

CREDICORP LTD
Form 20-F/A
November 08, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F/A

(Amendment No. 1)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE
SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

For the transition period from to

Commission file number 1-14014

CREDICORP LTD.

(Exact name of registrant as specified in its charter)

BERMUDA

(Jurisdiction of incorporation or organization)

Of our subsidiary

Banco de Crédito del Perú:

Calle Centenario 156

La Molina

Lima 12, Perú

(Address of principal executive offices)

Alvaro Correa

Chief Financial Officer

Credicorp Ltd

Banco de Crédito del Perú:

Calle Centenario 156

La Molina

Lima 12, Perú

Phone (+511) 313 2140

Facsimile (+511) 313 2121

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class

Name of each exchange on which registered

Common Shares, par value \$5.00 per share New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act. None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report. Common Shares, par value \$5.00 per share 94,382,317

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the

Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated
filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued Other
by the International Accounting Standards Board

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Explanatory Note

We are filing this Amendment No. 1 (“Form 20-F/A”) to our Annual Report on Form 20-F for the Fiscal Year Ended December 31, 2011, originally filed with the Securities and Exchange Commission (the “SEC”) on April 30, 2011 (the “Form 20-F”), to re-file our financial statements in Item 18 to include the signature of our independent auditor, Medina, Zaldívar, Paredes & Asociados, a member of Ernst & Young Global, in its Report of Independent Registered Public Accounting Firm that accompanies our Consolidated Financial Statements. This amendment does not contain any changes to data and footnotes in our Consolidated Financial Statements.

This Form 20-F/A is accompanied by currently dated certifications on Exhibits 12.3, 12.4, 13.3 and 13.4 by our Chief Executive Officer and Chief Financial Officer. Because this Form 20-F/A does not contain or amend any disclosure with respect to Item 15 of Form 20-F, paragraphs 4 and 5 of the certifications required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 have been omitted.

Except as expressly set forth in this Form 20-F/A, we are not amending any other part of the Form 20-F. This Form 20-F/A does not reflect events occurring after the filing of the Form 20-F or modify or update any related or other disclosures, including forward-looking statements, unless expressly noted otherwise. Accordingly, this Form 20-F /A should be read in conjunction with the Form 20-F.

ITEM 18. FINANCIAL STATEMENTS

Credicorp Consolidated Financial Statements and the report of the independent public accounting firm in connection therewith are filed as part of this Annual Report on Form 20-F, as noted below:

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All supplementary schedules relating to the registrant are omitted because they are not required or because the required information, where material, is contained in the consolidated financial statements or notes thereto.

Credicorp Ltd. and Subsidiaries

Consolidated financial statements as of December 31, 2011 and 2010 together with the Report of Independent Registered Public Accounting Firm

Credicorp Ltd. and Subsidiaries

Consolidated financial statements as of December 31, 2011 and 2010 together with the Report of Independent Registered Public Accounting Firm

Credicorp Ltd. and Subsidiaries

Consolidated financial statements as of December 31, 2011 and 2010 together with the Report of Independent Registered Public Accounting Firm

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Report of Independent Registered Public Accounting Firm

To the shareholders and Board of Directors of **Credicorp Ltd.**

We have audited the accompanying consolidated statements of financial position of Credicorp Ltd. and Subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2011. These consolidated financial statements are the responsibility of Credicorp's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Credicorp and subsidiaries at December 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report of Independent Registered Public Accounting Firm (continued)

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States of America), Credicorp's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 24, 2012, expressed an unqualified opinion thereon.

Lima, Peru,

April 24, 2012

/S/ Medina, Zaldívar, Paredes & Asociados

Countersigned by:

/s/ Cristian Emmerich
Cristian Emmerich
C.P.C.C. Register N°19-289

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Credicorp Ltd. and Subsidiaries

Consolidated statements of financial position

As of December 31, 2011 and 2010

	Note	2011 US\$(000)	2010 US\$(000)
Assets			
Cash and due from banks:	4		
Non-interest bearing		1,094,568	1,624,377
Interest bearing		4,408,294	6,920,038
		5,502,862	8,544,415
Investments:			
Trading securities		75,611	115,568
Investments available-for-sale	5	5,915,601	3,768,248
		5,991,212	3,883,816
Loans, net:			
Loans, net of unearned income	6	17,441,941	14,375,358
Allowance for loan losses		(519,708)	(415,703)
		16,922,233	13,959,655
Financial assets designated at fair value through profit or loss			
Premiums and other policies receivable	7	90,103	179,055
Accounts receivable from reinsurers and coinsurers	8(a)	174,367	129,136
Property, furniture and equipment, net	8(b)	151,080	160,249
Due from customers on acceptances	9	472,433	372,913
Seized assets, net		61,695	70,331
		10,842	11,336
Intangible assets and goodwill, net	10(a) and 10(b)	453,422	372,625
Other assets	11	902,544	707,626
Total assets		30,732,793	28,391,157
Liabilities and equity			
Deposits and obligations:			
Non-interest bearing	12	5,390,688	4,360,570
Interest bearing		13,313,159	13,457,548
		18,703,847	17,818,118

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Due to banks and correspondents	13	2,060,020	2,240,320
Bankers' acceptances outstanding		61,695	70,331
Accounts payable to reinsurers and coinsurers	8(b)	75,366	60,775
Technical reserves, insurance claims reserves and reserves for unearned premiums	14	1,378,298	1,196,323
Bonds and notes issued	15	3,965,522	2,981,918
Other liabilities	11	1,025,405	1,093,121
Total liabilities		27,270,153	25,460,906
Equity	16		
Capital and reserves attributable to Credicorp's equity holders:			
Capital stock		471,912	471,912
Treasury stock		(74,877)	(74,712)
Capital surplus		111,145	119,637
Reserves		1,812,977	1,398,323
Other reserves		340,168	366,721
Retained earnings		734,474	591,868
		3,395,799	2,873,749
Non-controlling interest		66,841	56,502
Total equity		3,462,640	2,930,251
Total liabilities and equity		30,732,793	28,391,157

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

Credicorp Ltd. and Subsidiaries

Consolidated statements of income

For the years ended December 31, 2011, 2010 and 2009

	Note	2011 US\$(000)	2010 US\$(000)	2009 US\$(000)
Interest and dividend income	20	1,837,764	1,471,708	1,312,925
Interest expense	20	(531,600)	(414,121)	(420,564)
Net interest and dividend income		1,306,164	1,057,587	892,361
Provision for loan losses, net of recoveries	6(d)	(214,898)	(174,682)	(163,392)
Net interest and dividend income after provision for loan losses		1,091,266	882,905	728,969
Other income				
Banking services commissions	21	607,843	524,895	436,819
Net gain on foreign exchange transactions		138,492	104,169	87,944
Net gain on sale of securities		61,927	80,326	120,932
Net gain on financial assets designated at fair value through profit or loss	7	-	64,477	42,792
Other	24	30,374	30,668	32,144
Total other income		838,636	804,535	720,631
Insurance premiums and claims				
Net premiums earned	22	574,423	480,293	424,682
Net claims incurred for life, property, casualty and health insurance contracts	23	(377,759)	(315,572)	(286,458)
Total premiums earned less claims		196,664	164,721	138,224
Other expenses				
Salaries and employees benefits		(595,705)	(568,004)	(467,116)
Administrative expenses		(405,357)	(341,123)	(312,256)
Depreciation and amortization	9(a) and 10(a)	(93,882)	(82,289)	(71,099)
Impairment loss on available-for-sale investments	5(c)	(1,025)	(3,250)	(9,825)
Net loss on financial assets designated at fair value through profit or loss	7	(24,640)	-	-
Other	24	(109,540)	(91,219)	(96,814)
Total other expenses		(1,230,149)	(1,085,885)	(957,110)
Income before translation result and income tax		896,417	766,276	630,714
Translation result		37,881	24,120	12,222

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Income tax	17(b)	(210,508)	(187,081)	(138,500)
Net income		723,790	603,315	504,436

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Consolidated statements of income (continued)

	Note	2011 US\$(000)	2010 US\$(000)	2009 US\$(000)
Attributable to:				
Equity holders of Credicorp Ltd.		709,272	571,302	469,785
Non-controlling interest		14,518	32,013	34,651
		723,790	603,315	504,436
Earnings per share for net income attributable to equity holders of Credicorp Ltd. (in U.S. Dollars):				
Basic	25	8.93	7.19	5.90
Diluted	25	8.90	7.17	5.90

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

Credicorp Ltd. and Subsidiaries

Consolidated statements of comprehensive income

For the years ended December 31, 2011, 2010 and 2009

	Note	2011 US\$(000)	2010 US\$(000)	2009 US\$(000)
Net income		723,790	603,315	504,436
Other comprehensive income				
Net (loss) gain on investments available-for-sale	16(d)	(53,168)	225,261	268,550
Net movement of cash flow hedges	16(d)	168	(7,319)	66,024
Income tax	16(d)	31,017	(66,010)	(5,841)
Other comprehensive income for the year, net of income tax		(21,983)	151,932	328,733
Total comprehensive income for the year, net of income tax		701,807	755,247	833,169
Attributable to:				
Equity holders of Credicorp Ltd.		682,719	700,577	752,624
Non-controlling interest		19,088	54,670	80,545
		701,807	755,247	833,169

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

Credicorp Ltd. and Subsidiaries

Consolidated statements of changes in equity

For the years ended December 31, 2011, 2010 and 2009

	Attributable to Credicorp's equity holders					Available-for-			Total	Non-current interest
	Number of shares issued notes 16(a) and 25 (In thousands of units)	Capital stock (US\$(000))	Treasury stock (US\$(000))	Capital surplus (US\$(000))	Reserves (US\$(000))	sale investments reserve (US\$(000))	Cash flow hedges reserves (US\$(000))	Retained earnings (US\$(000))		
Balances as of January 1, 2009	94,382	471,912	(73,107)	140,693	815,387	72,729	(118,122)	379,680	1,689,172	106,9
Changes in equity for 2009	-	-	-	-	-	-	-	-	-	-
Net income	-	-	-	-	-	-	-	469,785	469,785	34,65
Other comprehensive income	-	-	-	-	-	216,248	66,591	-	282,839	45,89
Total comprehensive income	-	-	-	-	-	216,248	66,591	469,785	752,624	80,54
Transfer of retained earnings to reserves, Note 16(c)	-	-	-	-	238,107	-	-	(238,107)	-	-
Cash dividends, Note 16(e)	-	-	-	-	-	-	-	(119,303)	(119,303)	-
Purchase of treasury stock	-	-	(1,135)	(10,352)	-	-	-	-	(11,487)	-
Share-based payments transactions, Note 18(b)	-	-	-	-	5,850	-	-	-	5,850	-
	-	-	-	-	-	-	-	-	-	(982)

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Dividends of subsidiaries and other											
Balances as of December 31, 2009	94,382	471,912	(74,242)	130,341	1,059,344	288,977	(51,531)	492,055	2,316,856	186,4	
Changes in equity for 2010											
-											
Net income	-	-	-	-	-	-	-	571,302	571,302	32,01	
Other comprehensive income	-	-	-	-	-	134,770	(5,495)	-	129,275	22,65	
Total comprehensive income	-	-	-	-	-	134,770	(5,495)	571,302	700,577	54,67	
Purchase of non-controlling interest, Note 2(b) and 3(b)	-	-	-	-	-	-	-	(4,289)	(4,289)	(180,0	
Transfer of retained earnings to reserves, Note 16(c)	-	-	-	-	331,605	-	-	(331,605)	-	-	
Cash dividends, Note 16(e)	-	-	-	-	-	-	-	(135,595)	(135,595)	-	
Purchase of treasury stock, Note 18(b)	-	-	(848)	(14,154)	-	-	-	-	(15,002)	-	
Share-based payments transactions, Note 18(b)	-	-	378	3,450	7,374	-	-	-	11,202	-	
Dividends of subsidiaries and other	-	-	-	-	-	-	-	-	-	(3,982	
Balances as of December 31, 2010	94,382	471,912	(74,712)	119,637	1,398,323	423,747	(57,026)	591,868	2,873,749	56,50	
Changes in equity for 2011											
-											
Net income	-	-	-	-	-	-	-	709,272	709,272	14,51	
Other comprehensive income	-	-	-	-	-	(28,405)	1,852	-	(26,553)	4,570	
Total comprehensive income	-	-	-	-	-	(28,405)	1,852	709,272	682,719	19,08	
	-	-	-	-	-	-	-	(1,228)	(1,228)	(1,171	

Purchase of non-controlling interest											
Transfer of retained earnings to reserves, Note 16(c)	-	-	-	-	407,822	-	-	(407,822)	-	-	-
Cash dividends, Note 16(e)	-	-	-	-	-	-	-	(155,535)	(155,535)	-	-
Purchase of treasury stock, Note 18(b)	-	-	(827)	(16,661)	-	-	-	-	(17,488)	-	-
Share-based payments transactions, Note 18(b)	-	-	662	8,169	6,832	-	-	-	15,663	-	-
Dividends of subsidiaries and other	-	-	-	-	-	-	-	(2,081)	(2,081)	(7,578)	-
Balances as of December 31, 2011	94,382	471,912	(74,877)	111,145	1,812,977	395,342	(55,174)	734,474	3,395,799	66,840	-

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

Credicorp Ltd. and Subsidiaries

Consolidated statements of cash flows

For the years ended December 2011, 2010 and 2009

	2011 US\$(000)	2010 US\$(000)	2009 US\$(000)
Cash flows from operating activities			
Net income	723,790	603,315	504,436
Add (deduct)			
Provision for loan losses	214,898	174,682	163,392
Depreciation and amortization	93,882	82,289	71,099
Provision for seized assets	-	-	64
Provision for sundry risks	10,661	8,440	14,425
Deferred income tax	(9,057)	(16,333)	(8,552)
Net gain on sales of securities	(61,927)	(80,326)	(120,932)
Impairment loss on available-for-sale investments	1,025	3,250	9,825
Net (gain) loss on financial assets designated at fair value through profit and loss	24,640	(64,477)	(42,792)
Gain (loss) on sales of property, furniture and equipment	112	357	(388)
Translation result	(37,881)	(24,120)	(12,222)
Loss for shared-based compensation plan	7,014	73,527	56,338
Purchase (sale) of trading securities, net	39,957	(43,048)	(34,690)
Net changes in assets and liabilities			
Increase in loans	(3,443,013)	(2,943,128)	(944,021)
(Increase) decrease in other assets	(187,916)	(3,190)	(6,289)
Increase in deposits and obligations	1,001,408	4,074,938	133,199
(Decrease) increase in due to banks and correspondents	(174,949)	1,082,383	(151,781)
Increase (decrease) in other liabilities	91,822	263,147	(126,552)
Net cash provided by (used in) operating activities	(1,705,534)	3,191,706	(495,441)
Cash flows from investing activities			
Acquisition of subsidiary	(82,656)	-	(92,329)
Net (purchase) sale of investments available-for-sale	(2,468,326)	1,393,345	284,371
Purchase of property, furniture and equipment	(100,819)	(80,184)	(45,051)
Sales of property, furniture and equipment	526	265	2,745
Purchase of non-controlling interest	(2,399)	(184,971)	-
Net cash provided by investing activities	(2,653,674)	1,128,455	149,736

Consolidated statements of cash flows (continued)

	2011 US\$(000)	2010 US\$(000)	2009 US\$(000)
Cash flows from financing activities			
Issuance of bonds and notes	1,841,332	1,449,323	570,900
Redemption and payments of bonds and notes	(398,406)	(858,890)	(114,891)
Acquisition of Credicorp's shares	(17,488)	(15,002)	(11,487)
Cash dividends	(155,535)	(135,595)	(119,303)
Net cash provided by financing activities	1,269,903	439,836	325,219
Net (decrease) increase in cash and cash equivalents	(3,089,305)	4,759,997	(20,486)
Translation gain (loss) on cash and cash equivalents	47,752	(52,240)	90,973
Cash and cash equivalents at the beginning of the year	8,544,415	3,836,658	3,766,171
Cash and cash equivalents at the end of the year	5,502,862	8,544,415	3,836,658
Supplementary cash flows information:			
Cash paid during the year for -			
Interest	504,278	401,156	444,398
Income tax	254,564	172,481	142,516
Cash received during the year for -			
Interest	1,816,992	1,462,520	1,315,704

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

Credicorp Ltd. and Subsidiaries

Notes to the consolidated financial statements

As of December 31, 2011 and 2010

1. Operations

Credicorp Ltd. (hereinafter “Credicorp” or “the Group”) is a limited liability company incorporated in Bermuda in 1995 to act as a holding company and to coordinate the policies and administration of its subsidiaries. It is also engaged in investing activities.

Credicorp Ltd., through its banking and non-banking subsidiaries, provides a wide range of financial services and products throughout Peru and in certain other countries (Bolivia and Panama). Its major subsidiary is Banco de Crédito del Perú (hereinafter “BCP” or the “Bank”), a Peruvian universal bank. Credicorp’s address is Claredon House 2 Church Street Hamilton, Bermuda; likewise, administration offices of its representative in Peru are located in Calle Centenario N°156, La Molina, Lima, Peru.

Credicorp is listed in Lima and New York stock exchanges.

The consolidated financial statements as of and for the year ended December 31, 2010 were approved in the General Shareholders’ meeting held on March 31, 2011. The accompanying consolidated financial statements as of and for the year ended December 31, 2011, were approved by the Board of Directors Meeting of February 22, 2012 and by the General Shareholders’ Meeting of March, 30 2012 without modifications.

2. Acquisitions

(a) During 2011, Credicorp, through its Peruvian subsidiary Pacífico S.A. Entidad Prestadora de Salud (EPS), acquired the following Peruvian entities specialized in providing health services, health and wellness programs, primary and specialized ambulatory services, and comprehensive acute care services (hereinafter referred as “private hospitals”), for a total amount of approximately US\$82.7 million:

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Entity	Acquisition date	Activity	Percentage of participation %	Amount US\$(000)
Doctor + S.A.C.	July, 2011	Health services	100.00	1,790
La Esperanza del Perú S.A.	August, 2011	Private hospital	70.00	17,606
Análisis Clínicos ML S.R.L.	August, 2011	Laboratory	100.00	5,000
Galeno I.E.M. S.A.C.	August, 2011	Private hospital	100.00	4,000
Oncocare S.R.L.	November, 2011	Private hospital	80.00	4,040
Sistemas de Administración Hospitalaria S.A.C.	December, 2011	Private hospital	97.32	37,000
Servicios de Salud San Isidro	December, 2011	Private hospital	100.00	13,220
Total				82,656

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Notes to the consolidated financial statements (continued)

The acquisitions of these entities were recorded using the acquisition method, as required by IFRS 3, “Business Combinations”, applicable at the date of the transaction. Assets and liabilities were recorded at their estimated fair values at the acquisition dates, including the identified intangible assets unrecorded in the statements of financial position of each entity. The non-controlling interest in the acquiree was measured at fair value. Acquisition cost incurred were expensed and included in the caption “Administrative expenses” of the consolidated statements of income. Book value and the total fair value of the identified assets and liabilities were as follows:

	Book value	Fair value adjustments	Fair value recognized on acquisition
	US\$(000)	US\$(000)	US\$(000)
Assets			
Accounts receivables, net	8,761	-	8,761
Property, furniture and equipment, net, Note 9(a)	25,356	21,514	46,870
Intangible			
Licenses, Note 10(a)	-	12,271	12,271
Brand name, Note 10(a)	-	10,587	10,587
Client relationships, Note 10(a)	-	3,116	3,116
Other assets	3,212	-	3,212
Liabilities			
Loans	7,177	-	7,177
Accounts payable	24,447	(290)	24,157
Deferred income tax liability	1,334	14,333	15,667
Total identifiable net assets at fair value	4,371	33,445	37,816
Non controlling interest measured at fair value	-	(700)	(700)
Goodwill arising on acquisition, Note 10(b)	-	45,540	45,540
Purchase consideration	4,371	78,285	82,656

Fair values of licenses, brand name and client relationship were estimated using the MEEM method (“Multi-period Excess Earnings Method”) based on discounted cash flows calculations of future benefits related to these intangible.

Notes to the consolidated financial statements (continued)

Considering the dates of acquisition, the initial accounting for the business combination is incomplete by the end of the reporting period. Therefore; certain amounts reported are provisional amounts. Credicorp during the measurement period, if necessary, will retrospectively adjust the provisional amounts recognized, including net assets or liabilities, at the acquisition dates to reflect new information obtained about facts and circumstances that existed as of the acquisition dates.

The measurement period ends as soon as Credicorp receives the information sought about facts and circumstances as of the acquisition dates or learns that more information is not obtainable. However, the measurement period will not exceed one year from the acquisition dates.

(b) Non-controlling interest of Subsidiaries -

During October 2010, Credicorp reached an agreement with American Life Insurance Company (hereinafter “ALICO”) to acquire its 20.10 percent and 38.00 percent stakes in El Pacifico Peruano – Suiza Compañía de Seguros y Reaseguros (PPS) and Pacifico Vida Compañía de Seguros y Reaseguros S.A. (PPV), respectively. Credicorp acquired PPV's shares and its subsidiary, Grupo Crédito S.A., acquired PPS's shares. An additional 1.18 percent of non-controlling interest was acquired by Grupo Crédito S.A. from minority shareholders.

The acquisition was recorded following IFRS 3 “Business Combinations” and IAS 27 (amendments) “Consolidated and Separate Financial Statements”, see Note 3(b). The total cash consideration paid was approximately US\$174.0 million. The difference of US\$3.3 million between the consideration paid and the carrying value of the interest acquired was recognized in “Retained earnings” within consolidated equity.

(c) Empresa Financiera Edyficar S.A. -

During October and November 2009, Credicorp, through its subsidiary BCP, acquired 99.79 percent of the capital stock of Empresa Financiera Edyficar S.A. (a Peruvian financial entity, serving micro and small size entrepreneurs, hereinafter “Edyficar”) for approximately US\$96.1 million in cash.

Notes to the consolidated financial statements (continued)

The acquisition of Edyficar was recorded using the purchase method, as required by IFRS 3, “Business Combinations”, applicable at the date of the transaction. Book value and fair value of the identified assets and liabilities were as follows:

	Book value	Fair value adjustments	Fair value of the acquired entity
	US\$(000)	US\$(000)	US\$(000)
Assets			
Cash and due from banks	3,810	-	3,810
Loans, net	218,218	(10,295)	207,923
Client relationships	-	6,574	6,574
Fixed assets, net	8,255	-	8,255
Brand name	-	13,159	13,159
Goodwill, Note 10(b)	-	50,696	50,696
Other assets	11,802	3,263	15,065
Liabilities			
Obligations	38,590	-	38,590
Due to banks	138,257	-	138,257
Deferred income tax liability	-	6,611	6,611
Other liabilities	25,054	831	25,885
Net acquired assets	40,184	55,955	96,139

3. Significant accounting policies

Significant accounting principles used in the preparation of Credicorp’s consolidated financial statements are set out below and were consistently applied to all of the years presented.

(a) Basis of presentation and use of estimates -

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements were

prepared on a historical cost basis, except for trading securities, available-for-sale investments, derivative financial instruments, share-based payment and financial assets designated at fair value through profit or loss, which were measured at fair value. The consolidated financial statements are presented in United States Dollars (US\$), and all values are rounded to the nearest US\$ thousands, except when otherwise indicated.

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

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Notes to the consolidated financial statements (continued)

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Actual results could differ from those estimates. The most significant estimates comprised in the accompanying consolidated financial statements are related to the computation of the allowance for loan losses, the measurement of financial instruments, the technical reserves for claims and premiums, the provision for seized assets, the estimated useful life of property, furniture and equipment, the estimated useful life of intangible assets and goodwill, the valuation of derivative financial instruments and the deferred tax assets and liabilities. The accounting criteria used for each of these items are described in this note.

The accounting policies adopted are consistent with those of the previous year, except that the Group has adopted those new IFRS and revised IAS mandatory for years beginning on or after January 1, 2011. The adoption of the following new and revised accounting standards did not have any significant impact on the consolidated financial position or performance of the Group:

IAS 24 “Related Party Disclosures” (amendment), effective for periods beginning on or after January 1, 2011. The amendment simplifies the identification of related party relationships, particularly in relation to significant influence and joint control.

IAS 32 “Financial Instruments: Presentation” – Classification of Rights Issues (amendment), effective for annual periods beginning on or after February 1, 2010. The IAS amends the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity’s non-derivative equity instruments, or to acquire a fixed number of the entity’s own equity instruments for a fixed amount in any currency.

IFRIC 14 “Prepayments of a Minimum Funding Requirement” (amendment), effective for periods beginning on or after January 1, 2011. The IFRIC permits an entity to treat the prepayment of a minimum funding requirement as an asset.

IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”, effective for annual periods beginning on or after July 1, 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case this cannot be reliably measured, they are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss.

Improvements to IFRSs (issued in May 2010). The IASB issued Improvements to IFRSs, an omnibus of amendments and improvements to its IFRS standards.

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Notes to the consolidated financial statements (continued)

(b) Consolidation -
Subsidiaries -

Subsidiaries are all entities (including special purpose entities) in which the Group has the power to govern their financial and operating policies. This situation is generally evidenced by controlling more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date control ceases. The consolidated financial statements include the assets, liabilities, income and expenses of Credicorp and its Subsidiaries. Transactions between the Group's entities, including balances, gains or losses are eliminated.

Business combinations made after January 1, 2010 are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the noncontrolling interest in the acquiree at fair value. Acquisition costs incurred are expensed and included in the caption "Administrative expenses" of the consolidated statement of income.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Business combinations prior to January 1, 2010, in comparison to the above-mentioned requirements, were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of

the acquiree's identifiable net assets.

Contingent consideration was recognized if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognized as part of goodwill.

Assets in custody or managed by the Group, such as investment funds and private pension funds (AFP funds), are not part of the Group's consolidated financial statements, Note 3(z).

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Notes to the consolidated financial statements (continued)

Net equity attributable to the non-controlling interest is presented in the consolidated statements of financial position. Income attributable to the non-controlling interest is presented separately in the consolidated income statements and the consolidated statements of comprehensive income.

Acquisitions of non-controlling interest prior to January 1, 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognized in goodwill.

Acquisitions of non-controlling interest starting January 1, 2010, are recorded directly in equity; the difference between the amounts paid and the share of the net assets acquired is a debit or credit to equity. Therefore, no additional goodwill is recorded upon purchase of non-controlling interest nor a gain or loss is recognized upon disposal of a non-controlling interest.

Associates -

An associate is an entity over which the Group has significant influence but not control. Investments in these entities represent shareholding between 20 and 50 percent of the voting rights; and are recognized initially at cost and then are accounted for by the "equity method". The Group does not have significant investments in associates; therefore, they are included in the caption "Other assets" in the consolidated statements of financial position; gains resulting from the use of the equity method of accounting are included in the caption "Other income" of the consolidated income statement.

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Notes to the consolidated financial statements (continued)

As of December 31, 2011 and 2010, the following entities comprise the Group (individual financial statements data is presented in accordance with IFRS and before eliminations for consolidation purposes, except for the elimination of Credicorp's treasury stock and its related dividends):

Entity	Percentage of participation (direct and indirect)				Liabilities		Equity		Net income (Loss)	
			Assets							
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	%	%	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)	US\$(000)
Banco de Crédito del Perú and Subsidiaries (i)	97.65	97.60	26,976,489	25,376,947	24,633,735	23,383,760	2,342,754	1,993,187	577,711	