Assurance

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 31 to the consolidated financial statements

Banco de Crédito del Perú and Subsidiaries

Consolidated financial statements as of December 31, 2006 and 2005 together with the Report of Independent Auditors

Ernst & Young

Medina, Zaldivar, Paredes & Asociados

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 31 to the consolidated financial statements

Banco de Crédito del Perú and Subsidiaries

Consolidated financial statements as of December 31, 2006 and 2005

Content

Translation of a report originally issued in Spanish - See Note 31
to the consolidated financial statements

Independent auditor's report

To the Shareholders and Board of Directors of Banco de Crédito del Perú

We have audited the accompanying consolidated financial statements of Banco de Crédito del Perú (a subsidiary of Credicorp Ltd., a holding incorporated in Bermuda) and Subsidiaries which comprise the consolidated balance sheets as of 31 December 2006 and 2005, and the consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years ended December 31, 2006, 2005 and 2004, and the summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements of Banco de Crédito del Perú in accordance with accounting principles prescribed by the Superintendencia de Banca, Seguros y AFP (SBS) for Peruvian financial entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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Independent auditor's report (continued)

accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Banco de Crédito del Perú and Subsidiaries as of 31 December 2006 and 2005, and their consolidated performance and their consolidated cash flows for each of the three years ended December 31, 2006, 2005 and 2004; in accordance with accounting principles prescribed by the Superintendencia de Banca, Seguros y AFP (SBS) for Peruvian financial entities.

Lima, Peru,
February 26, 2007

Medina, Zaldivar, Paredes & Asociados

Countersigned by:

Juan Paredes
C.P.C. Register Nº22220

Banco de Crédito del Perú and Subsidiaries

Consolidated balance sheets

As of December 31, 2006 and 2005

	Note	2006 S/(000)	2005 S/(000)
Assets			
Cash and due from banks:	5		
Cash and clearing		1,493,727	1,189,287
Deposits in Peruvian Central Bank		4,493,105	5,485,095
Deposits in local and foreign banks		2,000,972	1,686,851
Accrued interest on cash and due from banks		10,001	8,557
		7,997,805	8,369,790
Interbank funds		80,030	500
Trading, available-for-sale and held-to-maturity investments, net	6	6,008,501	5,573,466
Loans, net	7	18,144,725	16,029,984
Permanent investments, net	8	98,820	98,835
Property, furniture and equipment, net	9	625,775	645,849
Other assets, net	10	757,291	750,611
Total assets		33,712,947	31,469,035
Off-balance sheet accounts -	19		
Contingent operations		10,419,963	9,438,226
Other		104,317,311	100,683,842
Total		114,737,274	110,122,068

	Note	2006 S/(000)	2005 S/(000)
Liabilities and shareholders' equity			
Deposits and obligations	11	26,704,353	22,899,525
Interbank funds		121,541	259,316
Due to banks and correspondents	12	1,443,875	3,153,897
Bonds and subordinated notes issued	13	1,704,545	1,541,387
Other liabilities, net	10	877,754	823,802
Total liabilities		30,852,068	28,677,927
Shareholders' equity	15		
Capital stock		1,286,528	1,286,528
Legal reserve		546,519	546,519
Special reserve		366,258	258,965
Retained earnings		661,574	699,096
Total shareholders' equity		2,860,879	2,791,108
Total liabilities and shareholders' equity		33,712,947	31,469,035
Off-balance sheet accounts -	19		
Contingent operations		10,419,963	9,438,226
Other		104,317,311	100,683,842
Total		114,737,274	110,122,068

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

Translation of the consolidated financial statements originally issued in Spanish – See Note 31

Banco de Crédito del Perú and Subsidiaries

Consolidated statements of income

For the years ended December 31, 2006, 2005 and 2004

	Note	2006 S/(000)	2005 S/(000)	2004 S/(000)
Financial income and expenses				
Financial income	20	2,250,418	1,791,436	1,493,523
Financial expenses	20	(810,418)	(518,756)	(414,377)
Gross financial margin		1,440,000	1,272,680	1,079,146
Provision for loan losses, net	21	(147,532)	(95,643)	(101,884)
		1,292,468	1,177,037	977,262
Gain (loss) for exchange difference		(77,105)	35,814	(59,185)
Net financial margin		1,215,363	1,212,851	918,077
Non financial income (expense)				
Commissions from banking services, net	22	755,002	700,982	651,122
Net gain (loss) on securities	23	25,087	26,032	(5,023)
Net gain on foreign exchange transactions		136,559	100,241	81,050
Other income	24	222,015	180,467	181,432
		1,138,663	1,007,722	908,581
Operating expenses				
Salaries and employees' benefits	25	(757,584)	(586,120)	(522,672)
Administrative expenses		(424,216)	(384,156)	(409,047)
Depreciation and amortization	9(a) and 10(d)	(120,667)	(123,473)	(132,098)
Provision for assets seized	10(c)	(9,668)	(50,469)	(93,508)
Taxes and contributions		(48,273)	(42,054)	(44,467)
Merger expenses		-	-	(13,213)
Goodwill amortization	10(e)	(5,880)	(5,880)	(5,880)
Other operating expenses	24	(54,835)	(81,212)	(70,371)
		(1,421,123)	(1,273,364)	(1,291,256)
Income before the result from exposure to inflation, workers' profit sharing and income tax		932,903	947,209	535,402
Loss from exposure to inflation	3(a)	-	-	(53,985)
Workers' profit sharing	14(b)	(35,504)	(35,629)	(21,930)
Income tax	14(b)	(235,825)	(219,846)	(140,227)
Net income		661,574	691,734	319,260
Basic and diluted earnings per share (in Nuevos Soles)	26(c)	0.5142	0.5377	0.2482
Weighted average number of shares outstanding, adjusted by stock splits (in thousands)	26(a)	1,286,528	1,286,528	1,286,528

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

Translation of the consolidated financial statements originally issued in Spanish - See Note 31

Banco de Crédito del Perú and Subsidiaries

Consolidated statements of changes in shareholders' equity

For the years ended December 31, 2006, 2005 and 2004

	Number of outstanding shares (in thousands)	Capital stock S/(000)	Legal reserve S/(000)	Special reserve S/(000)	Retained earnings S/(000)	Total S/(000)
Balances as of January 1st, 2004	1,202,385	1,286,528	546,515	186,067	325,159	2,344,269
Shares issued by the restatement of the capital stock, note 15(a)	24,048	-	-	-	-	-
Transfer to special reserve	-	-	-	72,898	(72,898)	-
Cash dividends, note 15(d)	-	-	-	-	(245,287)	(245,287)
Other	-	-	4	-	-	4
Net income	-	-	-	-	319,260	319,260
Balances as of December 31, 2004	1,226,433	1,286,528	546,519	258,965	326,234	2,418,246
Shares issued by the restatement of the capital stock, note 15(a)	60,095	-	-	-	-	-
Cash dividends, note 15(d)	-	-	-	-	(318,872)	(318,872)
Net income	-	-	-	-	691,734	691,734
Balances as of December 31, 2005	1,286,528	1,286,528	546,519	258,965	699,096	2,791,108
Transfer to special reserve, note 15(c)	-	-	-	107,293	(107,293)	-
Cash dividends, note 15(d)	-	-	-	-	(591,803)	(591,803)
Net income	-	-	-	-	661,574	661,574
Balances as of December 31, 2006	1,286,528	1,286,528	546,519	366,258	661,574	2,860,879

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

Translation of the consolidated financial statements originally issued in Spanish - See Note 31

Banco de Crédito del Perú and Subsidiaries

Consolidated statements of cash flows

For the years ended December 31, 2006, 2005 and 2004

	2006 S/(000)	2005 S/(000)	2004 S/(000)
Cash flows from operating activities			
Net income	661,574	691,734	319,260
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses, net of recoveries	147,532	95,643	101,884
Depreciation and amortization	120,667	123,473	132,098
Goodwill amortization	5,880	5,880	5,880
Deferred income tax and workers' profit sharing	(18,336)	(47,407)	(39,536)
Provision for assets seized	9,668	50,469	93,508
Net loss (gain) from sale of securities	(25,087)	(26,032)	5,023
Recovery of provision for buildings impairment, net	(14,540)	-	-
Provision for buildings impairment	-	(15,146)	-
Net loss (gain) from sale of property, furniture and equipment	163	378	9,979
Net gain from sale of assets seized	(41,075)	(43,980)	(57,972)
Changes in asset and liability accounts:			
Other assets	(43,560)	(95,992)	(212,463)
Other liabilities	100,058	232,380	125,198
Net cash provided by operating activities	902,944	971,400	482,859

Translation of the consolidated financial statements originally issued in Spanish - See Note 31

Consolidated statements of cash flows (continued)

	2006 S/(000)	2005 S/(000)	2004 S/(000)
Cash flows provided by investing activities			
Gain on sales of property, furniture and equipment	42,386	48,625	66,392
Gain on sales of assets seized	95,735	92,700	203,899
Additions in property, furniture and equipment	(103,174)	(108,799)	(108,102)
Net cash provided by investing activities	34,947	32,526	162,189
Cash flows (used in) provided by financing activities			
Net increase (decrease) in deposits and obligations	3,804,828	4,673,511	(1,159,967)
Net purchase in trading and available-for-sale securities	(409,948)	(1,950,587)	(400,191)
Net sale (purchase) in permanent investments	15	8,063	(51,524)
Net increase (decrease) in due to banks and correspondents	(1,847,797)	2,669,894	369,597
Net increase (decrease) in bonds issued	163,158	91,963	(75,124)
Net decrease (increase) in loan portfolio	(2,348,799)	(2,274,274)	1,023,449
Cash paid for purchase of loan portfolio, note 7(c)	-	(1,152,100)	-
Cash dividends	(591,803)	(318,872)	(245,287)
Net cash (used in) provided by financing activities	(1,230,346)	1,747,598	(539,047)
Net (decrease) increase in cash and cash equivalents	(292,455)	2,751,524	106,001
Cash and cash equivalents at the beginning of year	8,370,290	5,618,766	5,512,765
Cash and cash equivalents at the end of year	8,077,835	8,370,290	5,618,766
Supplementary cash flow information			
Cash paid during the year for:			
Interest	770,897	492,974	440,391
Income taxes	251,702	149,802	132,779

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

Translation of the consolidated financial statements originally issued in Spanish - See Note 31

Banco de Crédito del Perú and Subsidiaries

Notes to the consolidated financial statements

As of December 31, 2006 and 2005

1. Operations

Banco de Crédito del Perú (hereinafter “the Bank” or “BCP”) was incorporated in 1889 and it is a subsidiary of Credicorp Ltd. (a holding incorporated in Bermuda in 1995), which owns 97.24 percent of its capital stock as of December 31, 2006 (96.22 percent of its capital stock as of December 31, 2005).

The address of Bank’s main office is Calle Centenario N°156, La Molina, Lima, Peru. As of December 31, 2006, the Bank and its Subsidiaries had 235 branches and agencies in Peru and 2 branches abroad (218 branches and agencies in Peru and 2 branches abroad as of December 31, 2005).

The Bank, whose operations are governed by “Ley General del Sistema Financiero y de Seguros y Orgánica de la Superintendencia de Banca, Seguros y AFP” (General Law of the Financial and Insurance Systems and Organic of the SBS – Law 26702), hereinafter the “Banking Law”, is authorized by the SBS to operate as an universal bank, in accordance with prevailing Peruvian legislation. The Bank is authorized to receive third-party deposits and invest them, together with its own capital, in loan placements and securities acquisitions; likewise, the Bank may grant guarantees and letters of credit, engage in any type of financing transaction or banking service and other activities as allowed by law. Furthermore, the Bank may engage in underwriting and brokerage activities related to the stock exchange and may establish and manage mutual funds, among other similar activities, provided those activities are carried out by Subsidiaries organized for such purposes.

The accompanying consolidated financial statements include the Bank's financial statements and those of its subsidiaries in which the Bank has more than 50 percent of direct or indirect participation. The main summary financial information of the Bank and its Subsidiaries, which are included in the consolidation as of December 31, 2006 and 2005, before the eliminations for consolidation purposes are as follows:

Entity	Activity and country	Percentage of participation		Assets		Liabilities		Shareholders' equity		Net income (losses)	
		2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
				S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Banco de Crédito del Perú	Banking, Peru	-	-	31,674,583	29,300,002	28,813,704	26,508,894	2,860,879	2,791,108	661,574	691,734
Banco de Crédito de Bolivia and Subsidiaries	Banking and financial, Bolivia	95.91	95.91	2,088,905	1,964,354	1,864,116	1,739,045	224,789	225,309	44,294	35,111
Inversiones BCP Ltda.	Holding Chile	99.99	99.99	82,412	79,397	-	-	82,412	79,397	8,431	7,450
Crédito Leasing S.A.	Financial, Peru	100.00	100.00	826,680	782,189	762,237	715,193	64,443	66,996	13,738	16,290
Credifondo S.A.F. - Sociedad Administradora de Fondos - SAF	Mutual Funds, Peru	100.00	100.00	55,069	59,455	5,320	6,910	49,749	52,545	13,077	16,203
Creditítulos Sociedad Titulizadora S.A.	Securitization management, Peru	100.00	100.00	30,498	26,281	974	8,798	29,524	17,483	12,041	2,168
Credibolsa - Sociedad Agente de Bolsa S.A.	Brokerage, Peru	100.00	100.00	35,101	23,943	14,669	7,991	20,432	15,952	11,180	7,975
Solución Financiera de Crédito del Perú S.A.	Financial, Peru	100.00	100.00	91,968	14,135	77,416	137	14,552	13,998	510	287
Inmobiliaria BCP S.A.	Real estate, Peru	100.00	100.00	8,154	16,082	23	120	8,131	15,962	(1,309)	(1,265)
Inversiones Conexas S.A.	Real estate, Peru	100.00	100.00	5,596	2,865	64	95	5,532	2,770	2,762	1,538
BCP - Sociedad de Propósito Especial	Securitization management, Peru	100.00	100.00	4,554	5,789	-	10	4,554	5,779	3,946	6,766

The consolidated financial statements as of December 31, 2005 and for the year then ended, have been approved in the General Shareholders' Meeting dated March 31, 2006. At the date of this report, the accompanying consolidated financial statements as of December 31, 2006, have been approved by the Audit Committee and the Management on February 22, 2007, and will be submitted to the final approval by the Board of Directors and the General Shareholders' Meeting within the period established by law. In Management's opinion, the accompanying consolidated financial statements will be approved by the Board of Directors and the General Shareholders' Meeting without modifications.

2. Acquisition of the loan portfolio from the Peruvian Branch of Bank Boston N.A. -

In January 2005, BCP agreed to purchase from Bank of America the main shareholder of United States Fleet Boston, the loan portfolio of the Peruvian Branch of Bank Boston N.A. and the loan portfolio of Peruvian clients abroad maintained in the United States Fleet Boston, for approximately US$289.2 million and US$64.3 million, respectively (equivalent to S/942.5 million and S/209.6 million, respectively, as of the incorporation date). The transaction was carried out at market prices. The portfolios were incorporated to the Bank during February 2005.

The acquired loan portfolios comprise mainly corporate loans, mortgage loans and lease operations, note 7(c).

3. Significant accounting policies

In the preparation and presentation of the accompanying consolidated financial statements, the Bank and its Subsidiaries' Management has complied with the regulations established by the SBS in force in Peru as of December 31, 2006 and 2005. Significant accounting principles and practices used in the preparation of the consolidated financial statements of the Bank and its Subsidiaries are described below:

(a) Basis for presentation, use of estimates and accounting changes -

(i) Basis for presentation and use of estimates

The accompanying consolidated financial statements have been prepared from the accounting records of the Bank which are maintained in nominal Peruvian currency (Nuevos Soles), in accordance with SBS regulations, and supplementary maintained in accordance with International Financial Reporting Standards - IFRS approved and in force in Peru as of December 31, 2006 and 2005.

The accounting records of the subsidiaries and branches established abroad are kept in the currency of the country of incorporation and the balances are translated into Nuevos Soles for calculating the value of the equity share using the current exchange rate as of the date of each balance sheet. The resulting translation differences are recognized in the consolidated statement of income.

The preparation of consolidated financial statements requires Management to make estimates that affect the reported amounts of assets and liabilities, income and expenses and disclosure of material contingencies in the notes to the consolidated financial statements. Actual results could differ from those estimates. The most significant estimates used in the preparation of the accompanying consolidated financial statements are related to the computation of the allowance for loan losses, the valuation of investments, the provision for assets seized, and the valuation of derivatives. The accounting criteria used for each of these items are described below.

(ii) Accounting changes

Adjustment for inflation -

As of December 31, 2004, the financial statements of the Bank have been adjusted to reflect the effects of variations in the acquisition power of the Peruvian currency in accordance with the methodology approved by the National Accounting Standards Board. According to official statistics, the variation in the purchasing power of the Peruvian currency with reference to the National Wholesale Price Index in the years ended on December 31, 2004 was 4.9, recording a loss from exposure to inflation of approximately S/54.0 million.

By means of Resolution N° 031-2004-EF/93.01, the National Accounting Standards Board suspended, beginning from January 1st 2005, the application of the financial statements inflation adjustment. The adjusted book balances as of December 31, 2004, have been considered as the initial balances as of January 1st, 2005. This accounting treatment has also been adopted by the tax authorities to determine the income tax starting from the year 2005.

Assets seized -

As explained in further detail in paragraph (j) below, since October 31, 2005 the accounting criteria to estimate the allowance for these assets was changed. This change was applied prospectively according to the SBS accounting rules.

(b) Consolidation -

Subsidiaries are all entities (including special purpose entities) over which the Bank has the power to govern the financial and operating policies. This is generally evidenced by a shareholding of more than one half of the voting rights.

Subsidiaries are consolidated from the date on which effective control is transferred to the Bank and are no longer consolidated from the date that control ceases. The consolidated financial statements include the financial statements of the entities described in note 1, which are part of the Banco de Crédito del Perú Group or “BCP Group”. All subsidiaries have been consolidated for the years ended December 31, 2006, 2005 and 2004, or from the date on which they were incorporated or acquired.

All inter-company transactions, balances and unrealized surpluses and deficits between companies of the BCP Group have been eliminated in the consolidation process. The minority interest resulting from the consolidation process is not significant and, for such reason, is not presented as a separate caption in the consolidated financial statements.

The accounting records of the companies of the BCP Group comply with the information requirements established by SBS and by the central banks of the countries where its subsidiaries are located. The BCP Group's financial statements, that are included in annual reports and other public financial information, are presented in accordance with these requirements.

The accounting records of the subsidiaries and branches abroad are maintained in the local currency of each country. For consolidation purposes, their balances have been translated into Nuevos Soles, the reporting currency, by using the current exchange rate as of the date of each balance sheet. All the translation differences have been recorded in the income statements.

(c) Financial instruments -

Financial instruments are classified as assets, liabilities or equity according to the substance of the contractual agreement that originated them. Interest, dividends, gains and losses relating to financial instruments classified as assets or liabilities are recorded as income or expense. Financial instruments are offset when the Bank and its Subsidiaries have a legally enforceable right to offset them and the Management has the intention to settle them on a net basis or to realize the assets and settle the liability simultaneously.

Financial assets and liabilities carried in the consolidated balance sheet correspond to cash and due from banks, interbank funds, trading, available-for-sale and held-to-maturity securities, loans, accounts receivable, (presented in "other assets" caption) permanent investments and other liabilities, except for the deferred income tax and worker's profit sharing. In addition, all derivative instruments and indirect loans are considered to be financial instruments. The specific accounting policies on recognition and measurement of these items are disclosed in the accounting policies described in this note.

(d) Recognition of revenues and expenses -

Financial revenues and expenses for interests are recognized on an accrual basis over the related contract period for the transaction and the interest rates determined based on negotiations with clients, except for interest generated from past due, refinanced, restructured or under legal collection loans, and loans classified in the categories of doubtful and loss. The interests related to such loans are recognized as received on a cash basis. When Management determines that the debtor's financial condition has improved and the loan is reclassified as current and/or in the categories of normal, with potential problems or substandard, the interest is again recorded on an accrual basis.

Interest revenues include the income on fixed income securities and trading securities, as well as discount and premium recognition on financial instruments.

Dividends are recognized as income when they are declared.

Commissions on financial services are recognized as income when collected, except for commissions related to the issuance of credit cards, which are recorded on an accrual basis.

Other revenues and expenses are recorded for in the period in which they are accrued.

(e) Loans and allowance for loan losses -

Direct loans are recorded when disbursement of funds to the client is made. Indirect (off-balance sheet) loans are recorded when documents supporting such facilities are issued. Likewise, loans with changes in their payment schedules due to difficulties in the debtors' compliance with original payment terms are considered refinanced and restructured.

Leasing operations are registered as financial leases, recording as loans the principal of the installments pending collection. Financial revenues are based on a pattern that reflects a constant interest rate over the leasing period.

The Management of the Bank and its Subsidiaries determines the allowance for loan loss in accordance with the guidelines established by the SBS. In accordance with such criteria, the Management periodically conducts a formal review and analysis of the loan portfolio; all the loans are classified under the following categories: normal, potential problem, substandard, doubtful or loss, based on their economic and financial situation, and other relevant information of each client.

For commercial loans, the classification takes into consideration several factors, such as the payment history of the particular loans, the history with the borrower's management, operating history, repayment capability and availability of funds to the borrower, status of any collateral and guarantee, the borrower's financial statements, the borrower's risk classification made by other financial institutions in the market and other relevant factors. For micro-business, consumer and residential mortgage, the classification is based on how long payments are overdue.

In accordance with the established regulations, the computation of the allowance is made considering the classifications assigned and using specific percentages, which vary depending on whether the client's debts are secured or not with highly liquid preferred guarantees (cash deposits and rights on credit certificates), or readily preferred guarantees (treasury bonds issued by the Central Government, securities used to determine the Lima Stock Exchange Selective Index, among others) or preferred guarantees (primary lien/pledge on financial instruments, securities and property, first agriculture or mining pledge, insurance on export credits, among others), considered at their net realizable value as determined by an independent appraisal. Likewise, the provision's computation must consider the guarantor's classification, in cases of credits with subsidiary responsibilities of an entity in the financial or insurance system (loans affected to substitution of credit counter part).

The allowance for loan losses also includes estimated losses for loans with problems and that have not been specifically identified. The allowances for direct credits are presented deducting their balances in the assets, while allowances for indirect credits are presented as liabilities, note 10.

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

The allowance for loan losses is established based in the risk classifications and taking into consideration the guarantees obtained by the Bank and its Subsidiaries. The only guarantees (collateral) accepted are those ones received and classified as “preferred”, “highly liquid preferred” or “readily preferred”. Such collateral must be relatively liquid, have legally documented ownership, have no liens outstanding and have updated independent appraisals.

(f) Foreign currency transactions and derivative financial instruments -

Assets and liabilities denominated in foreign currency are recorded by applying to the foreign currency amount the exchange rate at the transaction date and are expressed in Peruvian currency at the end of each month using the exchange rates established by the SBS at that date, as explained in note 4. Exchange gains or losses generated from the restatement of foreign currency transactions at the exchange rates prevailing as of the dates of the consolidated balance sheets, are recorded in the consolidated statement of income of the year.

Forward foreign currency and swap operations are presented at their fair value, with an asset or a liability being recognized in the consolidated balance sheet and any related gain or loss being recognized in the consolidated statements of income. Forward and swap contracts are also recorded in the off-balance sheet accounts at their face value, see note 19(d).

During 2006, the Bank has acquired certificates indexed to Credicorp’s shares price that will be settled off in cash. These instruments include an embedded derivative and have as objective to reduce the liability exposure for the stock appreciation rights granted to the workers, see note 17. As established by the SBS, these instruments are classified as “Investments available-for-sale”, recorded at their acquisition cost or estimated market value, the lower, considering the investments global portfolio (see next paragraph and note 6(h)).

(g) Trading, available-for-sale, and held-to-maturity investments -

Initially, the Bank records these investments at the acquisition cost and afterwards at their classification value in accordance with the SBS Resolution N°1914-2004 dated November 23, 2004

According to their classification, the investment valuation criteria are as follows:

- Trading securities – Investments maintained for sale in the short term and updated daily at their market value through individual valuation, recognizing gains and losses generated in the consolidated statements of income.

  The interest income from these investments is recognized when accrued and the dividends when declared.

- Available-for-sale securities – These are investments that are not maintained for sale in the short term, nor are they guaranteed to be held until their maturity. These investments are valued based on the global portfolio at the lower of the average acquisition cost or the estimated market value. The allowances recorded for these investments do not affect the results of the period. These allowances are recorded in a specific equity account established for investment fluctuation until the sale of these investments takes place. When sold, the unrealized losses originated from the impairment, previously recognized as a part of the equity, are included in the result of the year. In the same way, when the Bank estimates that unrealized losses recorded are due to other than temporary impairment circumstances, such amount should be recorded affecting the results of the year.

  The interest income from these investments are recognized when accrued and the dividends when declared.

  In the case of debt securities, the entities must update the accounting value of such instruments every month through the accrual of capital discounts or premium.

- Securities held-to-maturity - They represent those securities that the Bank has decided to maintain until their maturities. They are recorded at their acquisition cost, which may be adjusted for downgrades in the issuer's credit rating affecting the corresponding allowance. Interest accrued on, as well as any premium or discount amortizations related to these investments, are recognized monthly as part of the cost and in the consolidated statement of income.

  Allowance is recorded individually for changes in the loan capacity of the issuer similar to the treatment for direct loans. These allowances directly affect the results of the year.

  The consolidated results of the year are not affected by the fluctuations in the market price of the securities classified within this category, except when a significant reduction in the security price takes place.
  If a held-to-maturity security is sold, any securities acquired again from the same issuer must be recorded in this category within the term of one year, since the date on which the sale takes place, unless expressly authorized by the SBS.

The difference between the proceeds received from the sale of investment securities and their book value is recognized in the consolidated statements of income.

In any of the aforementioned cases, if the SBS deems necessary to constitute a provision for any investment, such provision must be determined based on each individual security and recorded in the consolidated result of the year.

(h) Permanent investments -

Comprise investments maintained for long term in companies considered of interest for the Bank. The investments in shares are recorded at the equity's participation method or at the stock-market price, the lower, less the provision for impairment estimated to be other than temporary.

The equity value must be determined according to SBS requirements. In the case of investments listed on security exchanges, when market value demonstrate a loss tendency resulting from non-temporary circumstances, the SBS is able to require the recording of an allowance for such fluctuation by the amount of the difference between the market value and the equity value.

(i) Property, furniture and equipment and depreciation -

Property, furniture and equipment are recorded at acquisition cost, less accumulated depreciation. Maintenance and repair costs are charged to the consolidated statement of income and significant renewals and improvements are capitalized, when the expenditures improve significantly the asset condition more than the original performance. The cost and the corresponding accumulated depreciation of assets sold or retired are eliminated from the corresponding accounts and the related gain or loss is included in the consolidated statements of income.

Work in progress and in transit units are accounted at their acquisition cost. These goods are not depreciated until they are received or finished and placed into service.

Lands are not depreciated. Depreciation is computed on a straight-line basis over the following estimated useful lives as follows:

	Years
Buildings and other constructions	33
Installations	10
Furniture and fixtures	10
Computer hardware	4
Equipment and vehicles	5

The useful life assigned and the selected depreciation methods are periodically reviewed to ensure that the method and period of depreciation chosen are consistent with the economic benefit and useful life expectations of property, furniture and equipment items.

(j) Assets seized -

Assets seized included in “other assets” of consolidated balance sheet, are initially recorded at the value assigned to them through legal proceeding, out of court settlement, market value or at the unpaid value of the debt, the lower. Simultaneously to the establishment of value, a provision equivalent to 20 percent of the legal settlement or recoverable asset value should be recorded; for this purpose is permitted to use the allowance for loan losses that was originally provided for the related loan.

By means of SBS Resolution No.1535-2005, dated October 2005; the SBS has made additional modifications and refinements to the Regulation for the Treatment of Assets Seized and Recovered and their provisions and to the Accounting Manual for Financial Entities. Therefore, the constitution and recording of provisions for this property was modified since October 2005.

Until September 30, 2005, the following criteria were used to determine the provision that must be recorded for such property:

- Property that is not real estate property – it constituted from the date seized, additional to the initial provision a provision for the decrease in the realization value of the property below net book value. Beginning in such date, it started provisioning on a monthly basis equivalent to one twelfth of the book value of the property, net of the aforementioned provision. A full provision is established for property not sold or surrendered under financial lease after twelve months as of its recovery or allocation.

- Real estate – at the end of the twelfth month after it is seized, the Bank must obtain an appraisal of the immediate realization value and constitute, if applicable, a provision for devaluation. If the appraisal value is higher than the net book value, such higher value is not recognized. In addition, as of the thirteenth month after the allocation of the property, uniform monthly provisions equivalent to one twelfth of the net book value as of such date are constituted until the full value is reached.

Since October 2005, the Bank and its Subsidiaries recomputed the amount of the accumulated provision at such date and comply with the new provision requirements according to the following criteria:

- Property that is not real state property – a monthly provision equivalent to one twelfth of the book value of the property will be provided starting from the first month of seizure or recovery, less the initial provision recorded when it is seized, until completing 100 percent of the seized value or recovery value of such property is provisioned.

- Real estate - after three and a half years, uniform monthly provisions must be provided for at the end of each month over the net book value obtained in the eighteenth or twelfth month, depending on whether the approval of the extension by the SBS was obtained or not, respectively, up to completing the amount equivalent to one hundred percent of the book value of the property not sold.

  The update of the appraisals of such property, which should not be older than 1 year, necessarily implies the constitution of provisions for impairment, when the net realization value of the property is lower than its net book value. If the net realization value is higher than the net book value, the higher value will not be recognized for accounting purposes.

According to SBS standards, the excess in the provision, determined by recomputation of the provision, can not be recognized as income and must be used in the future for provisions that the Bank and its Subsidiaries' assets may require, note 10(c).

(k) Intangible assets -

Intangible assets included in the "Other assets" caption of the consolidated balance sheets are comprised principally of software acquisition and developments used in Bank and its Subsidiaries' operations. The software licenses acquired by the Bank and its subsidiaries are capitalized on basis of the incurred cost to acquire or used a specific program. These assets are amortized using the straight-line method based on their estimated useful lives, which are from 3 to 5 years.

The useful life and the amortization method are reviewed periodically to ensure that the amortization period and the method are consistent with the anticipated pattern of economic benefits from intangible assets.

(l) Goodwill -

Goodwill included in the "Other assets" caption of the consolidated balance sheets, results from the difference between the estimated market value of the net assets acquired from the minority shareholders of Solución Financiera de Crédito del Perú S.A. (subsidiary of the Bank), and the amount paid for such assets, on March 2003. Goodwill is amortized using the straight-line method over its estimated useful life, which is 5 years.

(m) Bonds and subordinated notes issued -

Include the liability from the issuance of different types of bonds and subordinated notes, which are recorded at their face value, recognizing the accrued interest in the consolidated results of the year. Discounts granted or premiums generated in their placement are deferred in the other assets and other liabilities captions of the consolidated balance sheets, respectively, and are amortized during the term of each bond.

(n) Income tax and workers' profit sharing -

Income tax and worker's profit sharing are computed based on taxable income determined for tax purposes, based on income tax principles that differ from accounting principles used by the Bank. Therefore, the accounting for income tax and workers' profit sharing in accordance with IFRS are both in accordance with the principles of IAS 12.

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

Deferred tax assets and liabilities are recognized without taking into consideration the time in which it is estimated that temporary differences will be written off. Deferred assets are recognized when sufficient future tax benefits are probable for applying the deferred assets. As at the date of the balance sheet date, Management evaluates the non-recognized deferred assets and the balance of the recognized assets, recording deferred assets not previously recognized to the extent that probable future tax benefits will allow their recovery, or reducing the deferred assets to the extent that it is not likely that sufficient future tax benefits will be available to use part or all of the deferred assets recognized in the accounting records.

In accordance with the accounting standard, the Bank determines its deferred tax and workers' profit sharing based on the tax rate applicable to its non-distributed profits recognizing any additional tax for the distribution of dividends on the date on which the liability is recognized.

(o) Supplementary plan for workers' profit sharing -

The Bank has a supplementary plan for worker's profit sharing, that grants stock appreciation rights (SARs) over certain number of Credicorp´s shares (the Bank's main shareholder); this plan is granted to certain executives of the Bank, with at least one year of service. According to the conditions of the plan, such SARs are granted at the market price of the shares of Credicorp on the date of the grant and are exercisable at that price, allowing the employee to obtain a gain from the difference between the market price of the shares at the date of the execution and the fixed exercise price, note 17. The cost of such profit sharing is recorded as a component of the services accrued at the balance sheet date, multiplied by the difference between the market price of the options as of such grant date and the exercise price. The price of the SARs is estimated using a binomial method in accordance with IFRS 2 – Share-based payments.

When the Bank revises or amends the terms of the SARs' the effect of such changes is recognized in the consolidated results of the year.

(p) Impairment -

When changes on certain events indicate that the value of an asset could not be recoverable, the Bank and its Subsidiaries review the value of property, furniture and equipment, goodwill and intangible assets in order to verify if there is no permanent impairment in their values. When the book value of the asset exceeds its recoverable value, a loss for impairment is recognized in the consolidated statement of income for each caption mentioned above. The recoverable value is the greater amount between the net sale price and its useful value. The net sale price is the amount that can be obtained from the sale of an asset in a free market, while the useful value is the present value of the estimated future cash flows by the continuous use of an asset and its disposal at the end of its useful life. The recoverable amounts are estimated for each asset or, if not possible, for the cash generating unit.

(q) Fiduciary activities -

Assets and revenues from trust operations in which there is a commitment to return said assets to the clients and in which the Bank and its Subsidiaries participate as trustees, have been excluded from these consolidated financial statements, because the Bank and its Subsidiaries are not owners of such assets and do not assume the risk and rewards that have these assets. The Bank and its Subsidiaries record these operations in the caption "Off-balance sheet accounts" of the consolidated balance sheets and the commissions for these activities are include in the caption "Other income" of the consolidated statements of income.

(r) Provisions -

Provisions are only recognized when the Bank and its Subsidiaries have a present (legal) obligation as a result of past events, it is probable that an outflow of resources will be required to settle such obligation, and the amount has been reliably estimated. Provisions are reviewed in each period and are adjusted to reflect the best estimate as of the consolidated balance sheet date. When the effect of the time value of money is significant, the amount recorded as a provision is equal to the present value of future payments required to settle the obligation.

(s) Contingencies -

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

Contingent assets are not recognized in the financial statements; however, they are disclosed when their contingency degree is probable.

(t) Earnings per share -

Basic and diluted earnings per share are computed based on the weighted average number of shares outstanding at the consolidated balance sheet date. Additional shares that should be retired or issued due to the restatement of the capital stock due to the adjustment for inflation of the consolidated financial statements and the capitalization of retained earnings, (note 26), are deemed to be stock splits; thus, for the computation of the weighted average number of shares, such shares are considered as if they had always been retired or issued, respectively. They are not considered in the computation the shares resulting from restatement that have not been retired or issued as of December 31, 2006.

As of December 31, 2006 and 2005, the Bank and its Subsidiaries do not have financial instruments with dilutive effects; therefore, basic and diluted earnings per share are the same.

(u) Sale and repurchase agreements -

Securities sold subject to repurchase agreements ('Repos') are presented as pledged assets when the transferee has the right to sell or repledge the collateral; the counterparty liability is included in the caption "Due to banks and correspondents", or "Deposits and obligations", as appropriate, in the consolidated balance sheet.

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

(v) Cash and cash equivalents -

Cash and cash equivalents presented in the consolidated statements of cash flows correspond to deposits with less than a three-month maturity as of the acquisition date, including funds deposited in central banks, overnight deposits and inter-bank funds.

(w) Consolidated financial statements as of December 31, 2005 -

When it has been necessary, the comparative amounts have been reclassified to make them comparable with the current year presentation. The main reclassifications to the balances of the financial statements as of December 31, 2005, are as follows:

Reclassification in the consolidated balance sheet -

(i) In 2005, the income tax assumed by the Bank corresponding to the stock appreciation rights (SARs) amounted to S/(000) 23,821 was presented net of its related deferred asset for income tax and workers' profit sharing in the caption "Other liabilities". Since 2006, these concepts have been presented separately in the captions "Other liabilities" and "Other assets", respectively.

(ii) As of December 31, 2005, the caption "Other liabilities" included S/(000) 44,404 of operations in process related to automated-teller machines (ATMs), which have been presented net of the related cash balance.

Reclassifications in the consolidated statements of income -

(i) In 2005, the expense presented from the stock appreciation rights (SARs) amounted to S/(000)105,950, was presented as part of the "Workers' profit sharing" caption. In 2006, this concept has been presented in the caption "Salaries and employees benefits".

Management considers that these reclassifications result in a better presentation of the Bank's financial statements.

(x) New accounting pronouncements -

(i) New accounting standards issued by SBS-

By means of Resolution SBS N° 1737 -2006, dated December 28, 2006, the SBS has approved the "Regulation for Trading and Accounting of Derivatives for Financial Entities". This regulation establishes accounting rules to record derivatives, which are consistent with the accounting principles established by IAS 39, Financial Instruments: Recognition and Measurement, in force in Peru. This standard is in force since January 1st, 2007 and it has a transition period for its application until March 31, 2007, and it has to be applied prospectively.

Management of the Bank and its Subsidiaries has assessed the impact of this regulation and consider that it will not have a material effect on their consolidated financial statements.

(iii) New accounting pronouncements approved in Peru by the National Accounting Standards Board -

Up to date, the standards indicated in the following paragraph have been approved in Peru by the National Accounting Standards Board and its application is mandatory in Peru since January 1 st, 2006; however, because these standards only apply in a supplementary manner to the accounting rules established by the SBS in its Accounting Manual, they will not have any significant effect in the preparation of the consolidated financial statements of the Bank and its Subsidiaries.

A summary of the changes is as follow:

- IASB Improvements Project, that has reviewed the IAS 1, 2, 8, 10, 16, 17, 21, 24, 27, 28, 31, 32, 33 and 40 (revised on 2003) and the IAS 39 (revised on 2004).

- In addition, as a result of the revision of the standard related to business combination, it was issued IFRS 3 – Business Combinations, and were reviewed the IAS 36 – Assets Impairment and IAS 38 - Intangible Assets.

- Also, there have been issued the following International Financial Reporting Standards: IFRS 2- Shared-Based Payment, IFRS 3 – Business Combinations, IFRS 4 – Insurance Contract, IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, IFRS 6 – Exploration and Evaluation of Mineral Resources.

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

There are several IFRS issued at international level and in force since and after January 1st, 2007; nevertheless, in Peru have no been approved yet; therefore, these standards do not have a local effective date. Likewise, due to the Bank and its Subsidiaries are regulated by the accounting rules established by the SBS, in the case that their application became in force in Peru, Management considers that will not have any effect on the net income and the net equity of the Bank and its Subsidiaries. For information purposes, the IFRS issued but not yet effective as of December 31, 2006 are as follows:

- IFRS 7 - Financial Instruments - Disclosures, effective at international level since January 1st, 2007. The objective of this IFRS is to provide disclosures in the financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance; to understand the nature and extent of risk arising from financial instruments to which the entity is exposed and how the entity manages those risks.

- IFRS 8, Operating Segments (effective for accounting periods beginning on or after January 1st, 2008).

- IFRIC 7, Applying the Restatement Approach under IAS 29 (effective for annual periods beginning on or after March 1st, 2006).

- IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after May 1st, 2006).

- IFRIC 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on or after June 1st, 2006).

- IFRIC 11 and IFRS 2 - Group Treasury Share Transactions (effective for annual periods beginning on or after March 1st, 2007).

4. Foreign currency transactions and exposure to exchange risk

Transactions in foreign currency are completed using exchange rates prevailing in the market.

As of December 31, 2006, the weighted average exchange rate in the market published by SBS for transactions in US Dollars was S/3.194 for buying and S/3.197 for selling (S/3.429 and S/3.431 as of December 31, 2005, respectively). As of December 31, 2006, the exchange rate established by SBS to record assets and liabilities in foreign currencies was S/3.196 for each US Dollar and S/0.403 for each Bolivian Peso (S/3.430 and S/0.411, as of December 31, 2005, respectively). A detail of the Bank and its Subsidiaries' foreign currency assets and liabilities is shown below:

	2006		2005	
	U.S. Dollars US$(000)	**Bolivian Peso** US$(000)	**U.S. Dollars** US$(000)	**Bolivian Peso** US$(000)
Assets				
Cash and due from banks	2,096,422	69,338	2,180,289	49,754
Trading, available-for-sale, and held-to-maturity securities, net	378,994	40,564	631,361	9,080
Loans, net	4,129,605	61,120	3,618,507	25,894
Other assets	94,909	4,584	98,907	4,277
	6,699,930	175,606	6,529,064	89,005
Liabilities				
Deposits and obligations	(5,581,861)	(138,435)	(4,903,593)	(89,380)
Due to banks, correspondents and interbank funds	(453,354)	(2,962)	(434,301)	(1,545)
Bonds and subordinated notes issued	(354,099)	-	(298,610)	-
Other liabilities	(201,863)	(8,863)	(197,665)	(8,685)
	(6,591,177)	(150,260)	(5,834,169)	(99,610)
Derivative operations – net short position	30,970	-	(477,835)	-
Net asset (liability) position	139,723	25,346	217,060	(10,605)

The derivatives net short position as of December 31, 2006, corresponds to foreign currency forward purchase and sale operations for approximately US$592.1 million and US$561.1 million equivalent to S/1,892.3 and S/1,793.3 million, respectively, (US$343.8 million and US$821.7 million equivalent to S/1,179.6 and S/2,818.4 million, respectively as of December 31, 2005), note 19(d).

As of December 31, 2006, the Bank and its Subsidiaries have contingent operations in foreign currency for approximately US$2,344.1 million, equivalent to approximately S/7,491.7 million (approximately US$2,138.8 million, equivalent to approximately S/7,336.2 million, as of December 31, 2005,), note 19.

In prior years, the devaluation (revaluation) of Peruvian currency with respect to the US Dollar and inflation (deflation) in accordance with the National Wholesale Price Index published by the Instituto Nacional de Estadística e Informática - INEI (National Institute of Statistics and Informatics) in shown as follows:

Year	**Devaluation (revaluation)** %	**Inflation** %
2002	2.3	1.7
2003	(1.5)	2.0
2004	(5.2)	4.9
2005	4.5	3.6
2006	(6.8)	1.1

5. Cash and due from banks

As of December 31, 2006, cash and due from banks include approximately US$1,433.2 million and S/773.0 million (US$1,228.9 million and S/466.0 million as of December 31, 2005) which represent the legal reserve that the Bank and its Subsidiaries must maintain related to its obligations with the public. These funds are deposited in the vaults of the Bank and its Subsidiaries and in the Central Reserve Bank of Peru – BCRP, and are within the limits established by prevailing legislation. Additionally, as of December 31, 2006, cash and due from banks includes two overnight operations with the Central Reserve Bank of Peru – BCRP amounted to S/120.0 million and US$70.0 million, equivalent to S/223.7 million (an operation amounted to US$450.0 million, equivalent to S/1,543.5 million, as of December 31, 2005), these operations have earned interests with an effective and nominal annual rates of 3.75 and 4.97 percent, respectively, and had a maturity of 4 days (3.97 percent of annual nominal rate and maturity of 3 days as of December 31, 2005).

Reserve funds kept in BCRP do not earn interest, except for the part of the demandable reserve in foreign currency that exceeds the minimum legal reserve. As of December 31, 2006, this excess amounts to approximately US$1,068.9 million, equivalent to approximately S/3,416.2 million, and earns interest in US Dollars at an annual rate of 2.67 percent (US$975.8 million equivalent to approximately S/3,346.9 million, and earned interest in US Dollars at an annual rate of 2.25 percent as of December 31, 2005).

Deposits in local and foreign banks correspond mainly to balances in Peruvian currency, Bolivian Pesos and US Dollars, as well as minimal amounts maintained in other currencies. All deposits are unrestricted, and bear interest at market rates. As of December 31, 2006 and 2005, the Bank and its Subsidiaries do not have significant deposits in any specific financial institution.

6. Trading, available-for-sale and held-to-maturity investments, net

(a) This item is made up as follows:

	2006 S/(000)	2005 S/(000)
Trading securities		
Listed equity securities	88,316	19,520
Corporate and leasing bonds	20,623	29,555
Mutual funds participation	7,221	2,248
Sovereign bonds – Republic of Peru (b)	-	18,390
Other	5,516	2,267
	121,676	71,980
Investments available-for-sale		
BCRP negotiable certificates of deposit (c)	4,080,213	3,938,559
Public Treasury bonds of foreign governments (d)	272,521	247,502
Sovereign bonds – Republic of Peru (b)	262,551	202,539
Corporate and leasing bonds (e)	245,528	262,987
Bonds of international financial entities (f)	206,392	376,054
Participation in Bolivia's RAL fund (g)	163,648	192,332
Peruvian treasury bonds (b)	157,637	-
Indexed certificates – Citigroup (h)	150,157	-
Mutual funds participation	121,397	96,767
Treasury notes from other countries	90,778	-
Securitization instruments	34,499	40,111
Listed equity securities	10,495	26,530
Non - listed equity securities	5,193	8,706
Negotiable certificates of deposit	-	26,709
Other	619	5,332
	5,801,628	5,424,128
Held-to-maturity securities	69,897	72,877
	5,993,201	5,568,985
Allowance for investments available-for-sale and held-to-maturity securities (i)	(8,966)	(10,195)
Balance of trading, available-for-sale and held-to-maturity securities, net	5,984,235	5,558,790
Accrued interest of investments available-for-sale and held-to-maturity	24,266	14,676
Total trading, available-for-sale and held-to-maturity investments, net	6,008,501	5,573,466

(b) The Sovereign bonds – Republic of Peru are issued in Peruvian Currency by the Economic and Financial Ministry. As of December 31, 2006, these bonds accrue interest at annual rates that range between 4.38 and 7.21 percent (between 4.37 and 5.96 percent as of December 31, 2005), with maturities between February 2007 and August 2026 (between August 2006 and August 2017, as of December 31, 2005).

The Peruvian Treasury bonds correspond to global bonds issued in foreign currency by the Peruvian Government. As of December 31, 2006, these bonds accrued interest at annual effective interest rates that range between 5.06 and 8.04 per cent with maturity between January 2008 and May 2018.

(c) BCRP negotiable certificates of deposit are freely negotiable financial instruments issued at discounts, denominated in Peruvian currency and with current maturities. These certificates have been acquired in public auctions and negotiated in the Peruvian secondary market. As of December 31, 2006, annual interest rates in Peruvian currency range between 4.39 and 6.35 percent (between 3.75 and 6.35 percent as of December 31, 2005), with maturities between January 2007 and December 2009 (between February 2006 and June 2008 as of December 31, 2005). As of December 31, 2006, the Bank has entered into BCRP- Repo transactions in Peruvian currency with its clients using these securities for approximately S/535.7 million (approximately S/2,032.2 million as of December 2005). Such operations accrued effective annual interest rates that range between 4.39 and 5.45 percent (3.55 and 6.23 percent as of December 2005 with maturity between January 2007 and June 2007 (between January 2006 and February 2008 as of December 31, 2005).

(d) As of December 31, 2006, includes mainly US$29.7 million, equivalent to S/94.9 million, corresponding to securities issued by US Government - Sponsored Enterprises and US$50.6 million, equivalent to S/161.6 million, corresponding to instruments issued by the Colombian Government (approximately US$55.1 and US$12.8 million, equivalent to S/189.0 and S/43.9 million, respectively, as of December 31, 2005). Such bonds have maturities between February 2007 and January 2017, and accrue interest at annual rates that ranges between 3.01 and 5.27 percent (between 3.68 and 6.97 percent as of December 31, 2005).

(e) As of December 31, 2006 and 2005, the Bank holds corporate bonds for the amount of S/243.3 and S/261.1 million, respectively, with maturities between January 2027 and May 2030 as of December 31, 2006 (between January 2006 and May 2030 as of December 31, 2005). As of December 31, 2006, these bonds accrue interests at annual effective interest rates that range between 2.91 and 6.31 percent for bonds in Peruvian currency (between 2.92 and 7.65 percent as of December 31, 2005) and between 1.12 and 7.95 annual percent for bonds in US Dollars (between 3.12 and 6.27 annual percent as of December 31, 2005).

As of December 31, 2006 and 2005, the Bank also holds leasing bonds issued by local financial entities in US Dollars for the approximate amount of S/2.2 and S/1.9 million, respectively, with maturities between January 2007 and May 2008 as of December, 2006 (January 2006 and January 2007 as of December 2005). Such bonds earn interest at annual effective rates that range between 4.24 and 6.36 percent (between 4.06 and 4.24 percent as of December 31, 2005).

(f) As of December 31, 2006, bonds of international financial entities comprise mainly USS$55.1 (equivalent to S/176.4 million) corresponding to debt instruments issued in US Dollars by Corporación Andina de Fomento - CAF (approximately US$82.7 and US$18.8 million, issued by “Corporación Andina de Fomento - CAF” and by “Fondo Latinoamericano de Reservas - FLAR” equivalent to S/283.7 and S/64.5 million, respectively, as of December 31, 2005). As of December 31, 2006, such bonds have maturities between January 2007 and July 2009 (between February 2006 and July 2009 as of December 31, 2005). Annual interest rates range between 4.19 percent and 5.91 percent (between 4.08 percent and 6.26 percent as of December 31, 2005).

As of December 31, 2006, the Bank has entered into Repo transactions in U.S. Dollars with its clients using these securities for approximately S/128.0 million. These operations accrue interests at effective rates between 5.45 and 5.51 percent and with maturity in January 2007.

(g) The participation quotas in the Fund “Requirement of Cash Assets” (RAL for its Spanish denomination) stated at Bolivian Pesos, comprises investments made by Banco de Crédito de Bolivia in the Central Bank of Bolivia as a collateral for the deposits maintained with the public. Such fund has restrictions for its use and it is required for all the banks established in Bolivia. The fund accrues interest at an average annual rate of 5.6 percent (4.3 percent as of December 31, 2005).

(h) During 2006, as previously coordinated and authorized for the SBS, the Bank signed a contract with Citigroup Global Markets Holdings Inc., Citigroup Capital Limited and Citigroup Capital Market Inc. (hereinafter “Citigroup”), with the purpose of acquire indexed certificates to the performance of the shares of Credicorp Ltd. and implementing an economic hedge to offset the volatility generated by the Bank’s liability that result from the stock appreciation rights (SARs) of Credicorp’s shares, note 17, granted to its employees. This transaction consists of the purchase of up to 1,500,000 certificates indexed to the performance of the shares of Credicorp Ltd. (BAP), in the form of “warrants”, issued by Citigroup, which are equivalent to the same number of shares of Credicorp Ltd. These certificates have a maturity of 5 years but can be settled at anytime before its maturity, partially or totally.

As of December 31, 2006, the Bank has acquired1,212,023 certificates at a total cost of US$47.0 million, equivalent to S/150.2 million (US$38.7, per certificate on average); which, in accordance to SBS rules, has been recorded as investments available-for-sale. Likewise, as of that date, the estimated market value of the indexed certificates amount to US$ 49.6 million, equivalent to S/158.6 million.

(i) The movement in the allowance for investment in trading and held-to-maturity securities fluctuation is shown below:

	2006 S/(000)	2005 S/(000)
Balance as of January 1st	10,195	10,529
Provision of the year, note 23	5,766	314
Recoveries	(949)	(169)
Used for sale	(6,046)	(479)
Balance as of December 31	8,966	10,195

The allowance recorded by the Bank and its Subsidiaries corresponds to specific investments for which Management estimates other than temporary impairment. As of December 31, 2006 and 2005, there are no additional allowances to be recorded that would affect the net equity of the Bank and its Subsidiaries as to such date.

(j) As of December 31, 2006 and 2005, the reconciliation between the book value and the market value of available-for-sale and held-to-maturity securities is as follows:

	2006 S/(000)	2005 S/(000)
Book value	5,871,525	5,497,005
Unrealized gains	52,046	32,169
Unrealized losses	(5,776)	(13,393)
Estimated market value	5,917,795	5,515,781

The Management has estimated the market value of its available-for-sale securities using market price quotations available in the market or, if a price is not available, market value is estimated by discounting the expected future cash flows at an interest rate that reflects the risk classification of the financial instrument.

(k) As of December 31, 2006 and 2005, the balance of investment in trading, available-for-sale and held-to-maturity securities classified by maturity date is as follows:

	2006 S/(000)	2005 S/(000)
Up to 3 months	1,968,711	1,564,064
From 3 months to 1 year	2,547,742	2,926,671
From 1 to 3 years	570,591	577,375
From 3 to 5 years	323,184	135,884
More than 5 years	478,969	310,235
Without maturity (shares)	104,004	54,756
Total	5,993,201	5,568,985

7. Loans, net

(a) This item is made up as follows:

	2006 S/(000)	2005 S/(000)
Direct loans		
Loans	13,273,575	11,728,101
Leasing receivables	2,201,037	1,967,541
Credit cards	1,401,855	1,021,018
Discounted notes	819,883	731,386
Factoring receivables	284,991	301,007
Advances and overdrafts	269,100	168,931
Refinanced and restructured loans	397,689	595,403
Past due and under legal collection loans	240,438	321,487
	18,888,568	16,834,874
Add (less)		
Accrued interest from standing credits	157,019	136,494
Deferred interest on discounted notes and leasing receivables	(297,290)	(269,238)
Allowance for credit losses (g)	(603,572)	(672,146)
Total direct loans	18,144,725	16,029,984
Indirect loans, note 19(a)	3,887,738	3,467,076

(b) As of December 31, 2006 and 2005, 51 percent of the direct loan portfolio was concentrated in 443 and 313 clients, respectively.

(c) As indicated in note 2, in January 2005, the Bank acquired the loan portfolio of Peruvian clients abroad maintained in the Peruvian Branch of Bank Boston N.A. for approximately S/1,152.1 million. The acquired loan portfolios are comprised principally of corporate loans, mortgage loans and financial lease operations.

(d) As of December 31, 2006 and 2005, the Bank's loan portfolio is distributed among the following economic sectors:

	2006		2005	
	S/(000)	%	S/(000)	%
Manufacturing	5,077,126	26.9	4,768,884	28.3
Mortgage loans	2,824,420	15.0	2,631,980	15.6
Commerce	2,138,017	11.3	2,075,883	12.3
Consumer loans	1,717,971	9.1	1,276,487	7.6
Micro-business loans	980,753	5.2	768,739	4.6
Mining	926,835	4.9	761,027	4.5
Electricity, gas and water	819,874	4.3	658,843	3.9
Communications, storage and transportation	801,698	4.2	687,585	4.1
Leaseholds and real estate activities	730,914	3.9	730,499	4.3
Financial services	703,774	3.8	279,797	1.7
Community services	561,100	3.0	617,349	3.7
Fishing	473,399	2.5	383,776	2.3
Agriculture	440,613	2.3	490,077	2.9
Education, health and other services	233,359	1.2	233,758	1.4
Construction	214,038	1.1	212,324	1.3
Other	244,677	1.3	257,866	1.5
Total	18,888,568	100.0	16,834,874	100.0

(e) As of December 31, 2006 and 2005, the credit risk classification of the Bank and its Subsidiaries' loan portfolio, according to SBS standards, is as follows:

Risk category	2006						2005					
	Direct loans		Indirect loans		Total		Direct loans		Indirect loans		Total	
	S/(000)	%	S/(000)	%	S/(000)	%	S/(000)	%	S/(000)	%	S/(000)	%
Normal	17,029,781	90.2	3,699,927	95.2	20,729,708	91.0	14,448,984	85.8	3,158,559	91.1	17,607,543	86.7
Potential problems	1,090,434	5.7	111,996	2.9	1,202,430	5.3	1,363,037	8.1	238,688	6.9	1,601,725	7.9
Substandard	199,761	1.1	58,797	1.5	258,558	1.1	284,203	1.7	31,844	0.9	316,047	1.6
Doubtful	385,578	2.0	11,855	0.3	397,433	1.8	498,290	3.0	16,100	0.5	514,390	2.5
Loss	183,014	1.0	5,163	0.1	188,177	0.8	240,360	1.4	21,885	0.6	262,245	1.3
	18,888,568	100.0	3,887,738	100.0	22,776,306	100.0	16,834,874	100.0	3,467,076	100.0	20,301,950	100.0

(f) Financial entities in Peru should constitute their allowance for credit losses based on the aforementioned risk classification and using the following percentages, which differ depending upon if the loans are: Loans Without Guarantees (LWG), Loans With Preferred Guarantees (LWPG) or Loans With Readily Preferred Guarantees (LWRPG) or Loans with Highly Liquid Preferred Guarantees (LWHLPG):

Risk category	LWG	LWPG	LWRPG	LWHLPG
	%	%	%	%
Normal	1.00	1.00	1.00	1.00
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

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

	2006 S/(000)	2005 S/(000)
Balance as of January 1st	739,933	852,184
Net provision, note 21	130,404	86,877
Allowance for purchase of loan portfolio, note 2	-	26,413
Loan portfolio sold and written-off (h)	(153,142)	(259,371)
Exchange rate difference	(48,719)	33,830
Balance as of December 31(*)	668,476	739,933

(*) As of December 31, 2006, the movement in the allowance for credit losses includes direct and indirect credits for approximately S/603.6 and S/64.9, respectively (approximately S/672.1 and S/67.8, respectively, as of December 31, 2005). The allowance for indirect credits is shown in the "Other liabilities" caption of the consolidated balance sheet, note 10(a).

In Management's opinion, the allowance for credit losses recorded as of December 31, 2006 and 2005 has been established in accordance with SBS regulations in force as of those dates, note 3(e).

(h) In 2006, the Bank and its Subsidiaries sold fully provisioned portfolio of past due loans to an affiliate for approximately S/29.9 million (two affiliates for approximately S/90.4 million in 2005). The sale price generated gain of approximately S/2.7 million (approximately S/7.4 million in 2005). In addition, in 2006, the Bank and its Subsidiaries made a write-off of a fully provided for portfolio for approximately S/123.2 million (approximately S/169.0 million in 2005).

(i) The loan portfolio is collateralized with guarantees received from clients, which are a principally in the form of mortgages, stand-by letters, financial instruments, and industrial and commercial pledges.

(j) Interest accrued on the loan portfolio is determined considering current interest rates prevailing in the market.

(k) As of December 31, 2006 and 2005, the gross direct loan portfolio has the following maturity schedule:

	2006 S/(000)	2005 S/(000)
Outstanding loans -		
Up to 1 month	5,363,666	3,628,261
Up to 3 months	2,602,690	2,655,687
From 3 months to 1 year	3,823,887	3,695,305
From 1 to 3 years	2,638,902	2,616,517
From 3 to 5 years	1,424,111	1,548,153
More than 5 years	2,794,874	2,369,464
Past due loans-		
Up to 4 months	66,010	12,498
More than 4 months	64,160	146,197
Loans under legal collection	110,268	162,792
Total	18,888,568	16,834,874

8. Permanent investments, net

(a) This item is made up as follows:

	2006					2005				
	Book value S/(000)	Provision S/(000)	Market value S/(000)	Unrealized gains S/(000)	Estimated market value S/(000)	Book value S/(000)	Provision S/(000)	Market value S/(000)	Unrealized gains S/(000)	Estimated market value S/(000)
Listed equity securities (b)	82,320	-	82,320	192,473	274,793	79,397	-	79,397	167,405	246,802
Investments in non financial institutions (c)	-	-	-	-	-	13,099	(10,163)	2,936	659	3,595
Investments in financial institutions (d)	18,196	(1,696)	16,500	-	16,500	17,869	(1,367)	16,502	-	16,502
	100,516	(1,696)	98,820	192,473	291,293	110,365	(11,530)	98,835	168,064	266,899
Allowance for impairment of permanent investments	(1,696)					(11,530)				
Balance of permanent investments, net	98,820					98,835				
Accrued interest from permanent investments	-					-				
Total permanent investments, net	98,820					98,835				

(b) This caption comprises 2.93 percent participation in shares maintained by Inversiones BCP Ltda. on Banco de Crédito e Inversiones de Chile – BCI Chile. As of December 31, 2006 and 2005, the market price of each share according to its quotation in the Santiago's stock exchange is equivalent to approximately US$29.66 and US$24.95, respectively. The gains obtained when this investment will be sold are subject to the applicable taxes in Chile and Peru.

(c) This caption comprised 13.78 percent of BCP participation in Peru Privatization Fund – PPF, which was sold on October 2006 with a market value of approximately S/3.2 million, generating an earning of approximately S/0.4 million, which is recorded in the caption "Net gain (loss) on securities" of the consolidated statements of income.

(d) As of December 31, 2006, this caption principally comprises S/6.2 and S/3.4 million corresponding to 35.66 and 27.27 percent of the participation of Banco de Crédito in Visanet del Perú S.A.C, and Corporación de Servicios de Información – Infocorp S.A respectively (as of December 31, 2005, approximately for S/5,8, S/4.0 and S/2.7 million which represent the 35.32, 15.77 and 28.27 percent of the participation the Bank in Visanet del Perú S.A.C, Edificaciones Macrocomercio S.A. (sold during 2006 to Grupo Crédito S.A. a related party) and Corporación de Servicios de Información – Infocorp S.A. respectively.

9. Property, furniture and equipment, net

(a) The movement of property, furniture and equipment and accumulated depreciation for the years ended 2006 and 2005 is as follows:

	Land	Buildings and other constructions	Installations	Furniture and fixtures	Computer hardware	Equipment and vehicles	Work in progress and in transit units	2006	2005
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Cost -									
Balance as of January 1st	63,743	621,554	248,382	184,489	529,292	53,716	7,582	1,708,758	1,842,490
Additions	-	832	19,524	5,452	53,488	11,146	12,732	103,174	108,799
Provision for buildings impairment	-	-	-	-	-	-	-	-	(15,146)
Recovery of provision for buildings impairment	-	15,146	-	-	-	-	-	15,146	-
Retirements and transfers	(8,382)	(53,561)	2,163	(2,326)	(8,254)	(1,111)	(9,334)	(80,805)	(227,385)
Balance as of December 31	55,361	583,971	270,069	187,615	574,526	63,751	10,980	1,746,273	1,708,758
Accumulated depreciation -									
Balance as of January 1 st	-	302,023	153,961	146,114	437,494	23,317	-	1,062,909	1,143,948
Depreciation of the year	-	18,958	20,594	10,652	40,733	4,908	-	95,845	97,343
Retirements and transfers	-	(24,808)	(4,093)	(973)	(7,166)	(1,216)	-	(38,256)	(178,382)
Balance as of December 31	-	296,173	170,462	155,793	471,061	27,009	-	1,120,498	1,062,909
Net book value	55,361	287,798	99,607	31,822	103,465	36,742	10,980	625,775	645,849

(b) Banks in Peru are not allowed to pledge their fixed assets.

(c) As of December 31, 2006, the Bank has property available for sale for approximately S/23.4 million, net of accumulated depreciation which amounts to approximately S/16.1 million, (approximately S/40.7 million net of accumulated depreciation which amounts to approximately S/24.2 as of December 31, 2005).

(d) Management periodically review the assets´ residual value, the useful life and the selected depreciation method to ensure that are consistent with the economic benefits and life expectations for use of property, furniture and equipment items. In Management's opinion, there is no evidence of impairment of property, furniture and equipment as of December 31, 2006 and 2005.

(e) As of December, 31 2006, the Bank and its Subsidiaries have sold part of its land, buildings and other constructions for approximately S/37.6 million, which had a net cost of S/21.9 million (S/45.0 and S/35.1 million, respectively, as of December 31, 2005). Some of these sales were carried out to related companies for approximately S/35.2 million as of December 31, 2006 (S/17.0 million as of December 31, 2005).

10. Other assets and other liabilities

(a) These items are made up as follows:

Value added tax	2006 S/(000)	2005 S/(000)
Other assets		
Operations in process (b)	161,613	133,453
Deferred income tax and workers' profit sharing, note 14(a)	137,218	123,250
Accounts receivable	113,357	111,867
Assets seized, net (c)	86,072	91,644
Intangible assets, net (d)	84,506	59,792
Derivatives assets, note 19(d)	51,259	20,115
VAT credits, net	41,594	48,204
Deferred expenses	28,749	36,514
Income tax prepayments, net	28,058	27,217
Goodwill (e)	6,860	12,740
Trustee in warranty	-	68,600
Other	18,005	17,215
Total	757,291	750,611
Other liabilities		
Payroll taxes, salaries and other personnel expenses payable	270,061	207,627
Accounts payable	164,302	124,580
Operations in process (b)	117,631	114,337
Provision for sundry risks (f)	105,028	97,909
Transfers received in process (g)	81,702	-
Allowance for indirect credit losses, note 7(g)	64,904	67,787
Derivatives liabilities, note 19(d)	25,776	27,884
Deferred income tax and workers' profit sharing, note 14(a)	14,997	19,365
Allowance for regulation changes of assets seized (c)	11,022	39,563
Minority interest	9,176	9,197
Deposit Insurance Fund	9,001	8,575
Contributions, net	4,154	106,978
Total	877,754	823,802

(b) Operations in process include deposits received, loans disbursed and/or collected, funds transferred and other similar types of transactions, which are realized at the end of the month and only reclassified to their final balance sheets accounts until the beginning days of the following month. These transactions do not affect the Bank and its Subsidiaries´ net income.

(c) As of December 31, 2006 and 2005, this caption includes land, buildings, machinery and equipment received in payment of loans. The movement for the caption, as of December 31, 2006 and 2005, is summarized as follows:

	2006 S/(000)	2005 S/(000)
Cost -		
Balance as of January 1st	254,439	332,696
Additions	86,526	55,503
Retirements	(127,299)	(133,760)
Balance as of December 31	213,666	254,439
Provision -		
Balance as of January 1st	162,795	236,929
Provision of the year	9,668	50,469
Reversal of provision for changes in regulations (*)	27,770	(39,563)
Provision used for sales	(72,639)	(85,040)
Balance as of December 31	127,594	162,795
Net book value	86,072	91,644

(*) As explained in note 3(j), in October 2005, the procedure to compute and record the provisions for assets seized was modified. BCP has recalculated such provisions according to new regulations, estimating an excess in its provision for approximately S/43.8 million amount transferred to caption “Other liabilities”. According to SBS regulations, this excess can not be reversed and must be used to cover future losses in the value of other assets. As of December 31, 2006, the Bank has been using such excess to provide the additional requirements of provisions for assets seized, using approximately S/28.6 million from such provision (S/4.2 million as of December 31, 2005) and has transferred the remaining amount of S/11.0 million under the caption “Other liabilities” (S/39.6 million as of December 2005).

As of December 31, 2006, the net book value mainly includes land and buildings for S/14.1 and S/39.1 million, respectively (S/23.8 and S/72.3 million as of December 31, 2005, respectively).

In 2006 and 2005, the Bank and its Subsidiaries have sold assets seized for approximately S/95.7 and S/92.7 million, respectively, with a net gain of approximately S/41.1 million and S/44.0 million, respectively, which is included in the caption "Other not financial Income" of the consolidated statements of income, note 24.

In the Management's opinion, the provision for assets seized as of December 31, 2006 and 2005, is according to the SBS Regulations in force as of such dates.

(d) The movement of intangible assets for the years ended December 31, 2006 and 2005, is as follows:

Description	Software S/(000)	Other developments S/(000)	2006 S/(000)	2005 S/(000)
Cost -				
Balance as of January 1st	57,155	90,851	148,006	270,979
Additions	21,197	27,914	49,111	25,283
Retirements (*)	-	(5,512)	(5,512)	(148,256)
Balance as of December 31	78,352	113,253	191,605	148,006
Accumulated amortization -				
Balance as of January 1st	29,612	58,602	88,214	210,335
Amortization of the year	10,017	14,805	24,822	26,130
Retirements (*)	-	(5,937)	(5,937)	(148,251)
Balance as of December 31	39,629	67,470	107,099	88,214
Net book value	38,723	45,783	84,506	59,792

(*) In September 2005, the Bank wrote off certain intangible assets fully amortized and out of use for S/145.1 million.

(e) Corresponds to the difference between the estimated fair market value of the net assets acquired from the minority shareholders of Solución Financiera de Crédito del Perú S.A. (subsidiary of the Bank note 1) and the price paid for such assets on March 2003. As of December 31, 2006, the original purchased value of goodwill amounts to approximately S/ 29.4 million and the accumulated amortization to S/22.6 million (S/29.4 and S/16.7 million, respectively as of December 31, 2005).

(f) As of December 31, 2006 and 2005, comprise the allowance related to the adjustments to the market value of the acquired liabilities in the merge with Banco Santander Central Hispano - Perú (in 2002) and Solución Financiera de Crédito del Perú (in 2004), the allowance for the estimated losses in the legal claims against the Bank and other similar obligations that have been recorded based on Management's and its legal advisors' best estimates.

(g) Correspond to cash transfers received from other local banks to customers of BCP that were not processed during the last day of the year 2006 due to problems in the BCRP system used by the banks for these transactions. Such operations were regularized during the first days of January 2007, without any effect on the Bank's results.

11. Deposits and obligations

(a) This item is made up as follows:

	2006 S/(000)	**2005** S/(000)
Non-interest bearing deposits and obligations -		
In Peru	5,009,007	4,307,308
In other countries	1,212,705	1,434,309
	6,221,712	5,741,617
Interest bearing deposits and obligations -		
In Peru	16,826,188	13,820,194
In other countries	3,544,013	3,256,435
	20,370,201	17,076,629
	26,591,913	22,818,246
Interest payable	112,440	81,279
Total	26,704,353	22,899,525

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

(b) As of December 31, 2006 and 2005, the balance of deposits and obligations by type of transactions is made up as follows:

	2006 S/(000)	**2005** S/(000)
Time deposits	9,013,332	7,232,621
Demand deposits	7,925,903	7,251,273
Saving accounts	6,238,889	5,681,697
Severance indemnities deposits	2,476,985	2,245,932
Repurchase agreements with clients	729,215	247,646
Bank certificates in foreign currency	207,589	159,077
Total	26,591,913	22,818,246

(c) Interest rates applied to different deposits and obligations accounts are determined by the Bank and its Subsidiaries considering interest rates prevailing in the local markets.

(d) As of December 31, 2006, time deposits and bank certificates above US$100,000 amount to approximately to S/10,698.0 and S/114.7 million, respectively, equivalent to approximately US$3,347.3 and US$35.9 million, respectively (S/2,652.1 and S/27.2 million respectively equivalent to approximately US$773.2 and US$7.9 million, respectively, as of December 31, 2005).

(e) As of December 31, 2006 and 2005, approximately S/8,562.9 million and S/7,448.1 million of the total deposits and obligations, respectively, are covered by the “Fondo de Seguro de Depósitos” (Deposit Insurance Fund).

(f) The balance of time deposits classified by maturity is as follows:

	2006 S/(000)	2005 S/(000)
Up to 3 months	5,660,207	4,456,143
From 3 months to 1 year	1,744,795	1,382,249
From 1 to 3 years	767,333	376,926
From 3 to 5 year	616,205	543,343
More than 5 years	224,792	473,960
Total	9,013,332	7,232,621

12. Due to banks and correspondents

(a) This item is made up as follows:

	2006 S/(000)	2005 S/(000)
By type -		
Promotional credit lines (b)	568,569	727,615
Due to banks and correspondents with local and foreign financial institutions (c)	862,496	669,287
BCRP - Repo transactions (d)	-	1,751,333
	1,431,065	3,148,235
Interest payable	12,810	5,662
Total	1,443,875	3,153,897
By term -		
Short -term debt	926,749	2,657,537
Long-term debt	504,316	490,698
Total	1,431,065	3,148,235

(b) Promotional credit lines represent loans granted to BCP by Corporación Financiera de Desarrollo (COFIDE) to promote the development of Peru, have maturities between June of 2007 and December of 2021 and their interest rates fluctuated between 5.65 and 7.90 percent annual (between January as 2006 and December 2021 and their interest effective rate fluctuated between 4.41 and 7.25 percent annual as of December 31, 2005). As of December 31, 2006 and 2005, these credit lines are secured by a loan portfolio amounting to US$177.9 million and US$212.1 million, equivalent approximately to S/568.6 million and S/727.6 million, respectively. These lines include covenants specifying the use of the funds, financial conditions that the borrower must maintain and other administrative matters.

(c) As of December 31, 2006 and 2005, due to banks and correspondents with local and foreign financial institutions, comprise mainly loans to fund foreign trade operations and working capital, granted by 8 foreign entities (5 as of December 31, 2005); of which 7 represent 42 percent of the balance as of December 31, 2006 (1 represent 51 percent of the balance as of December 31, 2005). Due to foreign financial institutions bear interests in accordance with domestic and international market rates and do not have specific guarantees. Certain loan agreements include standard clauses requiring the Bank to comply with financial ratios, use of funds criteria and other administrative matters. In Management's opinion, such standard clauses do not limit the normal operation of the Bank and are substantially fulfilled in the application of standard international banking practices.

(d) As of December 31, 2005, BCP had BCRP - Repo transactions with the Peruvian Central Bank (BCRP), which earned annual interest rates that fluctuated between 3.23 and 3.32 percent, with 3 day maturities.

(e) As of December 31, 2006 and 2005, the balance of this caption, classified by maturity, is as follows:

	2006 S/(000)	**2005** S/(000)
Up to 3 months	762,964	2,612,017
From 3 months to 1 year	163,785	45,520
From 1 to 3 years	68,970	99,428
From 3 to 5 years	70,315	69,893
More than 5 years	365,031	321,377
Total	1,431,065	3,148,235

13. Bonds and subordinated notes issued

(a) This item is made up as follows:

	Weighted average annual interest rate				
	2006 %	2005 %	Maturity	2006 S/(000)	2005 S/(000)
Bonds					
Corporate bonds (i)	6.23	5.89	Between January 2007 and March 2013	301,000	318,692
Leasing bonds (ii) y (iii)	5.53	5.59	Between January 2007 and November 2010	600,300	779,183
Mortgage bonds (iii)	7.69	7.70	Between January 2007 and April 2012	80,429	99,470
Subordinated bonds	6.82	6.83	Between August 2007 and October 2013	325,264	331,179
Mortgage certificates				326	369
				1,307,319	1,528,893
Subordinated notes -					
Subordinated negotiable certificates notes (iv)				383,520	-
				383,520	-
				1,690,839	1,528,893
Interest payable				13,706	12,494
Total				1,704,545	1,541,387

(i) During 2006, the Bank issued corporate bonds for S/151.0 million (S/120.0 million during 2005) and redeemed bonds for S/168.7 million (S/82.3 million during 2005); representing a net decrease of S/17.7 million (net decrease of S/37.7 million during 2005). The detail of the new issuances is the following:

Issue 2006	Amount S/(000)	Currency	Maturity
Sixth issuance - Series B	20,000	Peruvian Nuevos Soles	08/08/2008
Sixth issuance - Series A	20,000	Peruvian Nuevos Soles	27/02/2008
Eight issuance - Series B	35,000	Peruvian Nuevos Soles	06/09/2010
Eight issuance - Series C	25,000	Peruvian Nuevos Soles	21/09/2010
Eight issuance - Series D	16,000	Peruvian Nuevos Soles	11/10/2010
Ninth issuance - Series B	25,000	Peruvian Nuevos Soles	03/03/2011
Tenth issuance - Series B	10,000	Peruvian Nuevos Soles	24/03/2013
Total	151,000		

Issue 2005	Amount S/(000)	Currency	Maturity
Third issuance - Series B	30,000	Peruvian Nuevos Soles	29/05/2007
Seventh issuance - Series A	15,000	Peruvian Nuevos Soles	21/11/2009
Seventh issuance - Series B	20,000	Peruvian Nuevos Soles	21/11/2012
Eight issuance - Series A	20,000	Peruvian Nuevos Soles	24/11/2008
Ninth issuance - Series A	20,000	Peruvian Nuevos Soles	24/11/2010
Tenth issuance - Series A	15,000	Peruvian Nuevos Soles	06/12/2008
Total	120,000		

(ii) During 2005, Crédito Leasing S.A., a subsidiary of the Bank, issued the Third Program of Leasing Bonds Series “A” and “B” amount to US$15.0 million and US$25.0 million (equivalent to approximately S/51.4 million and S/85.8 million, respectively), with maturities between February 2007 and July 2008 and accrue interest at an annual rate of 4.34 percent.

(iii) Leasing and mortgages bonds are collateralized by the fixed assets financed by the Group with these resources.

(iv) On August, 2006, the Board or Directors of BCP approved the issuance of subordinated debt up to US$175 million, with the aim to meet the requirement of the regulatory capital of the Bank. The issuance will be realized in parts in 2006 and 2007 on the international and local market.

In November 2006, BCP through its Panama branch, issued Subordinated Negotiable Certificates Notes amounted to US$120 million on the international market with maturity on 2021. These certificates accrued a fixed annual interest rate of 6.95 percent for the first 10 years (until November 2016), with payment each six months. After the first 10 years, the interest rate is change to a variable interest rate, established as Libor plus 2.79 percent, with quarterly payments. At the end of the first 10 years, the Bank can redeem 100 percent of the debt, without penalties. This subordinated debt has certain financial and operating covenants which in Management's opinion, the Bank is in compliance at the consolidated balance sheet date.

(b) The issued bonds balance classified by maturity is as follows:

	2006 S/(000)	**2005** S/(000)
Up to 3 months	64,186	65,092
From 3 months to 1 year	200,478	241,673
From 1 to 3 years	589,996	737,457
From 3 to 5 years	361,930	277,951
More than 5 years	474,249	206,720
Total	1,690,839	1,528,893

14. Deferred income tax and workers' profit sharing

(a) Deferred assets and liabilities from workers' profit sharing and income tax are made up as follows:

	2006 S/(000)	2005 S/(000)
Deferred assets -		
Allowance for credit losses	41,613	41,780
Stock appreciation rights provision, note 17	36,265	23,852
Provision for diverse expenses	22,780	15,390
Allowance for assets seized	21,398	23,924
Provision for sundry risks	8,286	11,801
Past due interests	6,876	6,503
Total deferred assets, note 10(a)	137,218	123,250
Deferred liabilities -		
Leasing operations, net	(9,165)	(4,900)
Intangible assets	(1,309)	(11,138)
Exchange difference	(4,523)	(3,327)
Total deferred liabilities, note 10(a)	(14,997)	(19,365)
Net balance	122,221	103,885

(b) Amounts presented in the balance sheets as of December 31, 2006 and 2005, as well as the consolidated statements of income for the years then ended are shown below:

Consolidated balance sheets	**Deferred assets**		**Deferred liabilities**	
	2006 S/(000)	**2005** S/(000)	**2006** S/(000)	**2005** S/(000)
Income tax	117,225	106,083	(13,644)	(17,923)
Workers' profit sharing	19,993	17,167	(1,353)	(1,442)
	137,218	123,250	(14,997)	(19,365)

Consolidated statements of income	Workers' profit sharing		Income tax	
	2006 S/(000)	2005 S/(000)	2006 S/(000)	2005 S/(000)
Current	38,419	42,851	251,246	260,031
Deferred	(2,915)	(7,222)	(15,421)	(40,185)
	35,504	35,629	235,825	219,846

(c) Reconciliation of effective tax rate to statutory tax rate for the years 2006 and 2005 is as follows:

	2006 %	2005 %
Income before workers' profit sharing and taxes	100.00	100.00
Theoretical expense	30.00	30.00
Effect on taxable income		
Non-taxable financial revenues	(13.34)	(7.37)
Effect of non-deductible expenses		
Non-deductible financial expenses	5.22	1.73
Amortization of goodwill	0.20	0.19
Other	4.20	(0.43)
Current and deferred workers' profit sharing and income tax	26.28	24.12

15. Net shareholders' equity

(a) Capital stock -

As of December 31, 2006 and 2005, the capital stock of the Bank is composed by 1,286.5 million fully subscribed and paid common shares, each with a face value of one Peruvian Nuevo Sol.

The General Shareholders' Meeting held on March 26, 2004, approved an increase of the capital stock for 24.0 million shares, corresponding to the restatement of capital stock due to inflation as of December 31, 2003.

The General Shareholders' Meeting held on March 31, 2005, approved an increase of the capital stock for 60.1 million of shares, corresponding to the restatement of capital stock due to the inflation as of December 31, 2004. On the other hand, by means of the Resolution N°031-2004-EF/93.01, the National Accounting Standards Board suspended, beginning from January 1st 2005, the application of the financial statements inflation adjustment, note 3(a).

(b) Legal reserve -

Pursuant to legislation in force, the Bank and its subsidiaries must reach a legal reserve of at least 35 percent of its paid-in capital. This reserve is to be funded through an annual appropriation of at least 10 percent of the Bank's net income.

As of December 31, 2006 and 2005, the Bank and its Subsidiaries have reached the minimal amount required by the legislation in force at such date.

The subsidiaries of the Bank also must recognize this reserve in their individual financial statements. As of December 31, 2006 and 2005, the report of legal reserves of the subsidiaries amounts to approximately S/79.1 and S/74.3 million, respectively.

(c) Special reserve -

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

The General Shareholders' Meeting held on March 31, 2006, approved an increase of the special reserve for approximately S/107.3 million.

(d) Dividend distribution -

The General Shareholders' Meetings held on March 31, 2006, March 31, 2005 and March 28, 2004, agreed to distribute dividends in the amount of approximately S/591.8, S/318.9 and S/245.3 million, respectively.

Under current legislation, there is no restriction for overseas remittance of dividends or repatriation of foreign investment. Individual persons and corporations not domiciled in Peru must pay an additional tax of 4.1 percent on dividends received.

(e) Shareholders' equity for legal purposes (Regulatory capital) -
As of December 31, 2006 and 2005, contingent assets and indirect loans weighted by credit risk and the minimal equity required for market risk applicable to currency risk, determined by the Bank according to current legal regulations, amounted to approximately S/18,904.8 and S/77.3 million, respectively (S/16,010 and S/87.4 million as of December 31, 2005, respectively), generating a global leverage ratio for credit and market risk that is approximately 84.6 times the regulatory capital of the Bank (9.11 times the regulatory capital of the Bank and its Subsidiaries according to regulations in force as of December 31, 2005). According to the Banking Law, this ratio cannot be more than 11 time higher the regulatory capital.

16. Tax situation

(a) The Bank and its Subsidiaries are subject to Peruvian Tax Law. As of December 31, 2006, 2005 and 2004 the statutory income tax was 30 percent on taxable income, including the result from exposure to inflation for 2004, note 3(a).

(b) Article 8 of the Legislative Decree N°970 extended up to December 31, 2008, the exemption from Income Tax on capital gains derived from the transfer of securities registered in the Stock Exchange Public Record through centralized trading mechanisms, as well as the interest accrued by these instruments.

(c) For income tax and value added tax purposes, the prices and amounts of considerations agreed to in transactions between related parties or from, to or through low or zero tax countries or territories require the presentation of supporting documents and information on the valuation methods and criteria applied for valuation determination. The Tax Administration is entitled to request such documents and information from the Bank and its Subsidiaries. Based on the analysis of the operations of the Bank with its Subsidiaries, Management and its internal legal counsels are of the opinion that no significant contingencies will emerge for the Bank as consequence of the application of such provisions as of December 31, 2006 and 2005.

Superintendence Resolution N° 008-2007-SUNAT excluded, for fiscal years 2006 and 2007, the obligation to have a technical study of transfer prices with respect to the transactions made by taxpayers domiciled in the country with their domiciled related companies.

(d) The tax authorities are entitled to review and, if applicable, to make a new determination of the income tax during the four years following the filing of the income tax return calculated by the Bank and its Subsidiaries. The income tax returns of the Bank for 2004 and 2005, and from 2001 to 2005 in the case of its Subsidiaries, with the exception of Crédito Leasing for 2001, are pending control by the tax authorities.

Because the potential interpretations that the tax authorities may give to legal rules in force, it is not possible to determine to date whether the reviews will generate liabilities for the Bank and its Subsidiaries. Therefore, any higher tax, penalty interest and sanction imposed as a result of such fiscal reviews would be applied to the results of the year in which they are determined. Nevertheless, in the opinion of Management and its internal legal counsels any possible additional tax assessment would not have any significant consequences on the financial position or results of operations as of December 31, 2006 and 2005.

As indicated in note 18(b), in the case of the Bank, the 2001, 2002 and 2003 fiscal year have been reviewed by the tax authorities in 2005 and 2006. Likewise, in the case of Crédito Leasing S.A., the tax authorities have completed the review of the fiscal year 2001. The results of such reviews have not generated any major additional liabilities for both the Bank and its Subsidiaries.

17. Stock appreciation rights

As indicated in note 3(o), the Bank has granted options over Credicorp's (the Bank's majority shareholder) stock appreciation rights (SARs) to certain key executives and employees who have at least one year's service in the Bank. The SARs expire after eight years and 25 percent of them may be exercised during each of the first four years of the plan.

At the end of the fourth year and until the expiration date of the SARs, all of the unexercised SARs may be exercised at any time. As of December 31, 2006 and 2005, 819,425 and 428,450 SARs had been exercised under this plan for an approximate amount of US$26.4 and US$7.0 million (equivalent to S/84.4 and S/24.1 million), as of December 31, 2006 and 2005, respectively, plus the income tax or behalf of the executives and employees that is assumed by the Group and corresponds 30 percent of the amount paid.

The number of SARs issued and not exercised as of December 31, 2006 and 2005 and the prices of such rights as of said dates are as follows:

Year of issuance	Number of outstanding SARs issued as of December 31, 2006	Number of Vested SARs as of December 31		Exercise price	
		2006	2005	2006	2005
				US$	US$
1999	-	-	110,000	7.64	8.34
2000	53,750	53,750	172,250	8.80	9.50
2001	74,000	74,000	185,050	5.60	6.30
2002	97,500	97,500	258,975	7.28	7.98
2003	196,250	196,250	317,344	8.47	9.17
2004	311,500	283,453	261,250	11.29	11.99
2005	400,100	246,194	199,688	16.30	17.00
2006	477,500	186,406	-	25.62	-
	1,610,600	1,137,553	1,504,557		

Bank's Management has estimated the fair value of the SARs as of December 31, 2006 and 2005, using the binomial option pricing model, with assumptions obtained from the relevant available market information, including the assuming for practical purposes that all contracts can only be exercised at the end of their term. The key assumptions used are as follows:

Key assumptions	2006	2005
Expected volatility	31.31%	28.24%
Risk free interest rate	1.05%	1.04%
Expected lifetime	5.07 years	4.70 years
Quoted price of Credicorp shares	US$40.94	US$22.79

The movement of the SARs for the years 2006 and 2005 are as follows:

	2006			2005		
	Outstanding SARs	Vested SARs		Outstanding SARs	Vested SARs	
	Number	Number	Amount S/(000)	Number	Number	Amount S/(000)
Balance as of January 1st	1,961,275	1,504,556	71,200	2,042,725	1,595,413	35,140
Granted and vested	535,000	503,280	32,356	505,000	492,624	18,017
Exercised	(819,425)	(819,425)	(86,281)	(428,450)	(428,450)	(23,214)
Decrease	(66,250)	(50,859)	(5,122)	(158,000)	(155,031)	(7,556)
Increase in the option fair value	-	-	96,102	-	-	48,813
Balance as of December 31	1,610,600	1,137,552	108,255	1,961,275	1,504,556	71,200

In accordance with the signed contracts, the Bank assumes the payment of the income tax of this benefit on behalf of its executives and employees, which corresponds to 30 percent of the benefit. The Bank estimates the amount over the basis of the liability recorded for the vested benefits and records it in the same caption of this plan.

The liabilities recorded for this plan are included in “Payroll taxes, salaries and other personnel expenses”; in the caption “Other liabilities” of the consolidated balance sheets; and the expenses in the caption “Personal expenses” on the consolidated statement of income. In 2006 and 2005, the SARs prices were modified and informed to the executives of the Bank.

In the fiscal year 2006, the Bank signed a contract with Citigroup by which has acquired certificates linked to the yield of Credicorp’s shares, to obtain an economic hedge of the SARs granted to its executives and employees, note 6(h).

18. Commitments and contingencies

(a) Commitments -

- In January 2001, the Bank entered into an agreement with a related company of Credicorp Ltd. for the transfer of rights to the future collection of payment orders from foreign bank members of the Society for Worldwide Interbank Financial Communications ("Swift"). The agreement was used for the securitization of the aforementioned rights for up to US$ 100 million with maturity up to 2007. The proceeds from the securitization were delivered in January 2001 to Credicorp Ltd. related companies. In November 2005, the related company cancelled such securitization with the payment of US$38.1 million (equivalent approximately to S/130.7 million). The cancellation of this operation did not require the payment of any penalty or commission by BCP.

- In November 2005, Panamanian Branch entered into an agreement with a foreign related party in which guarantees the collection of BCP's future inflows from electronic messages sent through the Society for Worldwide Interbank Financial Telecommunications and utilized within the network to instruct correspondent bank to make a payment of a certain amount to a beneficiary that is not a financial institution. For this transaction the related party had a loan with guarantee of the mentioned rights for US$280.0 million (equivalents to S/960.4 million), with a maturities up to 2012.

- Also, in March 2006, the Panamanian Branch, entered into another agreement with the same foreign related party in which guarantees the collection of BCP's future inflows from electronic messages sent through the Society for Worldwide Interbank Financial Telecommunications and utilized within the network to instruct correspondent bank to make a payment of a certain account to a beneficiary in Peru that is not a financial institution; obtaining the related party a loan for US$100.0 million with a maturity in 2016.

(b) Contingencies -

- As of December 31, 2006 and 2005, the Bank has received tax assessments from the Tax Administration as a result of the review of the income tax corresponding to the year 1999. In this respect, the Tax Administration determined a lower credit balance corresponding to the income tax for approximately S/5.9 million. The Bank has filed the corresponding claim, which also includes the claim for the respective fines amounting to approximately S/10.1 million as of December 31, 2006. The Management and its legal advisors believe that the claim filed will have a favorable result for the Bank.

- The fiscal years 2001, 2002 y 2003 have been reviewed by the tax authorities during the years 2005 and 2006; as a result of such revisions, no important additional expenses have arisen in excess to the previously accounted for in the Bank.

- Also, as of December 31, 2006 and 2005, according to assessments by the Tax Authority, the review of the 2001 income tax of Crédito Leasing S.A., a subsidiary of the Bank, has determined a lower balance in favor of the income tax for approximately S/3.4 million. Crédito Leasing S.A. has filed an appeal including an objection to the fine for S/3.8 million as of December 2006. Management and its internal legal counsels consider that the decision on the appeal should be favorable for Crédito Leasing S.A.

- In addition, the Bank and its Subsidiaries have several pending legal claims (law suits), related to their activities which, in Management's and its legal advisors' opinion, will not result in additional liabilities to the ones already registered by the Bank and its subsidiaries; therefore, the Management has not consider necessary to make an additional provision to those ones already recorded for these contingencies, note 10(f).

19. Off-balance sheet accounts

(a) This item is made up as follows:

	2006 S/(000)	2005 S/(000)
Contingent operations		
Guarantees and stand-by letters of credit (c)	2,929,141	2,492,883
Import and export letters of credit (c)	814,828	818,392
Due from bank acceptances	143,769	155,801
	3,887,738	3,467,076
Financial derivative contracts (d)	3,685,606	3,998,104
Responsibilities under credit line agreements	2,603,927	1,824,130
Foreign currency swap contracts	156,231	-
Other contingent operations	86,461	148,916
Total contingent operations	10,419,963	9,438,226
Other off-balance sheet accounts -		
Securities in custody	35,239,348	32,096,031
Guarantees received (e)	19,994,412	20,057,996
Qualification of assets and contingents	19,629,686	16,385,446
Securities in collection	5,610,583	5,059,050
Written-off loans	2,988,345	3,179,986
Securities granted as warranties	2,896,756	4,173,932
Securities in stock	2,752,798	3,209,199
Insurance coverage	2,531,165	1,325,977
Letter of credit advised	1,515,929	1,251,683
Trust and debt trust commissions (f)	449,185	498,005
Other	10,709,104	13,446,537
Total other off-balance sheet accounts -	104,317,311	100,683,842
Total	114,737,274	110,122,068

(b) In the normal course of its business, the Bank and its Subsidiaries take part on transactions with off-balance sheet risk exposure. These transactions expose the Bank and its Subsidiaries to additional credit risk in addition to the amounts recognized in the consolidated balance sheets. Credit risk for off-consolidated balance sheet financial instruments is defined as the possibility of sustaining a loss because any other party of a financial instrument fails to perform in accordance with the terms of the contract. The Bank's exposure to losses under commitments to extend credit, provide export and import letters of credit and guarantees is represented by the contractual amount specified in these instruments. The Bank and its Subsidiaries use the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments, including the requirement to obtain collateral to support off-balance sheet financial instruments when it is deemed necessary. Collateral held varies, but it may include deposits held in financial institutions, securities or other assets.

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

(c) Export and import letters of credit and guarantees and stand by letters are conditional commitments issued by the Bank and its Subsidiaries to guarantee the performance of a customer to a third party. Export and import letters of credit are mainly issued as credit enhancements for overseas commercial transactions. Risks associated with these credits are reduced by the participation of third parties.

(d) As of December 31, 2006 and 2005, the derivative operations maintained by the Bank and its Subsidiaries are related to purchase and sale agreements for forward foreign currency operations, and interest exchange (swap) operations. Foreign currency forwards are commitments to buy or sell currency at a future date at a contracted price and the seller commits to pay at a determined date a specific foreign currency amount. Risk arises from the possibility that the counter-party to the transaction does not perform as agreed and from the variations in the exchange rates in the currencies in which transactions are done. As of December 31, 2006 and 2005, forward foreign currency purchase and sale agreements referred to above include nominal amounts of approximately S/3,685.6 and S/3,998.1 million, respectively (equivalent to US$1,153.2 and US$1,165.5 million, respectively, note 4), with maturities not longer than one year. These agreements are executed to satisfy client requirements and are recognized in the consolidated financial statements at fair market value. As of December 31, 2006, exchange interest rates transactions were realized for a face value amounting approximately to S/1,173.1 million, equivalent approximately to US$367.1 million (approximately S/1,290.2 million, equivalent to US$376.2 million as of December 31, 2005), which are included in the “Other off-balance sheet accounts” caption in this note.

The fair value of forward and swap assets and liabilities as of December 31, 2006, amount approximately to S/51.3 and S/25.8 million, respectively (approximately S/20.1 and S/27.9 million, respectively, as of December 31, 2005), which are included in the “Other assets” and “Other liabilities” captions, respectively, of the consolidated balance sheets, note 10(a).

(e) The balance of the caption "Guarantees received” is stated at the value of the guarantee agreed as of the date of the loan contract. This balance does not necessarily represent the market value of guarantees received by the Bank and its Subsidiaries.

(f) The Bank and its Subsidiaries provide custody, trust, corporate administration, investment management and consulting services to third parties. Assets kept as trust are not included in the financial statements. As of December 31, 2006 and 2005, assets managed on behalf of the Bank's clients amounted S/223.5 and S/216.6 million, respectively.

In addition, as of December 31, 2006 and 2005, the net equity of the investment mutual funds managed by a subsidiary of the Bank amount approximately to S/3,941.9 and S/3,511.7 million, respectively.

20. Financial income and expenses

This item is made up as follows:

	2006 S/(000)	2005 S/(000)
Financial income		
Interest on loan transactions	1,707,434	1,431,196
Interest from available and inter-bank funds	257,973	110,932
Interest from investments in trading and held-to-maturity securities	228,386	222,537
Fluctuation for derivative financial instruments position - forward	23,736	8,270
Commission on loans and other financial transactions	14,440	15,223
Other	18,449	3,278
	2,250,418	1,791,436
Financial expenses		
Interest for deposits and obligations	(419,390)	(263,481)
Interest and commissions for deposits from local financial entities and international organizations	(143,445)	(65,045)
Interest on loans from banks and correspondents	(108,053)	(48,624)
Interest from bonds and subordinate notes issued	(94,585)	(106,469)
Premiums for the Deposit Insurance Fund	(36,216)	(32,228)
Fluctuation for derivative financial instruments position - swap	929	5,673
Other	(9,658)	(8,582)
	(810,418)	(518,756)
Gross financial margin	1,440,000	1,272,680

21. Provision for credit losses, net

This item is made up as follows:

	2006 S/(000)	2005 S/(000)
Provision (recovery) for:		
Loan losses, note 7(g)	130,404	86,877
Country risk	17,489	3,790
Leasing accounts	(361)	4,976
Total	147,532	95,643

22. Commissions from banking services, net

This item is made up as follows:

	2006 S/(000)	2005 S/(000)
Commissions from banking services		
Transfers, collections and excess transactions services	223,487	206,238
Commissions to establishments affiliated to VISA network	55,591	46,350
Insurance commissions	84,265	74,252
Maintenance of accounts	128,496	96,919
Credit and debit card services	93,011	86,916
Commissions for contingent operations	62,217	57,056
Commissions for consulting and technical studies	19,588	26,859
Withholding and collection services	20,666	18,277
Commissions for checks issuance	12,465	12,295
Trust commissions	33,869	30,357
Services related to leasing income	7,522	7,017
Commissions for brokerage activities	17,069	12,570
Other	107,105	113,337
	865,351	788,443

	2006 S/(000)	2005 S/(000)
Expenses related to commissions from banking services		
Insurers expenses	(48,988)	(42,410)
Credit and debit card expenses	(29,136)	(21,238)
Consulting and technical studies expenses	(5,580)	(5,974)
Expenses related to VISA network	(5,071)	(3,763)
Expenses of checks issuance	(3,674)	(3,036)
Expenses related to leasing commissions	(8,164)	(7,145)
Other	(9,736)	(3,895)
	(110,349)	(87,461)
Balance, net	755,002	700,982

23. Net gain (loss) on securities

This item is made up as follows:

	2006 S/(000)	2005 S/(000)
Gain from trading securities measurement	20,874	3,448
Gain from purchase and sale of securities and participation on permanent investments	11,482	24,744
Provision for impairment of investments, note 6(i)	(5,766)	(314)
Other, net	(1,503)	(1,846)
Total	25,087	26,032

24. Other income and other operating expenses

These items are made up as follows:

	2006 S/(000)	2005 S/(000)
Other income -		
Recoveries of loans previously written-off	112,764	78,705
Net gain from sales of assets seized, note 10(c)	41,075	43,980
Recovery of provision for buildings impairment,		
net of depreciation, note 9	14,540	-
Recoveries of interest previously written-off	11,686	20,689
Income from lease of own assets	4,526	4,046
Income from technical outsourcing services	3,155	1,158
Other	34,269	31,889
Total other income	222,015	180,467
Other operating expenses -		
Provision for legal and client claims	(6,904)	(5,870)
Collection expenses	(4,193)	(3,864)
Provision for accounts receivable	(3,812)	(5,346)
Provision for sundry risks	(5,629)	(14,398)
Maintenance of assets seized	(3,310)	(4,143)
Expenses from outsourcing services	(1,837)	(3,400)
Provision for counterfeit money	-	(6,432)
Provision for buildings impairment, nota 9	-	(15,146)
Other	(29,150)	(22,613)
Total operating expenses	(54,835)	(81,212)

25. Salaries and employees´ benefits

This item is made up as follows:

	2006 S/(000)	2005 S/(000)
Salaries	328,142	298,440
Stock appreciation rights	158,703	51,504
Supplementary worker's profit sharing	67,880	54,447
Gratifications	57,266	48,689
Social security	37,360	25,689
Severance indemnities	29,250	34,678
Vacations, medical assistance and others	78,983	72,673
Total	757,584	586,120
Average number of employees	10,023	9,329

26. Earnings per share

(a) The calculation of the weighted average number of shares and basic and diluted earnings per share is shown below:

	Outstanding shares (in thousands)	Base used for the computation (in thousands)	Days as of the end of the year	Weighted average number of common shares (in thousands)
Fiscal Year 2004				
Balance as of January 1 st, 2004	1,202,385	1,202,385	365	1,202,385
Capitalization of the capital restatement in 2004	24,048	24,048	365	24,048
Capitalization of the capital restatement in 2005	-	60,095	365	60,095
Balance as of December 31, 2004	1,226,433	1,286,528		1,286,528

	Outstanding shares (in thousands)	Base used for the computation (in thousands)	Days as of the end of the year	Weighted average number of common shares (in thousands)
Fiscal Year 2005				
Balance as of January 1st, 2005	1,226,433	1,226,433	365	1,226,433
Capitalization of the capital restatement in 2005	60,095	60,095	365	60,095
Balance as of December 31, 2005	1,286,528	1,286,528		1,286,528
Fiscal Year 2006				
Balance as of January 1st, 2006	1,286,528	1,286,528	365	1,286,528
Balance as of December 31, 2006	1,286,528	1,286,528		1,286,528

(b) The base used for share computation includes the capital stock restatement effect and the capitalization of income, as indicated in note 3(s).

(c) The computation of basic and diluted earnings per share as of December 31, 2006, 2005 and 2004, is shown below:

Year	Income (numerator) S/(000)	Shares (denominator) (en thousands)	Earnings per share S/
2006	661,574	1,286,528	0.5142
2005	691,734	1,286,528	0.5377
2004	319,260	1,286,528	0.2482

27. Risk Evaluation

The Bank and its Subsidiaries' activities are mainly related to the use of financial instruments including derivatives. The Bank and its Subsidiaries accept deposits from their customers at both fixed and floating rates and with different terms, with the intention of obtaining profit from interest margins by investing those funds in high-quality assets.

The Bank and its Subsidiaries seek to increase these margins by consolidating its short-term funds and lending at longer periods at higher rates, while maintaining sufficient liquidity to comply with any withdrawals that may be made.

The Bank and its Subsidiaries seek to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standings. The exposure not only comprises loans and non-contingent advances but also any other loans, such as credit letters and stand-by letters of credit.

The Bank and its Subsidiaries also trades financial instruments in and out of the securities market, including derivative instruments for benefiting from the short term market of shares and bonds, and the fluctuations of the exchange and interest rates. Management establishes limits to the exposure to market positions during the daily and overnight operations. The exposure to the exchange and interest rates related to these operations is normally offset and controlled through the fluctuations in the net cash amounts required to settle market positions.

Market risks -

The Bank and its Subsidiaries are exposed to market risks. Market risks arise from open positions in interest rate currency equity products, all of which are exposed to general and specific market movements. The Bank and its Subsidiaries apply the "Value at Risk" methodology to estimate the market risk of main positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Management sets certain limits on the value of risk that maybe accepted, which is monitored on a daily basis.

The daily market value at risk (VAR) is an estimate of the maximum potential loss that might arise if the current positions were to be held unchanged for one trading session taking into account a specific significance level. The measurement is structured so that daily losses exceeding the VAR figure on average occur, on average not more than one trading sessions out of one hundred. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters used in the VAR calculation.

As VAR constitutes an integral part of the Bank and its Subsidiaries' market risk control regime, VAR limits are established by the Management for some trading and portfolio operations. The actual exposure against limits, together with a consolidated Group-wide VAR, is reviewed daily by the Management; however, the use of this approach does not prevent losses outside the limits established in the event of more significant market movements.

Liquidity risk -
The Bank and its Subsidiaries are exposed to daily calls on its available cash resources from overnight deposits, current account, maturing deposits, loans drawdown, guarantees and other calls. The Bank and its Subsidiaries do not maintain cash resources to meet all of these needs, as experience shows that a minimum level of reinvestment of maturity funds can be predicted with high level of certainty. The Bank and its Subsidiaries' Management sets limits on the minimum proportion of funds available to meet such calls and the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demands.

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

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

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

The notes to the consolidated financial statements include an analysis of the main assets and liabilities of the Bank and its Subsidiaries by maturities based on contractual maturity dates.

Cash flow and fair value interest rate risk -

The Bank and its Subsidiaries are exposed to the effect of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interests margins may increase as a result of such changes, but may reduce or create losses in case of unexpected movements arise. The Management of the Bank and its Subsidiaries sets limits on the level of mismatch of interest rate reprising that may be undertaken, which is monitored periodically.

Resources for investing are mainly obtained form short-term liabilities, the interest of which are agreed at fixed and variable interest rates prevailing in the international markets. Loans, customer deposits and other financing instruments are subject to risk derived from interest rate fluctuations. The relevant contract maturity characteristics and interest rates of such financial instruments of the Bank and its Subsidiaries are disclosed in Notes 7(j) y (k), 11(c) y (f) 12 y 13.

Currency risk -

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

Most assets and liabilities are maintained in US Dollars. Foreign currency transactions are made at the free market exchange rates of the countries where the Bank and its Subsidiaries' branches are established. As of December 31, 2006 and 2005, the Bank and its Subsidiaries' assets and liabilities by currencies are shown in note 4.

Credit risk -

The Bank and its Subsidiaries take on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank and its Subsidiaries provide impairment provisions for losses that have been incurred at the balance sheet date. Significant changes in the economy or in the health of a particular industry segment, that represents a concentration in the Bank and its Subsidiaries' portfolio, could result in losses that are different from those provided for at the balance sheet date. Management, therefore, carefully manages its exposure to credit risk.

The Bank and its Subsidiaries structure the levels of credit risk that they undertake by placing limits on the amount of risk accepted in relation to one borrower or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits in the level of credit risk by product, industry sector and by country are approved by the Board of Directors.

Exposure to credit risk is managed through regular analyses of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also managed in part by obtaining corporate and personal guarantees, but there is a significant portion in personal loans where no such guarantees can be obtained.

As of December 2006, the Management of the Bank ant its Subsidiaries consider that financial assets which show a potential credit risk are mainly cash and cash equivalents, interest bearing deposits in banks, trading securities, investments available-for-sale, loans and other assets. The exposure for each borrower, including banks, is further restructured by sub-limits covering on and off balance sheet exposures, and daily delivery risk limits to trading items such as forward foreign exchange contracts. Real exposures compared against established limits are monitored daily.

28. Fair value -

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

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

A significant portion of the Bank and its Subsidiaries' assets and liabilities are short-term financial instruments, with a remaining maturity of under one-year. These short-term financial instruments are considered to have a fair value equivalent to their carrying value at the balance sheet date.

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

- Cash and due from banks represent cash and short-term deposits that do not represent significant credit or interest risks; in consequence, their book value is equivalent to their market value.

- Trading securities are recorded at their estimated fair value on the balance sheet; in consequence, their book values are the same to their fair value.

- Available-for-sale investments are recognized at the lower of the cost or estimated market value; in consequence, the un-realized potential gains have been considered in such estimated market value, determined on the basis of the stock-market prices or on the investment's measurement; thus its book value is different form the market value as indicated in note 6(i).

- The fair value of loans is similar to their book value, because such loans are mainly of a short-term nature and/or at variable rates; and are shown net of their respective allowance for loan losses, which are considered by the Management as the approximate recoverable amount at the date of the consolidated financial statements.

- Management considers that the book value of the permanent investments approximates their fair value, because most of them are not trading securities and are recorded at its equity's participation value, except for the participation in Inversiones BCP Ltda, which estimated market value is indicated in note 8(b).

- The market value of deposits and obligations is similar to its book value due, mainly, to the current maturities that most of them have, and interest rates which are comparable to other similar liabilities in the market at the date of the consolidated balance sheets.

- Due to banks and correspondents generate interest contracted at variable interest rates and/or preferred rates similar to the market rates. As a result, it is considered that their book value approximates their fair values.

- Bonds and subordinated notes accrue interest at fixed or variable rates according with the issuance. The book value do not differ to the market value due mainly to theses bonds are recorded at the lower of their cost or estimated value, therefore, such values are approximately to their acquisition value.

- As disclosed in note 19, the Bank and its Subsidiaries have various commitments to extend credit, open documentary credits and outstanding guarantees and it has received guarantees in endorsement of the granted credits. Based on the level of fees currently charged from granting such commitments and open documentary credits, taking into account maturity and interest rates, together with the present creditworthiness of the counterparties, the Bank and its Subsidiaries has estimated that the difference between the book value and the fair value is not significant.

- Except for currency forwards and interest rate swaps, the Bank and its Subsidiaries do not enter into other agreements, generally described as derivative transactions. The Bank and its Subsidiaries record these derivatives in the balance sheet at their fair market value.

In consequence, as of December 31, 2006 and 2005, the Management considers that the estimated market values of the financial instruments do not differ significantly from their book value, except for the fair values indicated in notes 6(j) and 8(b).

29. Financial information by geographical area

As of December 31, 2006 and 2005, segment information by geographical area (amounts expressed in million of Nuevos Soles) of the Bank and its Subsidiaries is as follows:

	2006					2005				
	Total income	Gross financial margin	Depreciation and amortization	Property, furniture and equipment	Total assets	Total income	Gross financial margin	Depreciation and amortization	Property, furniture and equipment	Total assets
Peru	2,952	1,302	113	581	27,859	2,479	1,162	114	596	26,184
Panama	173	24	-	-	2,681	96	11	-	-	2,034
Bolivia	197	88	8	43	2,090	172	79	9	48	1,964
United States of America	67	26	-	2	1,083	52	21	1	2	1,287
	3,389	1,440	121	626	33,713	2,799	1,273	124	646	31,469

30. Transactions with related parties and related companies

(a) During the years 2006 and 2005, the Bank and its Subsidiaries have acquired bonds, granted loans, supplied and solicited banking services, correspondent relationships and other operations with related subsidiaries to Credicorp Group which balances are shown below:

	2006 S/(000)	2005 S/(000)
Assets -		
Cash and due form banks	2,209,983	1,801,364
Loans, net	289,465	66,597
Other assets	7,396	6,297
Liabilities -		
Deposits and obligations	2,220,894	1,791,232
Due to banks and correspondents	289,465	76,726
Other liabilities	225,724	81,572
Contingent liabilities	154,575	716,074
Other off-balance sheet accounts	5,225,137	3,438,321
Income -		
Financial income	147,521	71,293
Financial expenses	148,208	75,230
Other income	96,721	71,395
Other expenses	96,033	63,493

Loans and other contingent credits with related entities, not subsidiaries of Bank's Group, are summarized as follows:

	2006 S/(000)	2005 S/(000)
Direct loans	216,694	193,054
Contingent loans	185,591	50,630
Derivatives, market value	567	1,331
Total	402,852	245,015

Likewise, as of December 31, 2006 and 2005, the Bank and its Subsidiaries have securities available-for-sale in related companies amounting S/2.0 and S/12.0 million, respectively.

The Bank's Group signed up insurance coverage with El Pacífico-Peruano Suiza (PPS), which premiums amounted to S/74.9 million in 2006 (S/49.4 million in 2005). The Bank also receives Pacífico Vida S.A's fees for the selling of life insurance, through its Bank's offices and agencies to customers who have saving accounts, which balances amounted to approximately S/4.3 and S/4.2 million in 2006 and 2005, respectively.

According to Peruvian legislation, loans granted to related parties cannot be done on terms no more favorable than would been offered to general public. The Bank's Management considers that they have carried out all the established requirements in current legal disposals for the transactions with related companies or persons. The loans have guarantees and collaterals given by the related party. The loans to related parties as of December 31, 2006, have maturities between February 2007 and August 2012 and accrue interest at an average interest rate between 5.0 and 9.5 percent. As of December 31, 2006, the allowance for loan losses with related parties amounts to US$0.1 million (US$1.4 million as of December 31, 2005). This amount is established based on an assessment performed on a continuous basis in the financial position of the related party and the market where it operates.

(b) The Bank and its Subsidiaries grant loans to their employees and officers for periods according to the different types of loans that maintain the Bank with third parties. The loans are mainly mortgage loans and are shown in the caption "Loans, net" of the consolidated balance sheets. Generally, the interest rates applied are lower than the market interests rates; however, others terms of the loans are the same as the market. As of December 31, 2006 and 2005, the balance of the loans and other facilities for employees, directors and key executives of the Bank and its Subsidiaries amounted to S/97.2 and S/105.4 million, respectively.

(c) The Bank and its Subsidiaries key executives compensation for the years 2006 and 2005, considering all the payments granted, is as follows:

	2006	2005
	S/(000)	S/(000)
Stock appreciation rights, note 17	72,559	24,672
Salaries	14,750	14,228
Directors compensation	2,500	2,444
Other	21,768	7,401
Total	111,577	48,745

31. Explanation added for translation into English

The accompanying translated financial statements originally issued in Spanish are presented on the basis of accounting principles generally accepted in Peru. Certain accounting practices applied by the Bank that conform to generally accepted accounting principles in Peru may not conform in a significant manner with generally accepted accounting principles applied in other countries. In the event of a discrepancy, the Spanish language version prevails.