BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2020 AND DECEMBER 31, 2019 AND FOR THE
THREE-MONTH PERIOD ENDED MARCH 31, 2020 AND 2019

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2020 AND DECEMBER 31, 2019 AND FOR THE THREE-MONTH PERIOD ENDED MARCH 30, 2020 AND 2019

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S/ = Sol
US$ = American Dollar

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

May 29, 2020

We have reviewed the accompanying condensed consolidated interim statement of financial position of Banco de Crédito del Perú S.A. and subsidiaries as of March 31, 2020 and the related condensed consolidated interim statement of income, comprehensive income, changes in shareholder´s equity and cash flows for the three-month period ended March 31, 2020 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with Generally Accepted Accounting Principles in Peru applicable for Financial Institutions. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

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

Gaveglio Aparicio y Asociados

Countersigned by

--(partner)
Carlos González González
Certified Public Accountant
Registration No. 50403

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BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2020 (UNAUDITED) AND DECEMBER 31, 2019 (AUDITED)

	Note	As of March 31, 2020 S/000	As of December 31, 2019 S/000
Assets			
Cash and due from banks:	4		
Cash and clearing		4,588,243	4,312,853
Deposits in Peruvian Central Bank		16,626,069	18,367,713
Deposits in local and foreign banks		1,826,771	946,205
Restricted funds		3,355,222	3,068,989
Accrued interest		6,360	14,186
		26,402,665	26,709,946
Interbank funds		310,011	101,979
Investments:			
At fair value through profit or loss	5(a)	883,548	-
Available-for-sale	5(a)	16,028,465	14,231,178
Held-to-maturity	5(i)	4,224,833	3,456,144
		21,136,846	17,687,322
Loans, net	6	105,376,449	100,336,130
Investments in associates		32,503	31,207
Property, furniture and equipment, net		1,254,044	1,287,421
Goodwill	7	276,321	276,321
Other assets, net	7	5,154,240	4,229,619
Total assets		159,943,079	150,659,945
Contingent risks and commitments	14	89,978,620	87,251,254

	Note	As of March 31, 2020 S/000	As of December 31, 2019 S/000
Liabilities and shareholders' equity			
Deposits and obligations	8	106,330,888	99,433,161
Interbank funds		-	204,986
Payables from repurchase agreements	5(k)	6,781,667	5,803,336
Due to banks, correspondents and other entities	9	9,035,804	8,660,298
Bonds and subordinated notes issued	10	14,570,806	14,312,926
Other liabilities	7	3,867,229	3,219,838
Total liabilities		140,586,394	131,634,545
Shareholders' equity	12		
Attributable to Banco de Crédito del Perú equity holders:			
Capital stock		10,217,387	10,217,387
Legal reserve		3,586,304	3,586,304
Other reserves		1,108,814	1,108,814
Unrealized results		(20,316)	298,112
Retained earnings		4,353,397	3,706,594
		19,245,586	18,917,211
Non-controlling interest		111,099	108,189
Total shareholders' equity		19,356,685	19,025,400
Total liabilities and shareholders' equity		159,943,079	150,659,945
Contingent risks and commitments	14	89,978,620	87,251,254

The accompanying notes in pages 7 to 62 are an integral part of these condensed consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 2020 AND 2019

	Note	For the three-months ended March 31, 2020 S/000	2019 S/000
Financial income and expenses			
Financial income	15	2,767,421	2,650,598
Financial expenses	15	(653,849)	(698,406)
Gross financial margin		2,113,572	1,952,192
Provision for credit losses on loan portfolio	6 (c)	(700,946)	(476,956)
Recovery of writen-offs loans		43,954	69,836
Provision for credit losses on loan portfolio, net of recoveries		(656,992)	(407,120)
Net financial margin		1,456,580	1,545,072
Non-financial income			
Banking services commissions, net		602,585	632,326
Net result from derivatives instruments		(31,913)	12,762
Net gain on sale of securities		(32,210)	8,389
Net gain on foreign exchange transactions		179,125	170,267
Other non-financial income	16	101,112	77,266
		818,699	901,010
Operating expenses			
Salaries and employees' benefits		(661,311)	(626,338)
General and administrative		(399,334)	(390,539)
Depreciation and amortization		(101,384)	(86,940)
Provision for payment-in-kind and seized assets		(7,076)	-
Taxes and contributions		(48,549)	(43,568)
Other operating expenses	16	(145,258)	(24,041)
		(1,362,912)	(1,171,426)
Loss (gain) for exchange difference		29,009	5,556
Income before income tax from continuing operations		941,376	1,280,212
Income tax	11	(291,672)	(352,335)
Net income		649,704	927,877
Attributable to:			
Equity holders of Banco de Crédito del Perú		646,861	922,884
Non-controlling interests		2,843	4,993
		649,704	927,877
Basic and diluted earnings per share (in Soles) from continuing operations		0.0636	0.0908
Weighted average number of ordinary shares for basic earnings		10,217,387	10,217,387

The accompanying notes in pages 7 to 62 are an integral part of these condensed consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPRENHENSIVE INCOME UNAUDITED
FOR THE THREE-MONTH PERIOD ENDED MARCH 2020 AND 2019

	Note	For the three-months ended March 31, 2020 S/000	2019 S/000
Net income for the period		649,704	927,877
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Net gain (loss) on available-for-sale investments	12(e)	(357,441)	126,020
Net movement of cash flow hedges	12(e)	(18,476)	(10,910)
Exchange difference on translation of foreign operations	12(e)	652	(215)
Income tax	12(e)	56,901	(4,769)
Other comprehensive income (loss) for the period, net of income ta		(318,364)	110,126
Total comprehensive income for the period, net of income ta		331,340	1,038,003
Attributable to:			
Shareholders’ equity of Banco de Crédito del Perú		328,433	1,032,924
Non-controlling interest		2,907	5,079
Comprehensive income		331,340	1,038,003

The accompanying notes in pages 7 to 62 are an integral part of these condensed consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 2020 AND 2019

					Unrealized results						
	Number of outstanding shares (in thousands)	Capital stock S/(000)	Legal reserve S/(000)	Other reserves S/(000)	Available-for-sale investments reserve S/(000)	Cash flow hedges reserve S/(000)	Translation results S/(000)	Retained earnings S/(000)	Total S/(000)	Non-controlling interests S/(000)	Total S/(000)
Balances of January 1, 2019	7,933,342	7,933,342	2,776,680	1,108,814	99,888	(26,489)	4,729	3,349,249	15,246,213	145,026	15,391,239
Changes in Shareholders' equity for the Three period ended March 31, 2019											
Net income	-	-	-	-	-	-	-	922,884	922,884	4,993	927,877
Other comprehensive income	-	-	-	-	118,097	(7,844)	(213)	-	110,040	86	110,126
Total comprehensive income	-	-	-	-	118,097	(7,844)	(213)	922,884	1,032,924	5,079	1,038,003
Capitalization of income, Note 12(a)	1,447,022	1,447,022	-	-	-	-	-	(1,447,022)	-	-	-
Transfer to legal reserve, Note 12(b)	-	-	510,800	-	-	-	-	(510,800)	-	-	-
Cash dividends, Note 12(f)	-	-	-	-	-	-	-	(1,504,118)	(1,504,118)	(3,427)	(1,507,545)
Others								2,332	2,332	3	2,335
Balances as of March 31, 2019	10,217,387	10,217,387	3,586,295	1,108,814	131,718	(11,671)	611	1,534,229	16,567,383	101,220	16,668,603
Balances of January 1, 2020	10,217,387	10,217,387	3,586,304	1,108,814	328,302	(30,770)	580	3,706,594	18,917,211	108,189	19,025,400
Changes in Shareholders' equity for the Three period ended March 31, 2020											
Net income	-	-	-	-	-	-	-	646,861	646,861	2,843	649,704
Other comprehensive income	-	-	-	-	(305,897)	(13,187)	656	-	(318,428)	64	(318,364)
Total comprehensive income	-	-	-	-	(305,897)	(13,187)	656	646,861	328,433	2,907	331,340
Capitalization of income, Note 12(a)	-	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserve, Note 12(b)	-	-	-	-	-	-	-	-	-	-	-
Cash dividends, Note 12(f)	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	(58)	(58)	3	(55)
Balances as of March 31, 2020	10,217,387	10,217,387	3,586,304	1,108,814	22,405	(43,957)	1,236	4,353,397	19,245,586	111,099	19,356,685

The accompanying notes in pages 7 to 62 are an integral part of these condensed consolidated financial statements.

BANCO DE CREDITO DEL PERU S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 2020 AND 2019

	Note	For the Three-month periods ended March 31, 2020 S/000	2019 S/000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit of the period		649,704	927,877
Adjustments to reconcile net profit to net cash provided by operating activities:			
Provision for credit losses on loan portfolio	6(c)	700,946	476,956
Depreciation and amortization		101,384	86,940
Deferred income tax	11	(8,734)	49,057
Net gain (loss) on securities		32,210	(8,389)
Net gain (loss) of trading derivatives instruments		31,913	(12,762)
Expense for share-based compensation plan		11,627	13,202
Provision for seized assets		7,094	3,000
Provision for uncollectable receivables	16	128	129
Provision for seized assets	16	122	(170)
Net income for sales of property, furniture and equipment	16	(22,400)	(3,852)
Variation in bonds fair value		4,217	5,400
Amortization of bond issuance expenses		10,531	5,276
Net loss from sale of written off portfolio	16	(32,931)	(39,950)
Net (increase) decrease in assets			
Loans		(4,566,896)	1,171,924
Investment at fair value through profit or loss		(882,090)	(524,774)
Investment available-for-sale		(2,074,288)	(1,766,725)
Other assets, net		(1,369,404)	1,255,349
Sale of written off portfolio		33,305	39,950
Net increase (decrease) of liabilities			
Deposits and obligations		5,413,606	440,501
Payables for repurchase agreements		978,331	(515,392)
Due to banks, correspondent and financial institutions and interbank funds		1,854	(1,204,943)
Bonds and notes issued		(272,253)	328,764
Other liabilities		934,450	532,004
Income tax paid		(371,617)	(329,655)
Net cash flows from operating activities		(689,191)	929,717
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, furniture and equipment		(6,455)	(26,239)
Revenue from sale of property, furniture and equipment		22,400	6,223
Purchase of intangibles		(45,167)	(41,817)
Revenue from sales and reimbursement of investments held-to-maturity		98,629	-
Purcharse of investments held-to-maturity		(821,129)	(456,314)
Net cash flows from investing activities		(751,722)	(518,147)
NET CASH FLOWS FROM FINANCING ACTIVITIES			
Subordinated bonds and notes issued		131,650	(87,133)
Net cash flows from financing activities		131,650	(87,133)
Net (decrease) increase in cash and cash equivalents before the effect of variations in exchange rate		(1,309,263)	324,437
Effect of changes in exchange rate of cash and cash equivalents		715,749	(304,695)
Cash and cash equivalents at the beginning of period		23,640,957	19,901,542
Cash and cash equivalents at the end of period		23,047,443	19,921,284
Additional information regarding cash flow			
Interest received		2,814,572	2,719,329
Interest paid		(727,722)	(682,585)

The accompanying notes in pages 7 to 62 are an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2020 AND DECEMBER 31, 2019 AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020 AND 2019

1 GENERAL INFORMATION

Banco de Crédito del Perú (hereinafter “the Bank” or “BCP”) was incorporated in 1889 and is a subsidiary of Credicorp Ltd. (a holding incorporated in Bermuda in 1995), which as of March 31, 2020 and December 31, 2019 owns directly and indirectly 97.71 percent of its capital stock respectively.

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

The accompanying condensed consolidated interim financial statements include the interim financial statements of BCP and Subsidiaries in which it has control. The main information of the Bank and of Subsidiaries, which are included in the consolidated financial statements as of March 31, 2020 (unaudited) and December 31, 2019 (audited) and for the three-month period ended March 31, 2020 and 2019 (unaudited), before eliminations for consolidation purposes, are as follows:

Entity	Activity and country	Percentage of participation		Assets		Liabilities		Equity		Net profit (loss)	
		March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	March 31, 2019
		%	%	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Banco de Crédito del Perú	Banking, Peru	-	-	150,164,700	140,807,819	130,999,245	121,974,316	19,165,455	18,833,503	650,438	909,457
Mibanco, Banco de la Microempresa S.A.	Micro-credits, Peru	94.93	94.93	13,150,025	13,146,041	11,120,644	11,181,158	2,029,380	1,964,883	63,157	88,455
Solucion Empresa Administradora Hipotecaria S.A.	Mortgage loans, Peru	100.00	100.00	159,744	181,841	107,348	111,977	52,396	69,864	2,529	1,030
BCP Emisiones LATAM 1 S.A.	Investments, Chile	50.39	50.39	455	643	416	612	39	31	11	(71)

The consolidated financial statements as of December 31, 2019 and for the year then ended were approved by the General Shareholders' Meeting held on April 3, 2020. The interim condensed consolidated financial statements as of March 31, 2020 and for the three-month period ended March 31, 2020 have been approved by Management and the Board of Directors on April 22, 2020.

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

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

a) These condensed consolidated interim financial statements for the three-month period ended March 31, 2020 have been prepared in accordance with the regulations established by the Superintendencia de Banca, Seguros y AFP (hereinafter "SBS" for its Spanish acronym) in force in Peru. The SBS regulation regarding the notes to the condensed interim financial statements follows IAS 34 "Interim Financial Reporting". It should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared with the regulations established by the SBS.

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

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

   In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

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

c) International Financial Reporting Standards (IFRS) -

   - IFRS 9, "Financial Instruments": The complete version of IFRS 9 was issued in July 2014. It replaces the guide of IAS 39 which dealt with the classification and measurement of financial instruments. This standard is effective for annual periods beginning on or after January 1, 2018.

   - IFRS 15, "Revenue from Contracts with Customers": This replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and the corresponding interpretations. This new standard is based on the principle that revenue is recognized when the control of a good or service is transferred to a client, so that the notion of control replaces the existing notion of risks and benefits. According to Resolution N° 005-2017-EF/30, IFRS 15 was become effective as from January 1, 2019.

   - IFRS 16, "Leases": This replaces IAS 17 "Leases" and IFRIC 4, "Determining whether an arrangement contains a lease" and other related interpretations. IFRS 16, "Leases" will have substantial impact on lessees, since it will result in the recognition of almost all of their leases in the statement of financial position. This standard was become effective for annual periods beginning on or after January 1, 2019.

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

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

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

In this regard, the Company, through the corresponding areas, is making improvements in its processes in order to comply with this interpretation of the standard in fiscal year 2019.

3 SIGNIFICANT TRANSACTIONS UNTIL THE FIRST QUARTER

On past March 15 the Peruvian Government enacted Urgency Decree No.026-2020 and Supreme Decree No.044-2020-PCM, which set forth exceptional and temporary measures to cope with the spread of COVID–19 in Peru, including a National Emergency for a period of 15 calendar days, by which certain constitutional rights were suspended such as right of personal freedom, the right to freedom of movement, the inviolability of domicile, freedom of assembly. Complementarily, under Supreme Decree No.046-2020-PCM, published on Wednesday March 18, the above-mentioned measures were supplemented with an order of mandatory social isolation of the entire population in their homes and the use of personal vehicles was prohibited, except for those vehicles required for services specified in the same decree; the Ministry of the Interior and Ministry of Defense were commissioned to oversee enforcement of those measures.

Based on international news regarding the outbreak and rapid spread of the Coronavirus (COVID-19) overseas, Banco de Credito and subsidiaries began to activate their crisis management or pandemic prevention committees from January 2020. In this effort, a review and update of contingency policies were begun on a preventive basis, specifically those relating to manage pandemics, considering the characteristics observed of Coronavirus in other countries.

Following the above, once the virus was confirmed to be present in each of the countries, and mandatory quarantines were triggered, the Credicorp companies began to take actions to reduce the rate of virus spread and infections among our collaborators, suppliers and/or customers, including:

1) Collaborators

- Preparing and providing our collaborators with the preventive protocols, as reinforced by the leaders, regarding detection of cases and quarantine of coworkers.
- Preparing and updating guidelines for travel, suppliers and visits of people.
- Support guidelines for collaborators that keep working in bank agencies and other sites:
    - Providing additional means of transport and/or additional and temporary allowances for transportation given the public and private transportation restrictions;
    - Providing lunch packages and /or additional and temporary allowances for food given the closure of dinners and restaurants in the cities.
- Increasing the service capacities of social workers and occupational doctors.
- Performing close follow-up on confirmed coworker cases of Coronavirus.
- Delivering personal protection kits, together with communication materials.
- Upgrading the depth and increasing frequency of office cleaning activities.
- Communicating internal protocols to suppliers who are physically present in our facilities for their adherence.
- Restrictions in capacity of individuals present at facilities to maximize social distancing between and among collaborators and customers.

2) Operations

- Prioritizing strategies to be followed:
  - Remote working
  - Splitting up teams to different sites; and
  - Team rotation by time shifts
- With respect to remote working, significantly extending licenses and infrastructures to enable collaborators to work home in percentages above 90% (except for collaborators in bank agencies) throughout most group companies
- For agencies and branches, assessing on an ongoing basis whether to open up new agencies and branches to meet increased customer demand in strict line with social distancing restrictions
- Setting a strategy of minimum reduction of operating capacity of Call Center
- With respect to bank agencies, defining operating strategies to secure ATM supply
- With respect to certain locations, supporting national government plans to pay allowances to population in the poverty segment
- Coordinating and supporting suppliers to ensure continued performance of their activities, with a special focus on critical suppliers
- Coordinating with sanitation, law and order and/ industry regulators
- Keeping close monitoring on cybersecurity activities

3) Customers

- Offering facilities such as debt reprogramming and cost-free services to alleviate the pressure experienced by some sectors of customers. BCP and Subsidiaries has offered its clients the following facilities:
  (i) BCP has offered its clients in Retail Banking the opportunity to reschedule their loans for 30 or 90 days without incurring in overdue fees and interest on capital during this period.
  (ii) Mibanco has also offered loan extension to some clients with a grace period of up to 6 months, which includes payment of interest on capital.
  (iii) In April both subsidiaries have granted clients the option to postpone payments in April and May without incurring additional interest.

  These benefits have been granted without affecting clients' risk ratings.

4) Financial

- The group has been taking measures to ensure liquidity coverage ratio for both local and foreign currency and at all time horizons (15, 30 and 60 days). Liquidity risk at Credicorp is managed in a conservative way and through stringent assumptions aligned with Basel III, which is reflected in a significant amount of High Quality Liquid Assets (HQLA).

5) Communications

- Conducting communication campaigns with guidelines and recommendations addressed to collaborators, leaders and suppliers
- Reinforcing communications to customers, with an emphasis on the availability of digital channels and products
- Keeping ongoing communications with collaborators on the actions taken to manage this crisis
- Keeping ongoing communication with crisis committees within the company on actions taken and impacts

6) Social responsibility

- By contributing to alleviating the distress of the most vulnerable populations through donations and social programs.
- Strengthening social responsibility campaigns. On March 2020, BCP and subsidiaries have donated S/110 million to the #YoMeSumo campagna.

Extreme economic uncertainty and volatility in the financial markets have exposed our assets to higher risk, which has hit our loan and investment portfolios particularly hard. In the loan portfolio, the most vulnerable segments are: Mibanco and within BCP stand-alone SME-Pyme and individuals, where debt reprogramming rates reached 22%, 27% and 12% respectively at the end of March. Beginning in the second quarter, we expect to take a highly proactive approach to mitigation, by offering working capital financing to businesses through the Reactivate Peru Program. Nevertheless, given that we foresee a severe economic downturn and a subsequent material increase in the probability of default in certain sectors of clients. This factor has been the main driver of the drop in our income and profitability this quarter. In this new context, net interest income and non-financial income have also decelerated and adversely impacted our results in 2020.

On the other hand, dated March 26, 2020 the Peruvian banking, insurance and pension plan regulator (Superintendencia de Banca, Seguros y AFP - SBS) issued Resolution SBS No.1265-2020, by which the period for authorization for the use of the Alternative Standard Approach (ASA) was extended for (1) year as required in determining the regulatory capital requirement for operational risk, which has to be determined from due date of the current authorization.

4 CASH AND DUE FROM BANKS

Cash and due from banks can be described as follows:

Cash and cash equivalents -

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

	As of March 31, 2020	As of December 31, 2019
	S/000	S/000
Cash and clearing (a)	4,588,243	4,312,853
Deposits in Peruvian Central Bank (a)	16,626,069	18,367,713
Deposits in local and foreign banks (b)	1,826,771	946,205
Accrued interest	6,360	14,186
Total cash and cash equivalent	23,047,443	23,640,957
Restricted funds (c)	3,355,222	3,068,989
Total cash and due from banks	26,402,665	26,709,946

(a) Cash and clearing and Deposits in Peruvian Central Bank -

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

	As of March 31, 2020 S/000	As of December 31, 2019 S/000
Mandatory reserve:		
Deposits in Peruvian Central Bank	9,989,459	13,727,284
Cash in the vaults of the Bank and Subsidiaries	4,462,793	4,132,347
Subtotal related to mandatory reserve	14,452,252	17,859,631
Non mandatory reserve:		
Overnight deposits	6,636,610	4,640,429
Cash	125,450	180,506
Subtotal related to non-mandatory reserve	6,762,060	4,820,935
Total	21,214,312	22,680,566

As of March 31, 2020, cash and due from banks subject to mandatory reserve in Peruvian currency and foreign currency are affected at an implicit rate of 5.01 percent and 35.42 percent, respectively, of the total obligations subject to reserve, as required by the BCRP (5.01 percent and 35.06 percent, respectively, as of December 31, 2019).

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

As of March 31, 2020, the available funds include "overnight" operations with the BCRP for US$1,730.0 million at a nominal rate of 0.17 percent and S/690.6 million at a nominal rate of 0.25 percent, respectively, with maturity at 1 days (US$1,291.64 million, equivalent to S/4,280.4, in "overnight" operations with the BCRP at a nominal rate of 1.57 percent with maturity at 2 days, as of December 31, 2019).

(b) Deposits in local and foreign banks -

Deposits in local and foreign banks correspond principally to balances in soles and U.S. dollars. All deposits are unrestricted and earn interest at market rates. As of March 31, 2020, and December 31, 2019, the Bank and Subsidiaries do not have significant deposits in any specific financial institution.

(c) Restricted funds -

The Bank and Subsidiaries maintain restricted funds related to:

	As of March 30, 2020 S/000	As of December 31, 2019 S/000
Repurchase agreements with BCRP (*)	2,871,610	2,798,695
Repurchase agreements with other entities	117,281	96,556
Derivative financial instruments	334,358	165,335
Other	31,973	8,403
Total	3,355,222	3,068,989

(*) Corresponds to deposits in dollars maintained in the BCRP which guarantee repurchase agreements amounting to S/2,822.6 million as of March 31, 2020 (S/2,800.4 million as of December 31, 2019), see note 5(j).

5 INVESTMENTS

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

	As of March 31, 2020				As of December 31, 2019			
		Unrealized gross amount				Unrealized gross amount		
	Amortized cost	Gains	Losses	Estimated fair value	Amortized cost	Gains	Losses	Estimated fair value
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Investments at fair value through profit or loss (trading) - (b)	-	-	-	877,349	-	-	-	-
Accrued interest	-	-	-	6,199	-	-	-	-
Balance of investments at fair value through profit or loss				883,548				-
Investments available-for-sale -								
BCR Certificate of deposits (c)	9,644,503	40,800	(37)	9,685,266	8,649,884	15,388	(1)	8,665,271
Sovereign bonds - Republic of Peru (d) (*)	3,903,124	174,056	(65,681)	4,011,499	3,527,534	274,780	-	3,802,314
Corporate and leasing bonds (e)	2,069,103	7,573	(155,792)	1,920,884	1,273,992	48,116	(1,090)	1,321,018
Foreign government bonds (f)	238,818	315	(2,403)	236,730	229,924	1,090	(17)	230,997
Listed equity securities - Credicorp Ltd.	89,879	-	-	89,879	86,074	-	-	86,074
Securitization instruments	18,437	409	-	18,846	18,299	1,910	-	20,209
Unlisted shares	5,059	1,615	-	6,674	10,257	1,573	-	11,830
Investment funds	36	44	(80)	-	36	44	(80)	-
	15,968,959	224,812	(223,993)	15,969,778	13,796,000	342,901	(1,188)	14,137,713
Accrued interest				58,687				93,465
Balance of available-for-sale investments				16,028,465				14,231,178

b) As of March 31, 2020, the balance mainly includes Sovereign bonds - Republic of Peru amounting to S/597.6MM million, foreign government bonds for S/215.7 million, Peruvian Treasury bonds amounting to S/53.8 million and corporate and leasing bonds amounting to S/10.1 million.

c) As of March 31, 2020, the Bank and subsidiaries maintain 97,647 BCRP certificates of deposits (87,530 BCRP certificates of deposit as of December 31, 2019).

d) As of March 31, 2020, Sovereign bonds are issued by the Republic of Peru in soles amounting to S/4,011.5 million (S/3,802.3 million, as of December 31, 2019).

e) As of March 31, 2020, the corporate and leasing bonds mainly include bonds issued by Peruvian, Colombian, United States and other countries entities accounting for 48.4 percent, 36.1 percent, 6.0 percent and 9.5 percent of the total, respectively (bonds issued by Peruvian, Colombian, United States and others entities accounting for 63.4 percent, 17.1 percent, 8.8 percent, 10.7 percent and 4.6 percent of the total, respectively, as of December 31, 2019).

f) As of March 31, 2020, foreign government bonds correspond to US$51.0 million, equivalent to S/175.3 million issued by the Government of Chile and US$18.5, equivalent to S/63.5 million issued by the Government of Colombia (US$51.3 million, equivalent to S/170.0 million and US$18.4 million, equivalent to S/61.0 million, respectively issued by the Government of Colombia and Chile as of December 31, 2019).

(*) As of March 31, 2020, the Bank maintained interest rate swaps (IRS), which were designated as fair value hedges of certain bonds issued at fixed rate in U.S. Dollars by corporate entities for a notional amount of S/596.7 million (IRS designated as fair value hedge of certain bonds issued at fixed rate in U.S. by corporate entities, for notional amounts of S/618.8 million, as of December 31, 2019), see Note 7(b); through said IRS, these bonds were economically converted to variable interest rate.

As of March 31, 2020 the Bank keeps currency swaps (“Cross Currency Swap” or “CCS”), which were designated as hedges of certain corporate bonds for a notional amount of S/467.5 million with similar principal and maturity, see note 7(b); through those CCS, said bonds were economically converted into soles at a fixed rate (swaps designated as hedges of certain corporate bonds for a notional amount of S/107.4 million, as of December 31, 2019).

g) As of March 31, 2020, and December 31, 2019, the maturities and the annual market rates of the investments available-for-sale are as follows:

	Maturity		Annual market rates											
			As of March 31, 2020						As of December 31, 2019					
	As of March 31, 2020	As of December 31, 2019	S/		US$		Other currency		S/		US$		Other currency	
			Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %	Min %	Max %
BCRP certificates of deposit	Apr-20/Mar-23	Jan-20/Jul-21	1.25	2.41	-	-	-	-	2.02	2.35	-	-	-	-
Sovereign bonds - Republic of Peru	Sep-23/Aug-40	Ago-24/Aug-40	2.00	5.67	-	-	-	-	2.97	5.25	-	-	-	-
Corporate and leasing bonds	May-20/Abr-36	May-20/Apr-36	5.85	8.53	2.49	17.17	4.52	9.92	6.33	7.90	2.03	7.47	6.45	6.55
Foreign government bonds	Aug-20/Feb-28	Feb-20/Feb-28	-	-	2.36	4.20	-	-	-	-	1.31	2.81	-	-
Securitized instruments	Nov-29	Nov-29	-	-	4.89	4.89	-	-	-	-	3.08	3.08	-	-

h) As of March 31, 2020 and December 31, 2019, Management has estimated the fair value of investments at fair value through profit or loss (trading) and available-for-sale using market price quotations available in the market or valuation techniques with inputs of active markets that are observable, either directly or indirectly, if the price was not available, by discounting the expected future cash flows at an interest rate that reflects the risk classification of the financial instrument.

During the first quarter of 2020, as a consequence of COVID-19, the fair value of the available-for-sale investments have decreased significantly. Management has determined that the unrealized gain as of March 31, 2020 and December 31, 2019 are of temporary nature, considering that the securities with losses will partially recover their value during the period, and that the new securities acquired during the first quarter of 2020 will generate profits that will cover this losses. The Bank and Subsidiaries have decided and have the ability to maintain these investments for a period of time sufficient to allow for an anticipated recovery in fair value, which can occur at their maturity in the case of debt instruments.

i) Held-to-maturity investments

This item is made up as follows:

	As of March 30, 2020	**As of December 31, 2019**
	S/000	**S/000**
Peruvian sovereign bonds (i)	4,086,568	3,277,710
Foreign governments bonds (i)	-	-
Peruvian treasury bonds (i)	-	-
Certificates of payment on work in progress (ii)	99,226	100,298
	4,185,794	3,378,008
Accrued interest	39,039	78,136
Total	4,224,833	3,456,144

(i) As of March 31, 2020, the fair value of held-to-maturity investments amounts to S/4,370.9 million (S/3,694.4 million as of December 31, 2019) and has maturities between August 2020 and February 2042. These investments bear interest at an annual effective interest rate between 1.27 and 5.88 percent for bonds issued in soles (2.14 and 5.28 percent for bonds issued in soles as of December 31, 2019).

(ii) As of March 31, 2020, a total of 145 certificates of payment on work in progress ("Reconocimiento Anual de Pago por Adelanto de Obra - CRPAO") were issued by the Government of Peru to finance projects and concessions, this issuance is a mechanism set forth in the concession agreement signed by the Peruvian Government and the Concessionaire that allows the latter to obtain financing to continue with the committed work. Investment in CRPAOs amounted to S/99.2 million with maturities from April 2020 to April 2026, bearing interest at an annual effective rate ranging from 2.48 to 4.52 percent (153 CRPAOs, with a total investment of S/100.3 million with maturities between January 2020 and April 2026, bearing interest at annual effective rates between 3.74 and 4.67 percent at December 31, 2019).

As of March 31, 2020 Management of the Bank and Subsidiaries determined that the negative differences between cost and fair value of held-to-maturity investments, due to falling prices in the stock markets for the COVID 19 effect, is temporary in nature and the Bank and Subsidiaries has the intention and ability to hold each of these investments until its maturity.

j) As of March 31, 2020 and December 31, 2019, includes repurchase agreements in which the Bank and Subsidiaries has pledged cash as collateral, see Note 4, available-for-sale investments, see Note 5-a), and held-to-maturity investments. This item is made up as follows:

	As of March 31, 2020			As of December 31, 2019		
	Maturity	Carrying amount S/000	Guarantee	Maturity	Carrying amount S/000	Guarantee
Peruvian Central Bank (BCRP) see note 4(c)	Abr-20 / Mar-23	2,822,600	Cash	Feb-20/Oct-20	2,800,400	Cash
Peruvian Central Bank (BCRP)	Jun-20 / Mar-21	2,439,675	Available-for-sale investments and Held-to-maturity investments	Jun-20/Nov-20	1,504,087	Available-for-sale investments and Held-to-.maturity investments
Natixis	Aug-20 / Aug-28	570,000	Held-to-maturity investments	Aug-20/Aug-28	570,000	Held-to-maturity investments
Nomura International PLC, (i)	Aug-20	274,960	Held-to-maturity investments and Cash	Aug-20	265,120	Held-to-maturity investments and Cash
Nomura International PLC, (ii)	Aug-20	240,590	Held-to-maturity investments and Cash	Aug-20	231,980	Held-to-maturity investments and Cash
Citigroup Global Markets Limited (iii)	Aug-26	154,665	Available-for-sale investments	Aug-26	149,130	Available-for-sale investments
Citigroup Global Markets Limited	Aug-20	100,000	Held-to-maturity investments	Aug-20	100,000	Held-to-maturity investments
Natixis (iv)	Aug-26	85,925	Available-for-sale investments	Aug-26	82,850	Available-for-sale investments
		6,688,415			5,703,567	
Yields		93,252			99,769	
		6,781,667			5,803,336	

As of March 31, 2020, the repurchase agreements are guaranteed with cash in amount of S/2,871.6 million (S/2,798.7 million as of December 31, 2019) and securities (BCRP certificates of deposit, corporate bonds, bonds of multilateral financial institutions, sovereign bonds, Peruvian treasury bonds and Foreign governments bonds) classified as investments available for sale and held to maturity for a fair value of US$1,214.2 million, equivalent to S/4,173.3 million (US$988.6 million, equivalent to S/3,276.2 million as of December 31, 2019).

These repurchase agreements accrued an interest at fixed rate between 1.5 and 5.3 percent and at variable rate between Libor 3M+0.8 percent and Libor 6M+1.90 percent as of March 31, 2020 (between 3.0 and 7.2 percent for repurchase agreements at fixed rate and between Libor 3M+0.8 percent and Libor 3M+1.90 percent for repurchase agreements at variable rate as of December 31, 2019).

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

(i) As of March 31, 2020, the Bank and its subsidiaries have two IRSs, which have been designated as cash flow hedges of some repurchase agreements in US dollars at a variable rate for an amount of US$80 million, equivalent to S/274.9 million (US$80 million, equivalent to S/265.1 million, as of December 31, 2019). Through the interest rate swap (IRS), said repurchase agreement was economically converted to a fixed rate. In turn, the bank maintains a currency swap (CCS), which was designated in combination with the IRS interest rate swap, as a cash flow hedge since, through said instrument, the agreement of repurchase was economically converted to nuevos soles at a fixed rate, see note 7(b).

(ii) As of March 31, 2020, the Bank and its subsidiaries maintain a CCS which was designated as cash flow hedge of certain repurchase agreements in US dollars at a variable rate for a nominal amount of US$70 million, equivalent to S/240.5 million (US$70 million, equivalent to S/232.0 million, as of December 31, 2019). Through the CCS, these repurchase agreements were economically converted into soles at a fixed rate, see note 7(b).

(iii) As of March 31, 2020, the Bank and its subsidiaries maintain a CCS which was designated as cash flow hedge of certain repurchase agreements in US dollars at a variable rate for a nominal amount of US$45 million, equivalent to S/154.6 million (US$45 million, equivalent to S/149.1 million, as of December 31, 2019). Through the CCS, these repurchase agreements were economically converted into soles at a fixed rate, see note 7(b).

(iv) As of March 31, 2020, the Bank and its subsidiaries maintain a CCS which was designated as cash flow hedge of certain repurchase agreements in US dollars at a variable rate for a nominal amount of US$25 million, equivalent to S/85.9 million (US$25 million, equivalent to S/82.8 million, as of December 31, 2019). Through the CCS, these repurchase agreements were economically converted into soles at a fixed rate, see note 7(b).

6 LOANS, NET

a) This item is made up as follows:

	As of March 31, 2020 S/000	As of December 31, 2019 S/000
Direct loans		
Loans	86,371,982	81,156,314
Leases	6,082,888	5,978,421
Credit cards	8,204,167	8,371,208
Discounted notes	1,984,105	2,198,449
Factoring receivables	1,870,705	2,015,513
Overdrafts and advances on checking accounts	355,224	152,436
Refinanced loans	1,106,826	1,163,864
Restructured loans	129	124
Total loans to fall due	105,976,026	101,036,329
Past due loans and under court collection	3,401,319	3,163,185
Total gross loans	109,377,345	104,199,514
Add (less)		
Accrued interest from current loans	835,912	751,948
Deferred interest on discounted notes	(142,464)	(87,451)
Allowance for loan losses (c)	(4,694,344)	(4,527,881)
Total direct loans	105,376,449	100,336,130
Indirect loans, Note 14(a)	18,793,636	19,421,696

(b) As of March 31, 2020, and December 31, 2019, the distribution of the loan portfolio by segments, according to Resolutions SBS No.11356-2008, is as follows:

	As of March 31, 2020 S/000	As of December 31, 2019 S/000
Non-retail loans		
Corporate	28,747,109	24,668,855
Large-business	18,296,826	17,490,828
Medium-business	16,399,158	16,269,604
Sub total	63,443,093	58,429,287
Retail loans		
Mortgage	17,550,594	17,144,333
Revolving and non-revolving consumer loans	14,458,855	14,438,981
Small-business	10,827,038	11,003,469
Micro-business	3,097,765	3,183,444
Sub total	45,934,252	45,770,227
Total	109,377,345	104,199,514

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

	2020 S/000	2019 S/000
Balance as of January 1	4,847,449	4,791,396
Provision, net of recoveries	656,992	407,120
Recoveries of written-off loans	43,954	69,836
Loan portfolio written-off	(509,446)	(422,919)
Portfolio sale of court collection loans (*)	(30,124)	(103,886)
Exchange difference	(33,343)	(17,931)
Condonations and other	(13,655)	(15,805)
Balance as of March 31 (**)	5,028,513	4,707,811
Balance as of December 31, 2019		4,847,449

(*) During 2020, a portion of the judicial collection portfolio was sold for S/33.3 million, with a value of S/112.7 million. Total income is included in the Consolidated Income Statement under "Other non-financial income por S/32.9 million.

(**) As of March 31, 2020, the allowance for loan losses includes indirect loans allowance for approximately S/334.2 million (approximately S/319.2 million as of December 31, 2019).The allowance for indirect loan losses is presented in the “Allowance for indirect loan losses” caption of the condensed consolidated interim statements of financial position, Note 6(a).

In Management’s opinion, the allowance for loan losses recorded as of March 2020 and March 2019 has been established in accordance with SBS regulations in force as of those dates.

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

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

The SBS, through the Multiple Official Letter No.10250-2017 dated March 16, 2017, reported to enable the companies of the financial system to modify the contractual conditions of the various types of credit of retail debtors, without the modification constituting a refinancing, to the extent that the total term does not extend for more than 6 months. In that sense, the Bank and Subsidiaries present as of March 31, 2020, the total of S/464.1 million of credits reprogrammed within the current credits category (S/500.3 million as of December 31, 2019).

e) Due COVID-19 Pandemic effects, BCP and subsidiaries have offered its clients in Retail Banking the opportunity to reschedule their loans for 30 or 90 days without incurring in overdue fees and interest on capital. As of March 2020, the rescheduled portfolio amounts to a total of S/10,062 MM.

In the loan portfolio, the most vulnerable segments are: Mibanco and within BCP stand-alone SME-Pyme and individuals, where debt reprogramming rates reached 22%, 27% and 12% respectively at the end of March.

As of March 31, 2020, the distribution of the reschedule loan portfolio by segments, due COVID-19 Pandemic effects, is as follows, soles in millions:

	BCP S/MM	MI BANCO S/MM
Reschedule loans		
Non-retail loans		
Corporate	194	-
Large-business	453	-
Medium-business	2,558	57
Total non-retail loans	3,205	57
Retail loans		
Mortgage	1,637	7
Revolving and non-revolving consumer loans	1,628	136
Small-business	1,218	1,485
Micro-business	75	614
Total retail loans	4,558	2,242
Total reschedule loans	7,763	2,298

7 GOODWILL, OTHER ASSETS AND OTHER LIABILITIES

These items are made up as follows:

	As of March 31, 2020 S/000	As of December 31, 2019 S/000
Goodwill		
Mibanco / Edyficar	276,321	276,321
Other assets, net		
Financial instruments		
Accounts receivable, net (a)	1,181,820	859,976
Derivatives receivable (b)	1,402,529	830,335
Operations in process	44,825	83,183
	2,629,174	1,773,494
Non-financial instruments		
Finite live intangible assets, net (e)	1,111,109	1,129,008
Deferred income tax (d)	464,635	399,000
Prepaid expenses (g)	860,178	812,343
Realizable, received in payment and seized assets, net	78,646	86,436
Value added tax credit	-	18,837
Other	10,498	10,501
	2,525,066	2,456,125
Total other assets	5,154,240	4,229,619
Other liabilities		
Financial instruments		
Derivatives payable (b)	1,390,981	788,393
Other accounts payable	647,143	343,316
Suppliers account payable	199,512	282,225
Allowance for indirect loan losses, Note 6 (c)	334,169	319,568
Operations in process (c)	95,234	71,195
Employee’s legal participations	80,017	241,424
Salaries payable	248,718	178,537
Employee’s additional participations	45,093	144,974
Share based payments, see Note 16	17,888	54,993
	3,058,755	2,424,625

	As of March 31, 2020	As of December 31, 2019
	S/000	S/000
Non-financial instruments		
Provision for sundry risks	282,754	278,370
Taxes payable	298,922	294,966
Deposit insurance fund	39,925	38,568
Other (f)	186,873	183,309
	808,474	795,213
Total other liabilities	3,867,229	3,219,838

a) As of March 31, 2020, the balance comprises accounts receivable for reverse repurchase agreements and securities lending, sale of securities and sale of goods and services, amounting to S/335.8 million, S/60.4 million and 39.4 million, respectively.

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

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

	Nota	As of March 31, 2020 Assets S/000	Liabilities S/000	Notional amount S/000	Maturity	As of December 31, 2019 Assets S/000	Liabilities S/000	Notional amount S/000	Maturity	2020 and 2019 Hedged instrument
Derivatives held for trading (i) -										
Forward exchange contracts		179,031	168,458	20,038,905	Between April 2020 and November 2021	145,568	109,112	17,900,245	Entre January 2020 y May 2021	-
Interest rate swaps		621,232	792,925	17,493,845	Between April 2020 and December 2031	230,232	299,810	18,192,820	Between January 2020 and December 2031	-
Currency swaps		470,588	331,402	8,512,877	Between April 2020 and January 2033	354,072	308,970	8,085,727	Between January 2020 and January 2033	-
Foreign currency options		6,688	2,859	939,410	Between April 2020 and March 2021	1,292	892	246,989	Between January 2020 and December 2020	-
		1,277,539	1,295,644	46,985,037		731,164	718,784	44,425,781		
Derivatives designated as cash flow hedging (ii) -										
Interest rate swaps (IRS)	10	-	4,686	240,590	March 2021	-	2,555	231,980	March 2021	Bonds issued
Interest rate swaps (IRS)	10	-	2,216	103,110	March 2022					Bonds issued
Interest rate swaps (IRS)	9(a)	-	1,758	687,400	Between May 2020 and November 2020	102	1,111	662,800	Between May 2020 and November 2020	Due to banks
Interest rate swaps (IRS)	9(a)	-	1,459	653,030	Between May 2020 and June 2020	-	1,045	629,660	Between May 2020 and June 2020	Due to banks
Interest rate swaps (IRS)	9(a)	-	3,093	1,031,100	Between May 2020 and August 2020	315	839	994,200	Between May 2020 and August 2020	Due to banks
Interest rate swaps (IRS)	9(a)	-	1,281	168,413	Between November 2020 and November 2020	55	715	984,258	Between February 2020 and November 2020	Due to banks
Interest rate swaps (IRS)	9(a)	-	1,380	343,700	August 2020	114	-	331,400	August 2020	Due to banks
Interest rate swaps (IRS)	9(a)	-	1,087	343,700	June 2020	-	447	331,400	June 2020	Due to banks
Cross currency swaps (CCS)	5(j)(ii)	40,274	-	240,590	August 2020	30,741	-	231,980	August 2020	Repurchase agreements
Cross currency swaps (CCS)	5(*)	33,453	3,099	119,761	Between May 2021 and September 2024	20,803	1,167	107,425	Between May 2021 and September 2024	Available for sale investments
Cross currency swaps (CCS)	9(a)	-	-	-		7,626	-	331,400	January 2020	Due to banks
Cross currency swaps (CCS)	5(*)	-	6,649	347,706	Between October 2020 and February 2022					Available for sale investments
Cross currency swaps (CCS)	5(j)(iv)	-	11,449	85,925	August 2026	-	12,235	82,850	August 2026	Repurchase agreements
Cross currency swaps (CCS)	5(j)(iii)	-	28,599	154,665	August 2026	-	30,352	149,130	August 2026	Repurchase agreements
Cross currency swaps (CCS)	10	1,750	-	171,850	January 2025	-	8,197	165,700	January 2025	Bonds issued
Cross currency swaps (CCS)	10-6	-	2,152	159,630	August 2021	-	2,822	152,545	August 2021	Bonds issued/placement
Cross currency swaps and interest interest rate swaps (CCS and IRS)	5(j)(i)	49,513	102	274,960	August 2020	39,415	-	265,120	August 2020	Repurchase agreements
Fair value hedge -										
Interest rate swaps (IRS) 5(*)		-	26,327	596,732	Between June 2021 and May 2023	-	8,124	618,789	Between June 2021 and May 2023	Available for sale investments
		124,990	95,337	5,722,862		99,171	69,609	6,270,637		
		1,402,529	1,390,981	52,707,899		830,335	788,393	50,696,418		

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

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

c) Operations in process include deposits received, loans disbursed and/or collected, funds transferred and other similar types of transactions, which are made at the end of the month and not reclassified to their final condense consolidated interim statements financial position accounts until the first days of the following month. The regularization of these transactions may not affect the Bank and Subsidiaries' consolidated net income.

d) Deferred income tax is mainly generated by loans, unrealized loss on bonds, depreciation of buildings, unrealized gains on investments and the difference in exchange in assets and liabilities.

e) As of March 31, 2020 it is mainly composed of intangible in progress, software and developments, brand name and client relationships.

f) As of March 31, 2020 it is mainly composed of deferred commission's loans and deferred income from indirect loans.

g) As of March 31, 2020, it is mainly composed of the advance payment made to Latam Airlines Group S.A. Peru Branch, which balance amounts to US$188.9 million, for the Latam Pass Miles that the Bank must acquire from 2020 to 2024 (the balance amounted to US$202.0 million as of December, 2019)

8 DEPOSITS AND OBLIGATIONS

a) This item is made up as follows:

	As of March 31, 2020 S/000	As of December 31, 2019 S/000
Demand deposits	35,971,625	32,200,966
Saving deposits	35,547,434	32,867,095
Time deposits	26,279,970	25,039,955
Severance indemnities deposits	7,204,922	7,897,199
Negotiable certificates	1,090,657	1,180,461
	106,094,608	99,185,676
Interest payable	236,280	247,485
Total	106,330,888	99,433,161

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

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

As of March 31, 2020, and December 31, 2019, of the total balance of deposits and obligations, approximately S/35,356.0 million and S/35,511.9 million, respectively, are secured by the Peruvian “Fondo de Seguro de Depósitos” (Deposit Insurance Fund). At said dates, maximum amount of coverage per depositor recognized by “Fondo de Seguro de Depósitos” totaled S/100,123 and S/100,661, respectively.

9 DUE TO BANKS, CORRESPONDENTS AND OTHER ENTITIES

This item is made up as follows:

	As of March 30, 2020 S/000	As of December 31, 2019 S/000
By type -		
Due to banks, correspondents and financial institutions (a)	5,627,693	5,342,919
Due to related parties (b)	340,677	365,767
Promotional credit lines (c)	3,056,167	2,938,981
	9,024,537	8,647,667
Interest payable	11,267	12,631
Total	9,035,804	8,660,298
By term -		
Short-term debt	5,235,979	5,143,323
Long-term debt	3,799,825	3,516,975
Total	9,035,804	8,660,298

a) As of March 31, 2020, due to banks and correspondents comprise mainly loans to finance foreign trade operations and for working capital granted by 15 entities (15 as of December 31, 2019); of which 7 represent approximately 50.43 percent of the balance (6 represent approximately 51.28 percent of the balance as of December 31, 2019).

As of March 31, 2020, due to bank and correspondents accrued annual interest at rates that ranged between 0.99 and 8.20 percent (between 2.0 and 8.67 percent as of December 31, 2019).

b) As of March 31, 2020, due to related parties includes loans at variable interest rates maintained between BCP and CCR Inc. and Atlantic Security Bank (ASB), amounting to US$97.6 million, equivalent to a S/335.33 million and US$1.56 million, equivalent to S/5.35 million, respectively (the loans at variable interest rates between BCP and CCR Inc. and Atlantic Security Bank (ASB) amounting to US$108.8 million, equivalent to a S/360.6 million and US$1.6 million equivalent to a S/5.2 million, respectively, as of December 31, 2019).

c) Promotional credit lines represent loans received mainly from Corporación Financiera de Desarrollo (COFIDE) and Fondo de Cooperación para el Desarrollo (FONCODES) to promote the development of Perú. As of March 31, 2020 and December 31, 2019, their annual interest rates ranged between 4.20 and 7.75 percent. These liabilities are secured by a loan portfolio for up to the amounted of the credit line used.

10 BONDS AND SUBORDINATED NOTES ISSUED

This item is made up as follows:

	As of March 31, 2020 S/000	As of December 31, 2019 S/000
Local issuances -		
Corporate bonds	813,792	996,173
Subordinated bonds	145,000	145,937
Negotiable Certificates of deposits	1,304	60
	960,096	1,142,170
International issuances -		
Senior notes	9,240,048	8,900,990
Subordinated notes	3,662,610	3,530,023
Corporate bonds	159,082	151,888
Subordinated negotiable certificates of deposit	429,255	413,351
	13,490,995	12,996,252
Total local and international issuances -	14,451,091	14,138,422
Interest payable	119,715	174,504
Total	14,570,806	14,312,926

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

As of March 31, 2020, their annual effective interest rates ranged between 0.42 percent and 8.50 percent and have maturities between September 2020 and June 2027, see more details in Note 12 to the consolidated financial statements as of December 31, 2019.

11 INCOME TAX

Amounts presented in the condensed consolidated interim statements of income for the 2020 and 2019 are shown below:

	Three -month period ended March 31,	
	2020 S/000	2019 S/000
Current	300,406	303,278
Deferred	(8,734)	49,057
	291,672	352,335

As of March 31, 2020, deferred income tax expense variation is mainly due to PAU tax deduction 2019, which increases the expense by S/29 million; the reversal of the generic allowance for loan losses, which decreases the expense by S/24 million; and differences between amortization rates, which decreases the expense by S/31 million.

12 SHAREHOLDER'S EQUITY

a) Capital stock -

As of March 31, 2020 and December 31, 2019, the Bank's capital stock comprises 10,217.4 million, of fully subscribed and paid common shares, each with a nominal value of one Peruvian Sol.

As of March 31, 2020 and as of December 31, 2019 Grupo Crédito S.A. (a subsidiary of Credicorp) hold 97.71 percent of the Bank's capital stock.

The Mandatory Annual General Shareholders' Meetings held on March 29, 2019 and March 28, 2018, approved the capitalization of 2018 and 2017 retained earnings for amounts of S/1,447.0 and S/837.0 million, respectively

b) Legal reserve -

Under Peruvian legislation, the Bank must reach a legal reserve of at least 35 percent of its paid-in capital, through an annual appropriation of at least 10 percent of the net income. As of December 31, 2019 and 2018 the Bank covered said legal requirement.

The Mandatory Annual General Shareholders' Meeting, held on March 29, 2019 and March 28, 2018 approved the increase of the legal reserve by approximately S/510.8 million and S/298.8 million, from the 2018 and 2017 net income, respectively.

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

c) Other reserves -

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

d) Unrealized and translation results -

The caption "Unrealized and translation results" includes the net unrealized gain (loss) from available-for-sale investments and from derivatives instruments used as cash flow hedges and translation results. The movement for the three -month period ended March 31, 2020 and 2019, net of deferred income tax is as follows:

	Unrealized gain (loss) of:			
	Available for sale investments	Derivatives instruments used as cash flow hedges	Translation results	Total
	S/000	S/000	S/000	S/000
Balances as of January 1, 2019	13,621	(3,827)	824	10,618
Net unrealized loss from available for-sale investments	125,934	-	-	125,934
Transfer of realized gain from available for-sale investments to the condensed consolidated statement interim of income, net of realized loss	(2)	-	-	(2)
Net unrealized loss from cash flow hedge	-	(5,218)	-	(5,218)
Transfer of realized loss from cash flow hedge to the condensed consolidated statement interim of income, net of realized loss	-	(5,692)	-	(5,692)
Deferred Income Tax	(7,835)	3,066	-	(4,769)
Foreign currency translation	-	-	(213)	(213)
Balances As of March 31, 2019	131,718	(11,671)	611	120,658

	Unrealized gain (loss) of: Available for sale investments S/000	Derivatives instruments used as cash flow hedges S/000	Translation results S/000	Total S/000
Balances as of January 1, 2020	328,302	(30,770)	580	298,112
Net unrealized loss from available for-sale investments	(294,039)	-	-	(294,039)
Transfer of realized gain from available for-sale investments to the condensed consolidated statement interim of income, net of realized loss	(63,470)	-	-	(63,470)
Net unrealized loss from cash flow hedge	-	(7,228)	-	(7,228)
Transfer of realized loss from cash flow hedge to the condensed consolidated statement interim of income, net of realized loss	-	(11,248)	-	(11,248)
Deferred Income Tax	51,612	5,289	-	56,901
Foreign currency translation	-	-	656	656
Balances as of March 31, 2020	22,405	(43,957)	1,236	(20,316)

e) Components of other comprehensive income -

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

	For the three-month period ended March 31, 2020 S/000	2019 S/000
Available-for-sale investments:		
Net unrealized gain (loss) from available for-sale investments	(294,039)	125,934
Net transfer of realized gain from available for-sale investments to condensed consolidated interim statements of income	(63,470)	(2)
Sub total	(357,509)	125,932
Deferred income tax	51,612	(7,835)
	(305,897)	118,097
Non-controlling interest	68	88
	(305,829)	118,185
Cash flow hedges:		
Net unrealized (loss) gain from cash flow hedges	(7,228)	(5,218)
Net transfer of realized loss from cash flow hedges to condensed consolidated interim statements of income	(11,248)	(5,692)
Sub total	(18,476)	(10,910)
Deferred income tax	5,289	3,066
	(13,187)	(7,844)
Translation results:		
Exchange differences on translation of foreign operations	656	(213)
Non-controlling interest	(4)	(2)
	652	(215)

f) Dividend distribution -

The General Shareholders' Meetings held on March 28, 2019 and March 28, 2018, agreed to distribute dividends for approximately S/1,504.1 million and S/1,494.6, respectively.

Additionally, as of September 25, 2019, at the Board´ Meeting in use of the powers conferred by the General Shareholders´ Meetings, agreed to distribute extraordinary dividends for approximately S/ 532.3 million.

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

g) Equity for legal purposes (Regulatory capital) -

As of March 31, 2020 and December 31, 2019 in application of Legislative Decree No.1028, the Bank presents the following amounts related to weighted assets and credits by total risk and regulatory capital (basic and supplementary), in millions of soles:

	As of March 31, 2020	**As of December 31, 2019**
	S/000	**S/000**
Assets and risk weighted by overall risk	142,085	134,129
Regulatory capital	19,215	19,408
Basic regulatory equity	14,671	14,850
Supplementary regulatory capital	4,543	4,558
Global equity on regulatory capital ratio	13.52%	14.47%

As of March 31, 2020 and December 31, 2019, the Bank and Subsidiaries have fulfilled the requirements of Resolutions No.2115-2009, No.6328-2009 and No.14354-2009, Regulations for the Requirement of Regulatory Capital by Operational Risk, Market Risk and Credit Risk Regulations, respectively, and amendments. Those resolutions establish, mainly, the methodology to be applied by financial entities in order to calculate assets and credits weighted for each type of risk.

On July 20, 2011, the SBS issued Resolution No.8425-2011 requiring an additional regulatory capital, which is the summation of each of the following components: economic cycle risk, concentration risk, market concentration risk, interest rates risk and others. Likewise, it established a gradual adoption period of five years starting in July 2012. As of March 31, 2020 and December 31, 2019, the level of adoption established by SBS is 100 percent; as a result, the additional required estimated regulatory capital amounts to approximately S/2,202.9 and S/3,569.3, respectively.

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

Resolution SBS No.11823-2010, "Regulations on consolidated supervision of financial and mixed conglomerates" establishes that the economic group subject to consolidation (the Bank and Subsidiaries are part of Credicorp Group), must have a regulatory equity destined to cover the risks arising from the operations and activities of the bank, which shall not be lower than the minimum equity, required the group subject to consolidation. As of March 31, 2020 and December 31, 2019, the regulatory equity of the financial group subject to consolidation amounted to S/25,864.8 million and S/ S/24,106.4 million, respectively.

13 TAX SITUATION, LIABILITIES AND CONTINGENCIES

a) The Bank and its principals Subsidiaries are subject to the Peruvian tax regime. The income tax rate at March 30, 2020 and December 31, 2019 was 29.5 percent.

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

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

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

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

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

c) For income tax calculation purposes, the transfer prices agreed in transactions between related parties and with entities located in tax havens require the presentation of supporting documentation and information on the valuation methods and criteria applied for the price calculation. Based on the analysis of the operations of the Bank and its Subsidiaries, Management and its internal legal advisors consider that no significant contingencies will arise for the Bank as a consequence of the application of these provisions for fiscal year 2019 and 2018.

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

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

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

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

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

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

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

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

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

Banco de Crédito del Perú S.A.	2014-2019
Mibanco Banco de la Microempresa S.A.	2015-2019
Solución Empresa Administradora Hipotecaria S.A.	2015-2019

On September 11 and December 2019, the Peruvian Tax Authority has notified to Banco de Crédito del Peru the initial Letter of presentation and initial requirement of examinations of income tax returns for the 2014 and 2015 period to Banco de Crédito del Perú S.A.

Con fechas 11 de setiembre y 11 de diciembre de 2019 la Autoridad Tributaria notificó las cartas de presentación y los requerimientos iniciales de las fiscalizaciones del Impuesto a la Renta de tercera categoría de los períodos 2014 y 2015, respectivamente. In relation to the year 2015, the Peruvian Tax Authority carried out an inspection on Income Tax Withholdings to non-domiciled persons, not having made any observation as a result of the process.

On April 16, 2019, Mibanco has been notified by the Tax Authority for the start of the 2014 Income Tax audit, currently the audit procedure is in process.

h) Also, the Chilean Statutory Income Tax rate (First Category Tax) for resident legal individuals subject to the attributed system is 25 percent for 2018 and 2019 and for those subject to the partially integrated system 27 percent. On the other hand, individuals or enterprises not domiciled in Chile will be subject to an additional tax, which is applied with an overall rate of 35 percent. It operates in general on the basis of withdrawals and distributions or income remittances abroad, which are of Chilean source. The taxpayers subject to this tax are entitled to a tax credit equivalent to First Category Tax paid by companies on income withdrawn or distributed , which is 100% for taxpayers who are in the regime attributed, for their part, Taxpayers under the partially integrated scheme, in some cases, must return 35% of this credit. This refund does not apply to countries with which Chile has an agreement in place to avoid double taxation.Credicorp companies Group are all under the partially integrated scheme.

Due to the tax regulations being subject to interpretation by the Tax Authorities it is not possible to determine at present whether or not the reviews carried out will generate additional liabilities for the Bank and its Subsidiaries. Therefore, any unpaid tax, penalties or interests that might result from said reviews will be expensed in the year in which they are determined. Nevertheless, Management of the Bank and its internal legal advisors consider that any additional tax assessments would not have a significant impact on the 2019 and 2018 consolidated financial statements of the Bank and its Subsidiaries.

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

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

In this regard, the Company, through the corresponding areas, is making improvements in its processes in order to comply with this interpretation of the standard in fiscal year 2019.

14 CONTINGENT RISKS AND COMMITMENTS

a) This item is made up as follows:

	As of March 31, 2020 S/000	As of December 31, 2019 S/000
Contingent operations (indirect loans) (b) -		
Guarantees and stand-by letters of credit	16,484,038	17,212,965
Import and export letters of credit	1,754,000	1,673,509
Due from bank acceptances	555,598	535,222
	18,793,636	19,421,696
Responsibilities under credit line agreements (c)	71,174,841	67,820,401
Other contingent operations	10,143	9,157
Total contingent risk and commitments	89,978,620	87,251,254

b) In the normal course of its business, the Bank and Subsidiaries perform contingent operations. These operation1qs expose them to credit risk in addition to the amounts recognized in the consolidated interim statements of financial position. The Bank’s exposure to losses under commitments to extend credit, provide export and import letters of credit and guarantees (indirect loans) is represented by the contractual amounts specified in the related contracts.

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

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

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

15 FINANCIAL INCOME AND EXPENSES

This item is made up as follows:

	For the three-month period ended March 31,	
	2020	2019
	S/000	S/000
Financial income		
Interest from loan portfolio	2,541,570	2,387,662
Interest from trading, available-for-sale and held to maturity investments, net	175,658	180,667
Interest from cash and due from banks and inter-bank funds	46,578	80,637
Other	3,615	1,632
	2,767,421	2,650,598
Financial expenses		
Interest and commission on deposits and obligations	(279,657)	(294,894)
Interest on bonds and subordinate notes issued	(194,087)	(221,826)
Interest on due to banks, correspondents and other entities and inter-bank funds	(138,233)	(142,986)
Deposit Insurance Fund fee	(40,030)	(36,857)
Other	(1,842)	(1,843)
	(653,849)	(698,406)
Gross financial margin	2,113,572	1,952,192

16 OTHER NON-FINANCE INCOME AND OTHER OPERATING EXPENSES

This item is made up as follows:

	For the three-month period ended March 31,	
	2020	2019
	S/000	S/000
Other non-finance income		
Revenue from sale of loan portfolio	32,931	39,950
Rental income	408	159
Income from the sale of property, furniture and equipment	22,400	3,852
Other (*)	45,373	33,305
Total	101,112	77,266
Other operating expenses		
Losses due to operational risk	(8,325)	(6,869)
Provision for sundry risks	(4,385)	(3,331)
Provision for other accounts receivable	(128)	(129)
Net loss from sale seized assets	(122)	-
Administrative and tax penalties	(98)	(3)
Donations	(114,425)	(4,458)
Other	(17,775)	(9,251)
Total	(145,258)	(24,041)

(*) During the three-month periods ended March 31, 2020 and 2019, the balance mainly comprises cash surpluses, use of BCP Bolivia brand penalty for breach of contract, commissions for recovery in civil and judicial lawsuits of Personal Credits and Credit Card products; also, collection of commission for relocation, vehicle taxes, municipal property taxes, fines and penalties to clients related to the Leasing product, among others.

17 TRANSACTIONS WITH RELATED PARTIES

a) During the three-month period ended March 31, 2020 and the year ended December 31, 2019, the Bank and Subsidiaries have acquired bonds, granted loans, supplied and received several services, correspondent relationships and other operations with Credicorp's Subsidiaries, which balances are shown below:

	As of March 31, 2020 S/000	As of December 31, 2019 S/000
Assets -		
Cash and due from banks	91,589	5,363
Investments available-for-sale (Credicorp shares)	89,879	86,074
Loans, net	704,472	217,093
Other assets	135,358	132,231
Liabilities -		
Deposits and obligations	1,892,565	1,567,775
Due to banks, correspondents and other entities	341,895	367,266
Bonds and subordinated notes issued	57,687	50,016
Other liabilities	7,677	12,216
Contingent operations (indirect loans)	310,159	252,633
Statements of income		
Financial income	5,382	1,950
Financial expenses	9,753	19,099
Other income	121,820	111,127
Other expenses (*)	23,623	10,019

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

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

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

	As of March 31, 2020 S/000	As of December 31, 2019 S/000
Direct loans	2,269,646	1,657,205
Indirect loans	421,168	373,865
Derivatives, market value	3,390	4,984
Deposits	1,846,410	749,440

b) Loans to employees and their families -

The Bank and Subsidiaries grant loans to their employees and families in terms that depend on the different types of loans granted (mainly mortgage loans) and are included under the caption "Loans, net" of the condensed consolidated interim statements of financial position. Generally, interest rates applied are lower than market interests rates; however, others terms are similar to those prevailing in the market. As of March 31, 2020 and December 31, 2019, the balance of loans and other facilities granted to employees, their family members, directors and key executives of the Bank and Subsidiaries amounted to S/993.4 million and S/1,003.2 million, respectively.

18 FINANCIAL RISK MANAGEMENT

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

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

In this sense, risk is inherent to the Bank and Subsidiaries activities, which is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the continuing profitability of the Bank and Subsidiaries and each individual is accountable for the risk exposures relating to his responsibilities. The Bank and Subsidiaries are mainly exposed to operating risk, credit risk, liquidity risk and market risk.

a) Risk management structure -

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

(i) Board of Directors -

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

(ii) Risk Committee -

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

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

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

Credit Risk Committee (Retail and Non-Retail) -

The Credit Risk Committee is responsible for reviewing the tolerance level of the appetite for credit risk and the limits of exposure. In addition, it proposes the norms and policies of credit risk management within the framework of governance and the organization for the comprehensive management of credit risk. Furthermore, it proposes the approval of any change in the functions described above and important findings to the Risk Committee.

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

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

Operational Risk Committee -

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

(iii) Central Risk Management -

The Central Risk Management is responsible for implementing policies, procedures, methodologies and of the actions to be taken to identify, measure, monitor, mitigate, report and control the different types of risks to which the Bank and Subsidiaries are exposed. Also, it participates in the design and definition of the strategic plans of the business units to ensure that they are aligned within the risk parameters approved by the Board of Directors of the Bank and Subsidiaries.

The Central Risk Management is divided into the following units:

Risk Management Division -

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

Consumer and Micro-Business Risk Division -

The Consumer and Micro-Business Risk Area is responsible for ensuring the quality of the retail loans portfolio and developing credit standards in line with the guidelines and risk levels defined by the Board of Directors.

Credit Division -

The Credit Division is responsible for the evaluation, approval, control and recovery of the wholesale portfolio based on the general credit policies for each of the operations in which the Bank decides to participate in. These guidelines are established on the basis of the policies set by the Board of Directors and respecting current laws and regulations.

Treasury Risk Management -

Treasury Risk Management is responsible for planning, coordinating and supervising the implementation of the methodologies and limits used by the Treasury Division and approved by the Risk Management Committee. It is also responsible for evaluating the effectiveness of the hedging derivatives and the valuation of investments.

(iv) Audit and Compliance Divisions -

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

The Compliance Division is responsible for ensuring the corporate compliance of the regulations and the Code of Ethics.

b) Risk measurement and reporting systems -

The Bank and Subsidiaries have independent information bases which are then integrated through corporate reports. These reports enable it to monitor, at an aggregate and detailed level, the different types of risks to which each subsidiary is exposed. The system provides it the ability to comply with the needs for risk appetite review requested by the above-mentioned committees and areas; as well as comply with the regulatory requirements.

c) Risk mitigation -

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

Finally, the Bank and Subsidiaries actively use guarantees in order to reduce their credit risks.

d) Risk appetite -

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

Core metrics preserve the organization’s strategic pillars, defined as solvency, liquidity, benefit and growth, stability in growth and balance sheet structure.
Specific metrics seek to monitor qualitatively and quantitatively the different risks to which the Bank and Subsidiaries are exposed, as well as defining a tolerance threshold in each one of them, so as to preserve the risk profile established by the Board of Directors, and anticipate points of risk on a more detailed level.

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

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

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

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

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

e) Risk concentration -

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

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

18.1 Credit risk -

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

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

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

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

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

(i) Collateral -

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

For repurchase agreements and securities lending, collaterals are fixed income instruments and cash.

For loans and advances, collaterals include, among others, mortgages over residential properties; liens over business assets such as premises, inventory and accounts receivable; and liens over financial instruments such as debt securities and equities.

Moreover, long-term credits and financing to corporate entities are generally guaranteed. Credits to small companies and microenterprises are not generally guaranteed. In order to minimize credit losses, the Bank and Subsidiaries request additional guarantees from the counterparty as soon as impairment indicators arise.

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

Management monitors the fair value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the fair value of collateral obtained during its review of the adequacy of the allowance for impairment losses. As part of the policies of the Bank and Subsidiaries, repossessed properties are disposed of in age order. The proceeds are used to reduce or repay the outstanding amount due. In general, the Bank and Subsidiaries do not use repossessed properties for operating purposes.

(ii) Derivatives -

The amount subject to credit risk is limited to the current and potential fair value of instruments that are favorable to the Bank and Subsidiaries (where fair value is positive). In the case of derivatives, this is only a small fraction of the contract, or notional amounts used to express the volume of instruments outstanding. The credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for this type of credit risk exposures.

(iii) Credit-related commitments -

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

b) The maximum exposure to credit risk as of March 31, 2020 and December 31, 2019, before the effect of mitigation through any collateral, is the book value of each class of financial assets and the contingent operations.

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

- 92.3 percent of the loan portfolio is considered neither past due nor impaired as of March 31, 2020 (93.5 percent as of December 31, 2019);

- 95.5 percent of the investments have at least investment grade (BBB- or higher) or are debt securities issued by BCRP (unrated) as of March 31, 2020 (96.9 percent as of December 31, 2019);

- 17.4 percent and 63.0 percent of the cash and due from banks represent amounts deposited in the Bank and in the BCRP, respectively, as of March 31, 2020 (16.1 percent and 68.8 percent, respectively, as of December 31, 2019).

c) Credit risk management for loans -

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

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

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

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

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

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

When a loan is uncollectible, it is written off against the related provision for loan impairment. Said loans are written off after all the necessary legal procedures have been completed and the write-off has been approved by the Board of Directors, in accordance with SBS Resolution No. 11356-2008 “Regulation for the evaluation and classification of debtors and the requirement for provisions”. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the statement of income.

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

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

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

The following is a summary of the direct loans classified in three major groups:

i) Loans neither past due nor impaired, comprising those direct loans currently without delinquency characteristics and related to clients ranked as normal or potential problems; ii) Past due but not impaired loans, comprising past due loans of clients classified as normal or with potential problems and iii) Impaired loans, or those past due loans of clients classified as substandard, doubtful or loss; presented net of the provision for loan losses for each of the loan classifications:

	As of March 31, 2020						As of December 31, 2019					
	Commercial loans	Residential mortgage loans	Micro-business loans	Consumer loans	Total		Commercial loans	Residential mortgage loans	Micro-business loans	Consumer loans	Total	
	S/000	S/000	S/000	S/000	S/000	%	S/000	S/000	S/000	S/000	S/000	%
Neither past due nor impaired -												
Normal	56,452,510	15,578,707	12,547,788	12,951,832	97,530,837	93.17	53,393,191	15,680,258	12,385,886	13,249,798	94,709,133	95.02
Potential problem	2,907,276	96,743	246,138	164,490	3,414,647	3.26	2,268,261	91,372	268,081	119,720	2,747,434	2.76
Past due but not impaired -												
Normal	2,040,669	776,144	18,798	466,598	3,302,209	3.15	776,229	384,228	387,807	261,403	1,809,667	1.82
Potential problem	71,595	125,911	1,048	6,835	205,389	0.20	38,510	78,638	17,106	2,849	137,103	0.14
Impaired -												
Substandard	587,600	192,041	191,998	250,873	1,222,512	1.17	601,935	160,896	193,929	214,388	1,171,148	1.17
Doubtful	495,308	293,854	342,893	415,416	1,547,471	1.48	503,894	276,121	324,808	387,172	1,491,995	1.50
Loss	888,135	487,194	576,140	202,811	2,154,280	2.05	847,267	472,820	609,296	203,651	2,133,034	2.13
Gross	63,443,093	17,550,594	13,924,803	14,458,855	109,377,345	104.48	58,429,287	17,144,333	14,186,913	14,438,981	104,199,514	104.54
Less: Allowance for loan losses	2,147,762	584,436	1,288,201	673,945	4,694,344	4.48	2,076,119	569,618	1,240,655	641,489	4,527,881	4.54
Total, net	61,295,331	16,966,158	12,636,602	13,784,910	104,683,001	100.00	56,353,168	16,574,715	12,946,258	13,797,492	99,671,633	100.00

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

As of March 31, 2020 and December 31, 2019, refinanced loans amounted to approximately S/1,106.83 million and S/1,163.86 million, respectively, of which S/504.57 million and S/526.33 million, respectively, are classified as neither past due nor impaired, S/251.07 million and S/191.05 million past due but not impaired, and S/351.18 million and S/446.48 million impaired, respectively.

As of March 31, 2020 and December 31, 2019, past due but not impaired loans are between 30 and 60 days past due.

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

	As of March 31, 2020					As of December 31, 2019				
	Commercial loans	Residential mortgage loans	Micro-business loans	Consumer loans	Total	Commercial loans	Residential mortgage loans	Micro-business loans	Consumer loans	Total
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Impaired loans	1,971,043	973,089	1,111,031	869,100	4,924,263	1,953,096	909,837	1,128,033	805,211	4,796,177
Fair value of collateral	1,678,102	805,182	6,706	115,972	2,605,962	1,627,025	737,251	6,103	100,232	2,470,611
Allowance for loan losses	979,821	458,685	769,674	514,586	2,722,766	968,217	447,379	793,015	489,379	2,697,990

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

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

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

	As of March 31, 2020		As of December 31, 2019	
	S/000	%	S/000	%
Instruments rated in Perú:				
AAA	99,227	0.47	100,297	0.57
AA- a AA+	3,234	0.02	3,414	0.02
A- to A+	8,767,559	41.48	7,236,583	40.91
BBB- to BBB+	688,112	3.26	494,156	2.79
BB- to BB+	324,257	1.53	356,067	2.01
B- to B+	7,955	0.04	8,798	0.05
Unrated				
BCRP certificates of deposit	9,685,268	45.82	8,665,271	49.00
Listed and non-listed securities	1,674	0.01	6,836	0.04
Investment funds	-	-	-	-
Subtotal	19,577,286	92.63	16,871,422	95.39
Instruments rated abroad:				
A- to A+	400,019	1.89	286,581	1.62
BBB- to BBB+	550,527	2.60	361,413	2.05
BB- to BB+	201,508	0.95	76,839	0.43
B- to B+	88,218	0.42	76,839	0.43
Unrated				
Listed and non-listed securities	319,288	1.51	91,067	0.51
Subtotal	1,559,560	7.37	815,900	4.61
Total	21,136,846	100.00	17,687,322	100.00

e) Concentration of financial instruments exposed to credit risk:

As of March 31, 2020 and December 31, 2019, financial instruments with exposure to credit risk were distributed considering the following economic sectors:

	As of March 31, 2020						As of December 31, 2019					
	At fair value through profit or loss						At fair value through profit or loss					
	Held for trading and hedging	At inception	Loans and receivables	Investments available-for-sale	Investments held-to-maturity	Total	Held for trading and hedging	At inception	Loans and receivables	Investments available-for-sale	Investments held-to-maturity	Total
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Peruvian Central Bank	352	-	10,680,069	9,685,268	-	20,365,689	-	-	21,166,545	8,665,271	-	29,831,816
Financial services	1,129,455	-	19,504,266	702,702	-	21,336,423	676,025	-	8,425,017	553,274	-	9,654,316
Manufacturing	12,178	-	15,254,269	638,915	-	15,905,362	10,294	-	13,546,329	199,142	-	13,755,765
Micro-business loans	-	-	5,067,683	-	-	5,067,683	-	-	13,058,383	-	-	13,058,383
Commerce	9,891	-	16,923,068	64,474	-	16,997,433	10,415	-	11,260,694	74,940	-	11,346,049
Electricity, gas and water	57,583	-	3,317,520	539,140	-	3,914,243	6,986	-	2,595,877	553,260	-	3,156,123
Government and public administration	873,361	-	534,910	4,281,652	4,224,833	9,914,756	-	-	502,301	4,112,388	3,456,144	8,070,833
Leaseholds and real estate activities	12,133	-	7,380,958	-	-	7,393,091	6,286	-	6,875,148	-	-	6,881,434
Communications, storage and transportation	7,047	-	5,935,454	49,553	-	5,992,054	3,974	-	4,171,384	2,419	-	4,177,777
Mining	60,977	-	3,075,715	44,082	-	3,180,774	22,303	-	3,026,163	46,405	-	3,094,871
Community services	-	-	5,431,870	-	-	5,431,870	-	-	4,877,417	-	-	4,877,417
Construction	14,709	-	1,819,199	-	-	1,833,908	7,129	-	1,439,679	-	-	1,446,808
Agriculture	3,768	-	2,539,055	3,833	-	2,546,656	1,963	-	2,072,439	3,870	-	2,078,272
Education, health and other services	5,187	-	1,949,031	18,846	-	1,973,064	3,325	-	1,688,035	20,209	-	1,711,569
Insurance	6,976	-	105,314	-	-	112,290	5,099	-	119,656	-	-	124,755
Fishing	720	-	352,257	-	-	352,977	321	-	316,082	-	-	316,403
Others	91,740	-	2,303,927	-	-	2,395,667	76,215	-	1,467,880	-	-	1,544,095
Sub - Total	2,286,077	-	102,174,565	16,028,465	4,224,833	124,713,940	830,335	-	97,348,645	14,231,178	3,456,144	115,866,302
Residential mortgage loans	-	-	17,058,111	-	-	17,058,111	-	-	16,654,280	-	-	16,654,280
Revolving and non-revolving loans	-	-	14,022,711	-	-	14,022,711	-	-	14,088,289	-	-	14,088,289
Total	2,286,077	-	133,255,387	16,028,465	4,224,833	155,794,762	830,335	-	128,091,214	14,231,178	3,456,144	146,608,871

As of March 31, 2020 and December 31, 2019, the financial instruments with exposure to credit risk were distributed by the following geographical areas:

	At fair value through profit or loss					
	Held for trading and hedging	At inception	Loans and receivables	Investments available for sale	Investments held-to maturity	Total
	S/000	S/000	S/000	S/000	S/000	S/000
As of March 31, 2020						
Peru	873,778	-	125,999,668	14,696,006	4,224,833	145,794,285
Bolivia	-	-	-	-	-	-
United States of America	281,893	-	1,662,220	116,569	-	2,060,682
Chile	95,392	-	1,726,699	227,143	-	2,049,234
Panama	67,177	-	350,306	52,713	-	470,196
Colombia	151,352	-	1,175,582	762,218	-	2,089,152
Brazil	14,784	-	497,444	-	-	512,228
Canada	19,071	-	66,665	-	-	85,736
Mexico	11,938	-	722	74,234	-	86,894
Guatemala	-	-	179,740	4,705	-	184,445
Venezuela	-	-	-	4,615	-	4,615
Europe:						
United Kingdom	187,074	-	901,047	-	-	1,088,121
France	568,307	-	13,742	-	-	582,049
Spain	-	-	31,673	-	-	31,673
Switzerland	-	-	210	-	-	210
Germany	15,311	-	119,717	-	-	135,028
Others in Europe	-	-	20,863	384	-	21,247
Others	-	-	509,089	89,878	-	598,967
Total	2,286,077	-	133,255,387	16,028,465	4,224,833	155,794,762

	At fair value through profit or loss					
	Held for trading and hedging	At inception	Loans and receivables	Investments available for sale	Investments held-to maturity	Total
	S/000	S/000	S/000	S/000	S/000	S/000
As of December 31, 2019						
Peru	91,068	-	122,732,517	13,415,278	3,456,144	139,695,007
Bolivia	-	-	-	-	-	-
United States of America	236,820	-	892,543	118,314	-	1,247,677
Chile	37,488	-	1,538,121	206,143	-	1,781,752
Panama	-	-	342,891	35,041	-	377,932
Colombia	9,013	-	1,053,028	291,199	-	1,353,240
Brazil	-	-	466,552	-	-	466,552
Canada	29,976	-	109,513	-	-	139,489
Mexico	-	-	484	74,136	-	74,620
Venezuela	-	-	-	4,609	-	4,609
Guatemala	-	-	124,229	-	-	124,229
Europe:	-	-	-	-	-	-
United Kingdom	188,472	-	267,782	-	-	456,254
France	222,451	-	25,865	-	-	248,316
Spain	-	-	30,379	-	-	30,379
Switzerland	-	-	49	-	-	49
Germany	15,047	-	68,079	-	-	83,126
Others in Europe	-	-	30,851	-	-	30,851
Others	-	-	408,331	86,458	-	494,789
Total	830,335	-	128,091,214	14,231,178	3,456,144	146,608,871

18.2 Liquidity risk -

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

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

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

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

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

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

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

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

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

	As of March 31, 2020						As of December 31, 2019					
	Up to 3 months S/000	**From 3 months to 1 year S/000**	**From 1 to 3 years S/000**	**From 3 to 5 years S/000**	**Over 5 years S/000**	**Total S/000**	**Up to 3 months S/000**	**From 3 months to 1 year S/000**	**From 1 to 3 years S/000**	**From 3 to 5 years S/000**	**Over 5 years S/000**	**Total S/000**
Financial assets	54,075,726	44,883,601	36,869,960	20,325,042	28,976,073	185,130,403	48,818,315	43,964,141	34,502,363	20,668,556	27,504,691	175,458,066
Financial liabilities by type												
Deposits and obligations and interbank funds	42,063,394	17,731,656	17,882,894	28,301,464	5,408,765	111,388,173	40,307,861	17,507,030	16,422,490	23,885,294	7,281,551	105,404,226
Payables from repurchase agreements, due to banks, correspondents and other entities	7,596,251	4,868,199	2,052,823	521,137	9,076,475	24,114,885	4,480,778	1,123,851	1,494,708	479,811	7,843,918	15,423,066
Bonds and subordinated Notes issued	563,663	2,193,490	5,999,962	7,754,105	165,525	16,676,745	699,005	2,144,490	5,881,952	5,310,605	2,518,421	16,554,473
Other liabilities	2,282,804	150,769	-	-	1,153,167	3,586,740	2,153,727	147,764	-	-	1,203,309	3,504,800
Equity	-	-	-	-	19,356,685	19,356,685	-	-	-	-	19,025,400	19,025,400
Total non-derivative liabilities	52,506,111	24,944,114	25,935,679	36,576,707	35,160,617	175,123,228	47,641,371	20,923,135	23,799,150	29,675,710	37,872,599	159,911,965
Derivative financial liabilities												
Contractual amounts receivable (inflow)	1,564,346	1,163,434	684,131	282,241	970,273	4,664,426	1,643,042	1,239,499	655,716	292,200	955,921	4,786,378
Contractual amounts payable (outflow)	1,200,652	757,937	842,593	313,310	972,125	4,086,617	940,720	797,932	911,863	334,127	997,206	3,981,848
Total derivative liabilities	363,695	405,497	(158,463)	(31,069)	(1,851)	577,809	702,322	441,567	(256,147)	(41,927)	(41,285)	804,530

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

	As of March 31, 2020						As of December 31, 2019					
	Up to 3 months S/000	**From 3 months to 1 year S/000**	**From 1 to 3 years S/000**	**From 3 to 5 years S/000**	**Over 5 years S/000**	**Total S/000**	**Up to 3 months S/000**	**From 3 months to 1 year S/000**	**From 1 to 3 years S/000**	**From 3 to 5 years S/000**	**Over 5 years S/000**	**Total S/000**
Contingent credits (Indirect loans)	367,241	810,778	12,516,280	5,061,176	38,201	18,793,677	379,513	837,871	12,934,531	5,230,303	39,478	19,421,696

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

18.3 Market risk -

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

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

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

a) Trading Book -

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

(i) Value at Risk (VaR) -

The Bank and Subsidiaries apply the VaR approach to their trading portfolio to estimate the market risk of positions held and the maximum losses that are expected, based upon a number of assumptions for various changes in market conditions, as well as being applied to estimate the foreign exchange risk of the structured exchange position.

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

The VaR model expresses the “maximum” amount the Bank and Subsidiaries might lose, but only to a certain level of confidence (99.0 percent). There is therefore a specified statistical probability (1 percent) that the actual loss could be greater than the VaR estimate. The VaR model assumes a certain “holding period” until positions can be closed (1 - 10 days).

The time horizon used to calculate VaR is one day; however, the one-day VAR is amplified to a 10-day time frame and calculated multiplying the one-day VaR times the square root of 10. This adjustment assumes that the changes in the portfolio in the following days have a normal distribution, identical and independent. Thus, the result is multiplied by an adjustment factor of non-normality.

The assessment of trading portfolio movements has been based on historical one-year data and 29 market risk factors, which are composed as follows: 19 market curves, 9 foreign exchange rates, and 1 volatility serie. The Bank and its Subsidiaries apply these historical changes in the risk factors directly to its current positions (a method known as historical simulation).

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

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

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

The VaR of the Bank and its Subsidiaries showed an increase during the 2020 first quarter as a result of greater Interest Rate Effect due to the increase in the volatility of interest rate factors caused by the COVID-19 pandemic, in adittion to the increase in the position and duration of Fixed Income portfolio. During the period, the VaR remained within the limits of the appetite for risk established by the Risk Management of the Bank and its Subsidiaries.

As of March 31, 2020 and December 31, 2019, the Bank and Subsidiaries VaR by risk type is as follows:

	2020 S/000	2019 S/000
Interest rate	90,393	3,390
Price risk	-	-
Volatility	2,052	463
Exchange rate	6,625	1,263
Diversification effect	(13,569)	(1,498)
Consolidated VaR	85,501	3,618

b) ALM Book -

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

(i) Interest rate risk -

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

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

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

Re-pricing gap -

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

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

	As of March 31, 2020						
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Non-interest bearing	Total
	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Assets							
Cash and interbank funds	12,784,376	1,498,654	2,353,979	4,134,193	69,539	5,871,935	26,712,676
Loan portfolio (*)	14,006,364	17,686,411	26,587,868	32,726,711	14,059,581	309,514	105,376,449
Investments	695,205	2,122,428	7,490,224	3,911,488	5,939,995	93,958	20,253,298
Other assets (**)	165,289	-	-	-	-	1,085,590	1,250,879
Total assets	27,651,234	21,307,493	36,432,071	40,772,392	20,069,115	7,360,997	153,593,302
Liabilities and equity							
Deposits and obligations and interbank funds	29,353,805	9,450,954	16,809,146	43,853,101	4,844,760	2,019,122	106,330,888
Payable from repurchase agreements, due to banks, correspondents and other entities	2,958,830	4,069,501	3,941,757	2,012,859	2,504,102	330,422	15,817,471
Bonds and subordinated Notes issued	88	353,961	1,687,911	12,411,614	145,000	(27,768)	14,570,806
Other liabilities	-	-	-	-	-	2,550,695	2,550,695
Equity	-	-	-	-	-	19,356,685	19,356,685
Total liabilities and equity	32,312,723	13,874,416	22,438,814	58,277,574	7,493,862	24,229,156	158,626,545
Risk and contingent commitments							
Hedging derivatives asset	1,728,536	2,680,860	858,226	746,686	-	-	6,014,308
Hedging derivatives liabilities	95,175	2,027,830	2,188,334	1,346,489	238,600	-	5,896,428
Marginal gap	(3,028,128)	8,086,107	12,663,149	(18,104,985)	12,336,653	(16,868,159)	(4,915,363)
Accumulated gap	(3,028,128)	5,057,979	17,721,128	(383,857)	11,952,796	(4,915,363)	-

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

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

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

	As of December 31, 2019						
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Non-interest bearing	Total
	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Assets							
Cash and interbank funds	10,903,212	1,789,269	3,578,967	5,199,787	121,093	5,219,597	26,811,925
Loan portfolio (*)	13,438,369	16,289,035	25,045,884	31,971,339	13,837,173	(245,670)	100,336,130
Investments	1,049,522	1,249,694	7,149,031	3,443,133	4,694,236	101,706	17,687,322
Other assets (**)	80,001	-	-	-	-	854,588	934,589
Total assets	25,471,104	19,327,998	35,773,882	40,614,259	18,652,502	5,930,221	145,769,966
Liabilities and equity							
Deposits and obligations and interbank funds	27,964,054	8,536,680	16,776,122	38,604,921	4,950,061	2,806,309	99,638,147
Payable from repurchase agreements, due to banks, correspondents and other entities	2,719,940	2,847,070	4,700,742	1,640,514	2,383,503	171,865	14,463,634
Bonds and subordinated Notes issued	182,440	241,839	1,641,891	9,763,132	2,464,800	18,824	14,312,926
Other liabilities	-	-	-	-	-	2,489,440)	2,489,440
Equity	-	-	-	-	-	19,025,400	19,025,400
Total liabilities and equity	30,866,434	11,625,589	23,118,755	50,008,567	9,798,364	24,511,838	149,929,547
Risk and contingent commitments							
Hedging derivatives asset	2,806,693	2,849,046	454,349	272,223	165,700	-	6,548,011
Hedging derivatives liabilities	323,360	821,872	3,798,631	1,110,774	406,320	-	6,460,957
Marginal gap	(2,911,998)	9,729,581	9,310,840	(10,232,891)	8,613,497	(18,581,556)	(4,072,527)
Accumulated gap	(2,911,998)	6,817,583	16,128,423	5,895,532	14,509,029	(4,072,527)	-

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

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

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

Sensitivity to changes in interest rates -

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

Sensitivity of the financial margin is the effect of the estimated changes in interest rates on the finance income, net for a year, before income tax and financial liabilities as of March 31, 2020 and December 31, 2019; including the effect of derivative financial instruments. The sensitivity of the Net Economic Value is calculated by re-assessing the financial assets and liabilities sensitive to interest rate changes and which comprise the ALM and held to maturity at a fixed interest rate, before income tax and any non-controlling interest, included the effect of any hedge relating to derivatives designated as cash flow hedges. For purposes of interest rate risk management, there is no distinction made by accounting category of the investments comprising the ALM, in which instruments classified as available-for-sale and held-to-maturity are included. The results of the sensitivity analysis from the estimated changes in interest rates as of March 31, 2020 and December 31, 2019 are as follows:

Currency	**Changes in basis points**		**Sensitivity of financial margin S/000**		**Sensitivity of economic value S/000**	
As of March 31, 2020 -						
U.S. dollars	+/-	50	+/-	54,947	+/-	183,532
U.S. dollars	+/-	75	+/-	82,421	+/-	275,298
U.S. dollars	+/-	100	+/-	109,894	+/-	367,064
U.S. dollars	+/-	150	+/-	164,841	+/-	550,596
U.S. dollars	+/-	300	+/-	329,683	+/-	1,101,192
Soles	+/-	50	-/+	11,396	-/+	386,571
Soles	+/-	75	-/+	17,093	-/+	579,857
Soles	+/-	100	-/+	22,791	-/+	773,143
Soles	+/-	150	-/+	34,187	-/+	1,159,714
Soles	+/-	300	-/+	68,374	-/+	2,319,429
As of December 31, 2019 -						
U.S. dollars	+/-	50	+/-	53,900	+/-	114,753
U.S. dollars	+/-	75	+/-	80,850	+/-	172,130
U.S. dollars	+/-	100	+/-	107,800	+/-	229,506
U.S. dollars	+/-	150	+/-	161,700	+/-	344,260
U.S. dollars	+/-	300	+/-	323,400	+/-	688,519
Soles	+/-	50	-/+	9,354	-/+	332,401
Soles	+/-	75	-/+	14,031	-/+	498,601
Soles	+/-	100	-/+	18,708	-/+	664,801
Soles	+/-	150	-/+	28,063	-/+	997,202
Soles	+/-	300	-/+	56,125	-/+	1,994,404

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

In addition, the Bank and Subsidiaries seek proactively to change the interest rate risk profile to minimize losses and optimize net revenues. The projections above also assume that the interest rate of all maturities moves by the same amount and, therefore, do not reflect the potential impact on net finance income of some rates changing while others remain unchanged. The projections also include assumptions for simplifying calculations, such as, for example, that all positions run to maturity. Equity securities and mutual funds, classified as available-for-sale investments, are not considered as part of the investment securities for interest rate sensitivity calculation purposes; however, sensitivity tests have been carried out of changes of 10, 25 and 30 percent in the market prices of these price-sensitivity securities in order to evaluate the effect of the expected unrealized gain or loss on other comprehensive income, before income tax, as of March 31, 2020 and December,2019, as presented below:

Market price sensitivity	**Changes in market prices**		**2020**	**2019**
	%		**S/000**	**S/000**
Equity securities	+/-	10	9,665	9,790
Equity securities	+/-	25	24,138	24,476
Equity securities	+/-	30	28,966	29,371
Investment Fund	+/-	10	-	-
Investment Fund	+/-	25	-	-
Investment Fund	+/-	30	-	-

(ii) Foreign exchange risk -

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

Foreign currency transactions are made at free market exchange rates.

As of March 31, 2020, the weighted average market exchange rate published by the SBS for transactions in U.S. Dollars was S/3.433 for buying and S/3.442 for selling (S/3.311 for buying and S/3.317 for selling, as of December 31, 2019). A detail of the Bank and Subsidiaries' foreign currency assets and liabilities expressed in thousands of U.S. Dollars and other currencies is shown below

	As of March 31, 2020		**As of December 31, 2019**	
	U.S. Dollars	**Other currencies (*)**	**U.S. Dollars**	**Other currencies (*)**
	US$000	**US$000**	**US$000**	**US$000**
Assets				
Cash and due from banks and interbank funds	6,595,296	19,668	6,946,601	22,831
Investment at fair value through profit or loss and available for sale, net	600,473	114,800	459,158	18,770
Held to maturity investments	28,870	-	30,265	-
Loans, net	10,577,908	476	9,981,384	477
Other assets	469,343	135	348,221	6
	18,271,890	135,079	17,765,629	42,084
Liabilities				
Deposits and obligations	(12,965,648)	(18,253)	(12,438,104)	(22,260)
Payable from repurchase agreements	(220,838)	-	(221,618)	-
Due to banks, correspondents, other entities and interbank funds	(1,512,009)	-	(1,528,837)	-
Bonds and subordinated notes issued	(3,065,359)	(46,413)	(3,042,814)	(46,037)
Other liabilities	(447,401)	(129)	(244,332)	(188)
	(18,211,255)	(64,795)	(17,475,705)	(68,485)
Net Forward position overbought (oversold).	(398,235)	5,683	(441,323)	59
Net position - currency swap	90,678	(115,273)	(84,995)	-
Net position - cross currency swaps and interests rate swap	303,984	46,445	208,970	28,615
Foreign currency options, net	(82,171)	-	(7,565)	-
	(85,744)	(63,145)	(324,913)	28,674
Net monetary position	(25,109)	7,139	(34,989)	2,273

(*) Mainly Japanese Yen and Colombian Pesos.

As of March 31, 2020, the Bank and Subsidiaries have contingent operations (indirect loans) in foreign currency for approximately US$3,643.7 million, equivalent to approximately S/12,523.2 million (approximately US$3,848.2 million, equivalent to approximately S/12,753.1 million, as of December 31, 2019), see details of the composition in Note 14.

The Bank and its Subsidiaries manage foreign exchange risk by monitoring and controlling the exchange positions exposed to changes in exchange rates. The Bank and its Subsidiaries measure their performance in soles, so if the net foreign exchange position (e.g. American dollar) is an asset, any depreciation of the soles with respect to this currency would positively affect the consolidated statement of financial position of the Bank and its Subsidiaries. The current position in a foreign currency comprises exchange rate-linked assets and liabilities in that currency. An institution's open position in individual currencies comprises assets, liabilities and off-balance sheet items denominated in the respective foreign currency for which the institution itself bears the risk; any appreciation/depreciation of the foreign exchange would affect the consolidated statement of income.

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

The table below shows the sensitivity analysis of the American dollar, the principal currency to which the Bank and its Subsidiaries have significant exposure as of March 31, 2020 and December 31, 2019 in its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the exchange rate sol against dollar, with all other variables held constant, on the consolidated statement of income, before income tax. A negative amount in the table reflects a potential net reduction in the consolidated statement of income, while a positive amount reflects a net potential increase:

Currency rate sensitivity	**Change in currency rate**	**2020**	**2019**
	%	**S/000**	**S/000**
Depreciation -			
Sol against dollar	5	(4,110)	(5,522)
	10	(7,845)	(10,541)
Appreciation -			
Sol against dollar	5	4,542	6,103
	10	9,589	12,884

18.4 Operational risk -

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

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

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

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

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

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

18.5 Capital management -

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

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

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

18.6 Fair values -

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

   The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value as of March 31, 2020 and December 31, 2019, including the hierarchy level into which the fair value measurement is categorized. The amounts are based on the values recognized in the consolidated statement of financial position:

	Note	Level 1 S/000	Level 2 S/000	Level 3 S/000	Total S/000
March 31, 2020					
Financial assets					
Derivative financial instruments:					
Forward exchange contracts		-	179,031	-	179,031
Interest rate swaps		-	621,232	-	621,232
Cross currency swaps		-	132,614	-	132,614
Currency swaps		-	470,588	-	470,588
Options		-	6,688	-	6,688
Derivatives receivable	7(b)	-	1,410,153	-	1,410,153
Investments at fair value through profit or loss (trading)	5(a)	883,548	-	-	883,548
Available-for-sale investments:					
Debt securities					
BCRP Certificates of deposit		-	9,685,268	-	9,685,268
Corporate, leasing and subordinated bonds		1,311,191	634,957	-	1,946,148
Government treasury bonds		4,281,651	-	-	4,281,651
Financial organization bonds		-	-	-	-
Securitization instruments		-	18,846	-	18,846
Listed equity securities		89,878	-	-	89,878
Non-listed equity securities		-	-	6,674	6,674
Subtotal	5(a)	5,682,720	10,339,071	6,674	16,028,465
Total financial assets		6,566,268	11,749,224	6,674	18,322,166
Financial liabilities					
Derivative financial instruments:					
Forward exchange contracts		-	189,348	-	189,348
Interest rate swaps		-	818,009	-	818,009
Cross currency Swaps		-	52,050	-	52,050
Currency swaps		-	331,402	-	331,402
Options		-	2,859	-	2,859
		-	1,393,668	-	1,393,668
Total financial liabilities	7(b)	-	1,393,668	-	1,393,668
December 31, 2019					
Financial assets					
Derivative financial instruments:					
Forward exchange contracts		-	145,568	-	145,568
Interest rate swaps		-	230,818	-	230,818
Cross currency swaps		-	98,585	-	98,585
Currency swaps		-	354,072	-	354,072
Options		-	1,292	-	1,292
	7(b)	-	830,335	-	830,335
Investments at fair value through profit or loss (trading)	5(a)	-	-	-	-
Available-for-sale investments:					
Debt securities					
BCRP Certificates of deposit		-	9,829,588	-	9,829,588
Corporate, leasing and subordinated bonds		813,941	521,466	-	1,335,407
Government treasury bonds		4,112,387	-	-	4,112,387
Financial organization bonds		-	-	-	-
Other instruments		-	20,209	-	20,209
Equity instruments:					
Listed securities		86,074	-	-	86,074
Unlisted securities		-	-	11,830	11,830
	5(a)	5,012,402	9,206,946	11,830	14,231,178
Total financial assets		5,012,402	10,037,281	11,830	15,061,513
Financial liabilities					
Derivative financial instruments:					
Forward exchange contracts		-	109,110	-	109,110
Interest rate swaps		-	314,646	-	314,646
Cross currency Swaps		-	54,775	-	54,775
Currency swaps		-	308,970	-	308,970
Options		-	892	-	892
	7(b)	-	788,393	-	788,393
Total financial liabilities		-	788,393	-	788,393

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

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

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

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

- Valuation of derivate financial instruments -

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

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

- Valuation of debt securities available for sale -

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

b) Financial instruments not measured at fair value -

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

	As of March 31, 2020					As of December 31, 2019				
	Level 1	Level 2	Level 3	Fair value	Book value	Level 1	Level 2	Level 3	Fair value	Book value
	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000	S/000
Assets										
Cash and due from banks	-	26,402,665	-	26,402,665	26,402,665	-	26,709,946	-	26,709,946	26,709,946
Interbank funds	-	310,011	-	310,011	310,011	-	101,979	-	101,979	101,979
Held-to-maturity investments	4,370,877	103,414	-	4,474,291	4,224,833	3,772,509	103,010	-	3,875,519	3,456,144
Loans, net	-	105,376,449	-	105,376,449	105,376,449	-	100,336,130	-	100,336,130	100,336,130
Other assets	-	1,226,645	-	1,226,645	1,226,645	-	943,159	-	943,159	943,159
Total	4,370,877	133,419,184	-	137,790,061	137,540,603	3,772,509	128,194,224	-	131,966,733	131,547,358
Liabilities										
Deposits and obligations	-	106,330,888	-	106,330,888	106,330,888	-	99,433,161	-	99,433,161	99,433,161
Interbank funds	-	-	-	-	-	-	204,986	-	204,986	204,986
Payables from repurchase agreements	-	6,781,667	-	6,781,667	6,781,667	-	5,803,336	-	5,803,336	5,803,336
Due to banks, correspondents and other entities	-	9,271,173	-	9,271,173	9,035,804	-	8,640,534	-	8,640,534	8,660,298
Bonds and subordinated Notes issued	-	14,557,055	-	14,557,055	14,570,806	-	14,793,651	-	14,793,651	14,312,926
Other liabilities	-	1,646,884	-	1,646,884	1,646,884	-	1,636,232	-	1,636,232	1,636,232
Total	-	138,587,667	-	138,587,667	138,366,049	-	130,511,900	-	130,511,900	130,050,939

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

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

(ii) Financial instruments at fixed rate - The fair value of the financial liabilities at fixed rate and at amortized cost is determined by comparing the market interest rate at the time of their initial recognition to the current market rates related to similar financial instruments. In the case of listed debt, the fair value is determined on the basis of the quoted market prices. When quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity. The fair value of the loan portfolio and deposits and obligation, according to SBS Multiple Official Letter N°1575-2014, corresponds to its book value.

19 SUBSEQUENT EVENTS

The Mandatory Annual General Shareholders' Meetings held on April 3, 2020, in which session several agreements were made, including applying the profits for the year 2019 amounting to S/ 3,622.7 million as follows:(i) Increase the Legal Reserve by S/298.3 million, (ii) increase the Capital Stock by S/850.0 million, (iii) increase the Optional Reserve of free availability by S/ 1,170.6 million (iv) pay cash dividends to shareholders of S/0.1276 by S/1,303.7 million per share.

Due COVID-19 Pandemic effects (see Note 3), since April 2020 BCP and subsidiaries have offered its clients in Retail Banking the opportunity to reschedule their loans for 30 or 90 days without incurring in overdue fees and interest on capital during this period. As of April 2020, the rescheduled portfolio amounts to a total of S/19,350 MM.

Finally, on May 23, the Peruvian Government was enacted the Supreme Decree 094-2020-PCM to extend the National Emergency period from Monday May 25 to Tuesday June 30, 2020.