ASSURANCE

Translation of a report and consolidated financial statements originally issued in Spanish - See Note 30 to the consolidated financial statements

Banco de Crédito del Perú and Subsidiaries

Consolidated financial statements as of December 31, 2004 and 2003 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 30 to the consolidated financial statements

Banco de Crédito del Perú and Subsidiaries

Consolidated financial statements as of December 31, 2004 and 2003 together with the Report of Independent Auditors

Content

Ernst & Young

Medina, Zaldívar, Paredes & Asociados
Sociedad Civil

Translation of a report originally issued in Spanish - See Note 30 to the consolidated financial statements

Report of Independent Auditors

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

We have audited the accompanying consolidated balance sheets of Banco de Crédito del Perú (a subsidiary of Credicorp Ltd., a holding incorporated in Bermuda) and Subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated financial statements of Banco de Crédito del Perú and Subsidiaries for the year ended December 31, 2002, presented for comparison purposes, were audited by other independent auditors whose report, dated February 12, 2003, expressed an unqualified opinion.

We conducted our audits in accordance with generally accepted auditing standards in Peru. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Banco de Crédito del Perú and Subsidiaries as of December 31, 2004 and 2003, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles prescribed by the Superintendencia de Banca y Seguros (SBS) for Peruvian financial entities.

Countersigned by:

Medina, Zaldívar, Paredes & Asociados

Juan Paredes
C.P.C. Register Nº22220

Lima, Peru,
February 21, 2005

Translation of the consolidated financial statements originally issued in Spanish – See Note 30

Banco de Crédito del Perú and Subsidiaries

Consolidated balance sheets

As of December 31, 2004 and 2003

	Note	2004 S/(000)	2003 S/(000)
Assets			
Cash and due from banks:	5		
Cash and clearing		825,730	830,291
Deposits in Peruvian Central Bank		3,611,678	3,488,055
Deposits in local and foreign banks		1,174,545	1,190,945
Accrued interest on cash and due from banks		6,813	3,474
		5,618,766	5,512,765
Investment in trading and held-to-maturity securities, net	6	3,596,847	3,201,679
Loans, net	7	12,754,756	13,880,089
Permanent investments	8	106,898	55,374
Property, furniture and equipment, net	9	698,542	767,529
Other assets	10	655,981	720,209
Total assets		23,431,790	24,137,645
Off-balance sheet accounts -	19		
Contingent operations		6,391,662	6,208,810
Other		77,194,380	78,223,789
Total		83,586,042	84,432,599

	Note	2004 S/(000)	2003 S/(000)
Liabilities and shareholders' equity			
Deposits and obligations	11	18,226,014	19,385,981
Due to banks and correspondents	12	743,319	373,722
Other liabilities	10	594,787	509,125
Bonds issued	13	1,449,424	1,524,548
Total liabilities		21,013,544	21,793,376
Shareholders' equity	15		
Capital stock		1,286,528	1,286,528
Legal reserve		546,519	546,515
Special reserve		258,965	186,067
Retained earnings		326,234	325,159
Total shareholders' equity		2,418,246	2,344,269
Total liabilities and shareholders' equity		23,431,790	24,137,645
Off-balance sheet accounts -	19		
Contingent operations		6,391,662	6,208,810
Other		77,194,380	78,223,789
Total		83,586,042	84,432,599

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

Translation of the consolidated financial statements originally issued in Spanish - See Note 30

Banco de Crédito del Perú and Subsidiaries

Consolidated statements of income

For the years ended December 31, 2004, 2003 and 2002

	Note	2004 S/(000)	2003 S/(000)	2002 S/(000)
Financial income and expenses				
Financial income	20	1,479,537	1,695,391	1,657,889
Financial expenses	20	(400,391)	(481,281)	(485,533)
Gross financial margin		1,079,146	1,214,110	1,172,356
Provision for credit losses, net	21	(101,884)	(325,395)	(395,561)
		977,262	888,715	776,795
Non financial income (expense)				
Commissions from banking services		651,122	680,071	609,364
Net gain (loss) on securities	22	(5,023)	7,001	35,245
Net gain on foreign exchange transactions		81,050	81,580	81,883
Other income	23	181,432	259,568	141,235
		908,581	1,028,220	867,727
Operating expenses				
Salaries and employees' benefits	24	(463,599)	(493,721)	(555,609)
Administrative expenses		(409,047)	(437,716)	(416,872)
Depreciation and amortization	9(a) y 10(d)	(132,098)	(138,403)	(125,585)
Provision for assets seized	10(c)	(93,508)	(107,525)	(102,045)
Taxes and contributions		(44,467)	(43,345)	(37,033)
Merger expenses	2	(13,213)	(68,404)	-
Goodwill amortization	10(e)	(5,880)	(4,900)	-
Other operating expenses	23	(70,371)	(43,501)	(64,737)
		(1,232,183)	(1,337,515)	(1,301,881)
Income before the result from exposure to inflation, workers' profit sharing and income tax		653,660	579,420	342,641
Gain (loss) from exposure to inflation		(113,170)	(43,107)	17,939
Workers' profit sharing	14(b)	(81,003)	(89,187)	(16,005)
Income tax	14(b)	(140,227)	(123,209)	(100,521)
Net income		319,260	323,917	244,054
Basic and diluted earnings per share (in Nuevos Soles)	25(c)	0.2603	0.2641	0.1990
Weighted average number of shares outstanding, adjusted by stock splits (in thousands)	25(a)	1,226,433	1,226,433	1,226,433

Banco de Crédito del Perú and Subsidiaries

Consolidated statements of changes in shareholders' equity

For the years ended December 31, 2004, 2003 and 2002

	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 1, 2002	1,026,318	1,092,240	546,515	156,313	196,329	1,991,397
Capitalization of retained earnings and special reserve, Note 15(a)	50,214	79,043	-	(24,569)	(54,474)	-
Transfer to special reserve	-	-	-	15,294	(15,294)	-
Cash dividends, Note 15(d)	-	-	-	-	(100,512)	(100,512)
Other	-	-	-	(702)	-	(702)
Net income	-	-	-	-	244,054	244,054
Balances as of December 31, 2002	1,076,532	1,171,283	546,515	146,336	270,103	2,134,237
Shares issued by the restatement of the capital stock, Note 15(a)	18,200	-	-	-	-	-
Capitalization of retained earnings and special reserve, Note 15(a)	107,653	115,186	-	-	(115,186)	-
Transfer to special reserve	-	-	-	39,731	(39,731)	-
Cash dividends, Note 15(d)	-	-	-	-	(113,944)	(113,944)
Other	-	59	-	-	-	59
Net income	-	-	-	-	323,917	323,917
Balances as of December 31, 2003	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

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

Translation of the consolidated financial statements originally issued in Spanish - See Note 30

Banco de Crédito del Perú and Subsidiaries

Consolidated statements of cash flows

For the years ended December 31, 2004, 2003 and 2002

	2004 S/(000)	**2003** S/(000)	**2002** S/(000)
Cash flows from operating activities			
Net income	319,260	323,917	244,054
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	101,884	325,395	395,561
Depreciation and amortization	132,098	138,403	125,585
Goodwill amortization	5,880	4,900	-
Deferred income tax and workers' profit sharing	(39,536)	14,313	6,066
Provision for assets seized	93,508	107,525	102,045
Net loss (gain) from sale of securities	5,023	(7,001)	(35,245)
Net loss (gain) from sale of property, furniture and equipment	9,979	5,977	(817)
Net gain from sale of assets seized	(57,972)	(67,892)	(55,466)
Changes in asset and liability accounts, net of the effect of the purchase of Banco Santander Central Hispano S.A. - Peru in 2002:			
Other assets	(8,564)	20,519	95,039
Other liabilities	125,198	(409,319)	(79,116)
Net cash provided by operating activities	686,758	456,737	797,706

Translation of the consolidated financial statements originally issued in Spanish - See Note 30

Consolidated statements of cash flows (continued)

	2004 S/(000)	2003 S/(000)	2002 S/(000)
Cash flows from investing activities			
Cash paid for the acquisition of Banco Santander Central Hispano S.A. - Peru	-	-	(187,571)
Net decrease (increase) in loans	1,023,449	1,247,037	(577,479)
Gain on sales of property, furniture and equipment	66,392	46,472	6,901
Additions in property, furniture and equipment	(108,102)	(89,617)	(68,222)
Net purchase of trading securities	(400,191)	(1,002,460)	(321,587)
Net sale (purchase) of permanent investments	(51,524)	289,219	91,472
Net cash provided by (used in) investing activities	530,024	490,651	(1,056,486)
Cash flows from financing activities			
Net increase (decrease) in deposits and obligations	(1,159,967)	(2,580,262)	977,921
Net increase (decrease) in due to banks and correspondents	369,597	(223,617)	(48,840)
Net increase (decrease) in bonds issued	(75,124)	(332,256)	49,974
Cash dividends	(245,287)	(113,944)	(100,512)
Net cash provided by (used in) financing activities	(1,110,781)	(3,250,079)	878,543
Net increase (decrease) in cash and cash equivalents	106,001	(2,302,691)	619,763
Cash and due from banks from BSCH – Peru, net of cash paid on acquisition	-	-	715,688
Cash and cash equivalents at the beginning of year	5,512,765	7,815,456	6,480,005
Cash and cash equivalents at the end of year	5,618,766	5,512,765	7,815,456
Supplementary cash flows information			
Cash paid during the year for:			
Interest	440,391	424,722	380,446
Income taxes	132,779	214,500	58,474

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

Banco de Crédito del Perú and Subsidiaries

Notes to the consolidated financial statements

As of December 31, 2004 and 2003

1. Operations

Banco de Crédito del Perú (hereinafter “the Bank”) was incorporated in 1889 and it is a subsidiary of Credicorp Ltd. (a company incorporated in Bermuda in 1995), which owns 96.22 percent of its capital stock as of December 31, 2004 and 2003.

The Bank, whose operations are governed by “Ley General del Sistema Financiero y de Seguros y Orgánica de la Superintendencia de Banca y Seguros” (SBS) - Ley 26702 (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 has the faculty to receive third-party deposits and invest them, together with its own capital, in loan placements and acquisition of securities; likewise, the Bank may also grant guarantees and letters of credit, engage in any type of financial intermediation 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 address of the Bank’s main office is Calle Centenario N°156, La Molina, Lima, Peru. As of December 31, 2004, the Bank and its Subsidiaries had 9,458 employees, 220 branches and agencies in Peru and 2 branches abroad (9,113 employees, 217 branches and agencies in Peru and 2 branches abroad as of December 31, 2003).

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 participation. The main data of the Bank and its Subsidiaries, which are included in the consolidation as of December 31, 2004 and 2003, before the eliminations for consolidation purposes are as follows:

Entity	Activity and country	Percentage of participation		Total assets		Total liabilities		Total shareholders' equity		Net income (losses)	
		2004	2003	2004 S/(000)	2003 S/(000)	2004 S/(000)	2003 S/(000)	2004 S/(000)	2003 S/(000)	2004 S/(000)	2003 S/(000)
Banco de Crédito del Perú	Banking, Peru	-	-	21,576,761	21,903,342	19,158,515	19,559,073	2,418,246	2,344,269	319,260	323,917
Banco de Crédito de Bolivia and Subsidiaries	Banking and financial, Bolivia	95.91	95.91	1,507,747	1,620,770	1,311,557	1,416,304	196,190	204,466	15,855	5,470
Crédito Leasing S.A.	Financial, Peru	100.00	100.00	787,224	806,287	686,144	695,352	101,080	110,935	4,269	14,447
Inversiones BCP Ltda.	Financial, Chile	99.99	99.99	67,124	59,776	-	-	67,124	59,776	5,238	3,975
Credifondo S.A. - Sociedad Administradora de Fondos	Mutual Funds, Peru	100.00	100.00	35,595	37,586	4,752	1,548	30,843	36,038	10,791	15,850
Inmobiliaria BCP S.A.	Real estate, Peru	100.00	100.00	25,367	36,849	8,140	42	17,227	36,807	(10,601)	(3,492)
Credibolsa - Sociedad Agente de Bolsa S.A.	Brokerage, Peru	100.00	100.00	19,094	25,956	5,279	7,447	13,815	18,509	5,653	6,693
Solución Financiera de Crédito del Perú S.A.	Financial, Peru	100.00	100.00	13,756	383,714	-	285,916	13,756	97,798	(1,061)	27,727
Creditítulos S.A. - Sociedad Titulizadora	Securitization management, Peru	100.00	100.00	2,577	2,250	305	341	2,272	1,909	(148)	(606)
Inversiones Conexas S.A.	Real estate, Peru	100.00	100.00	1,262	2,196	30	33	1,232	2,163	(929)	305
BSCH - Sociedad de Propósito Especial	Securitization management, Peru	100.00	100.00	1,092	5,123	121	147	971	4,976	12,380	18,197
Banco de Crédito Overseas Limited	Banking, Bahamas	-	-	-	-	-	-	-	-	-	(42,820)
La Administradora S.A. SAF	Mutual funds, Peru	100.00	100.00	-	1,740	-	11	-	1,729	(196)	43

The consolidated financial statements as of December 31, 2003, have been approved in the General Shareholders' Meeting dated March 28, 2004. At the date of this report, the accompanying consolidated financial statements as of December 31, 2004, have been approved by the Management 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. Business developments

(a) Solución Financiera de Crédito del Perú S.A. -

In March 2003, BCP acquired a 45 percent interest in its subsidiary Solución Financiera de Crédito del Perú S.A. (hereinafter "Financiera"), thus increasing its participation to 100 percent of Financiera's capital stock. The amount paid for the aforementioned purchase amounted approximately to S/63.3 million; generating goodwill for approximately S/29.4 million, see Note 10(e).

The General Shareholders' Meeting held on November 28, 2003, approved the split of an equity block of the Financiera and its incorporation to the Bank with effective date February 29, 2004. As of February 29, 2004, the value of the assets and liabilities corresponding to the split equity block absorbed by the Bank, with exception of the caption "Investment available-for-sale, net", amounted approximately to S/58.4 million and it was composed by the total assets and liabilities of the Financiera. The split equity block of the Financiera absorbed by the Bank is composed as follows:

	S/(000)
Loans, net	309,032
Cash and due from banks	16,792
Installations, furniture and equipment, net	4,937
Trading investments	765
Other	18,567
Total assets	350,093
Obligations with the public	162,946
Corporate bonds	87,914
Due to banks	4,293
Other	36,466
Total liabilities	291,619
Net value of equity block	58,474

(b) Banco Santander Central Hispano S.A. - Peru -

In December 2002, through a Tender Offer (TO), the BCP acquired 99.94 percent of Banco Santander Central Hispano S.A. - Peru (hereinafter "BSCH - Peru"). According to Law 26702, BCP had a period no longer than six months to absorb this financial entity. In this respect, the BCP's General Shareholders' Meeting held on December 30, 2002, approved this transaction with effective date on February 28, 2003.

The acquisition of BSCH - Peru and its subsidiaries was recorded under the purchase accounting method, reflecting their assets and liabilities at their fair values at the date of acquisition. The fair values of identifiable assets and liabilities of such financial entity, corresponding to the cash paid for the acquisition, were approximately S/187.6 million. The assets included cash for S/711.9 million.

3. Significant accounting policies

In the preparation and presentation of the accompanying consolidated financial statements, the Bank's Management has complied with the regulations established by the SBS in force in Peru as of December 31, 2004 and 2003. 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 and use of estimates -

The consolidated financial statements have been prepared from the accounting records of the Bank and its Subsidiaries, which are carried in nominal Peruvian Nuevos Soles as of the date of the transactions, in accordance with SBS regulations, and in a supplementary manner, with International Financial Reporting Standards - IFRS approved in Peru, as of December 31, 2004 and 2003.

The financial statements have been adjusted to reflect the effects of variations in the acquisition power of the Peruvian currency following the methodology approved by the National Accounting Standards Board. This methodology requires the restatement of the non-monetary items in the balance sheets using determined coefficients based on the Wholesale Price Index, according to the item's original transaction date. Monetary and foreign currency items were not restated as the book balances represent the monetary value of their components as of the dates of the balance sheets. Price variation according to the acquisition power of the Peruvian currency, based on the Wholesale Price Index, was 4.9 and 2.0 percent for the years 2004 and 2003, respectively, according to official statistics.

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

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 credit losses, the investments valuation, the provision for assets seized, and the valuation of derivatives. The accounting criteria used for each of these items are described below.

(b) Consolidation -
Subsidiaries are consolidated from the date on which effective control is transferred to the Bank and are no longer consolidated from the date of disposal.

The consolidated financial statements include the financial statements of the subsidiaries described in Note 1, which conform the Bank's Group. All subsidiaries have been consolidated for the years ended December 31, 2004, 2003 and 2002, or from the date on which they were incorporated or acquired by the Group. The acquisition of BSCH - Peru and its Subsidiaries was recorded by using the purchase method. Under this method, its assets and liabilities were recorded at their estimated fair values as of the date of acquisition.

All inter-company transactions, balances and unrealized surpluses and deficits between companies of the Group have been eliminated in the consolidated financial statements. The minority interest resulting from the consolidation process is not significant.

The accounting records of the companies of the Bank's Group comply with the information requirements established by SBS and by the central banks of the countries where its subsidiaries are located. The 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 exchange rate in force as of the date of each balance sheet.

The accompanying financial statements have been prepared in accordance with the accounting principles established by the Superintendencia de Banca y Seguros (SBS) for financial institutions in Peru.

(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 expense or income. 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, inter-bank funds, trading and held-to-maturity securities, loans, accounts receivable, permanent investments and other liabilities. 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 are recognized on an accrual basis over the related contract period of the transaction and the interest rates determined based on free negotiations with clients, except for interest generated from past due, refinanced, restructured and 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 normal or with potential problems, the interests are 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 credit 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 debt’s payment are considered refinanced and restructured.

Leasing operations are accounted 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 net investment. Initial direct costs are immediately recognized as expenses.

The Management of the Bank and its Subsidiaries determines the allowance for credit 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 of dealings with the borrower's management, operating history, repayment capability and availability of funds of 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.

Under these 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 that may be readily executed (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 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 credit losses also includes estimated losses for credits 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, and assessment of the political and economic situation is made, and an additional country risk provisions provided.

(f) Foreign currency transactions -

Assets and liabilities denominated in foreign currency are recorded in Peruvian currency 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 income statement of the year.

Forward foreign currency 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 contracts are also recorded in the off-balance sheet accounts at their face value, see Note 19(d).

(g) Trading and held-to-maturity investments -
Investments in securities are recorded on the transaction date at their acquisition cost and, subsequently, measured as follows:

- Trading securities - They are investments maintained for sale in the short-term, and daily market-to-market on an individual basis, with related gains and losses being recognized in the consolidated statements of income.

  Interest income from these investments is recognized when accrued and dividends when declared.

- Available-for-sale securities - They are investments maintained not for sale in the short-term nor to be maintained until their maturities. These investments are valued based on the global portfolio at the lower of their costs or market values. The review of the carrying value of these investments is performed at the end of each month. When these investments are sold, a gain or loss from the difference between the selling price and the average cost of the investments sold is recorded, and the total balance of the premium or the discount pending or amortization is recognized at the date of the sale.

  Interest income from these investments is recognized when accrued and dividends when declared.

- 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 income statement.

In accordance with SBS rules, when the classification category of an investment is changed, these changes should be treated as sales for accounting purposes (at market values). Under this treatment, the investment security will be registered in its new category at fair value, with any gain or loss as well as any provision reversal being recorded as of the change date. As indicated in Note (v) below, starting the period 2005 the accountant treatment for investments has been modified.

The difference between the revenues received form the sale of investment securities and their book value is recognized in the consolidated income statement.

(h) Permanent investments -
These investments are recorded as follows:

- Investments in subsidiaries are recorded by the equity's participation method. According to such method the gains or losses generated by these subsidiaries are recognized in the consolidated income statement in a proportional way.

- The investments in shares of other companies are recorded at the lower of the equity's participation method or at the stock-market price, less the provision for impairment estimated to be permanent.

(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 profit and losses and any significant renewals and improvements are capitalized. The cost and 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.

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

Depreciation is computed on a straight-line basis over the following estimated useful lives:

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

The useful life assigned and the selected depreciation 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 are initially recorded at the value assigned to them through legal proceeding, out of court settlement or at the unpaid value of the debt, whichever is lower. Simultaneously to the setting of value, an allowance equivalent to 20 percent of the legal settlement or recoverable asset value should be recorded; for this purpose the Bank can use the allowance for loan losses that was originally provided for the related loan.

Subsequent to the seizure date, for all non-real estate assets, a monthly allowance equal to one-twelfth of the book value of assets seized as of the date of the seizure is recorded. This allowance is net of the allowance referred to above and of the allowance required to recognize impairments of the value of the asset below its net book value.

Assets that have not been sold or transferred under leasing transactions within twelve months of their receipt or seizure will be totally written down, except for real estate assets, whose accounting treatment is described in the following paragraph.

For real estate assets, twelve months after the seizure of a real estate asset, the Bank should obtain an appraisal of the net realizable value of real estate property and establish, if necessary, an impairment allowance. In the event that the net realizable value obtained exceeds the net book value, no step-up in value must be recognized. In addition, beginning the thirteenth month after the seizure of the real estate asset, the Bank should record equal monthly provisions based on the net book value obtained on the twelve month appraisal, until the total amount of the provision reaches the total book value in twelve months.

(k) Intangible assets -

Intangible assets included in the “Other assets” caption of the consolidated balance sheets are comprised mainly of acquisitions and development of software used in Bank and its subsidiaries’ operations. 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 foreseen pattern of economic benefits from intangible assets.

(l) Goodwill -

Goodwill included in the “Other assets” caption of the consolidated balance sheets, result from the difference between the estimated market value of the net assets acquired from the minority shareholders of Solución Financiera de Crédito del Perú and the amount paid for such assets, see Note 2. Goodwill is amortized using the straight-line method over its estimated useful life, which is 5 years.

(m) Bonds issued -
Include the liability from the issuance of different types of bonds, 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 principles that differ from accounting principles used by the Bank and its Subsidiaries, and 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 regardless of when the temporary differences are likely to reverse. Deferred tax assets are recognized when it is probable that sufficient taxable income will be generated against which the deferred assets can be offset. At each consolidated balance sheet date, the Bank and its Subsidiaries assess unrecognized deferred assets and the carrying amount of recognized deferred assets. The Bank and its Subsidiaries may recognize a previously unrecognized deferred asset to the extent that it has become probable that future tax benefits will allow their recovery or reduce a deferred asset to the extent that it is not probable that the Bank and its Subsidiaries will have sufficient tax benefits that would enable it to use part or the entire recognized deferred asset for accounting purposes.

Pursuant to the principles set forth in the accounting standards, the Bank and its Subsidiaries determine its deferred income tax considering the tax rate applicable to its non-distributed earnings; any additional tax on dividend distribution is recorded on the date such distribution is approved.

(ñ) Supplementary plan for workers' profit sharing -

The Bank has a supplementary plan for worker's profit sharing in addition to the legal one, that consists in granting to some executives and employees, who have at least one year of service in the Bank, stock appreciation rights (SARs) over certain number of Credicorp's shares (the Bank's shareholder). 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 share at the date of the execution and the fixed exercise price, Note 17. Expense recognized in income of the year corresponds to the difference between the fixed exercise price and the market price of the shares for the SARs that can be exercisable by the beneficiaries at the consolidated balance sheet date.

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

(o) 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 income statement for each caption mentioned above. The recoverable value is the bigger 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.

(p) 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.

(q) 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 Management's 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.

(r) 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.

(s) 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 25, are 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. The Bank and its Subsidiaries do not consider in the computation the shares resulting from restatement that have not been retired or issued as of December 31, 2004.

As of December 31, 2004 and 2003, the Bank and its Subsidiaries do not have financial instruments with dilutive effects; therefore, basic and diluted earnings per share are the same.

(t) 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.

(u) Consolidated financial statements as of December 31, 2003 and 2002 -

Consolidated financial statements as of December 31, 2003 and 2002, have been restated by the price level index as of December 31, 2004. Additionally, certain amounts of prior years have been reclassified to conform to current year presentation.

(v) New accounting pronouncements -

(i) New rules with accounting effect issued by the SBS -

By means of Resolution SBS N°1914-2004, dated November 23, 2004, the SBS has made some additional modifications and precisions to the Regulation of Classification, Valuation and Provisions for the Investments and to the Accounting Manual for Financial Entities with the purpose of harmonizing these ones in certain aspects with international accounting principles. This resolution is in force since January 1, 2005.

This resolution specifies the classification and the accounting treatment for the investments in the following categories: (i) Trading securities, (ii) Securities available-for-sale, (iii) Held-to-maturity securities and (iv) Permanent Investments.

Also, it modifies the following valuation's criteria:

- Securities available-for-sale -
  They will be recorded at the lower of their cost or market value, on the basis of the global portfolio; however, since 2005, the allowances recorded as a result of the valuation process will not affect the results of the period, as it was until 2004. These allowances will be recorded in a specific equity account for value fluctuation losses until the sale of these investments takes place. When sold, the unrealized losses recorded by its market value, previously recognized as a part of the equity, will have to be included in the result of the year. In the same way, when the Bank estimates that the fall in the market value or the equity value is not temporary, the amount of the unrealized losses should be recorded affecting the results of the year. Additionally, the results of the year will be affected by the provisions for loan capitalization investments, updating their value through the equity method.

  Being debt securities, the book value should be updated by the companies on a monthly basis through the premium or discount amortization.

- Held-to-maturity securities -
  The allowances will be recorded by changes in the credit capacity of the issuer in an individual basis, in a similar way to the treatment of the direct loans. These allowances will directly affect the results of the year.

  The results of the year will not be 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.

- Permanent Investments -
  The equity value will have to be determined according to SBS requirements. In the case of the investments listed in centralized mechanisms of negotiation, when its market value shows a loss tendency as a consequence of non-temporary causes, the SBS will be able to require recording an allowance for such fluctuation by the difference between the market value and the equity value.

Since 2005, when held-to-maturity securities are sold and the company returns to acquire investments from the same issuer, these could not be recorded in this category for a one year term starting from the date in which the sale took place, unless an authorization by the SBS is obtained.

In any case, if the SBS estimates that it is necessary to record an allowance for any investment, it will be determined on an individual basis and recorded in the results of the year.

(ii) New accounting rules -
Up to this date, the International Accounting Standards Board (IASB) has completed the revision process of the International Financial Reporting Standards, known as the "Improvement Project " and has issued new accounting standards. All reviews of actual IAS and the new IFRS are effective international level for financial years on or after January 1, 2005.

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, 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 financial statements of the Bank, unless the SBS adopts them in the future through the modification of its Accounting Manual.

The main changes are summarized as follows:

- IASB Improvements Project -
  As a part of this project, fifteen IAS were reviewed in order to reduce or eliminate alternative procedures, and conflicts between the standards, as well as to obtain in certain aspects the convergence with the standards from the United States of America, and to carry out other improvements.

  The IAS modified by this project were IAS 1, 8, 10, 16, 17, 21, 24, 27, 28, 31, 32, 33 and 40 (reviewed in 2003) and IAS 39 (reviewed in 2004).

- In addition, as a result of the revision of the standards related to business combinations, it was issued IFRS 3 - Businesses combinations, and were reviewed the IAS 36 –Assets impairment and IAS 38 -Intangible assets.

- Also, the following IFRS have been issued: IFRS 2 - Share-Based Payments, IFRS 3 - Businesses Combinations, IFRS 4 - Insurance Contracts, IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations, IFRS 6 - Exploration and Evaluation of Mineral Resources.

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, 2004, the weighted average exchange rate in the market as published by SBS for transactions in US Dollars was S/3.280 for buying and S/3.283 for selling (S/3.461 and S/3.464 as of December 31, 2003, respectively).

As of December 31, 2004, the exchange rate established by SBS to record assets and liabilities in foreign currencies were S/3.282 for each US Dollar and S/0.409 for each Bolivian Peso (S/3.463 and S/0.444, respectively, as of December 31, 2003). A detail of the Bank and its Subsidiaries' foreign currency assets and liabilities is shown below:

	2004		**2003**	
	US Dollars US$(000)	**Bolivian Peso** US$(000)	**US Dollars** US$(000)	**Bolivian Peso** US$(000)
Assets				
Cash and due from banks	1,504,571	43,380	1,363,006	24,961
Trading and held-to-maturity securities, net	339,881	46,287	411,052	44,047
Loans, net	3,210,802	14,851	3,124,805	15,569
Other assets	80,655	10,920	168,505	9,436
	5,135,909	115,438	5,067,368	94,013
Liabilities				
Deposits and obligations	(4,096,601)	(64,605)	(4,002,630)	(46,590)
Due to banks and correspondents	(176,603)	(835)	(85,472)	-
Other liabilities	(172,083)	(8,906)	(106,094)	(13,615)
Bonds issued	(315,852)	-	(285,611)	-
	(4,761,139)	(74,346)	(4,479,807)	(60,205)
Derivative operations – net sale position	(211,520)	-	(127,465)	-
Net asset position	163,250	41,092	460,096	33,808

Derivatives net sale position as of December 31, 2004, corresponds to foreign currency forward purchase and sale operations for approximately US$123.3 million and US$334.8 million, respectively (US$70.3 million and US$197.8 million as of December 31, 2003), see Note 19(d).

As of December 31, 2004, the Bank and its Subsidiaries have contingent operations (off-balance sheet) in foreign currency for approximately US$750.8 million, equivalent to approximately S/2,464.4 million (US$733.5 million as of December 31, 2003, equivalent to approximately S/2,737.2 million), see Note 19.

In prior years, 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) were as follows:

Year	**Devaluation (revaluation)** %	**Inflation (deflation)** %
2000	0.5	3.8
2001	(2.3)	(2.2)
2002	2.3	1.7
2003	(1.5)	2.0
2004	(5.2)	4.9

5. Cash and due from banks

As of December 31, 2004, cash and due from banks include approximately US$1,193.6 million and S/337.2 million (US$218.9 million and S/263.5 million as of December 31, 2003) which represent the legal reserve that the Bank and its Subsidiaries must maintain for its obligations with the public. These funds are deposited in the vaults of the Bank and in the Central Reserve Bank of Peru – BCRP, and are within the limits established by prevailing legislation. As of December 31, 2003, cash and due from banks included US$835 million corresponding to an overnight operation deposited in the Central Reserve Bank of Peru - BCRP, which earned interest at an annual effective rate of 0.98 percent.

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, 2004, the monthly excess amounts to approximately US$849.5 million, equivalent to approximately S/2,788.1 million, and earns interest in US Dollars at an annual rate of 1.83 percent (US$884.1 million equivalent to approximately S/3,211.7 million, and earned interest in US Dollars at an annual rate of 1.05 percent as of December 31, 2003).

Deposits in local and foreign banks correspond mainly to balances in Peruvian currency, Bolivian Pesos and US Dollars, with minimal amounts being maintained in other currencies. All deposits are unrestricted, and bear interest at market rates. As of December 31, 2004 and 2003, the Bank and its Subsidiaries do not have significant deposits in any specific financial institution.

6. Investment in trading and held-to-maturity securities, net

(a) This item is made up as follows:

	2004 S/(000)	2003 S/(000)
Trading securities		
Peruvian Treasury bonds (b)	110,706	102,427
Listed equity securities	36,032	38,072
Corporate and leasing bonds	5,606	1,728
Mutual funds participation	1,802	8,340
	154,146	150,567
Securities available-for-sale		
BCRP negotiable certificates of deposit (c)	2,237,202	1,363,721
Corporate and leasing bonds (d)	396,800	574,853
Bonds of international financial entities (f)	248,056	266,791
Public Treasury bonds of foreign governments (e)	248,019	311,638
Participation in Bolivia's RAL fund (g)	135,728	148,436
Securitization instruments	55,331	10,587
Listed equity securities (h)	26,250	85,812
Mutual funds participation	11,500	84,075
Negotiable certificates of deposit	8,062	15,229
Commercial papers	6,968	7,309
Repurchase agreements	3,504	13,038
Peruvian Treasury bonds (i)	-	120,466
Peruvian Treasury notes	-	31,615
	3,377,420	3,033,570
Held-to-maturity securities	67,646	16,348
	3,599,212	3,200,485
Allowance for investment in trading and held-to-maturity securities (j)	(10,529)	(17,426)
Balance of investment in trading and held-to-maturity securities, net	3,588,683	3,183,059
Accrued interest	8,164	18,620
Total investment in trading and held-to-maturity securities, net	3,596,847	3,201,679

(b) The Peruvian Treasury bonds classified as trading are issued in Peruvian Currency by the Economic and Financial Ministry. As of December 31, 2004, these bonds accrue interests at annual rates that range between 4.98 and 7.20 percent (between 5.89 and 12.85 percent as of December 31, 2003), with maturities between June 2005 and October 2007 (between June 2004 and January 2005 as of December 31, 2003).

(c) BCRP negotiable certificates of deposit are discounted and freely negotiable financial instruments issued at discounts, denominated in local currency and with current maturities. These certificates have been acquired in public auctions and negotiated in the Peruvian secondary market. As of December 31, 2004, annual interest rates in Peruvian currency range between 3.21 and 5.62 percent (between 2.73 and 5.57 percent in 2003), with maturities between January 2005 and October 2006 (between February 2004 and September 2006 as of December 31, 2003).

(d) As of December 31, 2004 and 2003, the Bank maintains corporate bonds for S/340.9 and S/538.1 million, respectively, with maturities between April 2005 and August 2019 as of December 31, 2004 (between January 2004 and February 2011 as of December 2003). These bonds accrue interests at annual effective interest rates that range between 4.75 and 10.00 percent for bonds in Peruvian currency (between 4.07 and 5.75 percent as of December 31, 2003) and between 2.50 and 7.50 annual percent for bonds in US Dollars (between 1.29 and 8.66 annual percent as of December 31, 2003).

As of December 31, 2004 and 2003, the Bank also maintains leasing bonds issued by local financial entities in US Dollars for approximately S/55.9 and S/36.7 million, respectively, with maturities between January 2005 and February 2008. Such bonds earn interests at annual effective rates that range between 2.16 and 5.30 percent (between 1.97 and 7.25 percent as of December 31, 2003).

(e) As of December 31, 2004, correspond mainly to credit instruments for US$44.3 million issued by US Government agencies and US$18.9 million that correspond to instruments issued by the Government of El Salvador (approximately US$62.4 and US$15.0 million, respectively, as of December 31, 2003). Such bonds have maturities between March 2005 and July 2008 at annual interest rates that ranges between 2.02 and 3.96 percent (between 1.46 and 4.61 percent as of December 31, 2003).

(f) As of December 31, 2004, comprise mainly of USS$59.1 and US$16.5 million debt instruments issued in US Dollars by Corporación Andina de Fomento - CAF and by Fondo Latinoamericano de Reservas - FLAR, respectively (approximately US$53.3 and US$20.1 million, respectively, as of December 31, 2003). Such bonds have maturities between February 2005 and March 2007 as of December 31, 2004 (between March 2004 and August 2006 as of December 31, 2003). Annual interest rates range between 2.50 and 4.01 percent (between 2.46 and 4.07 percent as of December 31, 2003).

(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 1.4 percent (1.2 percent as of December 31, 2003).

(h) During the year 2004, the shares from Inversiones BCP Ltda. were transferred to permanent investments, Note 8(b), for its gross cost amounting approximately to S/105.5 million.

(i) Peruvian Treasury Bonds are issued in US Dollars by the Economic and Financial Ministry. During the year 2004, the Bank sold 100 percent of the bonds maintained as of December 31, 2003. Annual interest rates of such bonds ranged between 2.11 and 8.04 percent as of December 31, 2003, with maturities between June 2004 and November 2033.

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

	2004 S/(000)	**2003** S/(000)
Balance as of January 1	17,426	21,586
Provision of the year, Note 22	8,282	19,745
Recoveries	(7,091)	(8,653)
Used for sale	(8,088)	(8,530)
Other	-	(6,722)
Balance as of December 31	10,529	17,426

The Management of the Bank and its Subsidiaries estimates that the provision recorded is sufficient to cover potential losses in available-for-sale and held-to-maturity securities as of December 31, 2004 and 2003.

(k) As of December 31, 2004 and 2003, reconciliation between the book value and the market value of available-for-sale and held-to-maturity securities is as follows:

	2004 S/(000)	2003 S/(000)
Book value	3,445,066	3,049,918
Unrealized losses	16,748	53,565
Unrealized gains	(4,129)	(3,962)
Estimated market value	3,457,685	3,099,521

The Management of the Bank and its Subsidiaries 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.

(l) As of December 31, 2004 and 2003, the balance of investment in trading and held-to-maturity securities classified by maturity date is as follows:

	2004 S/(000)	2003 S/(000)
Up to 3 months	592,176	429,549
From 3 months to 1 year	2,220,679	1,440,262
From 1 year to 5 years	609,685	1,073,680
More than 5 years	114,390	133,110
Without maturity (shares)	62,282	123,884
Total	3,599,212	3,200,485

7. Loans, net

(a) This item is made up as follows:

	2004 S/(000)	2003 S/(000)
Direct loans		
Loans	9,197,293	10,125,093
Leasing receivables	1,394,528	1,644,282
Credit cards	845,989	544,766
Discounted notes	602,228	642,954
Factoring receivables	190,738	205,061
Advances and overdrafts	149,263	157,237
Refinanced and restructured loans	794,040	987,542
Past due and under legal collection loans	496,412	908,596
	13,670,491	15,215,531
Add (less)		
Deferred interest on discounted notes and leasing receivables	(219,255)	(315,594)
Accrued interest from standing credits	95,101	107,457
Allowance for credit losses (g)	(791,581)	(1,127,305)
Total direct loans	12,754,756	13,880,089
Indirect loans, Note 19(a)	2,913,583	2,818,523

(b) As of December 31, 2004 and 2003, 51 percent of the direct loan portfolio was concentrated in approximately 410 and 245 clients, respectively.

(c) Interest rates on loans are determined considering the rates prevailing in the market.

(d) As of December 31, 2004 and 2003, the Bank's loan portfolio is distributed among the following economic sectors:

	2004		2003	
	S/(000)	%	S/(000)	%
Manufacturing	4,122,948	30.2	4,945,593	32.5
Mortgage loans	2,154,371	15.8	2,014,206	13.2
Commerce	1,481,104	10.8	1,798,841	11.8
Consumer loans	979,307	7.2	939,317	6.2
Electricity, gas and water	806,186	5.9	749,087	4.9
Micro-business loans	763,298	5.6	743,764	4.9
Leaseholds and real estate activities	721,154	5.3	790,359	5.2
Mining	604,174	4.4	786,257	5.2
Communications, storage and transportation	563,631	4.1	645,117	4.2
Agriculture	474,794	3.5	479,541	3.2
Financial services	236,216	1.7	368,125	2.4
Fishing	203,940	1.4	303,966	2.0
Construction	185,175	1.4	213,190	1.4
Education, health and other services	175,232	1.3	192,841	1.3
Other	198,961	1.4	245,327	1.6
Total	13,670,491	100.0	15,215,531	100.0

(e) As of December 31, 2004 and 2003, the credit risk classification of the Bank and its Subsidiaries´ loan portfolio, according to SBS standards, is as follows:

	2004						2003					
	Direct loans		Indirect loans		Total		Direct loans		Indirect loans		Total	
	S/(000)	%	S/(000)	%	S/(000)	%	S/(000)	%	S/(000)	%	S/(000)	%
Normal	11,012,471	80.6	2,668,321	91.6	13,680,792	82.6	11,380,194	74.8	2,483,587	88.1	13,863,781	76.8
Potential problems	1,074,336	7.8	173,291	5.9	1,247,627	7.5	1,502,046	9.9	221,161	7.8	1,723,207	9.6
Substandard	626,427	4.6	42,521	1.5	668,948	4.0	857,807	5.6	89,397	3.2	947,204	5.3
Doubtful	574,878	4.2	23,997	0.8	598,875	3.6	924,951	6.1	15,628	0.6	940,579	5.2
Loss	382,379	2.8	5,453	0.2	387,832	2.3	550,533	3.6	8,750	0.3	559,283	3.1
	13,670,491	100.0	2,913,583	100.0	16,584,074	100.0	15,215,531	100.0	2,818,523	100.0	18,034,054	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:

	2004 S/(000)	2003 S/(000)
Balance as of January 1	1,199,663	1,570,863
Net provision, Note 21	101,884	325,395
Loan portfolio sold and written-off	(366,043)	(652,304)
Result from exposure to inflation	(83,320)	(44,291)
Balance as of December 31	852,184	1,199,663

(*) As of December 31, 2004, the movement in the allowance for credit losses includes direct and indirect credits for approximately S/791,581,000 and S/60,603,000, respectively (approximately S/1,127,305,000 and S/72,358,000, respectively, as of December 31, 2003). The allowance for indirect credits is shown in the "Other liabilities" caption of the consolidated balance sheet, Note 10.

In Management's opinion, the allowance for credit losses recorded as of December 31, 2004 and 2003, has been established in accordance with SBS regulations in force as of those dates, Note 3(e).

(h) In 2004, the Bank and its Subsidiaries sold fully provisioned portfolio of past due loans to an affiliate for approximately S/76.9 million (approximately S/44.5 million in 2003). The sale price and the gain generated amount approximately S/5.4 million (approximately S/2.1 million in 2003). In addition, in 2003, the Bank and its Subsidiaries made a write-off of a fully provided for portfolio for approximately S/289.1 million (approximately S/607.8 million in 2003).

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

(j) As of December 31, 2004 and 2003, the gross direct loan portfolio has the following maturity schedule:

	2004	2003
	S/(000)	S/(000)
Outstanding loans -		
Up to 3 months	5,449,509	5,656,919
From 3 months to 1 year	2,725,130	3,463,477
From 1 to 5 years	3,295,193	3,310,241
More than 5 years	1,704,245	1,876,298
Past due loans-		
Up to 4 months	22,546	167,865
More than 4 months	215,113	294,678
Under legal collection loans	258,755	446,053
Total	13,670,491	15,215,531

8. Permanent investments

(a) This item is made up as follows:

	2004			2003		
	Book value S/(000)	**Unrealized gains (losses)** S/(000)	**Market value** S/(000)	**Book value** S/(000)	**Unrealized gains (losses)** S/(000)	**Market value** S/(000)
Listed equity securities (b)	64,932	136,103	201,035	2,133	-	2,133
Investments in non financial institutions (c)	27,728	(9,724)	18,004	36,923	(11,882)	25,041
Investments in financial institutions (d)	24,888	(1,234)	23,654	27,872	(1,380)	26,492
	117,548	125,145	242,693	66,928	(13,262)	53,666
Allowance for impairment of permanent investments	(10,958)			(13,262)		
Balance of permanent investments, net	106,590			53,666		
Accrued interest from permanent investments	308			1,708		
Total permanent investments, net	106,898			55,374		

(b) This caption comprises 2.74 percent in shares participation that Inversiones BCP Ltda. has on Banco de Crédito e Inversiones de Chile – BCI Chile, which was reclassified in November 2004 from the caption “Investment in trading and held-to-maturity securities” to “Permanent investments”, Note 6(h).

(c) This caption mainly comprises the acquisition, in March 2003, of the shares from Peru Privatization Fund from Banco de Crédito Overseas Limited for S/36.9 million (equivalent to approximately US$10.2 million).

(d) As of December 31, 2004, mainly comprises the participation of Banco de Crédito del Perú in Unibanca S.A., Visanet del Perú S.A.C. and Edificaciones Macrocomercio S.A. for S/7.2, S/4.0 and S/3.9 million, which represents the 22.57, 32.21 and 15.80 percent, respectively (approximately to S/7.3, S/3.2 and S/3.8 million as of December 31, 2003).

9. Property, furniture and equipment, net

(a) The movement of property, furniture and equipment and accumulated depreciation for the years ended 2004 and 2003 is as follows:

	Land S/(000)	Buildings and other constructions S/(000)	Installations S/(000)	Furniture and fixtures S/(000)	Computer hardware S/(000)	Equipment and vehicles S/(000)	Work in progress and in transit units S/(000)	2004 S/(000)	2003 S/(000)
Cost -									
Balance as of January 1	94,881	722,697	222,107	159,461	514,599	81,176	20,566	1,815,487	1,817,357
Additions	209	12,881	22,136	4,344	33,472	20,418	9,753	103,213	89,617
Assets incorporated by mergers	-	-	1,820	2,268	50	751	-	4,889	-
Retirements and transfers	(20,592)	(46,313)	(5,805)	(3,778)	(5,986)	(28,697)	(24,631)	(135,802)	(91,487)
Balance as of December 31	74,498	689,265	240,258	162,295	542,135	73,648	5,688	1,787,787	1,815,487
Accumulated depreciation -									
Balance as of January 1	-	351,421	124,119	141,714	387,214	43,490	-	1,047,958	983,625
Depreciation of the year	-	22,653	20,200	12,123	41,897	3,843	-	100,716	103,376
Retirements and transfers	-	(35,416)	(3,989)	(4,279)	(4,780)	(10,965)	-	(59,429)	(39,043)
Balance as of December 31	-	338,658	140,330	149,558	424,331	36,368	-	1,089,245	1,047,958
Net book value	74,498	350,607	99,928	12,737	117,804	37,280	5,688	698,542	767,529

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

(c) As of December 31, 2004, the Bank and its Subsidiaries have property available for sale for approximately S/109.6 million, net of its accumulated depreciation which amounts to approximately S/59.0 million.

10. Other assets and other liabilities

(a) These items are made up as follows:

	2004 S/(000)	2003 S/(000)
Other assets		
Accounts receivable	103,743	117,507
Operations in process (b)	101,739	115,366
Assets seized, net (c)	95,767	156,037
Deferred income tax and workers' profit sharing, Note 14(a)	66,516	36,523
Trustee in warranty, Note 13(b)	65,640	-
Income tax prepayments, net of expenses for the period	65,133	113,973
Intangible assets, net (d)	60,644	76,188
Deferred expenses	29,802	43,266
Accounts receivable for derivative instruments	29,410	14,437
Goodwill (e)	18,619	24,499
Other	18,968	22,413
Total	655,981	720,209
Other liabilities		
Provision for sundry risks (f)	127,394	112,455
Payroll taxes, salaries and other personnel expenses payable	120,654	108,974
Accounts payable	114,606	66,417
Operations in process (b)	78,851	69,255
Allowance for indirect credit losses, Note 7(g)	60,603	72,358
Contributions	38,276	23,957
Deferred income tax and workers' profit sharing, Note 14(a)	22,910	39,163
Accounts payable for derivative instruments	15,622	3,884
Minority interest	8,008	5,586
Deposit Insurance Fund	7,863	7,076
Total	594,787	509,125

(b) Operations in process include deposits received, loans disbursed, payments collected, funds transferred and other similar types of transactions, which are realized at the end of the month and not 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, 2004 and 2003, this caption includes land, buildings and machinery and equipment received in payment of loans. The movement for the caption, as of December 31, 2004 and 2003, is summarized as follows:

	2004 S/(000)	2003 S/(000)
Cost -		
Balance as of January 1	414,803	493,975
Additions	179,165	247,276
Retirements	(261,272)	(326,448)
Balance as of December 31	332,696	414,803
Provision -		
Balance as of January 1	258,766	293,274
Provision of the year	93,508	107,525
Retirements	(115,345)	(142,033)
Balance as of December 31	236,929	258,766
Net book value	95,767	156,037

As of December 31, 2004, the net book value mainly includes land and buildings for approximately S/20.9 million and S/68.4 million, respectively (S/34.4 and S/118.1 million as of December 31, 2003, respectively). As of December 31, 2004 and 2003, the Bank and its Subsidiaries have sold assets seized for approximately S/218.4 and S/227.3 million, respectively, with a net gain of approximately S/63.0 million and S/67.9 million, respectively, which are included in the caption "Other Income" of the consolidated statements of income, Note 23.

In the Management's opinion, the provision for assets seized as of December 31, 2004 and 2003, is according to the SBS Regulations in force as of such dates.

(d) The movement of intangible assets for the years ended December 31, 2004 and 2003, is as follows:

Description	Software S/(000)	Other developments S/(000)	2004 S/(000)	2003 S/(000)
Cost -				
Balance as of January 1	148,917	112,502	261,419	228,889
Additions	10,529	7,793	18,322	32,957
Intangibles incorporated by mergers	596	110	706	-
Retirements	(4,930)	(4,538)	(9,468)	(427)
Balance as of December 31	155,112	115,867	270,979	261,419
Accumulated amortization -				
Balance as of January 1	117,675	67,556	185,231	147,122
Amortization of the year	14,665	16,717	31,382	35,027
Retirements	(5,041)	(1,237)	(6,278)	3,082
Balance as of December 31	127,299	83,036	210,335	185,231
Net book value	27,813	32,831	60,644	76,188

(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. and the price paid for such assets. As of December 31, 2004 and 2003, the cost of goodwill amounts approximately to S/29.4 million and the amortization to S/10.8 and S/74.9 million, respectively.

(f) Provision for sundry risks mainly comprises the provisions for the estimated losses in legal actions against the Bank and its Subsidiaries and other similar obligations, which have been recorded based on Management's and its legal advisors' estimates.

11. Deposits and obligations

(a) This item is made up as follows:

	2004 S/(000)	2003 S/(000)
Non-interest bearing deposits and obligations -		
In Peru	3,216,912	3,999,941
In other countries	505,573	266,093
	3,722,485	4,266,034
Interest bearing deposits and obligations -		
In Peru	11,872,519	13,365,160
In other countries	2,567,219	1,688,971
	14,439,738	15,054,131
	18,162,223	19,320,165
Interest payable	63,791	65,816
Total	18,226,014	19,385,981

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

(b) As of December 31, 2004 and 2003, the balance of deposits and obligations by type of transactions is made up as follows:

	2004 S/(000)	2003 S/(000)
Demand deposits	5,923,311	6,639,702
Saving accounts	5,354,096	4,964,181
Time deposits	4,964,869	5,590,582
Severance indemnities deposits	1,741,703	1,916,003
Bank certificates in foreign currency	178,244	209,697
Total	18,162,223	19,320,165

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

(d) As of December 31, 2004, time deposits and bank certificates above US$100,000 amount approximately to US$891.6 and US$11.5 million, respectively (US$983.5 and US$11.5 million, respectively, as of December 31, 2003).

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

	2004 S/(000)	**2003** S/(000)
Up to 3 months	2,781,333	4,768,243
From 3 months to 1 year	1,230,180	1,547,801
More than 1 year	1,911,798	323,658
Total	5,923,311	6,639,702

12. Due to banks and correspondents

(a) This item is made up as follows:

	2004 S/(000)	**2003** S/(000)
By type -		
Promotional credit lines (b)	398,962	214,924
Inter-bank funds	217,848	103,961
Due to banks and correspondents (c)	125,341	52,029
Loans from international funds	-	1,207
	742,151	372,121
Interest payable	1,168	1,601
Total	743,319	373,722
By term -		
Short -term debt	454,339	185,843
Long-term debt	287,812	186,278
Total	742,151	372,121

(b) Promotional credit lines represent loans granted to BCP by Corporación Financiera de Desarrollo (COFIDE) and Banco Interamericano de Desarrollo (BID), to promote the development of Peru. As of December 31, 2004 and 2003, these credit lines are secured by a loan portfolio amounting to US$118.8 million and US$43.2 million, respectively, and include covenants specifying the use of the funds, financial conditions that the borrower must maintain and other administrative matters.

(c) Due to banks and correspondents comprise mainly loans to fund foreign trade operations and working capital, granted by 9 foreign entities as of December 31, 2004 (16 as of December 31, 2003), of which 4 represent 51 percent of the balance (4 represent 52 percent of the balance as of December 31, 2003). Some of the 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 its Subsidiaries, and are substantially fulfilled in the application of standard international banking practices. Due to banks and correspondents bear interest at domestic and international market rates in force, and do not have specific guarantees.

(d) As of December 31, 2004 and 2003, the balance of this caption classified by maturity is as follows:

	2004 S/(000)	**2003** S/(000)
Up to 3 months	319,347	147,256
From 3 months to 1 year	134,992	38,586
From 1 to 5 years	95,670	57,129
More than 5 years	192,142	129,150
Total	742,151	372,121

13. Bonds issued

(a) This item is made up as follows:

	Weighted average annual interest rate %	Maturity	2004 S/(000)	2003 S/(000)
Corporate bonds (b)	4.91	Between March 2005 and January 2007	260,046	201,284
Leasing bonds (c)	5.71	Between June 2005 and November 2010	747,435	846,389
Mortgage bonds	7.76	Between May 2011 and April 2012	98,295	109,734
Subordinated bonds	6.70	Between August 2007 and October 2013	333,671	352,879
Mortgage certificates	10.00	Between December 2005 and December 2011	820	752
			1,440,267	1,511,038
Interest payable			9,157	13,510
Total			1,449,424	1,524,548

(b) In May 2004, the Bank issued bonds for US$20 million which are guaranteed by a trustee of linked notes on the Peruvian Government debt ("Credit Link Notes").

(c) The fixed assets financed by the Bank and its Subsidiaries with these resources collateralize leasing and mortgages loans.

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

	2004 S/(000)	2003 S/(000)
Up to 3 months	25,000	89,522
From 3 months to 1 year	187,382	36,512
From 1 to 5 years	829,405	897,293
More than 5 years	398,480	487,711
Total	1,440,267	1,511,038

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:

	2004 S/(000)	2003 S/(000)
Deferred assets -		
Allowance for credit losses	23,431	17,051
Allowance for assets seized	19,384	-
Pending interests	10,884	-
Provision for expenses	7,122	7,237
Provision for sundry risks	5,695	12,235
Total deferred assets	66,516	36,523
Deferred liabilities -		
Intangible assets	(10,526)	(15,933)
Leasing operations, net	(7,899)	(18,935)
Exchange difference	(4,485)	(4,295)
Total deferred liabilities	(22,910)	(39,163)
Net balance	43,606	(2,640)

(b) Amounts presented in the balance sheets as of December 31, 2004 and 2003, as well as the consolidated statements of income for the years then ended are shown below:

Consolidated balance sheets	**Deferred assets**		**Deferred liabilities**	
	2004 S/(000)	**2003** S/(000)	**2004** S/(000)	**2003** S/(000)
Income tax	56,770	31,171	(19,745)	(34,526)
Workers' profit sharing	9,746	5,352	(3,165)	(4,637)
	66,516	36,523	(22,910)	(39,163)

Consolidated statements of income	**Workers' profit sharing**		**Income tax**	
	2004 S/(000)	**2003** S/(000)	**2004** S/(000)	**2003** S/(000)
Current	28,809	19,550	173,897	114,271
Deferred	(5,866)	5,375	(33,670)	8,938
Supplementary plan for workers' profit sharing	58,060	64,262	-	-
	81,003	89,187	140,227	123,209

The supplementary plan for workers' profit sharing includes the amounts granted by the Bank's Management to its employees, in addition to the legal participation, due to the fulfillment of objectives, and amounted S/41.3 million and S/32.1 million in 2004 and 2003, respectively; additionally, includes the provision for the accrued liability corresponding to the supplementary profit participation plan described in Note 17.

(c) Reconciliation of effective tax rate to statutory tax rate for the years 2004 and 2003 is as follows:

	2004 %	2003 %
Income before workers' profit sharing and taxes	100.00	100.00
Theoretical expense	30.00	27.00
Effect on taxable income		
Non-taxable financial revenues	(8.85)	(7.18)
Effect of non-deductible expenses		
Non-deductible financial expenses	0.76	1.29
Amortization of goodwill	0.37	0.29
Non-deductible expenses	8.22	6.16
Current and deferred workers' profit sharing and income tax	30.50	27.56

15. Net shareholders' equity

(a) Capital stock -

As of December 31, 2004, the capital stock of the Bank is composed by 1,226.4 million fully subscribed and paid common shares, each with a face value of one Peruvian Nuevo Sol (1,202.4 million common shares as of December 31, 2003). Due to the effects of inflation in 2004, the Bank may issue approximately S/60.1 million of additional shares to reflect the restatement of the capital stock as of December 31, 2004.

The General Shareholders' Meeting held on December 30, 2002, approved to reduce and increase the capital stock in S/24.6 million, against the special reserve, corresponding to the effect of the exposure to inflation as of December 31, 2001. Likewise, an increase on the capital stock in S/79.0 million corresponding to the capitalization of retained earnings from 2001, against accumulated income, was approved.

The General Shareholders' Meeting held on March 28, 2003, approved to increase the capital stock in 18.2 million and 107.7 million of shares, corresponding to the restatement due to inflation of the capital stock as of December 31, 2002, and the capitalization of the net income, respectively.

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

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

The subsidiaries of the Bank also must recognize this reserve in their individual financial statements. As of December 31, 2004 and 2003, the report of legal reserves of the subsidiaries amount approximately S/621.3 and S/704.1 million, respectively.

(c) Special reserve -
The special reserve has been funded with the appropriation of accumulated results and is considered to be unrestricted.

(d) Dividend distribution -
The General Shareholders' Meetings held on March 26, 2004, March 28, 2003 and December 30, 2002, agreed to distribute dividends for approximately S/245.3, S/113.9 and S/100.5 million, respectively.

Under current legislation, there is no restriction for overseas remittance of dividends or the repatriation of foreign investments. As explained in Note 16(a), beginning the year 2003, the tax regime applicable to dividends has been modified.

(e) Shareholders' equity for legal purposes (Regulatory capital) -
As of December 31, 2004 and 2003, contingent assets and indirect credits 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, amount approximately to S/13.6 million and S/65.8 million, respectively (S/14.4 and S/116.9 million as of December 31, 2003, respectively), generating a global leverage ratio for credit and market risk that is 7.71 times the regulatory capital of the Bank and its Subsidiaries (9.14 times the regulatory capital of the Bank and its Subsidiaries according to regulations in force as of December 31, 2003). According to the Banking Law, this ratio cannot be more than 11 times higher than the regulatory capital.

16. Tax situation

(a) The Bank and its Subsidiaries are subject to Peruvian Tax Law and determine their income tax based on their individual results. As of December 31, 2004, the statutory income tax is 30 percent on taxable income (27 percent as of December 31, 2003), including the result from exposure to inflation.

Individual persons and corporations not domiciled in Peru must pay an additional tax of 4.1 percent on dividends received.

Effective January 1, 2004, the following changes to tax law were in force:

- Transactions that carry out the Company or amounts above S/5,000 or US$1,500, should be performed through the financial system. The payments made without using said media will not have validity for tax income purposes.

- Effective March 1, 2004, individual persons and corporations in Peru must pay an additional tax of 0.15 percent on transactions (0.10 percent effective April 1, 2004), and 0.08 percent effective January 1, 2005, regarding debits as well as credits realized in bank accounts, for operations in local and foreign currency. This tax will be considered a deductible expense toward the annual income tax and must be retained and paid by financial entities.

Effective January 1, 2005, the following changes to tax law were in force:

- It has been established in advance payment of the income tax denominated Temporary Tax on Net Assets, which will be required to enterprises subject to the Income Tax General Regimen and that will be in force until December 31, 2006. The basis to calculate that tax payment is the value of the net assets as of December 31 of the previous year. The tax is calculated using a rate of 0.60 percent of the assets that exceed S/5 millions. The obligation to pay this tax remains although the Bank had tax losses in the precedent periods or even in the cases that it has credit for income tax advanced payments made.

  The paid tax, totally or partially, could be used as credit against the advanced payments in advance of the Income Tax from the periods going from March to December of the taxable period for which the Bank paid the tax, as well as against the final payment of the correspondent period. It is also possible to request for a refund of the tax when the Bank demonstrates a tax loss or a minor Income Tax based on the general regimen standards. The right to ask for a refund will be generated with the presentation of the annual tax return of the correspondent period.

- Additionally, it is established that the rate of the value added tax will be of 19 percent up to December 31, 2005.

- Beginning January 1, 2005, to determine the calculation basis of the taxes, specifically the income tax, financial statements should not be adjusted for inflation.

(b) According with current legislation up to taxable period 2003, to determining the income tax and the Value Added Tax, the transfer prices of transactions with related companies and with companies domiciled in countries considered tax havens must be supported by documentation containing information about the valuation methods applied and criteria used in determination of such. The tax administration has the faculty to request this information.

Based on an analysis of the Bank and its Subsidiaries´ operations, the Management and its legal advisors do not believe that the new transfer pricing regulations will result in significant contingencies for the Bank and its Subsidiaries as of December 31, 2004 and 2003. Since taxable period 2004, an annual informative sworn statement for these transactions should be presented.

(c) Tax authorities are legally entitled to review and, if necessary, adjust the income tax calculated by the Bank and its Subsidiaries during the four years subsequent to the year of the related tax return filing. The income tax and value added tax returns from 2000 to 2004 are still subject to review by the tax authorities. Due to various possible interpretations of current legislation, it is not possible to determine whether or not such audits will result in tax liabilities for the Bank and its Subsidiaries; therefore, any additional tax or surcharge that may result from eventual tax reviews would be applied to the results of the year in which it is determined. However, in the opinion of the Bank's Management and its legal advisors, any additional tax assessment would not be significant to the Bank's or its Subsidiaries financial statements as of December 31, 2004 and 2003. As mentioned in Note 18(b), the period 1999 has been reviewed by the tax authorities.

17. Stock appreciation rights

As indicated in Note 3(ñ), beginning the year 2003, the Bank granted options over Credicorp's (the Bank's shareholder) stock appreciation rights (SARs) to certain executives and employees. The SARs expire after eight (8) years as of the date they are granted. As of December 31, 2004 and 2003, the number of SARs acquired under this plan was 709,275 and 193,500, respectively.

As of December 31, 2004, the number of SARs outstanding under the plan is 1,595,413 and the fixed price for this benefit ranges between US$8.74 and US$12.39 per share (1,628,766 SARs and fixed price between US$6.90 and US$10.10 per share as of December 31, 2003). As of December 31, 2004 and 2003, the stock exchange price of Credicorp's shares at the New York Stock Exchange was US$15.81 and US$13.35, respectively. In 2004, the Bank has recorded an allowance for the difference between the fixed strike price and the market price of the shares for the SARs that could be executed as of the date for approximately S/35.1 million, and has paid approximately S/14.6 million for the executed ones (S/32.2 and S/2.2 million in 2003, respectively).

As of December 31, 2004 and 2003, the expenses related to this plan are recorded under the caption "Workers' profit sharing" of the consolidated statements of income, Note 14(b).

18. Commitments and contingencies

(a) Commitments -

- In November 1998, the Bank entered with one of its subsidiaries into a right transfer agreement amounting US$100 million and with maturities until November 2005, for the collection of the future flows corresponding to the consumptions and cash advances made in Peru through the Visa International credit cards issued by foreign banks. In March 2002, Banco de Crédito Overseas Limited transferred such rights to a subsidiary of Credicorp Group. As of December 31, 2004 and 2003, the amount due is US$17.2 million and US$33.3 million, respectively.

- In January 2001, the Bank entered into a right transfer agreement with a company related to Credicorp Ltd. for future collection of payment orders received from overseas banks members of the "Society for Worldwide Interbank Financial Telecommunications" (Swift). Such contract has been used for the securitization of the rights above mentioned for up to US$100 million with maturities until the year 2007. The product of the securitization was delivered to Credicorp's Ltd. related companies in January 2001. As of December 31, 2004 and 2003, collections transferred for this concept amount to US$51.3 million and US$65.3 million, respectively.

(b) Contingencies -

As of December 31, 2004 and 2003, 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 S/7.2 million as of December 31, 2004. The Management and its legal advisors believe that the claim filed will have a favorable result for the Bank.

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; therefore, the Management has not deemed necessary to make an additional allowance to the one already recorded for these contingencies, see Note 10(f).

19. Off-balance sheet accounts

(a) This item is made up as follows:

	2004 S/(000)	2003 S/(000)
Contingent operations		
Guarantees and stand-by letters of credit (c)	2,021,470	2,137,427
Import and export letters of credit (c)	745,662	501,723
Due from bank acceptances	146,451	179,373
	2,913,583	2,818,523
Responsibilities under credit line agreements	1,828,061	2,071,632
Financial derivative contracts (d)	1,503,653	1,033,950
Other contingent operations	146,365	284,705
Total contingent operations	6,391,662	6,208,810
Other off-balance sheet accounts -		
Securities in custody	24,906,710	20,067,353
Guarantees received (e)	16,389,814	17,047,124
Qualification of assets and contingents	15,189,734	16,688,761
Securities in collection	4,759,068	3,694,014
Written-off loans	4,555,319	4,240,248
Insurance coverage	2,266,386	2,575,624
Trust and debt trust commissions (f)	385,572	1,043,217
Other	8,741,777	12,867,448
	77,194,380	78,223,789
Total	83,586,042	84,432,599

(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.

Due to the fact that 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, 2004 and 2003, 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, 2004 and 2003, forward foreign currency purchase and sale agreements referred to above include nominal amounts of approximately S/1,503.5 million and S/973.9 million, respectively (which include a hedge forward position of US$458.1 and US$268.1 million, respectively, see 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, 2004, exchange interest rates transactions were realized for a face value amounting approximately to S/697.2 million, equivalent approximately to US$210.4 million (approximately S/356.3 million, equivalent to US$98.0 million as of December 31, 2003), 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, 2004, amount approximately to S/29.4 and S/15.6 million, respectively (approximately S/14.4 and S/3.9 million, respectively, as of December 31, 2003), which are included in the "Other assets" and "Other liabilities" captions, respectively, of the consolidated balance sheets, Note 10.

(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, 2004 and 2003, assets managed on behalf of the Bank's clients amounted S/188.6 million and S/533.8 million, respectively.

In addition, as of December 31, 2004 and 2003, the net equity of the investment mutual funds managed by a subsidiary of the Bank amount approximately to S/3,023.6 million and S/3,697.3 million, respectively.

20. Financial income and expenses

This item is made up as follows:

	2004 S/(000)	2003 S/(000)
Financial income		
Interest on loan transactions	1,271,616	1,386,661
Interest from investments in trading and held-to-maturity securities	117,985	156,494
Interest from available and inter-bank funds	65,466	103,476
Commission on loans and other financial transactions	16,531	20,571
Net gains (losses) in derivatives	(4,765)	24,512
Other	12,704	3,677
	1,479,537	1,695,391
Financial expenses		
Interest for deposits and obligations	(181,825)	(257,648)
Interest from bonds issued	(102,840)	(99,588)
Interest and commissions for deposits from local financial entities and international organizations	(54,503)	(49,824)
Premiums for the Deposit Insurance Fund	(31,088)	(33,925)
Interest on loans from banks and correspondents	(23,199)	(30,155)
Other	(6,936)	(10,141)
	(400,391)	(481,281)
Gross financial margin	1,079,146	1,214,110

21. Provision for credit losses, net

This item is made up as follows:

	2004 S/(000)	2003 S/(000)
Provision (recovery) for:		
Loan losses	100,183	292,286
Leasing accounts	4,598	26,207
Country risk	(2,897)	6,902
Total, Note 7(g)	101,884	325,395

22. Net gain (loss) on securities

This item is made up as follows:

	2004 S/(000)	2003 S/(000)
Gain from purchase and sale of securities	15,161	4,111
Gain from trading securities measurement	(2,816)	18,715
Participation on permanent investments	(8,064)	(393)
Provision for impairment of investments, Note 6(j)	(8,283)	(19,745)
Other	(1,021)	4,313
Total	(5,023)	7,001

23. Other income and other expenses

These items are made up as follows:

	2004 S/(000)	2003 S/(000)
Other income -		
Recoveries of loans previously written-off	76,553	100,375
Net gain from sales of assets seized, Note 10(c)	57,972	67,892
Recoveries of interest previously written-off	10,938	24,266
Income from lease of own assets	2,639	3,937
Income from technical outsourcing services	352	542
Other	32,978	62,556
Total other income	181,432	259,568
Other expenses -		
Provision for sundry risks	17,843	7,000
Loss from sale of fixed assets	9,979	5,977
Provision for legal claims	9,560	1,743
Provision for client claims	7,300	2,834
Provision for accounts receivable	3,322	18,026
Other	22,367	7,921
Total other expenses	70,371	43,501

24. Salaries and employees´ benefits

This item is made up as follows:

	2004 S/(000)	2003 S/(000)
Salaries	285,477	287,570
Gratifications	47,763	50,206
Severance indemnities	26,757	26,917
Social security	24,848	28,283
Vacations, medical assistance and others	78,754	100,745
Total	463,599	493,721
Average number of employees	9,347	9,124

25. 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, net of treasury stocks (in thousands)	**Based used in computation** (in thousands)	**Days as of the end of the year**	**Weighted average number of common shares** (in thousands)
2002				
Balance as of January 1, 2002	1,026,318	1,026,318	365	1,026,318
Capitalization of income in 2002	50,214	50,214	365	50,214
Capitalization of the capital restatement in 2003	-	18,200	365	18,200
Capitalization of income in 2003	-	107,653	365	107,653
Capitalization of the capital restatement in 2004	-	24,048	365	24,048
Balance as of December 31, 2002	1,076,532	1,226,433		1,226,433
2003				
Balance as of January 1, 2003	1,076,532	1,076,532	365	1,076,532
Capitalization of the capital restatement in 2003	18,200	18,200	365	18,200
Capitalization of income in 2003	107,653	107,653	365	107,653
Capitalization of the capital restatement in 2004	-	24,048	365	24,048
Balance as of December 31, 2003	1,202,385	1,226,433		1,226,433
2004				
Balance as of January 1, 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
Balance as of December 31, 2004	1,226,433	1,226,433		1,226,433

(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, 2004, 2003 and 2002, is shown below:

Year	Income (numerator) S/(000)	Shares (denominator) (en miles)	Earnings per share S/
2004	319,260	1,226,433	0.2603
2003	323,917	1,226,433	0.2641
2002	244,054	1,226,433	0.1990

26. 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 granted by the Bank and its Subsidiaries, such as credit letters and stand-by letters of credit.

The Bank and its Subsidiaries also negotiate financial instruments outside and inside the stock exchange market, including derivative instruments, aimed at obtaining benefits from movement of shares and bonds in the market in the short term and from fluctuations in exchange and interest rates. Management establishes the limits as regards exposure levels for positions that may be adopted in the market during daily operations and overnight positions. Entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions, normally offsets foreign exchange exposures associated with derivatives.

Market risks -

The Bank and its Subsidiaries are exposed to market risks that arise from interest rate positions, exchange rates and 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, which are monitored on a daily basis.

Measurement of Value-at-Risk (VAR) is an estimate of the maximum potential loss that might arise if current positions were held unchanged for one trading session taking into account a specific significance level. The measurement is structured so that daily losses that exceed the VAR figure on average occur not more than one out of one hundred trading sessions. Actual expenses are monitored in a regular manner to verify 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 withdrawal of its available cash resources from overnight deposits, current account, maturing deposits, loans drawdown, guarantees and other withdrawals. The Bank and its Subsidiaries do not maintain funds in cash for all of the aforementioned needs, since experience has proved that a minimum level of reinvestment of funds upon their maturity can be predicted with high degree of certainty. The Bank and its Subsidiaries' Management establishes the limits as to the minimum amount of funds available to meet such calls and the minimum level of inter-bank loans and other types of loans 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.

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 does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

The notes to the 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. Interest margins may increase as a result of such changes, but may reduce or create losses in case of unexpected movements. The Management 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 are disclosed in Notes 7(c), 11(c) and 13(a).

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, 2004 and 2003, the Bank and its Subsidiaries' assets and liabilities by currencies are shown in Note 4.

Credit risk -

The Bank and its Subsidiaries takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided 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.

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.

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 and available-for-sale investments are recorded at their estimated fair value on the balance sheet.

- 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(k).

- The fair value of loans is similar to their book value, because such loans are mainly of a short-term nature 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.

- 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.

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

- 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 Management 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, 2004 and 2003, 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(k) and 8(a).

27. Financial information by geographical area

As of December 31, 2004 and 2003, segment information by geographical area (amounts expressed in million of Nuevos Soles) of the Bank and its Subsidiaries is as follows:

	2004					2003				
	Total income	Operating income	Depreciation and amortization	Property, furniture and equipment	Total assets	Total income	Operating income	Depreciation and amortization	Property, furniture and equipment	Total assets
Peru	2,172	981	120	651	19,799	2,474	1,077	125	712	20,916
Panama	66	9	-	-	963	64	5	-	-	885
Bolivia	129	78	11	46	1,508	160	124	12	53	1,621
United States of America	26	11	1	2	1,162	19	8	1	3	716
	2,393	1,079	132	699	23,432	2,717	1,214	138	768	24,138

28. Transactions with related parties and related companies

(a) During the years 2004 and 2003, 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:

	2004 S/(000)	2003 S/(000)
Assets -		
Cash and due form banks	634,616	489,603
Loans, net	591	69,595
Other assets	5,471	15,751
Liabilities -		
Deposits and obligations	625,845	489,603
Due to banks and correspondents	591	74,601
Other liabilities	5,471	10,589
Contingent liabilities	11,018	-
Other off-balance sheet accounts	256,531	320,272
Income -		
Financial income	39,624	38,012
Financial expenses	39,624	38,012
Other income	12,199	3,400
Other expenses	12,199	3,400

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

	2004 S/(000)	2003 S/(000)
Direct loans	98,606	164,520
Contingent loans	35,359	40,694
Derivatives, market value	3,646	900
Total	137,611	206,114

Likewise, as of December 31, 2004 and 2003, the Bank and its Subsidiaries have securities available-for-sale in related companies amounting S/185.2 and S/23.4 million, respectively.

The Bank's Group signed up insurance coverage with PPS, which premiums amounted S/43.3 million in 2004 (S/60.2 million in 2003). The Bank also receives PPS´ fees for the selling of life insurance, through its Bank's offices and agencies to customers who have saving accounts, which balances amounted approximately S/7.7 and S/5.8 million in 2004 and 2003, 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 and its Subsidiaries' Management consider that they have carried out all the established requirements in current legal disposals for the transactions with related companies or persons.

(b) Some shareholders, directors and executives of the Bank and its Subsidiaries, have directly or indirectly made transactions with the Group according to Peruvian legislation (Law 26702, which rules limits certain transactions with Bank's employees, directors and executives). Loans and other credits granted to Bank's employees, directors and key personnel are as follows:

	Directors and key personnel		Employees	
	2004 US$(000)	**2003** US$(000)	**2004** US$(000)	**2003** US$(000)
Loans				
Mortgage loans	6,343	6,819	485	843
Other loans	894	665	3,225	4,323
Total	7,237	7,484	3,710	5,166

(c) Board of Director's remuneration -
As of December 31, 2004 and 2003, the Board of Directors' remuneration amounted approximately S/2.3 and S/2.4 million, respectively.

29. Subsequent events

In January 2005, Banco de Crédito del Perú announced the acquisition of the loan portfolio of Bank Boston N.A. - Branch Peru and the Fleet's Boston loan portfolio of its Peruvian clients abroad for approximately US$289.2 and US$64.3 million, respectively. This transaction was realized at market value.

The acquired portfolio comprises mainly corporate, mortgage and leasing loans. During February 2005, such loans were transferred to BCP.

30. 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 with generally accepted accounting principles in other countries. In the event of a discrepancy, the Spanish language version prevails.