January 2023 and September 2024	19,939	3,471	79,098	Between January 2023 and September 2024	Available for sale investments
Cross currency swaps (CCS)	5(*)	-	2,107	29,520	Between October 2022 and January 2023	-	586	54,936	Between January 2022 and January 2023	Available for sale investments
Cross currency swaps (CCS)	5(*).	-	1,331	19,680	Janury 2025	-	-	-	Available for sale investiments	
Cross currency swaps (CCS)	5(*)	-	-	-		-	69	20,601	February 2022	Available for sale investments
Fair value hedge -										
Interest rate swaps (IRS)	5(*)	9,264	4,883	1,005,560	Between April 2022 and February 2028	-	12,278	636,405	Between March 2022 and May 2023	Available for sale investments
		73,736	15,607	1,728,232		86,268	17,696	1,562,305		
		1,435,892	1,493,297	52,713,912		1,437,620	1,319,187	59,337,776		

The increase in the nominal value of forward exchange contracts as of March 31, 2022 respect to December 31, 2021 is mainly due to new operations with Bank of America and with Banco Santander from New York.

The increase in the notional amount of currency swaps as of March 31, 2022 respect to December 31, 2021 is mainly due to new operations with the BCRP.

(i) Derivatives held for trading are mainly negotiated to satisfy clients' needs. The Bank and Subsidiaries may also take positions with the expectation of profiting from favorable movements in prices and rates. Also included under this caption are any derivatives which do not meet SBS hedging requirements.

(ii) The Bank and Subsidiaries are exposed to movements in future interest cash flows on non-trading assets and liabilities which bear interest at variable rates. The Bank and its Subsidiaries use derivative financial instruments as cash flow hedges to cover these risks.

The accumulated balance of the net unrealized loss due to cash flow hedges, which is presented in the Statement of Changes in Equity as "Equity Adjustments-Cash flow hedges", results from the current hedges (as of March 31, 2022 and December 31, 2021, unrealized gain of approximately S/0.7 million and the unrealized loss of S/0.7 million, respectively) and of the revoked coverage (as of March 31, 2022 and December 31, 2021, loss unrealized for approximately S/0.7 million and S/0.7 million, respectively) that has been transferred to the income statement during the remaining term of the underlying financial instrument.

(b) As of March 31, 2022, and December 31, 2021 it is mainly composed of intangible in progress, software and developments, brand name and client relationships.

(c) Deferred income tax is mainly generated by allowance for loan losses, unrealized loss on bonds, depreciation of buildings, unrealized gains on investments and the difference in exchange in assets and liabilities, see Note 11.

(d) As of March 31, 2022, the balances corresponds mainly to the payment in favor of Latam Airlines Group S.A. Sucursal Perú for US$101.1 million, equivalent in soles to S/373.9 million (US$113.9 million, equivalent in soles to S/454.0 million, as of December 31, 2021). This advance granted is applied to the mileage awards granted to our customers when they pay with Latam Pass credit cards and then they can use those miles directly with Latam to redeem tickets, goods and services offered by Latam. Management considers that this asset will be fully recovered.

(e) As of March 31, 2022, and December 31, 2021 it is mainly composed of accounts payable for the purchase of financial investments negotiated during the last days of the month, which were settled during the first days of the following month.

(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 interim condensed consolidated statements financial position accounts until the first days of the following month. The regularization of these transactions may not affect the Bank and Subsidiaries' consolidated net income.

(g) As of March 31, 2022, and December 31,2021 it is mainly composed of deferred commission's loans and deferred income from indirect loans.

8 DEPOSITS AND OBLIGATIONS

(a) This item is made up as follows:

	As of March 31, 2022 S/000	As of December 31, 2021 S/000
Demand deposits	51,828,670	53,402,847
Saving deposits	53,565,270	53,822,915
Time deposits	19,870,931	19,502,928
Severance indemnities deposits	3,750,593	4,017,065
Negotiable certificates	1,304,886	1,327,690
	130,320,350	132,073,445
Interest payable	102,248	77,170
Total	130,422,598	132,150,615

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

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

(c) As of March 31, 2022, and December 31, 2021, of the total balance of deposits and obligations, approximately S/49,682.7 million and S/50,478.8 million, respectively, are secured by the Peruvian "Fondo de Seguro de Depósitos" (Deposit Insurance Fund). At said dates, maximum amount of coverage per depositor recognized by "Fondo de Seguro de Depósitos" totaled S/116,284 and S/115,637, respectively.

9 DUE TO BANKS, CORRESPONDENTS AND OTHER ENTITIES

(a) This item is made up as follows:

	As of March 31, 2022 S/000	As of December 31, 2021 S/000
By type -		
Due to banks, correspondents and financial institutions (b)	2,102,283	3,011,536
Promotional credit lines (e)	3,731,257	3,592,008
Due to related parties (d)	27,977	75,017
	5,861,517	6,678,561
Interest payable	10,946	5,630
Total	5,872,463	6,684,191
By term -		
Short-term debt	1,504,323	2,452,271
Long-term debt	4,368,140	4,231,920
Total	5,872,463	6,684,191

(b) As of March 31, 2022, and December 31,2021 it includes debts to banks and correspondents and financial institutions borrowings to finance foreign trade operations and for working capital. This item is made up as follow:

	As of March 31, 2022 S/000	As of December 31, 2021 S/000
Citibank N.A.	739,600	398,700
Corporación Financiera de Desarrollo (COFIDE)	618,525	563,136
Wells Fargo Bank	258,860	677,790
Banco BBVA Perú	115,300	119,900
Scotiabank Perú S.A.A.	120,000	100,000
Banco Internacional del Perú S.A.A. (Interbank)	150,000	-
Banco ICBC	100,000	50,000
Bank of America, N.A.	-	917,010
Banco de la Nación	-	185,000
	2,102,285	3,011,536

(c) As of March 31, 2022, due to banks and correspondents comprise mainly loans to finance foreign trade operations and for working capital granted by 7 entities (8 as of December 31, 2021); of which 2 represent approximately 64.60 percent of the balance (2 represent approximately 52.96 percent of the balance as of December 31, 2021).

As of March 31, 2022, due to bank and correspondents accrued annual interest at rates that ranged between 1.20 and 7.54 percent in soles and between 0.50 percent and 6.30 percent in dollars (between 1.15 and 7.53 percent as, 0.43 and 6.30 percent respectively of December 31, 2021).

(d) As of March 31, 2022, due to related parties includes loans at variable interest rates maintained between BCP and CCR Inc. amounting to US$7.6 million, equivalent to a S/28.0 million (the loans at variable interest rates between BCP and CCR Inc. amounting to US$18.8 million, equivalent to a S/75.0 million, as of December 31, 2021), see Note 21(a).

(e) Promotional credit lines represent loans received mainly from Corporación Financiera de Desarrollo (COFIDE) and Fondo de Cooperación para el Desarrollo (FONCODES) to promote the development of Perú. As of March 31, 2022, their annual interest rates ranged between 3.50 percent and 7.60 percent in soles, and the interest rate in dollars is 7.75 percent (6.0 percent and 7.60 percent in soles, and the interest rate in dollars is 7.75 percent in December 31, 2021). These liabilities are secured by a loan portfolio for up to the amount of the credit line used.

(f) As of March 31, 2022, and December 2021, the balance of this caption, classified by maturity, is as follows, without considering the interest payable:

	As of March 31, 2022 S/000	As of December 31, 2021 S/000
Up to 3 months	468,712	1,619,847
From 3 months to 1 year	1,380,386	1,220,114
From 1 year to 3 years	1,137,174	1,041,779
From 3 to 5 years	628,419	607,402
More than 5 years	2,246,826	2,189,419
	5,861,517	6,678,561

10 BOND AND SUBORDINATED NOTES ISSUED

a) As of March 31, 2022, and December 31, 2021 this item comprises:

	Annual interest rate %	Interest payment	Maturity	Issued amount 000	2022 S/000	2021 S/000
Local issuance						
Corporate bonds						
Fourth program						
Tenth issuance (Series B and C) - BCP	Between 5.31 and 5.50	Semi-annual	Between October and November 2022	S/400,000	399,944	399,923
Fifth program						
Third issuance (Series A, B, C and D) - BCP	Between 3.88 and 4.25	Semi-annual	Between July and August 2022	S/264,940	151,859	151,762
					551,803	551,685
Subordinated bonds						
First program						
First issuance (Series A) - BCP	6.22	Semi-annual	May 2027	S/15,000	15,000	15,000
Second program						
First issuance (Series B) - Mibanco	7.22	Semi-annual	June 2027	S/30,000	30,000	30,000
Fourth program						
First issuance (Series A) – Mibanco (xi)	5.84	Semi-annual	March 2031	S/155,000	155,000	155,000
					200,000	200,000
Trading certificates of deposit						
Third program						
Trading certificates of deposit - Mibanco	Between 1.71 and 6.09	Annual	Between April 2022 and July 2024	S/70,935	70,935	845
					70,935	845
Total local issuance					822,738	752,530
International issuance - BCP						
Subordinated Bonds - (i), (ii)	Between 3.13 and 3.25	Semi-annual	Between April 2027 and September 2031	US$ 1,350,000	4,894,246	5,269,458
Senior Notes - (iii)	4.25	Semi-annual	April 2023	US$716,301	2,631,359	2,832,321
Senior Notes - (iv), (v), (vi), (vii)	2.70	Semi-annual	January 2025	US$700,000	2,532,561	2,725,355
Senior Notes - (viii)	4.65	Semi-annual	September 2024	S/2,900,000	2,488,095	2,486,758
Senior Notes - (ix)	0.45	Semi-annual	December 2023	¥ 5,000,000	151,754	172,773
Senior Notes - (x)	Libor 3M + 0.55	Quarterly	March 2022	US$30,000	-	119,585
Total international issuance					12,698,015	13,606,250
Total local and international issuance					13,520,753	14,358,780
Interest payable					55,224	124,204
Total						

(*) This bond issue was prepaid in May 2021.

The bonds are guaranteed by the Bank's financed assets and subject to the priority order established by the SBS.

Most of international issues are listed on the Luxembourg Stock Exchange. In addition, international issues maintain certain covenants which, in Management's opinion, the Bank and its Subsidiaries have complied with at the date of the consolidated statement of financial position.

(i) In July 2020, The Bank repurchased US$294.6 million from the total US$476.1 million outstanding amount of “6.875% Fixed- to-Floating Rate Subordinated Notes due 2026”. Also, the Bank repurchased US$224.9 and exchanged US$200.4 million from the total US$720 million outstanding amount of “6.125% Fixed-to-Floating Rate Subordinated Notes due 2027”

Also, on July 1, 2020, the Bank issued Subordinated Notes under the Medium-Term Bond Program for a total amount of US$850.0 million at a semi-annual coupon rate of 3.125 percent maturing in July 2030 under the name of “3.125% Subordinated Fixed-to-Fixed Rate Notes due 2030 (Callable 2025)”. On July 1, 2025, the Bank may redeem all or part of the Notes at a redemption price equal to 100 percent of the aggregate amount of the principal of the Notes to be redeemed. From now on, the Bank may redeem all or part of the Notes at a redemption price equal to the higher of (1) 100 percent of the principal amount of the Notes and (2) the sum of the remaining cashflows discounted at a rate equivalent to the US Treasury interest rate plus 45 basis points. The payment of principal will take place on the due date or when the Bank redeems the Notes.

Through a repurchase offer announced in March 2021, the Bank repurchased US$88.5 million and exchanged US$11.0 million from the total US$294.7 million outstanding amount of “6.125% Fixed-to-Floating Rate Subordinated Notes due 2027”. Also, US$60.6 million were repurchased from the total US$181.5 million outstanding amount of “6.875% Fixed-to-Floating Rate Subordinated Notes due 2026”. Both operations registered and settled on June 30, 2021.

On the other hand, effective on March 30, 2021, the Bank issued Subordinated Notes under the Medium-Term Bond Program amounting to US$500.0 million at a semi-annual rate of 3.25 percent maturing in September 2031 called “3,250% Subordinated Fixed-to-Fixed Rate Notes due 2031 (Callable 2026)”. As of September 30, 2026, It will be paid a fixed interest rate equal to U.S. Treasury interest rate, comparable to 5 years, plus 245.0 basis points .On September 30, 2026, the Bank may redeem all or part of the Notes at a redemption price equal to 100 percent of the aggregate amount of the principal of the Notes to be redeemed. From now on, the Bank may redeem all or part of the Notes at a redemption price equal to the higher of (1) 100 percent of the principal amount of the Notes and (2) the sum of the remaining cashflows discounted at a rate equivalent to the U.S. Treasury interest rate plus 40 basis points. The payment of the principal will take place on the expiration date of the Notes or when the Bank redeems them.

(ii) During 2022, the bank will pay a variable interest rate of three-month Libor plus 704.3 basis points. Between April 24, 2017 and April 24, 2022, the Bank may redeem all or part of the bonds bearing as a penalty an interest rate equal to that of the Treasury of the United States of America plus 50 basic points. Likewise, as of April 25, 2022 or on any date after the payment of interest, the Bank may redeem all or part of the bonds without any penalty. Payment of the principal will take place on the maturity date of the bonds or when the Bank redeems them.

(iii) The Bank can redeem all or part of the Notes at any date, taking as penalty an interest rate equal to the Treasury of the United States of America’s plus 50 basis points. Payment of principal will take place at the date of maturity or upon redemption.

(iv) The Bank can redeem all or part of the bonds at any date, taking as penalty an interest rate equal to the Treasury of the United States of America’s plus 40 basis points. Payment of principal will take place at the date of maturity or upon redemption.

(v) In September 2019, the Bank announced a repurchase offer for a corporate bond issued. From the outstanding amount of the Senior Notes for US$800.0 million with maturity in 2020, US$205.0 million were exchanged and US$220.3 million were repurchased.

t the same time, the bank issued a corporate bond under the Medium-Term Bond Program amounting to US$700.0 million at a semi-annual coupon rate of 2.70 percent with maturity in 2025. Between October 11, 2021 and before December 11, 2024, the Bank may redeem all or part of the Notes at a redemption price that is equal to the greater between (1) 100 percent of the principal amount of the Notes and (2) discounting the remaining flows at a discount rate equivalent to the interest rate of the Treasury of the United States of America plus 20 basis points. As of December 11, 2024, the Bank can redeem all or part of the Notes at a redemption price that is equal to 100 percent of the aggregate amount of the principal of the Notes to be redeemed. Payment of principal will take place at the date of maturity or upon redemption.

(vi) As of March 31, 2022, the Bank holds a cross currency swap (CCS) for a notional amount of US$50.0 million equivalent to S/184.9 million (US$50.0 million equivalent to S/199.4 million as of December 31,2021), see Note 7(b), which was designated as partial cash flow hedge of a corporate bond issued in US dollars at a fixed rate; through said CCS, the bond was economically converted to soles at a fixed rate.

(vii) During the first quarter of 2018, in accordance with the interest rate risk exposure strategy, the Bank discontinued the fair value hedge of these bonds through the unwind of interest rate swaps (IRS). The accumulated fair value gains of these bonds at the time of the unwind of the derivatives amounted to US$22.0 million (equivalent to S/71.7 million), recorded in the liability, which has been transferred to the consolidated statement of income up to the date of maturity of said bonds. As of March 31, 2022, the liability amounts to US$0.7 million, equivalent to S/2.7 million, (US$0.9 million, equivalent to S/3.6 million, as of December 31, 2021). The amount recorded in the interim condensed consolidated statement of income ended March 31, 2022 amounts to US$0.2 million, equivalent to S/0.7 million (US$1.2 million, equivalent to S/4.4 million, during the period ended March 31, 2021).

(viii) In September 2019, the Bank announced a repurchase offer for a corporate bond issued. From the amount in circulation of S/2,000.0 million with maturity in 2020, S/1,308.8 million were exchanged and S/291.2 million were repurchased.

At the same time, the bank made a corporate bond issue under the Medium-Term Bond Program amounting to S/2,500.0 million at a semi-annual coupon rate of 4.65 percent with maturity in 2024. Between October 17, 2021 and August 17, 2024, the Bank can redeem all or part of the Notes at a redemption price that is equal to the greater between (1) 100 percent of the principal amount of the Notes and (2) discounting the remaining flows at a rate equivalent to the interest rate of Sovereign Bonds issued by the Government of Peru, or other comparable security, plus 25 basis points. As of August 17, 2024, the Bank can redeem all or part of the Notes at a redemption price that is equal to 100 percent of the aggregate amount of the principal of the Notes to be redeemed. Payment of principal will take place at the date of maturity or upon redemption.

(ix) As of March 31, 2022, the Bank matured a currency swap (CCS) for a notional amount of ¥5,000.0 million equivalent to S/152.1 million (¥5,000.0 million equivalent to S/173.2 million, as of December 31, 2021), see Note 7(b), which has been broken down by risk variables in two CCS with the purpose of being designated as cash flow hedge of a bond issued in yen at a fixed rate; through said CCS, this bond was converted to soles at a fixed rate and as cash flow hedge of loans for US$43.4 million equivalent to S/160.6 million (US$43.4 million equivalent to S/173.1 million, as of December 31,2021); through said CCS, these loans have been converted to soles.

(x) As of March 31, 2022, the Bank holds an interest rate swap (IRS) for a notional amount totaling US$30.0 million equivalent to S/110.9 million (US$30.0 million equivalent to S/119.6 million as of December 31, 2021), see Note 7(b), which was designated as cash flow hedge of a corporate bond issued in US dollars at a variable rate; through this IRS the bond was converted to a fixed rate.

(xi) On March 30, 2021, Mibanco S.A. issued the Fourth Program Series A Subordinated Bonds amounting to S/ 155.0 million with a fixed rate of 5.84 percent, which matures on March 31, 2031. The payment of the principal will take place on the maturity date, or when Mibanco S.A. redeems them, only after a minimum term of 5 years since issuance date.

Also, on May 13, 2021, Mibanco S.A. exercised the option for early redemption from Second Program Series A Subordinated Bonds issue amounting to S/100.0 million.

b) Bonds and Notes issued classified by maturity are shown below:

	As of March 31, 2022 S/000	As of December 31, 2021 S/000
Up to 3 months	109,501	119,705
From 3 months to 1 year	513,019	552,084
From 1 year to 3 years	5,271,426	5,492,101
From 3 to 5 years	2,532,561	2,725,433
More than 5 years	5,094,246	5,469,457
Total	13,520,753	14,358,780

11 INCOME TAX

Amounts presented in the interim condensed consolidated statements of income for the 2022 and 2021 are shown below:

	Three -month period ended March 31,	
	2022 S/000	2021 S/000
Current	464,383	225,316
Deferred	(13,552)	(75,801)
	450,831	149,515

As of March 31, 2022, the variation in current income tax expense is mainly due to a higher profit before taxes in BCP for S/278 million and the generic provision for MiBanco loans for S/45 million.

12 EQUITY

a) Capital stock -

As of March 31, 2022, the Bank's capital stock comprises 12,176.4 million, of fully subscribed and paid common shares, each with a nominal value of one Peruvian Sol (11,317.4 million as of December 31, 2021).

As of March 31, 2022 Grupo Crédito S.A. (a subsidiary of Credicorp) hold 97.74 percent of the Bank's capital stock. (As of December 31,2021 owns 97.74 percent).

The Mandatory Annual General Shareholders' Meetings held on March 29, 2022 approved the capitalization of 2021 retained earnings for amounts of S/859.0 million. Likewise, in the Mandatory Annual General Shareholders' Meetings held on March 31, 2021 approved the capitalization of 2020 retained earnings for amounts of S/250.0 million.

b) Legal reserve -

Under Peruvian legislation, the Bank must reach a legal reserve of at least 35 percent of its paid-in capital, through an annual appropriation of at least 10 percent of the net income. As of March 31, 2022, and December 31, 2021 the Bank covered said legal requirement.

The Mandatory Annual General Shareholders' Meeting, held on March 29, 2022 and March 31, 2021 approved the increase of the legal reserve by approximately S/303.1 million and S/83.3 million, from the 2021 and 2020 net income, respectively.

The Bank's Subsidiaries established in Perú must also record legal reserves in their individual financial statements, which percentages vary depending on applicable laws.

c) Other reserves -

The other reserves have been funded through the appropriation of accumulated results and is considered to be unrestricted.

The Mandatory Annual General Shareholders' Meeting, held on March 29, 2022 approved the increase of other reserves by approximately S/505.5 million, from the 2021 net income. Likewise, in the Mandatory Annual General Shareholders' Meeting, held on March 31, 2021 approved the increase of other reserves by approximately S/457.5 million, from the 2020 net income.

d) Unrealized and translation results -

The caption "Unrealized and translation results" includes the net unrealized gain (loss) from available-for-sale investments and from derivatives instruments used as cash flow hedges and translation results. The movement for the three -month period ended March 31, 2022 and 2021, net of deferred income tax is as follows:

	Unrealized gain (loss) of:			
	Available for sale investments	**Derivatives instruments used as cash flow hedges**	**Translation results**	**Total**
	S/000	**S/000**	**S/000**	**S/000**
Balances as of January 1, 2021	731,040	(41,768)	1,822	691,094
Net unrealized loss from available for-sale investments	(762,301)	-	-	(762,301)
Transfer of realized gain from available for-sale investments to the interim condensed consolidated statement of income, net of realized loss	(34,586)	-	-	(34,586)
Net unrealized gain from cash flow hedge	-	52,138	-	52,138
Transfer of realized gain from cash flow hedge to the interim condensed consolidated statement of income, net of realized loss	-	(21,034)	-	(21,034)
Deferred Income Tax	9,529	(9,109)	-	420
Foreign currency translation	-	-	(43)	(43)
Balances as of March 31, 2021	(56,318)	(19,773)	1,779	(74,312)

	Unrealized gain (loss) of:			
	Available for sale investments	Derivatives instruments used as cash flow hedges	Translation results	Total
	S/000	S/000	S/000	S/000
Balances as of January 1, 2022	(499,642)	(939)	3,276	(497,305)
Net unrealized loss from available for-sale investments	(337,660)	-	-	(337,660)
Transfer of realized loss from available for-sale investments to the interim condensed consolidated statement of income, net of realized gain	14,433	-	-	14,433
Net unrealized gain from cash flow hedge	-	24,603	-	24,603
Transfer of realized gain from cash flow hedge to the interim condensed consolidated statement of income, net of realized loss	-	(11,871)	-	(11,871)
Deferred Income Tax	31,829	(3,759)	-	28,070
Foreign currency translation	-	-	(1,189)	(1,189)
Balances as of March 31, 2022	(791,040)	8,034	2,087	(780,919)

e) Components of other comprehensive income -

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

	For the Three-month period ended March 31,	
	2022	2021
	S/000	S/000
Available-for-sale investments:		
Net unrealized loss from available for-sale investments	(337,660)	(762,301)
Net transfer of realized loss (gain) from available for-sale investments to interim condensed consolidated statements of income	14,433	(34,586)
Sub total	(323,227)	(796,887)
Non-controlling interest	(84)	(243)
	(323,311)	(797,130)
Deferred income tax	31,829	9,529
	(291,482)	(787,601)
Cash flow hedges:		
Net unrealized gain from cash flow hedges	24,603	52,138
Net transfer of realized gain from cash flow hedges to interim condensed consolidated statements of income	(11,871)	(21,034)
Sub total	12,732	31,104
Deferred income tax	(3,759)	(9,109)
	8,973	21,995
Translation results:		
Exchange differences on translation of foreign operations	(1,189)	(43)
Non-controlling interest	-	6
	(1,189)	(37)

f) Dividend distribution -

The General Shareholders' Meetings held on March 29, 2022 and on March 31, 2021, agreed to distribute dividends for approximately S/1,363.7 million and S/42.1 million, from the 2021 and 2020 net income, respectively.

Under current Peruvian legislation, there is no restriction for overseas remittance of dividends or the repatriation of foreign investment. Individual persons and corporations not domiciled in Peru must pay of 5 percent as tax on dividends received, which must be retained and paid by the entity that distributes the dividends.

g) Equity for legal purposes (Regulatory capital) -

Under Article 199 of Legislative Decree No. 1028, the effective equity must be equal to or greater than 10 percent of the total risk-weighted contingent assets and credits that correspond to the sum of: the effective equity requirement for market risk multiplied by 10, the additional regulatory capital requirement for operational risk multiplied by 10, and contingent assets and credits weighted by credit risk.

As of March 31, 2022 and December 31, 2021 in application of Legislative Decree No.1028, the Bank presents the following amounts related to weighted assets and credits by total risk and regulatory capital (basic and supplementary), in millions of soles:

	As of March 31, 2022	**As of December 31, 2021**
	S/000	**S/000**
Assets and risk weighted by overall risk	151,045	152,376
Regulatory capital	23,853	22,772
Basic regulatory equity	16,221	15,143
Supplementary regulatory capital	7,632	7,629
Global equity on regulatory capital ratio	15.79%	14.94%

As of March 31, 2022 and December 31, 2021, the Bank and Subsidiaries have fulfilled the requirements of Resolutions No.2115-2009, No.6328-2009 and No.14354-2009, Regulations for the Requirement of Regulatory Capital by Operational Risk, Market Risk and Credit Risk Regulations, respectively, and amendments. Those resolutions establish, mainly, the methodology to be applied by financial entities in order to calculate assets and credits weighted for each type of risk.

On July 20, 2011, the SBS issued Resolution No.8425-2011 requiring an additional regulatory capital, which is the summation of each of the following components: economic cycle risk, concentration risk, market concentration risk, interest rates risk and others. As of March 31, 2022, the additional regulatory capital requirement estimated by the Bank amounts to approximately S/1,959.1 million (S/1,949.6 million with the 100 percent adequacy percentage established by the SBS as of December 31, 2021).

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

Resolution SBS No.11823-2010, "Regulations on consolidated supervision of financial and mixed conglomerates" establishes that the economic group subject to consolidation (the Bank and Subsidiaries are part of Credicorp Group), must have a regulatory equity destined to cover the risks arising from the operations and activities of the bank, which shall not be lower than the minimum equity, required the group subject to consolidation. As of March 31, 2022, and December 31, 2021, the regulatory equity of the financial group subject to consolidation amounted to S/27,450.6 million and S/27,830.0 million, respectively.

13 TAX SITUATION, LIABILITIES AND CONTINGENCIES

a) The Bank and its principals Subsidiaries are subject to the Peruvian tax regime. The income tax rate at March 31, 2022 and December 31, 2021 was 29.5 percent.

   Enterprises and individuals not domiciled in Peru and domiciled individuals are subject to additional withholding tax on the dividends received of 5 percent.

b) Law No. 30341, effective January 1, 2016 establishes the income tax exemption on income arising from the disposal of shares and other equity instruments until December 31, 2018 if the transaction is performed via a centralized trading mechanism overseen by the Peruvian securities and company regulator (“Superintendencia del Mercado de Valores”).

   Subsequently, Legislative Decree N° 1262, published on December 10, 2016, extended this benefit until December 31, 2019; and incorporated new exoneration assumptions, such as: American Depositary Receipts (ADR) and Global Depositary Receipts (GDR), Exchange Trade Fund (ETF) which have as underlying shares and/or debt securities, Equity instruments, Participation Certificates in Securities-based Mutual Investment Funds, Participation Certificates in Real Estate Income Investment Funds (FIRBI from Spanish acronym) and Participation Certificates in securitization trusts for investment in Real Estate Income (FIBRA), as well as factoring.

   Emergency Decree 005-2019 published on October 24, 2019, extended the benefit until December 31, 2022, likewise, the conditions were modified to determine if the securities have a stock market presence.

   This exoneration will be applicable as long as the conditions established in the referred Legislative Decree are expressly complied with.

c) For income tax calculation purposes, the transfer prices agreed in transactions between related parties and with entities located in tax havens require the presentation of supporting documentation and information on the valuation methods and criteria applied for the price calculation. Based on the analysis of the operations of the Bank and its Subsidiaries, Management and its internal legal advisors consider that no significant contingencies will arise for the Bank as a consequence of the application of these provisions for fiscal year 2022 and 2021.

   With the enactment of Legislative Decree N° 1312, published on December 31, 2016, the formal obligations are modified for the entities subject to transfer price regulations; incorporating 3 new informative declarations; the first, a Local Report, the second, a Master Report and the third a Country by Country Report. The first with effect from 2017 for the operations during 2016, and the last two with effect from 2018 for the operations during 2017.

   As established by Supreme Decree N ° 337-2018-EF, the content referring to the benefit test for intra-group services was regulated and specified, defining, among others: the concept of benefit test, information on costs and expenses incurred by the provider of the service, profit margin, support documentation that should contain the aforementioned test, which will be applicable as of January 1, 2019.

d) Legislative Decree No. 1425, effective as of January 1, 2019, accrual for tax purposes was defined, establishing general and specific rules for the recognition of income and expenses for tax purposes.

   Likewise, the Fifth Final Complementary Provision of the Decree indicates that the amendments to the Law included in the Legislative Decree do not modify the income or expenditure accrual treatment established in special or sectorial regulations.

The Third Final Complementary Provision of Supreme Decree N°399-2018-EF established that the special or sectorial rules referred to in D.L. N° 1425, are those provisions of tax nature that establish a special treatment to the income or expenses accrual for the purposes of Income Tax.

e) Ministerial Resolution No.387-2020-EF/15, established that the provisions for Reprogrammed Credits due to COVID-19 pandemic, referred to in the Eighth Final and Transitory Provision of the Regulation for the Evaluation and Classification of the Debtor and the Requirement of Provisions, approved by SBS Resolution No.11356-2008, modified by SBS Resolution No.3155-2020; They jointly meet the expenses deductibility requirements for the determination of third category net income, required by the Law and the Income Tax Regulations.

f) Regarding to sales tax, income from credit services received, among others, by banking and financial companies, domiciled or not in the country, as capital gains, derived from bills of exchange trading, promissory Notes, invoices and other commercial papers, as well as for commissions and interest derived from operations of these companies.

g) A single transitory complementary provision of Legislative Decree No. 1422 it has been provided that the acts, situations and economic relations carried out within the framework of fiscal planning and implemented on the date of entry into force of the Legislative Decree that continue to have effect, must be evaluated by the board of directors for the purpose of ratification or modification, the deadline is 29 March 2019.

h) The Peruvian Tax Authority is entitled to review and, if applicable, amend the individual annual income tax returns of the Bank and its Subsidiaries established in said countries up to four years after the year of their submission.

The income tax returns which are pending review by the Tax Authorities are the following:

Banco de Crédito del Perú S.A.	2017-2021
Mibanco Banco de la Microempresa S.A.	2017-2021
Solución Empresa Administradora Hipotecaria S.A.	2017-2021

On March 1, 2022, the Peruvian Tax Authority notified to Mibanco the initial requirement for the opening of the definitive income tax 2020 audit process.

On October 13, 2021, the Peruvian Tax Authority notified to Banco de Crédito del Perú the operational programming requirements for the income tax period of 2016 and 2017, which have been met by the entity. Also, on February 8, 2022, the Peruvian Tax Authority notified to Banco de Crédito del Perú the operational programming requirement for the income tax period of 2018, which have been met by the entity.

Due to the tax regulations being subject to interpretation by the Tax Authorities it is not possible to determine at present whether or not the reviews carried out will generate additional liabilities for the Bank and its Subsidiaries. Therefore, any unpaid tax, penalties or interests that might result from said reviews will be expensed in the year in which they are determined. Nevertheless, Management of the Bank and its internal legal advisors consider that any additional tax assessments would not have a significant impact on the 2022 and 2021 consolidated financial statements of the Bank and its Subsidiaries.

14 OFF-BALANCE SHEET ACCOUNTS

a) This item is made up as follows:

	As of March 31, 2022 S/000	As of December 31, 2021 S/000
Contingent operations (indirect loans) (b) -		
Guarantees and stand-by letters of credit	17,348,158	19,174,505
Import and export letters of credit	2,290,055	2,029,056
Due from bank acceptances	524,448	532,404
	20,162,661	21,735,965
Responsibilities under credit line agreements (c)	70,893,784	75,333,998
Other contingent operations	12,710	11,222
Total contingent risk and commitments	91,069,155	97,081,185

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

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

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

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

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

c) Unused lines of credit and lines of credit conceded include lines of consumer loans, micro-business, small business, medium and corporate business, that are payable upon notification to the client.

As of March 31, 2022, the variation corresponds mainly to the decrease in credit products such as guarantees and stand-by letters and credit lines, for S/615.5 million and S/4,151.5 million, respectively.

15 FINANCIAL INCOME AND EXPENSES

This item is made up as follows:

	For the three-month period ended March 31,	
	2022	2021
	S/000	S/000
Financial income		
Interest from loan portfolio (i)	2,432,106	2,106,345
Interest from trading, available-for-sale and held to maturity investments, net	243,290	206,113
Interest from cash and due from banks and inter-bank funds (ii)	32,627	8,532
Other	1,886	385
	2,709,909	2,321,375
Financial expenses		
Interest and commission on deposits and obligations (iii)	(168,603)	(131,080)
Interest on bonds and subordinate Notes issued (iv)	(149,572)	(251,040)
Interest on due to banks, correspondents and other entities and inter-bank funds	(113,064)	(113,732)
Deposit Insurance Fund fee	(55,533)	(51,158)
Other	(1,748)	(1,422)
	(488,520)	(548,432)
Gross financial margin	2,221,389	1,772,943

(i) As of March 31, 2022, the quarterly variation was mainly due to higher revenues generated in the consumer and corporate segments.

(ii) As of March 31, 2022, the quarterly variation is mainly due to the increase in the interest rate paid by the BCRP to the ordinary reserve accounts. See Note 4(a).

(iii) As of March 31, 2022, the variation mainly corresponds to the increase in interest on time and demand deposits as a consequence of higher rates offered in the market.

(iv) As of March 31, 2022, the variation mainly corresponds to lower interest expenses on outstanding obligations, in line with lower rates of subordinated bonds that were issued and lower amount of bank´s corporate bonds.

16 COMMISSIONS FOR BANKING SERVICES, NET

This item is made up as follows:

	For the three-month period ended March 31,	
	2022	2021
	S/000	S/000
Banking services commissions		
Transfer and collection services	219,930	202,513
Commissions from parties affiliated to the credit/debit card network	203,099	158,027
Maintenance of accounts	99,657	87,918
Commissions from contingent operations	75,739	73,471
Commissions on special services - Credipago	74,030	65,107
Insurance commissions	56,732	46,711
Fees from consulting and technical studies	21,211	25,836
Credit and debit card service	25,031	16,414
Penalty commissions	220	13,834
Commission on transfers overseas and other	17,589	14,448
Withholding and collection services	9,071	7,520
Commission from salary in advance and payment of services	16,721	10,399
Check issuance	951	914
Others	17,992	18,153
Sub total	837,973	741,265
Expenses related to banking services commissions		
Credit and debit card services	(73,862)	(55,188)
Credit/debit card network	(12,385)	(9,531)
Expenses related to check issuance	(551)	(402)
Others (*)	(20,063)	(44,366)
Sub total	(106,861)	(109,487)
Balance, net	731,112	631,778

(*) As of March 31, 2022, expenses for commissions for Foreign Bank Transfers, penalties for Visa and Amex commissions and commissions for the sale of vehicle products are included.

17 NET GAIN ON SECURITIES

This item is made up as follows:

	For the three-month period ended March 31,	
	2022	2021
	S/000	S/000
Net loss (gain) from purchase and sale of investments available for sale (a)	630	38,382
Net gain (loss) from purchase and sale of securities at fair value through profit or loss (trading)	(9,402)	(29,830)
Share of profits obtained by associates	5,505	1,891
Other	460	31,318
Total	(2,807)	41,761

(a) As of March 31, 2022, it includes net losses on Sovereign bonds sales amounting to S/0.9 million, among others amounting to S/0.3 million of net gains. As of March 31, 2021, it includes net gains on Sovereign bonds sales amounting to S/38.3 million, among others amounting to S/0.1 million of net losses.

18 OTHER NON-FINANCIAL INCOME AND OTHER OPERATING EXPENSES

This item is made up as follows:

	For the three-month period ended March 31,	
	2022	2021
	S/000	S/000
Other non-financial income		
Revenue from sale of loan portfolio	12,167	12,348
Income from sale of property, furniture and equipment	468	781
Rental income	137	233
Net loss from sale of seized assets	535	-
Other (a)	110,449	45,704
Total	123,756	59,066
Other operating expenses		
Donations	(575)	(283)
Losses due to operational risk	(13,620)	(10,253)
Provision for sundry risks	(6,603)	(7,664)
Provision for other accounts receivable	(1,805)	(335)
Administrative and tax penalties	(41)	(453)
Net loss from sale of seized assets	-	(23)
Other (b)	(22,543)	(24,974)
Total	(45,187)	(43,985)

(a) During the three months, the balance is made up mainly of cash surpluses, settlements for the sale of Credicorp shares, penalties for breach of contract, commissions charged to leasing customers for relocation, vehicle taxes, property taxes, fines and infractions related to the leasing product, improvements in the process of negotiating shared services with group companies, among others. In addition, the balance mainly comprises refund of income tax an interest of the years 2014 and 2015 amounting to S/56.4 million.

(b) The balance is mainly comprised of provisions for various risks, fiscal penalties, expenses and fees related to civil, criminal and administrative proceedings, losses for damages suffered in the Bank and its Subsidiaries's tangible assets, provision for country risk, legal expenses, expenses not deductibles, penalties for Visa operations, rejected projects, penalties for portfolio sales and agency closures, among others.

19 TRANSACTIONS WITH RELATED PARTIES

a) During the three-month period ended March 31, 2022 and the year ended December 31, 2021, the Bank and Subsidiaries have acquired bonds, granted loans, supplied and received several services, correspondent relationships and other operations with Credicorp's Subsidiaries, which balances are shown below:

	As of March 31, 2022	As of December 31, 2021
	S/000	S/000
Assets -		
Cash and due from banks (*)	18,628	8,533
Investments available-for-sale (Credicorp shares)	103,816	74,526
Loans, net	273,398	435,872
Other assets	106,985	174,346
Liabilities -		
Deposits and obligations	1,317,106	2,786,028
Due to banks, correspondents and other entities	28,084	75,293
Bonds and subordinated Notes issued	13,383	15,161
Other liabilities (**)	1,349,199	20,877
Contingent operations (indirect loans)	483,155	549,184

(*) Corresponds to the deposits of ASB Bank Corp. with Banco de Crédito del Perú that do not earn interest for S/17.8 million as of 31 March, 2022.

(**) It mainly includes dividends payable of Grupo Crédito to Banco de Crédito del Perú for S/1,332.9 million.

	For the three-month period ended March 31,	
	2022	2021
	S/000	S/000
Statements of income		
Financial income	23,027	5,728
Financial expenses	8,698	6,593
Other income	128,389	118,941
Other expenses (*)	15,509	22,756

(*) This caption includes the accrued portion of insurance coverage contracted with Pacífico Compañía de Seguros y Reaseguros S.A., a Credicorp subsidiary; the accrued part is included in the caption “Administrative expenses” of the interim condensed consolidated statement of income.

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

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

	As of March 31,2022	**As of December 31, 2021**
	S/000	**S/000**
Direct loans	1,576,836	1,848,299
Indirect loans	471,895	459,562
Derivatives, market value	646	2,325
Deposits	993,442	768,564

b) Loans to employees and their families -

The Bank and Subsidiaries grant loans to their employees and families in terms that depend on the different types of loans granted (mainly mortgage loans) and are included under the caption “Loans, net” of the interim condensed consolidated statements of financial position. Generally, interest rates applied are lower than market interest rates; however, other terms are similar to those prevailing in the market. As of March 31, 2022, and December 31, 2021, the balance of loans and other facilities granted to employees, their family members, directors and key executives of the Bank and Subsidiaries amounted to S/1,086.4 million and S/1,054.7 million, respectively.

20 FINANCIAL RISK MANAGEMENT

The activities of the Bank and Subsidiaries involve principally the use of financial instruments, including derivatives.They also accept deposits from customers at both fixed and floating rates, for different periods, and invest these funds in high-quality assets. Moreover, they place these deposits at fixed and variable rate with companies and individuals, considering the finance costs and expected yield.

The Bank and Subsidiaries trade in financial instruments when they assume positions in traded and over-the-counter instruments, including derivatives, to take advantage of short-term market movements, through trading strategies which include the use of equities, bonds, currencies and interest rates.

In this sense, risk is inherent to the Bank and Subsidiaries activities, which 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 continuing profitability of the Bank and Subsidiaries and each individual is accountable for the risk exposures relating to his responsibilities.The Bank and Subsidiaries are mainly exposed to operating risk, credit risk, liquidity risk and market risk.

a) Risk management structure -

The Board of Directors of the Bank and Subsidiaries is responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks, as further explained bellow:

(i) Board of Directors -

The Board of Directors is responsible for the overall risk management approach and for the approval of the levels of risk appetite and tolerance that the Bank and Subsidiaries are prepared to assume. Furthermore, it approves the objectives, guidelines and policies for Overall Risk Management. On the other hand, the Board establishes an organizational culture which emphasizes the importance of risk management, supervises the internal control system, and ensures the appropriate performance of the regulatory compliance function.

(ii) Risk Committee -

The Risk Committee represents the Board in decision making focused on risk management, is responsible for the strategy used for mitigating risks, as well as establishing the overall principles, policies and limits for the different types of risks; it is also responsible for monitoring fundamental risk issues, and managing and monitoring the relevant risk decisions.

It is formed by three Board members, the General Manager of BCP, the Central Manager of Planning and Finance, the Central Risk Manager and the Manager of the Risk Management Division.

In addition, in order to effectively manage all the risks, the Risk Committee designates some risk functions to the following tactical committees which report on a monthly basis all relevant changes or issues of the managed risks:

Credit Risk Committee (Retail and Non-Retail) -

The Credit Risk Committees (Retail and Non-Retail) are responsible for reviewing the tolerance level of the appetite for credit risk, the exposure limits and the actions for the implementation of corrective measures, in case there are deviations. In addition, it proposes the norms and policies of credit risk management within the framework of governance and the organization for the comprehensive management of credit risk. Furthermore, it proposes the approval of any change in the functions described above and important findings to the Risk Committee.

Treasury and ALM Risk Committee - (Asset Liability Management) -

The Treasury and ALM Risk Committee proposes the guidelines and policies for Treasury and ALM Risk Management within the governance and organization framework for the comprehensive management of market and liquidity risks. It is responsible for analyzing and proposing corrective actions in case there are deviations in the risk tolerance levels assumed in the risk appetite for Treasury. Furthermore, it is responsible for proposing the approval of any changes in the functions described above and for reporting any finding to the Risk Committee.

BCP Model Risk Committee -

The BCP Model Risk Committee monitors the Bank's data strategy and analytics and the health status of its portfolio of models. It is in charge of analyzing and proposing corrective actions in case there are deviations with respect to the degrees of exposure assumed in the model risk appetite. Likewise, it proposes the creation and / or modification of the government for the management of the model risk, supervising its compliance. Likewise, it is responsible for informing the Risk Committee about exposures related to model risk that involve variations in BCP's risk profile.

Operational Risk Committee -

The Operational Risk Committee is responsible for reviewing the tolerance level of the appetite for operational risk and limits of exposure. It also proposes the norms and policies for managing operational risks and the mechanisms for implementing corrective actions, within the framework of governance. Furthermore, it is responsible for proposing the approval of any changes in the functions described above and for reporting any finding to the Risk Management Committee.

Non-Financial Risk Committee -

The Non-Financial Risks Committee is responsible for reviewing the tolerance level of the appetite for non-financial risks and the exposure limits (except for technological and cybersecurity risks, which are dealt with in the Technological Risk Committee). This committee also proposes standards, non-financial risk management policies and mechanisms for the implementation of corrective actions within the governance framework. In addition, it is responsible for proposing the approval of any modification of the functions described above and for reporting any findings to the Risk Committee.

Technological Risk Committee -

The Technology Risk Committee is responsible for reviewing the tolerance level of IT risk appetite (including cybersecurity), as well as the exposure limits. This committee also proposes standards, IT risk management policies (including cybersecurity), and mechanisms for the implementation of corrective actions within the governance framework. In addition, it is responsible for proposing the approval of any modification of the functions described above and for reporting any findings to the Risk Committee.

(iii) Central Risk Management -

The Central Risk Management is responsible for implementing policies, procedures, methodologies and of the actions to be taken to identify, measure, monitor, mitigate, report and control the different types of risks to which the Bank and its Subsidiaries are exposed. Also, it participates in the design and definition of the strategic plans of the business units to ensure that they are aligned within the risk parameters approved by the Board of Directors of the Bank and its Subsidiaries. Likewise, it disseminates the importance of adequate risk management, specifying in each of the units, the role that corresponds to them in the timely identification and definition of the corresponding actions.

Central Risk Management is comprised of the following units:

Risk Management Division -

The Risk Management Division is responsible for ensuring fulfillment of the risk management guidelines and policies established by the Senior Management Team. Supervise the risk management process and coordinate with the units of the Bank and Subsidiaries involved in said process. And it also has the task of informing Senior Management regarding the global exposure, as well as the specific exposure of each subsidiary.

Credit Division -

The Credit Division proposes the credit policies and the credit risk evaluation and management criteria that the Bank assumes with customers in the wholesale segment. Evaluates and authorizes credit proposals up to their autonomy and proposes their approval to the higher authorities for those that exceed it. These guidelines are established on the basis of the policies established by the Board of Directors, respecting the laws and regulations in force. In addition, it assesses the evolution of the risk of wholesale clients and identifies problematic situations, taking actions to mitigate or resolve them.

Retail Banking Risk Division -

The Retail Banking Risk Division is responsible for managing the risk profile of the retail portfolio and developing credit policies that are in accordance with the guidelines and risk levels established by the Board of Directors. Likewise, it participates in the definition of products and campaigns aligned with said policies, as well as in the design, optimization and integration of credit assessment tools and income estimation for credit management.

Payment Solutions Division -

The Payment Solutions Division manages the BCP Retail Banking portfolio in arrears, keeping the provisions within budgeted levels and offering clients in arrears financial alternatives, in such a way as to avoid further deterioration of credit. In addition, it provides feedback to the units linked to the credit process with information on recoveries to improve their policies and procedures.

Non-Financial Risk Division -

The Non-Financial Risk Division is responsible for defining a non-financial risk strategy aligned with the objectives and risk appetite established by the Board of Directors. This strategy seeks to strengthen the management process, generate synergies, optimize resources and achieve better results among the units responsible for managing non-financial risks in the Bank. In addition, in order to achieve the objectives defined in the non-financial risk strategy, the Division is responsible for promoting a risk culture, developing talent, defining indicators, generating and monitoring projects and strategic initiatives.

The Non-Financial Risks Division is made up of the following areas: Cybersecurity Area Management, Corporate Security Area Management, Operational Risk Management Area Management, and the Digital Risk Project Management Office.

Treasury Risk Management -

Treasury Risk Management is responsible for planning, coordinating and supervising the implementation of the methodologies and limits used by the Treasury Division and approved by the Risk Management Committee. It is also responsible for evaluating the effectiveness of the hedging derivatives and the valuation of investments. As well as evaluating the profitability-risk relationship of the investment strategies taken by the Treasury Division Management.

(iv) Audit and Compliance Divisions -

The Audit Division is responsible for permanently evaluating the effectiveness and efficiency of the risk management of the Bank and Subsidiaries, verifying compliance of the regulation, policies, objectives and guidelines approved by the Board of Directors. On the other hand, it evaluates the adequacy and degree of integration of the data bases and information systems of the Bank and Subsidiaries. Finally, it ensures independence between the functions of the risk and business units.

The Compliance and Ethics Division reports to the Board of Directors and is responsible for providing corporate policies and guidelines that ensure adequate compliance of the laws, regulations and the Code of Ethics.

b) Risk measurement and reporting systems -

The Bank and Subsidiaries have independent information bases which are then integrated through corporate reports. These reports allow monitoring, at the accumulated level and detailed for the different types of risks to which each subsidiary is exposed.The system has the ability to meet the appetite review needs by risk requested by the committees and areas described above; as well as complying with regulatory requirements.

c) Risk mitigation -

Depending on the type of risk, the Bank and Subsidiaries use mitigating methods to reduce their exposure, such as guarantees, derivatives, controls and insurance, among others. In addition, they have policies linked to risk appetite and established procedures for each type of risk. Finally, the Bank and Subsidiaries actively use guarantees in order to reduce their credit risks.

d) Risk appetite -

The Board of Directors approves on an annual basis the establishment of a Risk Appetite framework for the purpose of defining the maximum level of risk that the Bank and Subsidiaries are prepared to assume in the achievement of their strategic and financial objectives. This Risk Appetite framework is based on "core" and "specific" metric objectives:

The core metrics preserve the strategic pillars of the organization, defined as solvency, liquidity, profit and growth, stability of results, balance sheet structure and cybersecurity risks.

Specific metrics seek to monitor qualitatively and quantitatively the different risks to which the Bank and Subsidiaries are exposed, as well as defining a tolerance threshold in each one of them, so as to preserve the risk profile established by the Board of Directors, and anticipate points of risk on a more detailed level.

For its part, risk appetite is instrumented through the following elements:

- Declaration of risk appetite: This makes explicit the general principles and qualitative declarations which complement the risk strategy of the Bank and Subsidiaries.

- Metrics tables: Metrics are used to define the levels of risk exposure in the various strategic pillars.

- Limits: They permit risk taking to be controlled within the tolerance established by the Board of Directors. They also provide accountability to the risk-taking process and define guidelines regarding the target risk profile.

- Government Scheme: it seeks to guarantee compliance with the appetite framework through the different roles and responsibilities assigned to the units involved.

The appetite is integrated in the processes of strategic and capital guidelines, as well as in the definition of the budget exercise, facilitating the strategic decision-making of the organization.

e) Risk concentration -

Concentrations arise when a reduced and representative number of counterparties of the Bank and Subsidiaries are engaged in similar business activities, or activities in the same geographic region, or have similar economic, political or other conditions.

In order to avoid excessive concentrations of risk, the policies and procedures include specific limits to guarantee a diversified portfolio.

20.1 Credit risk -

a) The Bank and its Subsidiaries take on exposure to credit risk, which is the probability of suffering losses caused by breach of payment on the part of debtors or counterparties of on and off balance sheet exposure.

Credit risk is the most important risk for the activities of the Bank and Subsidiaries; therefore, Management carefully manages its exposure to this risk. Credit exposures arise principally from lending activities that lead to direct loans; in addition, they originate from investment activities. There is also credit risk in off-balance sheet financial instruments, such as contingent credits (indirect loans), which could expose the Bank and its Subsidiaries to similar risks to those of direct loans. Likewise, credit risk also arising from derivative financial instruments contained in those instruments with positive fair values. Finally, all exposure to credit risk (direct or indirect) is mitigated by control process and policies.

As part of the management of this type of risk, the Bank and Subsidiaries assign impairment provisions for their portfolio, at the date of the statement of financial position.

The Bank and its Subsidiaries define levels of credit risk based on risk exposure limits, which are frequently monitored. Said risks are established in relation to the amounts of exposure to one debtor or group of debtors, geographical segments and the industry. Furthermore, risk limits by product, industry sector and geographic segment are approved by the Risk Management Committee.

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 Bank and its Subsidiaries use a range of policies and practices to mitigate credit risk. The most traditional of these is taking of collateral for loans granted, which constitutes a common practice. The Bank and its Subsidiaries implement policies on the acceptability of specific classes of collateral or credit risk mitigation. The Bank and its Subsidiaries implement policies for the acceptance of specific classes of guarantees or mitigation of credit risk. The main types of collateral obtained for credits are as follows:

- For repurchase agreements and securities lending, collaterals are fixed income instruments and cash.
- Mortgages on homes, liens on business assets such as plant, inventories and accounts receivable; as well as liens on financial instruments such as debt securities and stocks.

Likewise, medium and long-term loans and financing granted to corporate entities (mostly) are guaranteed. Credits to small companies and microenterprises are not generally guaranteed. In order to minimize credit losses, the Bank and its Subsidiaries request additional guarantees 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 fair value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the fair value of collateral obtained during its review of the adequacy of the allowance for impairment losses. As part of the policies of the Bank and its Subsidiaries, the recovered assets are sold and the proceeds of the sale are used to reduce or amortize the outstanding credit.. The proceeds are used to reduce or repay the outstanding amount due. In general, the Bank and its Subsidiaries do not use repossessed properties for operating purposes.

(ii) Derivatives -

The amount subject to credit risk is limited to the current and potential fair value of instruments that are favorable to the Bank and its Subsidiaries (where fair value is positive). In the case of derivatives, this is only a small fraction of the contract, or notional amounts used to express the volume of instruments outstanding. The 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 this type of credit risk exposures.

(iii) Credit-related commitments -

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and letters of credit have the same credit risk as direct loans. Documentary and commercial letters of credit - which are written undertakings by the Bank and its Subsidiaries on behalf of a customer authorizing a third party to draw drafts on the Bank and its Subsidiaries 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 Bank and its Subsidiaries have no commitment to extend credit.

b) The maximum exposure to credit risk as of March 31, 2022 and December 31, 2021, before the effect of mitigation through any collateral, is the book value of each class of financial assets and the contingent operations.

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

- 92.1 percent of the loan portfolio is considered neither past due nor impaired as of March 31, 2022 (92.0 percent as of December 31, 2021);

- 95.5 percent of the investments have at least investment grade (BBB- or higher) or are debt securities issued by BCRP (unrated) as of March 31, 2022 (94.4 percent as of December 31, 2021);

- 14.4 percent and 76.9 percent of the cash and due from banks represent amounts deposited in the Bank and in the BCRP, respectively, as of March 31, 2022 (12.3 percent and 70.2 percent, respectively, as of December 31, 2021).

c) Credit risk management for loans -

The Bank and its Subsidiaries classify their loan portfolio into one of five risk categories, according to subsection 2 Chapter II of SBS Resolution N°11356-2008, which considers the degree of risk of non-payment of each borrower. The categories used by the Bank and its Subsidiaries are: (i) normal - (0), (ii) potential problems - (1), (iii) substandard - (2), (iv) doubtful - (3) and (v) loss - (4), which have the following characteristics:

(i) Normal (0): Non-retail borrowers are classified into this category, when their financial situation is liquid, their debt-to-equity ratio is low and their ability to generate profit and cash flows allows them to fulfill payment of their obligations in a timely manner. Likewise, retail and mortgage borrowers are included in this category when payments are current or up to 8 days past due. On the other hand, mortgage debtors are classified in this category when they are current or up to 30 days past due.

(ii) Potential problems (1): Non-retail borrowers are classified into this category, when their financial situation is solid, their debt-to-equity ratio is moderate and their cash flows are enough to pay off capital and interest, however, such cash flows could weaken in the following twelve months. On the other hand, retail and mortgage borrowers are included in this category when payments are between 9 and 30 days past due and 31 and 60 days past due, respectively.

(iii) Substandard (2): Non-retail borrowers are classified in this category, when their financial situation is weak and their cash flows do not allow them to make full payment of capital and interest and payments are between 60 and 120 days past due. On the other hand, retail debtors are classified in the category when they have arrears in the payment of their loans between 31 and 60 days, while debtors with mortgage loans are classified in this category when they have arrears in their payments between 61 and 120 days.

(iv) Doubtful (3): Non-retail borrowers are classified in this category, when the financial situation does not allow them to pay off either capital or interest, their debt-to-equity ratio is high and they are forced to sell their significant assets or payments are between 120 and 365 days past due; in this category the recovery of the credit is doubtful. On the other hand, retail and mortgage borrowers are included in this category when payments are between 61 and 120 days past due and 121 and 365 days past due, respectively.

(v) Loss (4): Non-retail borrowers are classified in this category, when the financial situation does not allow them to deal with refinancing agreements, the entity is not in operation or is in liquidation or payments are more than 365 days past due. On the other hand, retail and mortgage borrowers are included into this category when payments are more than 120 days past due and more than 365 days past due, respectively.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Said credits are written off in accordance with Resolution SBS No. 11356-2008 "Regulations for the evaluation and classification of the debtor and the requirement of provisions". The income from the subsequent recovery of the amounts previously written off is presented net of the amount of the provision for doubtful accounts in the separate statement of income.

The Bank and its Subsidiaries consider as past due credits the corporate credits large and medium companies more than 15 days past due, small and micro companies more than 30 days past due, current account overdrafts more than 30 days past due, and consumer credits, mortgage loans and finance leases more than 90 days past due. In the case of consumer credits, mortgage loans and finance of which payments are between 30 and 90 days past due, only the delinquent quota is considered past due; however, after 90 days of delinquency, the entire balance is considered past due.

The Bank and its Subsidiaries review their loan portfolios on an ongoing basis in order to assess the completion and accuracy of their risk categories. In addition, they comply with calculating the provisions for credit risk according to local requirements.

The Bank and its Subsidiaries continually review their credit portfolio in order to evaluate the completion and precision of their categories. In addition to the local regulatory provisions, they carry out a review of provisions, governed by the standard IFRS 9, which is based on the product of the following parameters: (i) probability of default (PD) (ii) loss given default (LGD), and (iii) exposure at the time of default (EAD), discounted to the reporting period using the effective interest rate or an approximation of it. Additionally, it considers information about current conditions, as well as projections of future macroeconomic events and conditions in three scenarios (base, optimistic and pessimistic), which are weighted to obtain the expected loss.

In addition to the above, the Bank and its Subsidiaries have different methodologies, depending on which regulator they report to, for their provisions for credits segmented by type of banking, depending whether they are in an impaired position or show signs of impairment. Finally, the Bank and its Subsidiaries comply with the provisions required by the local regulator.

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 currently without delinquency characteristics and related to clients ranked as normal or 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 or loss; presented net of the provision for loan losses for each of the loan classifications:

	As of March 31, 2022						As of December 31, 2021					
	Commercial loans	Residential mortgage loans	Micro-business loans	Consumer loans	Total		Commercial loans	Residential mortgage loans	Micro-business loans	Consumer loans	Total	
	S/000	S/000	S/000	S/000	S/000	%	S/000	S/000	S/000	S/000	S/000	%
Neither past due nor impaired -												
Normal**(*)**	67,552,202	17,878,021	17,077,063	14,672,573	117,179,859	94.63	71,589,060	17,410,401	16,639,040	12,936,643	118,575,144	94.18
Potential problem	3,835,815	107,022	196,207	173,324	4,312,368	3.48	4,467,836	106,805	166,214	150,640	4,891,495	3.88
Past due but not impaired -												
Normal	910,765	318,850	5,824	225,674	1,461,113	1.18	1,127,894	318,996	5,955	159,119	1,611,964	1.28
Potential problem	143,670	68,497	847	4,146	217,160	0.18	162,761	54,729	785	3,076	221,351	0.18
Impaired -												
Substandard	1,707,741	160,041	326,492	223,576	2,417,850	1.95	1,892,219	141,132	318,839	200,074	2,552,264	2.03
Doubtful	1,291,147	294,803	452,761	389,118	2,427,829	1.96	1,256,044	303,984	509,079	400,839	2,469,946	1.96
Loss	2,017,216	597,901	1,016,345	290,918	3,922,380	3.17	1,990,668	621,410	918,646	285,134	3,815,858	3.03
Gross	77,458,556	19,425,135	19,075,539	15,979,329	131,938,559	106.55	82,486,482	18,957,457	18,558,558	14,135,525	134,138,022	106.54
Less: Allowance for loan losses	3,515,207	887,505	2,130,207	1,580,247	8,113,166	6.55	3,099,875	899,461	2,398,349	1,825,283	8,222,968	6.54
Total, net	73,943,349	18,537,630	16,945,332	14,399,082	123,825,393	100.00	79,386,607	18,057,996	16,160,209	12,310,242	125,915,054	100.00

(*) These balances include S/3,099.2 million and S/3,967.8 million as of March 31, 2022 and December 31, 2021 respectively, corresponding to consumer, micro and small business loans that have been rescheduled by clients as a result of related financial impacts with the COVID-19 pandemic. As required by the SBS, the Bank made specific provisions with loan rates classified as potential problems in application of Resolution SBS 3155-2020.

The following table shows the credit rating of customers according to SBS resolution N°11356 and Note 6 shows the accounting situation in accordance with the SBS accounting manual.

As of March 31, 2022 and December 31, 2021, refinanced loans amounted to approximately S/1,671.7 million and S/1,753.63 million, respectively, of which S/757.0 million and S/720.64 million, respectively, are classified as neither past due nor impaired, S/357.3 million and S/406.27 million past due but not impaired, and S/557.4 million and S/626.71 million impaired, respectively. The table above does not include rescheduled loans related to COVID-19. See Note 3(a).

As of March 31, 2022 and December 31, 2021, past due but not impaired loans are between 30 and 60 days past due.

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

	As of March 31, 2022					As of December 31, 2021				
	Commercial loans	Residential mortgage loans	Micro-business loans	Consumer loans	Total	Commercial loans	Residential mortgage loans	Micro-business loans	Consumer loans	Total
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Impaired loans	5,016,104	1,052,745	1,795,598	903,612	8,768,059	5,138,931	1,066,526	1,746,564	886,047	8,838,068
Fair value of collateral	4,062,645	843,268	12,857	141,704	5,060,474	4,310,137	863,974	10,935	140,096	5,325,142
Allowance for loan losses	2,200,767	558,765	1,046,446	687,165	4,493,143	2,181,183	1,109,497	503,953	764,449	4,559,082

d) Credit risk management on investments in trading securities, available-for-sale and held-to-maturity -

The Bank and Subsidiaries evaluate the credit risk identified of each of the financial instruments in these categories, considering the risk rating granted to them by a risk rating agency. For investments traded in Peru, the risk ratings used are those provided by the tree most prestigious Peruvian rating agencies (authorized by the Peruvian government regulator, SBS) and for investments traded abroad, the risk-ratings used are those provided by the three most prestigious international rating agencies. In March, 2022, one of these rating agencies placed Peru's rating on stable outlook.

The following table shows the analysis of the risk-rating of investments at fair value through profit or loss (trading) available-for-sale and held-to-maturity, provided by the institutions referred to above:

	As of March 31, 2022		As of December 31, 2021	
	S/000	%	S/000	%
Instruments rated in Perú:				
AAA	296,470	1.04	323,081	1.14
AA- a AA+	58,683	0.21	62,287	0.22
A- to A+	3,023	0.01	3,636	0.01
BBB- to BBB+	13,358,841	46.93	13,934,551	49.28
BB- to BB+	398,631	1.40	489,669	1.73
B- to B+	-	-	-	-
CCC+	-	-	-	-
Unrated				
BCRP certificates of deposit	10,229,839	35.93	9,448,576	33.41
Listed and non-listed securities	2,525	0.01	2,372	0.01
Subtotal	24,348,012	85.53	24,264,172	85.80
Instruments rated abroad:				
AAA	202,356	0.71	67,048	0.24
AA- to AA+	420,367	1.48	367,211	1.30
A- to A+	595,908	2.09	616,353	2.18
BBB- to BBB+	2,026,716	7.12	1,884,379	6.67
BB- to BB+	719,412	2.53	920,601	3.26
B- to B+	9,867	0.03	-	-
Unrated				
Negotiable certificates of deposit	39,391	0.14	76,238	0.27
Listed and non-listed securities	105,831	0.37	80,513	0.28
Subtotal	4,119,848	14.47	4,012,343	14.20
Total	28,467,860	100.00	28,276,515	100.00

e) Concentration of financial instruments exposed to credit risk:

As of March 31, 2022 and December 31, 2021, financial instruments with exposure to credit risk were distributed considering the following economic sectors:

	As of March 31, 2022					As of December 31, 2021				
	Held for trading and hedging (*)	Loans and receivables	Investments available-for-sale	Investments held-to-maturity	Total	Held for trading and hedging (*)	Loans and receivables	Investments available-for-sale	Investments held-to-maturity	Total
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Peruvian Central Bank	647,063	25,855,406	9,595,912	-	36,098,381	1,243,898	25,359,576	8,337,432	-	34,940,906
Financial services	1,643,284	10,198,888	2,456,874	-	14,299,046	849,853	14,192,688	2,647,503	-	17,690,044
Manufacturing	14,488	19,550,738	590,807	-	20,156,033	20,622	19,833,830	730,757	-	20,585,209
Commerce	49,354	24,773,246	550,442	-	25,373,042	23,924	25,335,478	505,889	-	25,865,291
Electricity, gas and water	149,049	3,506,051	1,009,253	-	4,664,353	235,595	3,852,138	1,048,942	-	5,136,675
Government and public administration	83,844	332,153	5,195,635	7,540,072	13,151,704	119,264	388,710	5,404,441	7,679,342	13,591,757
Leaseholds and real estate activities	19,184	10,046,336	-	-	10,065,520	28,388	10,942,641	-	-	10,971,029
Communications, storage and transportation	13,180	6,880,911	263,180	-	7,157,271	6,059	7,035,892	276,152	-	7,318,103
Mining	57,695	3,398,257	7,467	-	3,463,419	95,895	4,431,260	65,715	-	4,592,870
Community services	-	7,451,499	-	-	7,451,499	-	7,563,585	-	-	7,563,585
Construction	4,685	2,950,523	-	-	2,955,208	9,915	3,242,267	-	-	3,252,182
Agriculture	831	3,169,923	3,023	-	3,173,777	3,154	3,450,789	3,636	-	3,457,579
Education, health and other services	5,582	2,771,839	257,562	-	3,034,983	9,783	2,712,806	161,174	-	2,883,763
Insurance	2,702	72,151	-	-	74,853	14,058	88,473	-	-	102,531
Fishing	1,022	462,531	-	-	463,553	1,532	500,924	-	-	502,456
Hotels and restaurants	-	2,628,452	-	-	2,628,452	-	2,668,891	-	-	2,668,891
Others	12,853	142,312	268,465	-	423,630	37,576	237,617	153,636	-	428,829
Sub - Total	2,704,816	124,191,216	20,198,620	7,540,072	154,634,724	2,699,516	131,837,565	19,335,277	7,679,342	161,551,700
Residential mortgage loans	-	18,760,736	-	-	18,760,736	-	18,195,911	-	-	18,195,911
Revolving and non-revolving loans	-	15,695,627	-	-	15,695,627	-	13,366,856	-	-	13,366,856
Total	2,704,816	158,647,579	20,198,620	7,540,072	189,091,087	2,699,516	163,400,332	19,335,277	7,679,342	193,114,467

(*) Correspond to financial instruments at fair value through profit or loss.

As of March 31, 2022 and December 31, 2021, the financial instruments with exposure to credit risk were distributed by the following geographical areas:

	Held for trading and hedging (*)	Loans and receivables	Investments available for sale	Investments held-to maturity	Total
	S/000	S/000	S/000	S/000	S/000
As of March 31, 2022					
Peru	1,687,842	152,453,771	16,122,795	7,540,072	177,804,480
United States of America	520,778	2,437,988	2,602,864	-	5,561,630
Chile	61,663	1,242,178	459,654	-	1,763,495
Panama	-	198,842	126,442	-	325,284
Colombia	13,505	915,406	521,266	-	1,450,177
Brazil	583	699,663	18,272	-	718,518
Canada	138,411	59,124	-	-	197,535
Mexico	-	11,564	157,992	-	169,556
Guatemala	-	-	5,000	-	5,000
Europe:					
United Kingdom	142,323	91,976	-	-	234,299
Netherlands	-	3,740	-	-	3,740
France	111,660	5,578	-	-	117,238
Spain	-	26,585	-	-	26,585
Switzerland	-	1,084	-	-	1,084
Germany	28,051	25,442	-	-	53,493
Others in Europe	-	715	78,888	-	79,603
Multilateral Organizations (**)	-	-	6,167	-	6,167
Others	-	473,923	99,280	-	573,203
Total	2,704,816	158,647,579	20,198,620	7,540,072	189,091,087

(*) Correspond to financial instruments at fair value through profit or loss.
(**) Correspond to investments in Corporación Andina de Fomento - CAF.

	Held for trading and hedging (*)	Loans and receivables	Investments available for sale	Investments held-to maturity	Total
	S/000	**S/000**	**S/000**	**S/000**	**S/000**
As of December 31, 2021					
Peru	1,801,018	153,897,264	15,377,248	7,679,342	178,754,872
United States of America	358,734	5,644,417	2,340,707	-	8,343,858
Chile	107,142	1,095,833	505,476	-	1,708,451
Panama	-	490,543	139,069	-	629,612
Colombia	47,888	766,551	606,990	-	1,421,429
Brazil	662	754,362	20,213	-	775,237
Canada	46,131	66,528	-	-	112,659
Mexico	-	5,014	178,863	-	183,877
Guatemala	-	-	5,621	-	5,621
Europe:					
United Kingdom	70,375	106,795	-	-	177,170
Netherlands	-	27,095	-	-	27,095
France	236,802	14,457	66,624	-	317,883
Spain	-	32,573	-	-	32,573
Switzerland	-	811	-	-	811
Germany	30,764	162,374	-	-	193,138
Others in Europe	-	1,995	14,337	-	16,332
Multilateral Organizations (**)	-	-	5,603	-	5,603
Others	-	333,720	74,526	-	408,246
Total	2,699,516	163,400,332	19,335,277	7,679,342	193,114,467

(*) Correspond to financial instruments at fair value through profit or loss.
(**) Correspond to investments in Corporación Andina de Fomento - CAF.

20.2 Liquidity risk -

Liquidity risk is the risk that the Bank and its Subsidiaries are unable to comply with their short term obligations related to financial liabilities at maturity and replace funds when they are withdrawn. In this sense, if the Bank faces a liquidity crisis it would be failing to comply with the payment of its obligations to its depositors, loan commitments and other operating cash requirements.

The Bank and its Subsidiaries are exposed to daily calls on, among others, their available cash resources from overnight deposits, current accounts, maturing deposits, loans draw-downs, guarantees and other calls. The Management of the Bank and its Subsidiaries set limits on the minimum amount of high quality liquid assets to meet said calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover unexpected levels of withdrawals. Sources of liquidity are periodically reviewed by the corresponding risk teams so as to guarantee adequate diversification by currency, geography, type of funding, supplier, producer and term.

The process of controlling mismatching of the maturities and interest rates of assets and liabilities is fundamental to the Management of the Bank and its Subsidiaries. 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 illiquidity, which generates exposure to potential losses.

The maturities of assets and liabilities and the ability to replace them at maturity, at an acceptable cost, are important factors in assessing the liquidity of the Bank.

A mismatch in the maturities of the illiquid long term assets against short term liabilities exposes the consolidated statement of financial position to risks related both to refinancing as well as interest rates. If the liquid assets do not cover the debts at maturity, the consolidated statement of financial position is vulnerable to the risk of refinancing. Moreover, a significant increase in interest rates can substantially increase the cost of refinancing liabilities at short term, leading to a rapid increase in the cost of debt. The mismatch report of contractual maturity is useful for showing the liquidity position.

Guidelines have been established in the Bank and its Subsidiaries for liquidity risk management. Risk Management establishes limits and a scheme of autonomies for the liquidity indicators which are being managed.

Liquidity Risk Management is carried out through indicators like Internal Liquidity Coverage Ratio (ILCR), which measures the amount of liquid assets available to meet the cash outflows in a determined stress scenario (specific or systemic) usually for a period of 30 days and the Net Stable Internal Funding Ratio (NSIFR), which has been defined to guarantee that long term assets are financed at least with a minimum of stable liabilities in a prolonged liquidly crisis scenario and functions as a mechanism of minimum compliance which complements the ILCR. (The Bank and its Subsidiaries perform an additional control of the 15- and 60-day RCLI). These indicators have core limits of 100 percent and any excess is presented in the Treasury Risks Committee, Risk Committee and Assets, Liabilities Committee (ALCO).

The Notes to the financial statements include an analysis of the relevant liabilities of the Bank and its Subsidiaries based on contractual maturity.

The table below presents the cash flows payable and receivable by the Bank and its Subsidiaries according to agreed contractual maturities (including future interest payments) at the date of the consolidated statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows:

	As of March 31, 2022						As of December 31, 2021					
	Up to 3 months S/000	From 3 months to 1 year S/000	From 1 to 3 years S/000	From 3 to 5 years S/000	Over 5 years S/000	Total S/000	Up to 3 months S/000	From 3 months to 1 year S/000	From 1 to 3 years S/000	From 3 to 5 years S/000	Over 5 years S/000	Total S/000
Financial assets	71,033,716	47,995,407	45,178,401	24,117,494	30,246,372	218,571,390	68,209,252	46,168,272	46,442,503	26,132,666	39,200,053	226,152,746
Financial liabilities by type												
Deposits and obligations and interbank funds	48,379,533	17,543,315	22,055,876	38,241,308	6,229,573	132,449,605	48,948,841	18,019,857	21,932,984	38,517,832	5,629,825	133,049,339
Payables from repurchase agreements, due to banks, correspondents and other entities	4,099,428	8,234,297	8,334,367	1,885,661	9,917,027	32,470,780	3,740,626	9,265,378	10,188,185	2,222,666	9,709,863	35,126,718
Bonds and subordinated Notes issued	124,110	1,053,646	8,459,999	5,157,499	242,311	15,037,565	434,201	891,871	6,177,554	8,473,961	243,395	16,220,982
Other liabilities	3,293,282	83,998	-	-	1,443,856	4,821,136	1,798,153	82,965	-	-	1,290,202	3,171,320
Equity	-	-	-	-	19,948,735	19,948,735	-	-	-	-	20,471,521	20,471,521
Total non-derivative liabilities	55,896,353	26,915,256	38,850,242	45,284,468	37,781,502	204,727,821	54,921,821	28,260,071	38,298,723	49,214,459	37,344,806	208,039,880
Derivative financial liabilities												
Contractual amounts receivable (inflow)	743,251	2,337,596	245,065	381,620	677,327	4,384,859	609,907	2,629,200	300,669	418,877	739,226	4,697,879
Contractual amounts payable (outflow)	748,164	2,303,941	267,400	378,069	609,325	4,306,899	608,055	2,566,633	298,081	386,622	620,104	4,479,495
Total derivative liabilities	(4,913)	33,655	(22,335)	3,551	68,002	77,960	1,852	62,567	2,588	32,255	119,122	218,384

The table below shows the contractual maturity of the contingent credits of the Bank and Subsidiaries at the date of the consolidated statement of financial position:

	As of March 31, 2022						As of December 31, 2021					
	Up to 3 months S/000	From 3 months to 1 year S/000	From 1 to 3 years S/000	From 3 to 5 years S/000	Over 5 years S/000	Total S/000	Up to 3 months S/000	From 3 months to 1 year S/000	From 1 to 3 years S/000	From 3 to 5 years S/000	Over 5 years S/000	Total S/000
Contingent credits (Indirect loans)	393,993	869,837	13,428,001	5,429,847	40,983	20,162,661	424,736	937,711	14,475,796	5,853,541	44,181	21,735,965

The Banks and Subsidiaries expect that not all of the contingent liabilities or commitments will be drawn before the expiry of the commitments.

20.3 Market risk -

The Bank and its Subsidiaries are exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument may fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, foreign exchange rates, commodities and equity products; all of which are exposed to general and specific market movements, and changes in the level of price volatility, such as interest rates, credit margins, foreign currency exchange rates and share prices. Due to the mandate of the current operations of the Bank and its Subsidiaries, the price risk of commodities has not been approved, therefore this type of instrument is not agreed.

The Bank and its Subsidiaries separate exposures to market risk into two groups: (i) those that arise from value fluctuation of investment 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 (Banking book), due to movements of the interest rates, prices and foreign exchange ratios.

The risks that the trading portfolios are exposed to are managed through historical simulation techniques of Value at Risk (VaR); while non-trading portfolios are monitored using rate sensitivity metrics which form part of Asset and Liability Management (ALM).

a) Trading Book -

The trading book is characterized for having liquid positions in equities, bonds, foreign currencies and derivatives, arising from market-making transactions where the Bank acts as a principal with the clients or with the market. This portfolio includes investments and derivatives classified by Management as held for trading.

(i) Value at Risk (VaR) -

The Bank and its Subsidiaries apply the VaR approach to their trading portfolio 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, as well as being applied to estimate the foreign exchange risk of the structured exchange position.

Daily calculation of VaR is a statistically-based estimate of the potential loss on the current portfolio from adverse market movements.

The VaR model expresses the “maximum” amount the Bank and its Subsidiaries might lose, but only to a certain level of confidence (99.0 percent). There is therefore a specified statistical probability (1 percent) that the actual loss could be greater than the VaR estimate. The VaR model assumes a certain “holding period” until positions can be closed (1 - 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. This adjustment assumes that the changes in the portfolio in the following days have a normal distribution, identical and independent. Thus, the result is multiplied by an adjustment factor of non-normality.

The assessment of trading portfolio movements has been based on historical one-year data and 41 market risk factors, which are composed as follows: 24 market curves, 16 foreign exchange rates, and 1 volatility serie. The Bank and its Subsidiaries apply these historical changes in the risk factors directly to its current positions (a method known as historical simulation).

Management of the Bank and its Subsidiaries believes that market and exchange risk factors incorporated into the VaR model are adequate to measure the market risk to which its trading book is exposed.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. Losses exceeding the VaR figure may occur, on average under normal market conditions, no more than once every hundred days.

VaR limits have been established to control and keep track of all the risks taken which arise from the size of the positions and/or the volatility of the risk factors embedded in each financial instrument. Regular reports are prepared for the Treasury Risks and ALM Risk Committee, the Risk Management Committee and Senior Management.

The VaR of the Bank and its Subsidiaries showed an increase during 2022, due to a higher Exchange rate risk caused by an increase in the global exchange position, and due to a higher Interest rate risk caused by an increase in the short term PEN rates. During the period, the VaR remained within the limits of the appetite for risk established by the Risk Management of the Bank and its Subsidiaries

As of March 31, 2022 and December 31, 2021, the Bank and its Subsidiaries VaR by risk type is as follows:

	2022 S/000	2021 S/000
Interest rate	17,516	16,351
Volatility	2,808	2,662
Exchange rate	31,497	24,479
Diversification effect	(11,405)	(13,836)
Consolidated VaR	40,416	29,656

b) ALM Book -

Non-trading portfolios which belong to the Banking Book are exposed to different risks given that they are sensitive to movements in market rates that can bring about a deterioration in the value of the assets compared to its liabilities and hence to a reduction in its net value.

(i) Interest rate risk -

Interest rate risk in the banking book refers to the risk that changes in interest rates may negatively affect the expected profits (profits at risk) or market value of the assets and liabilities of the balance sheet (Net economic value). The Bank and Subsidiaries assume the exposure to the effects of fluctuations in the prevailing levels of market interest rates which affect the fair value and future cash flow risks of assets and liabilities.

The Risk Committee sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored periodically in the ALCO.

The management of interest rate risk in the Bank and Subsidiaries is carried out through the analysis of re-pricing gaps, financial margin sensitivity (GER) and sensitivity of the Net Economic Value (VEN). These calculations consider different rate shocks in situations of stress and take in account periods of high volatility.

Re-pricing gap -

The repricing gap analysis is intended to measure the interest rate risk exposure due to re-pricing periods in which assets and liabilities both on and off-balance sheet are grouped together, when the bank's interest-sensitive liabilities exceed its interest-sensitive assets. By this analysis, management can identify the tranches in which the interest rate variations may have a potential impact on the expected profits.

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

	As of March 31, 2022						
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Non-interest bearing	Total
	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Assets							
Cash and interbank funds	16,619,886	657,195	2,047,619	7,289,768	143,554	6,853,979	33,612,001
Loan portfolio (*)	14,696,323	19,354,530	33,803,474	42,810,320	14,582,267	(836,093)	124,410,821
Investments	9,609,350	16,651	2,379,597	6,139,872	9,482,005	115,753	27,743,228
Other assets (**)	-	-	-	-	-	989,954	989,954
Total assets	40,925,559	20,028,376	38,230,690	56,239,960	24,207,826	7,123,593	186,756,004
Liabilities and equity							
Deposits and obligations and interbank funds	34,451,182	10,772,921	17,401,881	59,251,332	5,356,501	3,188,781	130,422,598
Payable from repurchase agreements, due to banks, correspondents and other entities	2,253,714	1,428,723	7,988,040	9,462,926	2,759,454	44,093	23,936,950
Bonds and subordinated Notes issued	26	228	622,432	12,729,999	200,000	23,292	13,575,977
Other liabilities (**)	-	-	-	-	-	3,343,445	3,343,445
Equity	-	-	-	-	-	19,948,735	19,948,735
Total liabilities and equity	36,704,922	12,201,872	26,012,353	81,444,257	8,315,955	26,548,346	191,227,705
Risk and contingent commitments							
Hedging derivatives asset	240,074	258,860	812,184	428,540	-	-	1,739,658
Hedging derivatives liabilities	92,450	-	279,716	1,179,180	147,920	-	1,699,266
Marginal gap	4,368,261	8,085,364	12,750,805	(25,954,937)	15,743,951	(19,424,753)	(4,431,309)
Accumulated gap	4,368,261	12,453,625	25,204,430	(750,507)	14,993,444	(4,431,309)	-

(*) The amount presented in the column "Non-interest bearing" includes the balance of internal overdue loans and under legal collection loans, accrued interest, unearned interest and the allowance for loan losses.

(**) The items other assets and other liabilities only consider financial accounts.

The investments booked at fair value through profit or loss and trading derivatives are not considered, since these instruments are part of the trading book and the Value at Risk methodology is used for the measurement of their market risks.

	As of December 31, 2021						
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Non-interest bearing	Total
	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Assets							
Cash and interbank funds	16,573,553	848,712	2,144,388	8,826,268	188,610	7,540,983	36,122,514
Loan portfolio (*)	15,366,694	17,891,388	34,198,705	44,424,842	15,284,410	(699,099)	126,466,940
Investments	7,705,718	907,251	1,725,281	6,983,827	9,605,710	86,832	27,014,619
Other assets (**)	-	-	-	-	-	901,406	901,406
Total assets	39,645,965	19,647,351	38,068,374	60,234,937	25,078,730	7,830,122	190,505,479
Liabilities and equity							
Deposits and obligations and interbank funds	35,320,634	11,343,063	17,745,720	60,199,551	5,413,929	2,127,718	132,150,615
Payable from repurchase agreements, due to banks, correspondents and other entities	1,163,166	2,296,852	9,019,208	11,700,441	2,725,762	29,501	26,934,930
Bonds and subordinated Notes issued	70	119,660	552,369	13,529,567	200,000	81,318	14,482,984
Other liabilities (**)	-	-	-	-	-	1,869,829	1,869,829
Equity	-	-	-	-	-	20,471,521	20,471,521
Total liabilities and equity	36,483,870	13,759,575	27,317,297	85,429,559	8,339,691	24,579,887	19,5909,879
Risk and contingent commitments							
Hedging derivatives asset	221,370	700,009	167,250	486,430	-	-	1,575,059
Hedging derivatives liabilities	43,164	222,228	223,146	1,001,554	-	-	1,490,092
Marginal gap	3,340,301	6,365,557	10,695,181	(25,709,746)	16,739,039	(16,749,765)	(5,319,433)
Accumulated gap	3,340,301	9,705,858	20,401,039	(5,308,707)	11,430,332	(5,319,433)	-

(*) The amount presented in the column "Non-interest bearing" includes the balance of internal overdue loans and under legal collection loans, accrued interest, unearned interest and the allowance for loan losses.

(**) The items other assets and other liabilities only consider financial accounts.

Investments accounted for at fair value through profit or loss and trading derivatives are not considered, since these instruments are part of the trading book and the Value at Risk methodology is used to measure their market risks.

Sensitivity to changes in interest rates -

The sensitivity analysis of interest rates on ALM is performed by conducting an assessment of the sensitivity of the financial margin, which measures variances in the expected accruals over a given period of time and in the event of a parallel movement of the interest rate curves together with the sensitivity of the net Economic Value, which is a long-term measurement determined as the difference between the net carrying amount of assets and liabilities before and after a variance in interest rates.

Sensitivity of the financial margin is the effect of the estimated changes in interest rates on the finance income, net for a year, before income tax and financial liabilities as of March 31, 2022 and December 31, 2021; including the effect of derivative financial instruments. The sensitivity of the Net Economic Value is calculated by re-assessing the financial assets and liabilities sensitive to interest rate changes and which comprise the ALM and held to maturity at a fixed interest rate, before income tax and any non-controlling interest, included the effect of any hedge relating to derivatives designated as cash flow hedges. For purposes of interest rate risk management, there is no distinction made by accounting category of the investments comprising the ALM, in which instruments classified as available-for-sale and held-to-maturity are included. The results of the sensitivity analysis from the estimated changes in interest rates as of March 31, 2022 and December 31, 2021 are as follows:

Currency	**Changes in basis points**		**Sensitivity of financial margin S/000**		**Sensitivity of economic value S/000**	
As of March 31, 2022 -						
U.S. dollars	+/-	50	+/-	97,045	+/-	319,902
U.S. dollars	+/-	75	+/-	145,568	+/-	479,853
U.S. dollars	+/-	100	+/-	194,091	+/-	639,803
U.S. dollars	+/-	150	+/-	291,136	+/-	959,705
U.S. dollars	+/-	300	+/-	582,272	+/-	1,919,410
Soles	+/-	50	+/-	55,888	-/+	453,493
Soles	+/-	75	+/-	83,832	-/+	680,239
Soles	+/-	100	+/-	111,776	-/+	906,986
Soles	+/-	150	+/-	167,664	-/+	1,360,478
Soles	+/-	300	+/-	335,328	-/+	2,720,957
As of December 31, 2021 -						
U.S. dollars	+/-	50	+/-	98,477	+/-	316,157
U.S. dollars	+/-	75	+/-	147,715	+/-	474,236
U.S. dollars	+/-	100	+/-	196,954	+/-	632,315
U.S. dollars	+/-	150	+/-	295,431	+/-	948,472
U.S. dollars	+/-	300	+/-	590,862	+/-	1,896,944
Soles	+/-	50	+/-	44,757	-/+	455,428
Soles	+/-	75	+/-	67,136	-/+	683,142
Soles	+/-	100	+/-	89,515	-/+	910,856
Soles	+/-	150	+/-	134,272	-/+	1,366,284
Soles	+/-	300	+/-	268,544	-/+	2,732,568

The sensitivities of the interest rates shown above are only for illustrative purposes and are based on simplified scenarios. The figures reflect the effect of the pro-forma movements on the net finance income on the basis of the projected scenarios of the yield curve and the interest rate risk profile that the Bank and Subsidiaries currently have. However, this effect does not include the actions that would be taken by Management to mitigate the potential impact of this risk on interest rates.

In addition, the Bank and Subsidiaries seek proactively to change the interest rate risk profile to minimize losses and optimize net revenues. The projections above also assume that the interest rate of all maturities moves by the same amount and, therefore, do not reflect the potential impact on net finance income of some rates changing while others remain unchanged. The projections also include assumptions for simplifying calculations, such as, for example, that all positions run to maturity.

Equity securities and mutual funds, classified as available-for-sale investments, are not considered as part of the investment securities for interest rate sensitivity calculation purposes; however, sensitivity tests have been carried out of changes of 10, 25 and 30 percent in the market prices of these price-sensitivity securities in order to evaluate the effect of the expected unrealized gain or loss on other comprehensive income, before income tax, as of March 31, 2022 and December 31, 2021, as presented below:

Market price sensitivity	**Changes in market prices**		**2022**	**2021**
	%		**S/000**	**S/000**
Equity securities	+/-	10	10,836	8,289
Equity securities	+/-	25	27,089	20,722
Equity securities	+/-	30	32,507	24,866

(ii) Foreign exchange risk -

The Bank and Subsidiaries are exposed to foreign currency exchange rates on their financial position and consolidated 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 free market exchange rates.

As of March 31, 2022, the weighted average market exchange rate published by the SBS for transactions in U.S. Dollars was S/3.695 for buying and S/3.701 for selling (S/3.975 for buying and S/3.998 for selling, as of December 31, 2021). As of March 31, 2022, this exchange rate was S/3.698.

A detail of the Bank and Subsidiaries' foreign currency assets and liabilities expressed in thousands of U.S. Dollars and other currencies is shown below:

	As of March 31, 2022		**As of December 31, 2021**	
	U.S. Dollars	**Other currencies (*)**	**U.S. Dollars**	**Other currencies (*)**
	US$000	**US$000**	**US$000**	**US$000**
Assets				
Cash and due from banks and interbank funds	7,270,702	3,995	7,722,464	-
Investment at fair value through profit or loss and available for sale, net	1,217,165	28,475	1,268,004	33,581
Held to maturity investments	17,162	-	18,688	-
Loans, net	8,787,267	-	8,827,195	1,321
Other assets	227,304	(37)	299,061	-
	17,519,600	32,433	18,135,412	34,902
Liabilities				
Deposits and obligations	(15,664,245)	(102)	(14,983,623)	(104)
Payable from repurchase agreements	(70,217)	-	(70,542)	-
Due to banks, correspondents, other entities and interbank funds	(322,467)	-	(565,307)	-
Bonds and subordinated Notes issued	(2,729,871)	(41,099)	(2,765,301)	(43,351)
Other liabilities	(189,756)	(13)	(251,557)	(1,619)
	(18,976,556)	(41,214)	(18,636,330)	(45,074)
Net Forward position overbought (oversold).	(64,487)	4	(1,221,165)	2,066
Net position - currency swap (a)	1,483,049	(29,393)	1,698,599	-
Net position - cross currency swaps and interests rate swap	83,492	41,601	88,790	12,037
Foreign currency options, net	41,337	-	(14,943)	-
	1,543,391	12,212	551,281	14,103
Net monetary position	86,435	3,431	50,363	3,931

(a) See explication of increase in Note 7(b).
(*) Mainly Japanese Yen and Colombian Pesos.

The increase in the position corresponds mainly to short-term positions which were within the established limits and which to date have been reduced.

As of March 31, 2022, the Bank and its Subsidiaries have contingent operations (indirect loans) in foreign currency for approximately US$ 3,965.9 million, equivalent to approximately S/14,665.8 million (approximately US$ 4,077.9 million, equivalent to approximately S/16,258.6 million, as of December 31, 2021), see Note 15(a).

The Bank and its Subsidiaries manage foreign exchange risk by monitoring and controlling the exchange positions exposed to changes in exchange rates. The Bank and its Subsidiaries measure their performance in soles, so if the net foreign exchange position (e.g. American dollar) is an asset, any depreciation of the soles with respect to this currency would positively affect the consolidated statement of financial position of the Bank and its Subsidiaries. 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 statement of income.

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

The table below shows the sensitivity analysis of the American dollar, the principal currency to which the Bank and its Subsidiaries have significant exposure as of March 31, 2022 and December 31, 2021 in its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the exchange rate sol against dollar, with all other variables held constant, on the consolidated statement of income, before income tax. A negative amount in the table reflects a potential net reduction in the consolidated statement of income, while a positive amount reflects a net potential increase:

Currency rate sensitivity	**Change in currency rate**	**2022**	**2021**
	%	**S/000**	**S/000**
Depreciation -			
Sol against dollar	5	15,221	9,562
Sol against dollar	10	29,058	18,254
Appreciation -			
Sol against dollar	5	(16,823)	(10,568)
Sol against dollar	10	(35,515)	(22,311)

20.4 Operational risk -

The operational risk is the possibility of the occurrence of losses due to inadequate processes, staff errors, information technology and relations with third parties or external events. Operational risk can produce financial losses and have legal or regulatory compliance consequences, but excludes strategic or reputation risk.

Operational risks are grouped into internal fraud, external fraud, labor relations and safety in the workplace, customer relations, business products and practices, damages to material assets, business and systems interruption and faults in process execution, delivery and management.

The Bank and Subsidiaries have, as one of their core values, the development of an efficient risk culture, and to achieve this, it records the operational risks and their respective controls per process. Risk mapping permits their monitoring, prioritization, and proposed treatment in accordance with the established governance.

The business continuity management system allows establishing, implementing, operating, monitoring, reviewing, maintaining and improving business continuity based on best practices and regulatory requirements. The Group implements recovery strategies for the resources that support important products and services of the organization, which will be periodically tested to measure the effectiveness of the strategy.

In the management of operational risk and business continuity, corporate guidelines are used and methodologies and best practices are shared among the Group's companies.

The management of information security is carried out through a systemic process, documented and known by the entire organization under the best practices and regulatory requirements. The Group designs and develops the guidelines described in the policy and procedures to have strategies for availability, privacy and integrity of the information assets of the organization.

Finally, the management of the Transfer of Non-Financial Risks is incorporated as a recovery mechanism before the materialization of operational risks, mainly through Insurance Policies contracted individually or corporately in the local and international market, which cover losses due to fraud, civil and professional liability, cyber risks, damage to physical assets, among others. The design of the Insurance is in accordance with the main operational risks of the Bank and Subsidiaries, the coverage needs of key areas and the risk appetite of the organization, constantly seeking efficiencies in the cost of policies, working together with Pacifico Compañía de Seguros and Reinsurance and the most important reinsurance brokers in the international market.

20.5 Cybersecurity -

The Bank and its Subsidiaries focus their efforts on the most cost-efficient strategies to reduce exposure to cybersecurity risk; by doing this, they fulfill its appetite for risk. To achieve this, different levels of controls are applied adapted to the different potentially exposed areas and companies. Therefore, it maintains an important investment program, which allows it to have the technologies and processes necessary to keep operations and assets safe.

As part of cybersecurity management, the Bank and its Subsidiaries have lines of action that allow mitigating this risk. These lines of work are:

- Cybersecurity maturity according to the FFIEC reference framework, allows defining the guide for the implementation of cybersecurity controls.

- Policies and guidelines make it possible to standardize the levels of compliance with cybersecurity.

- The aim of the awareness programs is to generate a culture of cybersecurity. To achieve this, constant training is carried out.

- The cybersecurity indicators that indicate the effectiveness of the processes in terms of the periodic evaluations carried out.

- The governance of suppliers that ensures the deployment of policies to third parties. In other words, when a supplier wishes to interconnect digitally with any of the Bank and its Subsidiaries.

- The implementation of security technologies, which seeks to cover said risks according to the threat trend and the risk profile of the Bank and its Subsidiaries.

- The “Tabletop” tests that help to identify the level of response of the collaborators, through incident simulation tests.

- Cybersecurity risk management allows for a response work plan to address cyber risks through periodic evaluations of each of the applications of the Bank and its Subsidiaries.

20.6 Corporate Security and Cyber Crime -

The Bank and its Subsidiaries, as part of non-financial risk management, implement policies, procedures, and actions that safeguard the safety of employees, clients, and assets of the organization. In addition, it protects the institution against incidents of fraud, security and reputational risk.

Likewise, it fosters a culture of prevention, which allows minimizing the risks of fraud and security. Finally, it has established a solid relationship with stakeholders and Financial Institutions in the region in search of implementing best practices for the benefit of its clients.

Part of fraud and security management is to have a comprehensive security scheme called MISB (Comprehensive Banking Security Model), which includes the variables of detection and response recovery with high effectiveness. The MISB has 6 strategic axes: Transactional Monitoring, Forensic Investigation, Physical and Electronic Security, Strategic Intelligence, Digital Forensic Laboratory and the Corporate Observatory.

Furthermore, we develop a second line of defense, for which e have state-of-the-art technological tools in real time and artificial intelligence, advanced analysis models for risk profiling, specialized software for Computer Forensics, Video Surveillance and Disaster Risk Management.

Regarding physical security risk management and incident management, there is a regulation of video surveillance and protection of personal data through a video-intelligence system.

At the union level, under the framework of the development of guidelines for the Financial Institutions that make up the Association of Banks; the Bank is part of the Strategic Committee for Comprehensive Security of ASBANC. The aim was to mitigate the risks of the new digital era in a collegial way.

Finally, we actively participate in conferences exposing our model in Fraud and Security Risk Management with an emphasis on Cyber-Crime at the level of organizations such as: OAS, FELABAN, FIBA USA, ASIS, among other institutions at the regional level. This in order to contribute to the exchange of good practices, scenarios and future vision in this area.

20.7 Model Risk -

Model is defined as an algorithm or system of optimized algorithms that processes data to convert it into useful information for decision-making in a relevant population for the business.

Models are simplified representations of the real world that are the object of interest, study, or analysis. This simplification allows the Bank to focus its attention on the specific aspects that are considered most important for the application of a given model. The Bank uses models for different purposes such as credit admission, capital calculation, behavior, provisions, market risk, liquidity, among others.

Model risk is defined as the probability of loss resulting from decisions (credit, market, among others) based on the use of poorly designed and / or poorly implemented models. The sources that generate this risk are mainly: deficiencies in data, errors in the model (from design to implementation), use of the model.

Model risk management is proportional to the importance of each model. In this sense, a concept of “tiering” is defined as the main attribute to synthesize the level of importance or relevance of a model, from which the intensity of the model risk management processes that must be followed is determined.

Model risk management is structured around a set of processes known as the model life cycle. The definition of the phases of the life cycle of the model in the Bank is detailed below: Identification, Planning, Development, Internal validation, Approval, Implementation and use, and Monitoring and control.

20.8 Capital management -

The Bank and Subsidiaries actively manage a capital base to cover the inherent risks in their activities. The capital adequacy of the Bank and Subsidiaries is monitored using, among other measures, the norms and ratios established by the SBS, the supervising authority of its main Subsidiaries and for consolidation purposes. Furthermore, capital management responds to market expectations in relation to the solvency of the Bank and Subsidiaries and to support the growth of the businesses considered in the strategic planning. In this way, the capital maintained by the Bank and Subsidiaries permits them to assume unexpected losses in normal conditions and conditions of severe stress.

Capital management has as its main objectives: (i) to comply with the capital requirements established by the regulatory entities of the sector in which the Bank and Subsidiaries operate; (ii) to safeguard the operating capacity of the Bank and Subsidiaries so that it continues providing returns to the shareholders and benefits to other stakeholders; (iii) to maintain a solid capital base to support the development of its activities, in line with the limits and tolerances established in the declaration of Risk Appetite.

Legislative Decree No.1028 modified the Banking, Insurance and Pension Law, establishing that the mandatory capital of all financial institutions must be equal to or greater than 10 percent of the risk weighted assets and contingent credits which corresponds to the sum of: the mandatory capital requirement for market risk multiplied by 10, the mandatory capital requirement for operational risk multiplied by 10, and the credit risk weighted assets and contingent credits. Additionally, in July of 2011, SBS issued Resolution No. 8425 - 2011, by which it requires additional mandatory capital for economic cycle, concentration risk, market concentration risk, interest rate risk and others. Peruvian financial entities have five years, with effect from July 2011, to adjust their mandatory capital to the required level.

20.9 Fair values -

a) Financial instruments recorded at fair value and fair values hierarchy -

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value as of March 31, 2022 and December 31, 2021, including the hierarchy level into which the fair value measurement is categorized. The amounts are based on the values recognized in the consolidated statement of financial position:

	Note	Level 1 S/000	Level 2 S/000	Level 3 S/000	Total S/000
March 31, 2022					
Financial assets					
Derivative financial instruments:					
Forward exchange contracts		-	731,611	-	731,611
Interest rate swaps		-	186,162	-	186,162
Cross currency swaps		-	64,472	-	64,472
Currency swaps		-	450,788	-	450,788
Options		-	2,859	-	2,859
Derivatives receivable	7(b)	-	1,435,892	-	1,435,892
Investments at fair value through profit or loss (trading)	5(a)	95,241	633,927	-	729,168
Available-for-sale investments:					
Debt securities					
BCRP Certificates of deposit		-	9,595,912	-	9,595,912
Corporate bonds		2,909,744	2,450,132	-	5,359,876
Government treasury bonds		5,048,418	-	-	5,048,418
Negotiable certificates of deposits		-	49,258	-	49,258
Securitization instruments		-	36,800	-	36,800
Other instruments					
Equity instruments:					
Listed securities		99,280	-	-	99,280
Unlisted securities		-	-	9,076	9,076
Subtotal	5(a)	8,057,442	12,132,102	9,076	20,198,620
Total financial assets		8,152,683	14,201,921	9,076	22,363,680
Financial liabilities					
Derivative financial instruments:					
Forward exchange contracts		-	455,770	-	455,770
Interest rate swaps		-	102,305	-	102,305
Cross currency Swaps		-	10,724	-	10,724
Currency swaps		-	919,116	-	919,116
Options		-	5,382	-	5,382
Derivatives payable		-	1,493,297	-	1,493,297
Total financial liabilities		-	1,493,297	-	1,493,297
December 31, 2021					
Financial assets					
Derivative financial instruments:					
Forward exchange contracts		-	257,458	-	257,458
Interest rate swaps		-	289,540	-	289,540
Cross currency swaps		-	86,268	-	86,268
Currency swaps		-	801,876	-	801,876
Options		-	2,478	-	2,478
Derivatives receivable	7(b)	-	1,437,620	-	1,437,620
Investments at fair value through profit or loss (trading)	5(a)	131,877	1,130,019	-	1,261,896
Available-for-sale investments:					
Debt securities					
BCRP Certificates of deposit		-	8,337,432	-	8,337,432
Corporate bonds		2,439,621	2,991,947	-	5,431,568
Government treasury bonds		5,365,838	-	-	5,365,838
Negotiable certificates of deposits		-	76,238	-	76,238
Securitization instruments		-	41,316	-	41,316
Other instruments					
Equity instruments:					
Listed securities		74,526	-	-	74,526
Unlisted securities		-	-	8,359	8,359
Subtotal	5(a)	7,879,985	11,446,933	8,359	19,335,277
Total financial assets		8,011,862	14,014,572	8,359	22,034,793

	Note	Level 1 S/000	Level 2 S/000	Level 3 S/000	Total S/000
Financial liabilities					
Derivative financial instruments:					
Forward exchange contracts		-	326,458	-	326,458
Interest rate swaps		-	250,139	-	250,139
Cross currency Swaps		-	4,342	-	4,342
Currency swaps		-	734,997	-	734,997
Options		-	3,251	-	3,251
Derivatives payable		-	1,319,187	-	1,319,187
Total financial liabilities		-	1,319,187	-	1,319,187

Financial instruments included in the Level 1 category are those that are measured on the basis of quotations obtained in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and said prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial instruments included in the Level 2 category are measured on the basis of observed market factors. This category includes instruments valued using: quoted prices for similar instruments, either in active or less active markets and other valuation techniques (models) where all significant inputs are directly or indirectly observable based on market data.

The financial instruments included in level 3 are measured using valuation techniques (internal models), based on assumptions that are not supported by prices of observable transactions on the market for the same instrument, nor based on available market data.

Following is a description of how fair value is determined for the Bank and Subsidiaries financial instruments where valuation techniques were used with inputs based on observable market data which incorporate the estimates of the Bank and Subsidiaries, on the assumptions that market participants would use for measuring these financial instruments:

- Valuation of derivate financial instruments -

  Interest rate swaps, currency swaps and forward exchange contracts are evaluated by using valuation techniques where inputs are based on observable market data. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, foreign exchange, forward rates and interest rate curves. Options are valued using well-known, widely accepted valuation models.

  A credit value adjustment (CVA) is applied to the exposure of the “Over-The-Counter” derivatives in order to consider the risk of default of the counterparties when the fair value of the derivatives is measured. The effect of this adjustment is measured in the income statement. The CVA is a cost at market prices of protection required to hedge the credit risk of the counterparties in this type of portfolio of derivatives. The CVA is calculated by multiplying the probability of default (PD), the likelihood of given deterioration (LGD) and the expected exposure (EE) at the date of impairment.

- Valuation of debt securities available for sale -

  Valuation of BCRP certificates of deposit, corporate, leasing, subordinated bonds and Government treasury bonds are estimated calculating their Net Present Values (NPV) through discounted cash flows, using appropriate and relevant zero coupon rate curves to discount cash flows in the respective currency and considering observable current market transactions. Other debt instruments are evaluated using valuation techniques based on assumptions supported by prices from observable current market transactions, obtained via pricing services. Nevertheless, when prices have not been determined in an active market, fair values are based on broker quotes and assets that are valued using models whereby the majority of assumptions are market observable.

b) Financial instruments not measured at fair value -

Set out below is the disclosure of the comparison between the carrying amounts and fair values of the financial instruments, which are not measured at fair value, presented in the consolidated statement of financial position by level of the fair value hierarchy:

	As of March 31, 2022					As of December 31, 2021				
	Level 1	Level 2	Level 3	Fair value	Book value	Level 1	Level 2	Level 3	Fair value	Book value
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Assets										
Cash and due from banks	-	33,612,001	-	33,612,001	33,612,001	-	36,122,514	-	36,122,514	36,122,514
Interbank funds	-	-	-	-	-	-	-	-	-	-
Held-to-maturity investments	6,889,407	71,997	-	6,961,404	7,540,072	7,606,226	74,509	-	7,680,735	7,679,342
Loans, net	-	124,410,821	-	124,410,821	124,410,821	-	126,466,940	-	126,466,940	126,466,940
Other assets	-	996,279	-	996,279	996,279	-	815,137	-	815,137	815,137
Total	6,889,407	159,091,098	-	165,980,505	166,559,173	7,606,226	163,479,100	-	171,085,326	171,083,933
Liabilities										
Deposits and obligations	-	130,422,598	-	130,422,598	130,422,598	-	132,150,615	-	132,150,615	132,150,615
Interbank funds	-	-	-	-	-	-	-	-	-	-
Payables from repurchase agreements	-	18,064,487	-	18,064,487	18,064,487	-	20,250,739	-	20,250,739	20,250,739
Due to banks, correspondents and other entities	-	2,173,903	-	2,173,903	5,872,463	-	6,911,427	-	6,911,427	6,684,191
Bonds and subordinated Notes issued	-	13,286,448	-	13,286,448	13,575,977	-	14,534,362	-	14,534,362	14,482,984
Other liabilities	-	3,327,839	-	3,327,839	3,327,839	-	1,852,133	-	1,852,133	1,852,133
Total	-	167,275,275	-	167,275,275	171,263,364	-	175,699,276	-	175,699,276	175,420,662

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

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

(ii) Financial instruments at fixed rate - The fair value of the financial liabilities at fixed rate and at amortized cost is determined by comparing the market interest rate at the time of their initial recognition to the current market rates related to similar financial instruments. In the case of listed debt, the fair value is determined on the basis of the quoted market prices. When 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. The fair value of the loan portfolio and deposits and obligation, according to SBS Multiple Official Letter N°1575-2014, corresponds to its book value.

21 COMMITMENTS AND CONTINGENCIES

a) Commitments -

The Bank’s Panamanian Branch holds several agreements with a foreign related party, CCR Inc., whereby it guarantees the future collection of inflows from electronic messages sent to the Bank through the Society for Worldwide Interbank Financial Telecommunications (“SWIFT”) through which the correspondent bank uses the web to make payment orders to a beneficiary in Peru which is a non-financial institution.

	Balance in millions of American dollars		
Year of issue	**As of March, 2022**	**As of December, 2021**	**Maturity**
2012 – Serie C, Note 9 (d)	7.6	18.8	2023
Total	7.6	18.8	

b) Contingencies -

On November 11, 2021, BCP’s General Manager, Mr. Gianfranco Ferrari de las Casas, was notified of a Prosecutor’s Decision issued by the Corporate Supraprovincial Prosecutor's Office Specialized in Officer Corruption Offenses Special Team - Fourth Court Division (“Fiscalía Supraprovincial Corporativa Especializada en Delitos de Corrupción de Funcionarios Equipo Especial – Cuarto Despacho”, for its name in Spanish). This notice informed Mr. Ferrari that he has been included in the preparatory investigation carried out against Mr. Yehude Simon M. (a former Peruvian Prime Minister) and an additional sixty-five (65) individuals on the grounds of, in Mr. Ferrari’s case, alleged primary complicity in the alleged crime against the public administration, aggravated collusion, incompatible negotiation or improper use of position and criminal organization detrimental to the Peruvian State, in connection with the financial advisory services provided by Banco de Crédito del Perú related to the Olmos Project, a large water irrigation project undertaken in northeastern Peru.

The management does not believe that the opening of this preparatory investigation will have any impact on our normal operations or have a material effect on the business, financial condition or profitability of the Bank and its Subsidiaries.

The management has reviewed the performance of the officers of Banco de Credito del Peru in relation to the financial advisory services provided by the Bank in connection with the Olmos Project, including the performance of Mr. Ferrari, and has concluded that the facts under investigation do not give rise to any liability of Banco de Credito del Peru or its officers. Our institution bases this view on the qualified opinion of external consultants specializing in the matter.

As of March 31, 2022, and December 31, 2021, the Bank and its Subsidiaries have several pending various tax processes and legal claims, related to their normal course of business, as well as arbitration processes related to public works tax deduction. According to Management and its internal legal advisors, no additional liabilities will result from these legal claims; therefore, Management has not considered it necessary to record an additional allowance for these contingencies.

22 SUBSEQUENT EVENTS

From April 1, 2022 until the date of this report, no significant event of a financial-accounting nature has occurred which affects the interpretation of the consolidated financial statements.