BBVA BANCO CONTINENTAL AND SUBSIDIARIES

As of September 30, 2012 (Unaudited) and as of December 31, 2011 (Audited) and for the nine-month periods ended September 30, 2012 and 2011

Translation of a report originally issued in Spanish

BBVA BANCO CONTINENTAL AND SUBSIDIARIES

As of September 30, 2012 (Unaudited) and as of December 31, 2011 (Audited) and for the nine-month periods ended September 30, 2012 and 2011

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BBVA BANCO CONTINENTAL AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of September 30, 2012 (Unaudited) and as of December31, 2011 (Audited)

ASSETS	Notes	September 30, 2012	December 31, 2011
		S/.000	S/.000
CASH AND DUE FROM BANKS	3		
Cash and deposits with Peruvian Central Reserve Bank		10,780,796	7,963,377
Deposits in local and foreign banks		466,202	462,668
Clearing accounts		131,124	102,100
Other Deposits		4,792	4,556
Accrued interests on cash and due from banks		3,648	2,152
		11,386,562	8,534,853
INTER-BANK FUNDS	9	-	241,459
INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS, AVAILABLE-FOR-SALE AND HELD TO MATURITY,NET	4	4,190,183	2,587,154
LOANS, NET	5	31,263,265	28,922,025
INVESTMENT IN ASSOCIATE COMPANIES		2,183	2,231
DEFERRED INCOME TAX		339,771	317,577
PROPERTY, FURNITURE AND EQUIPMENT, NET	6	647,645	603,600
OTHER ASSETS	7	1,292,532	1,033,508
TOTAL ASSETS		49,122,141	42,242,407
CONTINGENT AND OFF-BALANCE SHEET ACCOUNTS	16		
Contingent Accounts		27,531,585	26,994,897
Off-Balance Sheet Account		126,199,252	111,537,752
Trust and Administrations		7,283,224	6,405,142
Total		161,014,061	144,937,791

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	September 30, 2012	December 31, 2011
		S/.000	S/.000
OBLIGATIONS TO THE PUBLIC	8		
Demand deposits		8,833,599	8,888,960
Savings deposits		7,849,511	7,115,244
Time deposits		14,909,963	13,999,076
Other obligations		147,745	145,065
Accrued interest payable		98,053	37,092
		31,838,871	30,185,437
DEPOSITS FROM FINANCIAL INTITUTIONS	8	907,639	307,034
INTER-BANK FUNDS	9	152,220	125,515
DUE TO BANKS AND CORRESPONDENTS	10	6,761,895	4,770,203
SECURITIES,BONDS AND OUTSTANDING OBLIGATIONS	11	4,076,906	1,985,859
OTHER LIABILITIES	7	1,475,611	1,163,296
TOTAL LIABILITIES		45,213,142	38,537,344
SHAREHOLDERS' EQUITY	12		
Capital stock		2,226,473	1,944,232
Reserves		722,352	609,365
Retained earnings		960,174	1,151,466
		3,908,999	3,705,063
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		49,122,141	42,242,407
CONTINGENT AND OFF-BALANCE SHEET ACCOUNTS	16		
Contingent Accounts		27,531,585	26,994,897
Off-Balance Sheet Accounts		126,199,252	111,537,752
Trust and Administrations		7,283,224	6,405,142
Total		161,014,061	144,937,791

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

BBVA BANCO CONTINENTAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the nine-months periods ended September 30, 2012 and 2011 (Unaudited)

	Notes	September 30, 2012 S/.000	September 30, 2011 S/.000
Financial Income	17	2,744,757	2,337,824
Financial Expenses	18	(775,645)	(687,713)
Gross Financial Margin		1,969,112	1,650,111
Provisions for impairment of direct loan losses	5 (d)	(309,733)	(208,090)
Net Financial Margin		1,659,379	1,442,021
Miscellaneous Income (Expense)	19	501,371	462,059
Operating Margin		2,160,750	1,904,080
Administrative Expenses	20	(870,969)	(755,068)
Operating Results		1,289,781	1,149,012
Other Income and Expenses		(54,201)	(57,619)
Income Before Income Tax		1,235,580	1,091,393
Income Tax		(320,851)	(277,364)
Net Income for the period		914,729	814,029
Weighted average number of outstanding shares (in thousands of shared)		2,226,473	2,226,473
Basic and diluted earnings per share in Peruvian Nuevos Soles	14	0.41	0.37

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

BBVA BANCO CONTINENTAL Y SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the periods ended September 30, 2012 and 2011 (unaudited)

	Capital Stock S/.000 (Note 12)	Reserves S/.000 (Note 12)	Retained Earnings S/.000 (Note 12)	Total S/.000
Balances as of January 1, 2011	**1,843,427**	**508,640**	**1,032,047**	**3,384,114**
Capitalization of Retained Earnings	100,805	-	(100,805)	-
Transfer of retained earnings to legal reserves	-	100,725	(100,725)	-
Cash dividends	-	-	(805,797)	(805,797)
Unrealized gain and losses and transfers to the statement of income for available for sale investments	-	-	(3,689)	(3,689)
Net income for the period	-	-	814,029	814,029
Balance as of September 30, 2011	**1,944,232**	**609,365**	**835,060**	**3,388,657**
Balances as of January 1, 2012	**1,944,232**	**609,365**	**1,151,466**	**3,705,063**
Capitalization of Retained Earnings	282,241	-	(282,241)	-
Transfer of retained earnings to legal reserves	-	112,896	(112,896)	-
Cash dividends	-	-	(733,826)	(733,826)
Unrealized gain and losses and transfers to the statement of income for available for sale investments	-	-	22,942	22,942
Others	-	91	-	91
Net income for the period	-	-	914,729	914,729
Balances as of September 30, 2012	**2,226,473**	**722,352**	**960,174**	**3,908,999**

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

BBVA BANCO CONTINENTAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the periods ended September 30, 2012 and 2011 (Unaudited)

	September 30, 2012	September 30, 2011
	S/.000	S/.000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the period	914,729	814,029
Adjustments to net income:		
Provisions for loan losses	309,733	208,090
Depreciation and amortization	52,746	43,852
Provisions for seized and recovered through legal actions assets, net of recoveries	(7,226)	(392)
Provisions for accounts receivable	22,546	31,581
Provisions for contingent operations	45,078	35,343
Other provisions, net of recoveries	5,393	1,972
Deferred income tax	(23,079)	(49,371)
Net gain from sale of securities	(6,326)	(19,086)
Net (gain) loss from sale of seized, recovered through legal actions and fixed assets	(3,223)	108
Changes in assets and liability accounts:		
Net increase in other assets	(283,861)	(263,613)
Net increase in other liabilities	261,508	118,210
Cash and cash equivalents provided by operating activities	1,288,018	920,723
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, furniture and equipment	(103,313)	(156,633)
Intangible assets	(4,889)	-
Sale of assets seized and recovered through legal actions	24,242	15,447
Cash and cash equivalents used in investing activities	(83,960)	(141,186)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in obligations to the public, deposits from financial institutions and inter-bank funds	2,280,744	3,254,447
Net increase in due to Banks and correspondents	1,991,692	2,362,318
Net increase (decrease) in securities, bonds and outstanding obligations	2,091,047	(25,716)
Net increase in loan portfolio	(2,650,973)	(4,410,458)
Net increase in investments	(1,572,828)	(1,745,950)
Cash dividends	(733,490)	(805,635)
Cash and cash equivalents provided by (used in) financing activities	1,406,192	(1,370,994)
NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS	2,610,250	(591,457)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	8,776,312	10,095,781
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11,386,562	9,504,324

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

1. BANK ORGANIZATION AND BUSINESS ACTIVITIES

Background

BBVA Banco Continental (hereinafter, the Bank) is a subsidiary of Holding Continental S.A. which owns 92.24% of the Bank's capital stock. The Bank is a corporation established in 1951, authorized to operate by the Superintendency of Banks, Insurance and Private Pension Fund Administrators of Peru (hereinafter, the SBS for its Spanish acronym) and domiciled in Peru. The legal address of the Bank's main office is Av. República de Panamá N°. 3 055, San Isidro.

Business Activity

The Bank's operations primarily includes financial intermediation, which consists of universal banking activities regulated by the SBS in accordance with the General Law of the Financial and Insurance Systems and Organic Law of the SBS, Law N° 26702 and its amendments (hereinafter, the General Law). The General Law establishes certain requirements, rights, obligations, guarantees, restrictions and other conditions that govern legal entities operating in the financial and insurance system.

The Bank performed its activities through a national network of 301 and 275 branches as of September 30, 2012 and December 31, 2011, respectively. The number of employees of the Bank and its subsidiaries as of September 30, 2012 and December 31, 2011, was 5,019 and 4,740, respectively.

As of September 30, 2012 and December 31, 2011, the Bank owned a 100% interest in the following subsidiaries: Continental Bolsa Sociedad Agente de Bolsa S.A., BBVA Asset Management Continental S.A. Sociedad Administradora de Fondos, Continental Sociedad Titulizadora S.A. and Inmuebles and Recuperaciones Continental S.A. While the Bank does not have an ownership stake in Continental DPR Finance Company (hereinafter DPR) given the characteristics of its activity and its relationship with the Bank, accounting standards require financial statements be included in a consolidated basis with the Bank (hereinafter Grupo Continental).

Grupo Continental prepares and presents its financial statements in Peruvian Nuevos Soles (S/.), which is its functional currency. The functional currency is the currency of the main economic environment in which an entity operates.

Subsidiaries and Special Purpose Entity

The consolidated financial statements include the financial statements of the Bank, its subsidiaries and a special purpose company.

Below are the main balances of the companies forming part of Grupo Continental as of September 30, 2012 and December 31, 2011:

	In millions of Nuevos Soles					
	Assets		**Liabilities**		**Equity**	
Entity	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
BBVA Banco Continental	49,139	42,254	45,230	38,549	3,909	3,705
Continental Bolsa - Sociedad Agente de Bolsa S.A.	40	44	8	14	32	30
BBVA Asset Management Continental S.A. Sociedad Administradora de Fondos	48	48	7	9	41	39
Continental Sociedad Titulizadora S.A.	2	2	-	-	2	2
Inmuebles y Recuperaciones Continental S.A.	20	25	9	8	11	17
Continental DPR Finance Company	1,578	1,129	1,578	1,129	-	-

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting principles and practices as of September 30, 2012 remain unchanged with respect to those in the audit report issued on February 10, 2012 by Beltrán, Gris y Asociados S. Civil de R.L., representatives of Deloitte, for the years ended December 31, 2011 and 2010.

3. CASH AND DUE FROM BANKS

As of September 30, 2012, Cash and Due from Banks includes approximately US$ 2,183.3 million and S/. 3,899.6 million (US$ 2,214.2 million and S/. 1,832.7 million as of December 31, 2011) which represent legal reserves that Peruvian entities must maintain as a guarantee of third party deposits. These funds are deposited in the bank's vaults or at the Peruvian Central Bank (hereinafter BCRP for its Spanish acronym).

As of September 30, 2012 and December 31, 2011, legal reserves in local and foreign currencies were subject to a legal minimum of 9%. Total obligations subject to legal reserve requirements (hereinafter TOSE for its Spanish acronym) in local and foreign currency according to the regulations in effect as of September 30, 2012 are subject to a statutory rate of 16.1414% and 41.8393 % in local and foreign currency, respectively. These rates are calculated based on the August 2012 TOSE. As of December 31, 2011, the rates were of 13.0245% and 37.31% in local and foreign currency, respectively, and these rates were based on the February 2011 TOSE. Excess deposits are subject to an additional reserve requirement of 30% and 55% in local and foreign currency, respectively. As of December 31, 2011, the additional reserve requirement was 25% and 55% in local and foreign currency, respectively. As of September 30, 2012, debt to international financial institutions and financial organizations in foreign currency with a maturity of less than three years are subject to a special rate of 60% if the purpose of these debt are finance foreign trade operations, then are subject to a rate of 25% with a limit to 20% of regulatory capital. As of December 31, 2011, debt to international financial institutions and financial organizations in foreign currency with a maturity of less than two years were subject to the special rate of 60%.

The legal minimum reserve funds are not interest-bearing. The legal additional reserve amount in foreign and local currency accrues interest at an annual nominal rate established by the BCRP. For the nine months ended September 30, 2012, interest income on reserves amounted to S/. 24.6 million (S/. 20.8 million for the year ended December 31, 2011), and were included in "Interest from deposits in financial institutions", in the statement of income. According to existing legislation, legal reserves cannot be seized.

As of September 30, 2012, cash and due from banks included restricted funds of S/. 1.2 million (S/. 1.2 million as of December 31, 2011) required in connection with legal proceedings against the Bank and to guarantee any potential liabilities generated by such lawsuits.

4. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS, AVAILABLE-FOR-SALE AND HELD TO MATURITY, NET

Investments in securities have been classified by Grupo Continental as follows:

	September 30, 2012	December 31, 2011
	S/. 000	S/. 000
Investments at fair value through profit and loss	171,606	84,598
Available-for-sale investments (Nota 12 (c))	3,582,468	2,071,277
Held to Maturity Investments	436,109	431,279
	4,190,183	**2,587,154**

Investments in securities according to the type of financial instrument were as follows:

	September 30, 2012	December 31, 2011
Investments at fair value through profit and loss	**S/. 000**	**S/. 000**
Peruvian Treasury Bonds (a)	114,725	24,694
Mutual Funds (b)	43,874	43,461
U.S. Treasury Bonds (c)	13,007	10,903
Local Stock	-	5,540
	171,606	84,598
Available-for-sale Investments		
BCRP Certificates of Deposits (d)	2,804,682	1,421,368
Peruvian Treasury Bonds (a)	690,552	580,946
Local Stock (e)	46,099	31,192
Foreign Stock	16,574	12,979
Corporate Bonds	14,293	-
Peruvian Global Treasury Bonds (f)	10,254	24,736
Other Investments	14	56
	3,582,468	2,071,277
Held-to Maturity Investments		
Peruvian Treasury Bonds (a)	436,109	431,279

(a) Peruvian Treasury Bonds are issued by the Peruvian government. As of September 30, 2012, such bonds bear interest at annual rates ranging between 1.00% and 5.44% (between 1.00% and 6.55% as of December 31, 2011) in local currency, and 6.57% in foreign currency (between 5.14% and 6.57% as of December 31, 2011), with maturities up to February 2042. (February 2042 as of December 31, 2011).

(b) As of September 30, 2012 and December 31, 2011, mutual fund investments related to interests in several mutual funds managed by BBVA Asset Management Continental S.A. Sociedad Administradora de Fondos.

(c) U.S. Treasury Bonds bear an annual interest rate of 1.65% as of September 30, 2012 (1.94% as of December 31, 2011) in foreign currency, with maturities in August 2022 (November 2021 as of December 31, 2011).

(d) BCRP certificates of deposits are trading securities with maturities up to March 2014 acquired in public auctions or secondary markets, based on prices offered by the financial institutions. As of September 30, 2012, the annual interest rates on local currency ranged between 3.73% and 4.20% (between 3.95% and 4.24% as of December 31, 2011).

(e) As of September 30, 2011, local stock includes Lima Stock Exchange Securities (BVL) with a total value of S/. S/. 34.1 million (S/. 19.8 million as of December 31, 2011).

(f) Peruvian Treasury Global Bonds, issued by the Peruvian Government, bearing interest of 4.22% in foreign currency (4.88% as of December 31, 2011), with maturities up to November 2050. (November 2033 as of December 31, 2011).

5. LOANS, NET

a) The balances included:

	September 30, 2012		December 31, 2011	
	S/. 000	**%**	**S/. 000**	**%**
Direct Credits:				
Loans	11,784,125	38%	11,023,578	38%
Mortgages	6,830,776	22%	5,842,095	20%
Leasing	4,668,032	15%	4,601,173	16%
Consumer	3,173,872	10%	2,766,925	10%
Foreign Trade	2,568,360	8%	2,375,187	8%
Discounted Notes	965,632	3%	968,416	3%
Others	2,968,134	9%	2,939,218	10%
	32,958,931	**105%**	**30,516,592**	**105%**
Plus: Accrued Interest	271,520	1%	226,464	1%
	33,230,451	**106%**	**30,743,056**	**106%**
Less: Deferred income from leasing transactions	(529,348)	(2%)	(544,133)	(2%)
	32,701,103	**104%**	**30,198,923**	**104%**
Deferred income from loans	(29,885)	0%	(26,964)	0%
Allowance for loan losses	(1,407,953)	(4%)	(1,249,934)	(4%)
	31,263,265	**100%**	**28,922,025**	**100%**
Indirect Loans (Note 16)	**9,665,963**		**8,687,388**	

Secured Loans are collateralized with guarantees granted by customers, principally including mortgages, deposits, letters of guarantee, warrants and finance leasing operations, which as of September 30, 2012 and December 31, 2011 amounted to S/. 26,436 million and S/. 23,836 million, respectively.

As of September 30, 2012, part of loan portfolio of Fondo Mi Vivienda – Mi Hogar is the guarantee of due to Banks to Fondo Mivivienda up to approximately S/. 418.2 million (S/. 336.1 million as of December 31, 2011) (See Note 10).

As of September 30, 2012 and December 31, 2011, the average annual interest rates for the Bank's main products were as follows:

	September 30, 2012		December 31, 2011	
	Loans in		Loans in	
	S/.	US$	S/.	US$
	%	%	%	%
Loans and discounts	9.30	7.58	9.34	7.35
Mortgage	9.74	8.72	9.85	8.98
Consumer	23.18	15.48	23.40	16.20

b) Below are loan portfolio balances by segment categories in accordance with the classification under SBS Resolution No. 11356-2008 as of September 30, 2012 and December 31, 2011:

	September 30, 2012		December 31, 2011	
	S/. 000	%	S/. 000	%
Medium businesses	9,067,608	27%	8,207,285	27%
Mortgages	6,913,333	21%	5,913,334	19%
Large businesses	6,334,308	19%	6,425,048	21%
Corporate	4,874,772	14%	4,537,883	15%
Consumer	3,285,810	10%	2,873,116	9%
Small businesses	1,555,919	5%	1,403,849	5%
Stock brokers	266,166	1%	393,293	1%
Micro businesses	236,337	1%	230,918	1%
Public sector entities	204,581	1%	293,693	1%
Financial Institutions	197,662	1%	190,555	1%
Others	22,435	0%	47,618	0%
	32,958,931	**100%**	**30,516,592**	**100%**

c) As of September 30, 2012 and December 31, 2011, the Bank's loan portfolio was distributed in the following economic sectors:

	September 30, 2012		December 31, 2011	
	S/. 000	%	S/. 000	%
Mortgage and consumer	10,199,143	31%	8,786,450	29%
Manufacturing	5,809,757	18%	5,577,385	18%
Commerce	5,686,290	17%	5,190,967	17%
Real estate	2,419,893	7%	2,363,157	8%
Transportation, storage and communications	2,253,532	7%	2,115,384	7%
Utilities	1,284,366	4%	857,404	3%
Agriculture and livestock	1,037,043	3%	860,912	3%
Construction	800,315	2%	966,620	3%
Hotels and restaurants	701,369	2%	627,120	2%
Mining	618,792	2%	883,776	3%
Others	2,148,431	7%	2,287,417	7%
	32,958,931	**100%**	**30,516,592**	**100%**

d) The change in allowances for loan losses as of September 30, 2012 and December 31, 2011, was as follows:

	September 30, 2012	December 31, 2011
	S/. 000	**S/. 000**
Balances as of January 1	1,249,934	1,049,352
Provisions	760,589	763,613
Recoveries and reversals	(413,568)	(443,836)
Write-offs	-	(2,051)
Sale of portfolio	(178,207)	(102,942)
Foreign exchange differences and other adjustments	(10,795)	(14,202)
	1,407,953	**1,249,934**

Management believes that the level of allowances for loan losses is adequate to cover potential loan losses as of the date of the balance sheet. As of September 30, 2012, the general provision of loan portfolio of S/. 902.1 million (S/.815.1 million as of December 31, 2011), includes a pro-cyclical provision of S/.140.7 million (S/. 129.7 million as of December 31, 2011).

In the nine months ended September 30, 2012, Grupo Continental had entered into agreements to sell certain loans in legal collection and written off and the related rights over that portfolio, of approximately S/. 150 million (S/. 301.4 million for the year ended December 31, 2011). Proceeds from these sales of S/. 12.5 million (S/. 23.7 million as of December 31, 2011) were recognized as “Other income and expenses, net” in the consolidated statements of income.

6. PROPERTY, FURNITURE AND EQUIPMENT, NET

This item comprises the following:

	Land	Building and Facilities	Furniture and equipment	Vehicles	Facilities Leasehold improvements	Work in Progress	Units to Receive	Total
	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000
Cost:								
Balance as of January 1, 2011	91,647	445,803	198,959	4,562	79,678	21,745	155	842,549
Additions	6,788	36,633	86,813	-	14,214	72,574	16,174	233,196
Disposal	-	-	(4)	-	-	-	-	(4)
Adjustments or other	1,858	16,395	(1,013)	(178)	7,302	(29,149)	(8,598)	(13,383)
Balance as of December 31, 2011	100,293	498,831	284,755	4,384	101,194	65,170	7,731	1,062,358
Additions	1,527	14,147	32,411	632	7,127	42,535	4,934	103,313
Disposal	-	-	(14)	-	-	-	-	(14)
Adjustments or other	-	65,243	(3,032)	-	16,075	(81,883)	(5,947)	(9,544)
Balance as of September 30, 2012	101,820	578,221	314,120	5,016	124,396	25,822	6,718	1,156,113
Accumulated Depreciation:								
Balance as of January 1, 2011	-	278,056	96,522	2,604	18,281	-	-	395,463
Additions	-	22,883	33,523	789	8,510	-	-	65,705
Disposal	-	-	(4)	-	-	-	-	(4)
Adjustments or other	-	467	(2,164)	(170)	(539)	-	-	(2,406)
Balance as of December 31, 2011	-	301,406	127,877	3,223	26,252	-	-	458,758
Additions	-	20,221	23,517	511	8,131	-	-	52,380
Disposal	-	-	(14)	-	-	-	-	(14)
Adjustments or other	-	(156)	(2,517)	-	17	-	-	(2,656)
Balance as of September 30, 2012	-	321,471	148,863	3,734	34,400	-	-	508,468
Net Cost:								
Balance as of September 30, 2012	101,820	256,750	165,257	1,282	89,996	25,822	6,718	647,645
As of December 31, 2011	100,293	197,425	156,878	1,161	74,942	65,170	7,731	603,600

7. OTHER ASSETS AND LIABILITIES

	September 30, 2012	December 31, 2011
	S/. 000	S/. 000
Current Assets		
Other Assets (a)	666,962	553,816
Accounts Receivable (b)	615,553	463,919
Assets seized and recovered through legal actions, net	10,017	15,773
	1,292,532	1,033,508
Current Liabilities		
Accounts Payable (c)	694,371	667,709
Provisions (d)	531,673	458,949
Other Liabilities	249,567	36,638
	1,475,611	1,163,296

(a) As of September 30, 2012, "Other Assets" mainly included value added tax credits, for S/. 336.7 million (S/. 353.4 million as of December 31, 2011), S/. 86 million of deferred charges (S/.64.3 as of December 31, 2011), S/. 121 million corresponding to income tax payments on account (S/.86.8 million as of December 31, 2011), and intangible assets of S/.12.8 million (S/.8.2 million as of December 31, 2011).

(b) Accounts receivable mainly included accounts receivable from derivatives (see Note 16), which, as of September 30, 2012, amounted to S/. 601.8 million (S/. 446.2 million as of December 31, 2011).

(c) Accounts payable as of September 30, 2012 mainly included payments owed to suppliers, of S/. 284.6 million (S/. 195.3 million as of December 31, 2011) and accounts payable from derivatives (see Note 16), for S/. 343.6 million (S/. 326.1 million as of December 31, 2011).

(d) As of September 30, 2012, the Bank had various pending litigation matters, as well as other proceedings related to its business activities. Grupo Continental considers no additional provisions are needed with respect to pending litigation. Therefore, Grupo Continental has not considered a higher provision than the one recorded for these contingencies and processes in "Other liabilities" on the consolidated balance sheet. This provision amounted to S/. 210.9 million (S/. 207.5 million as of December 31, 2011).

8. OBLIGATIONS TO THE PUBLIC AND DEPOSITS FROM FINANCIAL INSTITUTIONS

As of September 30, 2012 and December 31, 2011, deposits and obligations were classified as follows:

	September 30, 2012	December 31, 2011
	S/. 000	S/. 000
Demand deposits	8,833,599	8,888,960
Savings deposits	7,849,511	7,115,244
Time deposits	14,909,963	13,999,076
Other Obligations	147,745	145,065
Accrued interest payable	98,053	37,092
Total obligations to the public	**31,838,871**	**30,185,437**
Deposits from financial institutions	907,639	307,034
Total obligations to the public and deposits from financial institutions	**32,746,510**	**30,492,471**

Interest rates are set by Grupo Continental based on prevailing market rates.

9. INTER-BANK FUNDS

Interbank assets as of December 31, 2011 had current maturities (January 2012), bearing interest at an average annual interest rate of 0.25% in foreign currency. These credits are unsecured.

Interbank liabilities as of September 30, 2012 and December 31, 2011 had current maturities (October 2012 and January 2012, respectively), bearing interest at an average annual interest rate of 4.25% in local currency (4.25% as of December 31, 2011) and 0.90% in foreign currency (0.25% as of December 31, 2011). These liabilities are unsecured.

10. DUE TO BANKS AND CORRESPONDENTS

	September 30, 2012	December 31, 2011
	S/. 000	S/. 000
Foreign financial institutions (a)	4,493,166	2,545,968
International financial organizations (b)	1,252,360	1,287,790
Private Loan Agreement (c)	467,640	539,200
Programa Mi Vivienda - Mi Hogar (my House - My Home Program) (d)	418,188	336,126
Corporación Financiera de Desarrollo – COFIDE	59,105	30,000
Accrued interest payable	71,436	31,119
	6,761,895	**4,770,203**

Loan agreements signed with certain foreign financial institutions and international financial organizations include covenants that require compliance with certain financial ratios and other specific conditions. As of September 30, 2012 and December 31, 2011, Grupo Continental's Management believes it is in compliance with these covenants.

(a) Foreign financial institutions

As of September 30, 2012, the loans with foreign financial institutions bore interest based on market rates between 0.9% and 7.4% (between 1% and 7.4% as of December 31, 2011). Details are as follows:

Name of Creditor	Balance as of 30.09.12		Balance as of 31.12.11		Due Dates
	US$000	**S/. 000**	**US$000**	**S/. 000**	
Goldman Sachs Bank (i)	498,040	1,293,908	-	-	January 2017
Deutsche Bank (ii)	374,196	972,161	366,077	986,944	November 2020
Credit Suisse (iii)	200,000	519,600	200,000	539,200	October 2040
Syndicated Loan (iv)	100,000	259,800	100,000	269,600	October 2012
JP Morgan Chase Bank	80,000	207,840	-	-	October 2012
Standard Chartered	80,000	207,840	58,000	156,368	October 2013 and May 2014
Wells Fargo Bank	70,218	182,427	110,000	296,560	October 2012 and 2013
Commerzbank AG	70,000	181,860			December 2012
Bank of America	70,000	181,860	-	-	October 2012
DEG Deutsche Investitions (v)	57,500	149,385	60,000	161,760	October 2017 and June 2018
China Development Bank	50,000	129,900	50,000	134,800	December 2016
Bank of Montreal	25,000	64,950	-	-	March 2014
Commercebank NA	25,000	64,950	-	-	May 2014
BBVA Madrid	16,370	42,529	-	-	October and November 2012
Toronto Dominion Bank	9,000	23,382	-	-	April 2014
Other	4,147	10,774	273	736	October 2012
	1,729,471	**4,493,166**	**944,350**	**2,545,968**	

(i) In January 2012, the Bank entered into a loan for the nominal amount of US$ 500 million, with a fixed rate of 5.75% due January 2017. The payment of principal is due in full at maturity. Likewise, in the same date the bank has contract an interest rate swap (hereinafter IRS - see Note 16-a) for which as of September 30, 2012, the Bank had recorded profits of S/. 5 million, corresponding to the changes in its fair value, which are recorded in the statement of income.

(ii) Corresponds to a loan for the nominal amount of US$ 350 million, with a fixed rate of 5.5% due in November 2020, recorded at fair value. This loan is hedged by an IRS (see Note 16-a). As of September 30, 2012, the Bank had recorded a loss of S/. 20 million, corresponding to the changes in its fair value, which are recorded in the statement of income (as of December 31, 2011, S/. 109.1 million was recorded as loss).

(iii) Corresponds to subordinated debt approved by the SBS, which is considered part of TIER 1 Regulatory Capital to the limit permitted by applicable law.

(iv) In September 2010, the Bank entered into a syndicated loan for US$ 100 million with the participation of the following foreign banking institutions: Standard Chartered Bank, Wells Fargo Bank, Banco de Chile, Bank of Taiwan, Banca Monte Dei Paschi di Siena S.p.A and Mizuho Corporate Bank Ltd. The applicable rate is Libor plus a spread. The term of the loan is 25 months with settlement of principal at maturity. Interest will be paid every six months.

(v) Corresponds to subordinated debt for US$ 30 million approved by the SBS. It is considered part of TIER 2 Regulatory Capital, according to the applicable law.

(b) International Financial Organizations

Debts to international financial organizations accrued interest at international market rates between 1.2% and 6.4% as of September 30, 2012 (1.5% and 6.4% as of December 31, 2011). These loans are unsecured.

Name of Creditor	**Balance as of 30.09.12**		**Balance as of 31.12.11**		**Due dates**
	US$000	**S/. 000**	**US$000**	**S/. 000**	
Inter-American Development Bank - IDB (i)	170,000	441,660	275,000	741,400	February 2014 / 2017 / 2019 and August 2015
International Finance Corporation – IFC	157,047	408,010	112,667	303,750	December 2012 / 2018 and June 2022
Banco Latinoamericano de Exportación	65,000	168,870	-	-	November 2012
Corporación Andina de Fomento - CAF	50,000	129,900	50,000	134,800	December 2012
Inter-American Investment Corporation - IIC	40,000	103,920	40,000	107,840	June 2013 /August 2014
	482,047	**1,252,360**	**477,667**	**1,287,790**	

(i) Includes two subordinated loans for an amount of US$ 50 million, approved by the SBS and is considered as part of TIER 2 Regulatory Capital, according to the applicable law.

(c) Private Loan Agreement

As of September 30, 2012, due to banks and correspondents included a private loan agreement (Note 16-b) for a total of US$ 180 million.

(d) Programa Mi Vivienda – Mi Hogar (My Housing – My Home Program)

Resources obtained through a loan from the social housing program “Mi Vivienda” in local currency were S/. 371.1 million and foreign currency were US$ 10.8 million. This loan amortizes through January 2033 and accrues interest at an effective annual rate of 7.75% on the foreign currency portion and 6.25% plus the Constant Adjustment Index (hereinafter VAC for its Spanish acronym) on the local currency portion.

The obligation to the Fondo Mi Vivienda – Mi Hogar of S/. 418.2 million as of September 30, 2012 (S/. 336.1 million as of December 31, 2011) was collateralized by a portion of the mortgage loan portfolio up to that amount (see Note 5). Loans include specific agreements on use of proceeds, financial conditions that the borrower must comply with, and administrative terms.

11. SECURITIES, BONDS AND OUTSTANDING OBLIGATIONS

As of September 30, 2012 and December 31, 2011, this category includes the following:

	September 30, 2012	December 31, 2011
	S/. 000	S/. 000
Corporate bonds	2,413,593	830,761
Notes (debt instruments) - Notes 16-a and 16-b	1,032,705	539,200
Subordinated bonds	460,089	459,866
Leasing bonds	134,950	137,400
Accrued expenses payable	35,569	18,632
	4,076,906	**1,985,859**

The following are details of issued bonds as of September 30, 2012 and December 31, 2011:

Program	Authorized Amount	Issuance	Series	Currency	Original Disbursed Amount	Balance as of 30.09.12	Balance as of 31.12.11	Maturity Date
						S/. 000	S/. 000	
Corporate Bonds								
Second	USD 50 million or S/. 160 million	First	A	PEN	70,000	70,000	70,000	October 2012
		First	B	PEN	23,000	23,000	23,000	March 2013
		First	C	PEN	30,000	30,000	30,000	April 2013
		First	D	PEN	17,000	17,000	17,000	May 2013
Third	USD 100 million or S/. 315 million	First	A	PEN	40,000	40,000	40,000	December 2012
		Second	A	PEN	40,000	-	40,000	March 2012
		Third	A	USD	9,969	-	26,876	September 2012
		Fourth	A	USD	8,533	22,169	23,005	September 2014
		Sixth	A	USD	30,000	77,940	80,880	October 2012
		Seventh	Sole	PEN	60,000	60,000	60,000	May 2018
Fourth	USD 100 million	First	Sole	PEN	40,000	40,000	40,000	August 2020
		Second	A	PEN	80,000	80,000	80,000	August 2020
		Third	A	PEN	100,000	100,000	100,000	August 2018
Fifth	USD 250 million	First	A	PEN	50,000	50,000	50,000	December 2016
		Second	A	PEN	150,000	150,000	150,000	December 2026
		Fifth	Sole	PEN	200,000	210,034	-	April 2019
		Sixth	A	USD	54,000	140,292	-	July 2016
First international issuance	USD 500 million	First	Sole	USD	500,000	1,303,158	-	August 2022
						2,413,593	**830,761**	
Subordinated Bonds								
First	USD 50 million or S/. 158.30 million	First	A	PEN	40,000	39,716	39,793	May 2022
		Second	A	USD	20,000	51,635	53,661	May 2027
		Third	A	PEN	55,000	66,010	64,453	June 2032
Second	USD 100 million	First	A	USD	20,000	51,960	53,920	September 2017
		Second	A	PEN	50,000	58,770	57,384	November 2032
		Third	A	USD	20,000	51,960	53,920	February 2028
		Fourth	Sole	PEN	45,000	51,044	49,840	July 2023
		Fifth	Sole	PEN	50,000	55,983	54,663	September 2023
		Sixth	A	PEN	30,000	33,011	32,232	December 2033
						460,089	**459,866**	
Leasing Bonds								
First	USD 200 million	First	A	USD	25,000	64,950	67,400	April 2016
		Second	A	PEN	30,000	30,000	30,000	September 2014
		Third	A	PEN	40,000	40,000	40,000	November 2014
						134,950	**137,400**	
Notes								
	USD 250 million	First	2008-A	USD	250,000	422,175	539,200	December 2015
	USD 235 million	Second	2012-A, 2012-B, 2012-C y 2012-D	USD	235,000	610,530	-	June 2017 and June 2022
						1,032,705	**539,200**	
						4,041,337	**1,967,227**	

Corporate bonds are unsecured and bear annual interest at rates between 5.8% and 7.9% for local currency as of September 30, 2012 and December 31, 2011 and between 4.7% and 6.4% for foreign currency as of September 30, 2012 (between 6.2% and 6.4% as of December 31, 2011).

The S/. 200 million corporate bond is hedged by a Cross Currency Swap – CCS – (note 16-a). As of September 30, 2012 the Bank recorded S/. 10 million in losses, relating to the variation in the fair value of this financial obligation which is included in the statement of income.

In August 2012, the Bank entered into an international issuance for a nominal amount of US$ 500 million, with a fixed rate of 5.00% due in August 2022. The payment of principal is due in full at maturity. This issuance is recorded at fair value and the changes of its fair value are hedged through an IRS (see Note 16-a). As of September 30, 2012 the Bank had recorded a loss of S/. 4 million corresponding to the changes of the fair value of the issuance and is included in the "Results from hedging transactions" item, of the statement of income.

Subordinated bonds were issued in accordance with General Law requirements and with annual interest rates between 5.9% and the VAC plus a spread, in local currency, and between Libor plus a spread and 6.5% in foreign currency.

Leasing bonds accrued interest at an annual rate of 6.3% for local currency and 7.2% for foreign currency, are secured by leasing transactions which are included in loan portfolio and were funding by this bonds.

12. SHAREHOLDERS' EQUITY

(a) Capital Stock

As of September 30, 2012 and December 31, 2011, the authorized, issued and fully paid capital stock of the Bank consisted of 1,944,231,963 outstanding common shares with a face value of one Nuevo Sol (S/.1.00) per share. Currently are pending of registration 282,240,810 common shares relating to capitalization of retained earnings.

The Bank's General Shareholders' Annual Meetings held on March 29, 2012 and March 31, 2011, resolved to increase capital through the capitalization of retained earnings by S/. 282.2 million and S/. 100.8 million, respectively.

The Bank's common stock is listed on the Lima Stock Exchange (BVL). As of September 30, 2012 and December 31, 2011, the stock market quotation value of the Bank's stock was S/. 6.69 and S/. 5.51 per share, respectively, with a trading frequency of 95% (100% as of al 31 de December de 2011).

The number of shareholders and the ownership structure were as follows:

Percentage of individual interest (%)	Number of shareholders	Total interest
Up to 1	8,274	7.76%
1.01 to 5	-	0.00%
80.01 to 100	1	92.24%
	8,275	100.00%

(b) Legal reserve

Pursuant to applicable law, all Peruvian banks must create and maintain a legal reserve. Each year, a Peruvian bank must allocate 10% of its net income to its legal reserve until the legal reserve is equal to 35% of its paid-in capital stock.

The General Shareholders' Annual Meetings held on March 29, 2012 and March 31, 2011 approved an allocation to the legal reserve of the equivalent of 10% of net income for the year 2011 (S/. 112.9 million) and for the year 2010 (S/. 100.7 million), respectively.

(c) Retained earnings

At the General Shareholders' Annual Meetings held on March 29, 2012 and March 31, 2011, the Bank agreed to distribute dividends of S/. 733.8 and S/. 805.8 million, respectively.

Dividends distributed to shareholders other than domiciled legal entities, are subject to income tax at a rate of 4.1% which must be withheld by the Bank.

Retained earnings include S/. 42.4 million of unrealized gain of the available-for-sale investments (S/. 19.3 million as of December 31, 2011), and S/. 3 million corresponding to unrealized gains of held to maturity investments (S/. 3 million as of December 31, 2011).

The General Shareholders' Annual Meetings held on March 29, 2012 and March 31, 2011, approved the capitalization of retained earnings S/. 282.2 million and S/. 100.8 million, respectively.

On June 28, 2012, in exercise of the power conferred upon it by the Shareholders' Annual Meeting held on March 29, 2012, and pursuant to the provisions of Article 184, Item A) Paragraph 2, of the General Law, the Board of Directors unanimously resolved to capitalize profits of the year 2012, amounting to S/. 400 million. This commitment will be formalized in the next shareholders' meeting on March 2013.

13. REGULATORY CAPITAL AND LEGAL LIMITS

According to the General Law, the regulatory capital amount cannot be less than 10% of credit, market and operational risk average weighted assets and contingent loans. As of September 30, 2012, the Bank used the standard method for calculating the regulatory capital requirement for credit risk.

As of September 30, 2012, the Bank's regulatory capital calculated pursuant to SBS regulations was S/. 4,851 million (S/. 4,043 million as of December 31, 2011). This amount is used to calculate certain limits and restrictions applicable to all financial entities in Peru. We believe such limits and restrictions are fully met by the Bank.

Credit, market and operational risk average weighted assets calculated in accordance with applicable regulations amount to S/. 37,740 million as of September 30, 2012 (S/. 32,455 million as of December 31, 2011).

As of September 30, 2012 and December 31, 2011, the Bank´s capital adequacy ratio was 12.85% and 12.46%, respectively.

14. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per common share was calculated by dividing net income for the period attributable to common shareholders, by the weighted average of the number of outstanding common shares during the period. Since there are no potential diluting common shares, i.e., financial instruments or other agreements which grant rights to obtain common shares, the diluted earnings per common share is equal to the basic earnings per common share.

The basic and diluted earnings per common share are as follows:

	Number of Shares	
	September 30, 2012	December 31, 2011
Outstanding at the beginning of the year	1,944.2	1,843.4
Capitalization of earnings	282.3	383.0
Outstanding at the end of the period	2,226.5	2,226.5
Net income for the period (in thousands of Peruvian Nuevos Soles)	914,729	814,029
Basic and diluted earnings per share	0.41	0.37

15. TRANSACTIONS WITH RELATED PARTIES

As of September 30, 2012 and December 31, 2011, Grupo Continental had granted loans, provided and requested banking services, maintained correspondent relationships, carried out transactions using derivative financial instruments recorded at face value and performed other transactions with related companies, whose effects in the financial statements are outlined below:

	September 30, 2012	December 31, 2011
	S/. 000	S/. 000
Assets -		
Cash and due from banks	23,239	47,727
Loans, net	106	4,174
Other Assets	184,694	122,082
Liabilities		
Deposits and obligations to the public	754,682	106,657
Obligations	42,528	-
Other Liabilities	125,830	140,327
Contingent and off-balance sheet accounts		
Contingent accounts	4,191,763	4,029,834
Off-balance sheet accounts	1,649,063	1,826,948

Transactions of Grupo Continental with related parties have been carried out in the normal course of operations and in conditions that could have been granted to third parties.

The transactions carried out with related parties, included in the consolidated statement of income for the periods ended September 30, 2012 and September 30, 2011 were the following:

	September 30, 2012	September 30, 2011
	S/. 000	S/. 000
Financial income	18	41
Financial expenses	(7,644)	(6,445)
Other income (expenses), net	(39,656)	(43,379)

Loans to employees

As of September 30, 2012 and December 31, 2011, Grupo Continental extended credit to certain Directors, executives and employees of Grupo Continental in accordance with applicable law, which regulates and establishes certain limits on transactions with directors, executives and employees of banks in Peru. As of September 30, 2012 and December 31, 2011, direct loans to employees, directors, executives and key staff amounted to S/. 323.5 million and S/. 265.7 million, respectively.

In addition, for the nine months ended September 30, 2012, compensation paid to key staff and per diem allowances for the Board of Directors amounted to S/. 7 million (S/. 6.3 million as of September 30, 2011).

16. CONTINGENT AND OFF-BALANCE SHEET ACCOUNTS

a) Derivative financial instruments

The Bank enters into forward agreements for the purchase and sale of foreign currency, interest rate swaps (IRS) and cross currency swaps (CCS). As of September 30, 2012 and December 31, 2011, the outstanding equivalent amounts in Nuevos Soles and the fair value of the derivative financial instruments were as follows:

	September 30, 2012		
	Nominal value	Assets	Liabilities
	S/. 000	S/. 000	S/. 000
Trading Derivatives			
Currency forward	5,259,345	72,455	48,230
Options	1,889,625	37,350	37,351
CCS-Cross Currency Swaps	3,859,658	290,263	127,084
Interest rate swaps	3,290,710	31,980	130,923
Hedging Derivatives			
Cross currency swap (ii)	196,001	8,065	-
Interest rate swap (i)	3,689,160	161,674	-
	18,184,498	**601,787**	**343,588**

	December 31, 2011		
	Nominal value	Assets	Liabilities
	S/. 000	S/. 000	S/. 000
Trading Derivatives			
Currency forward	5,721,589	55,937	54,083
Options	2,420,116	65,796	65,796
CCS-Cross Currency Swaps	4,024,176	218,756	69,250
Interest rate swaps	4,090,065	32,974	137,000
Hedging Derivatives			
Cross currency swap (ii)	943,600	72,697	-
	17,199,546	**446,160**	**326,129**

(i) As of September 30, 2012, the Bank had entered into interest rate swaps - IRS - for S/. 3,689 million to hedge interest rates related to financing obtained. By means of the IRS, the Bank obtains a fixed interest rate in US Dollars and pays a variable interest rate in the same currency. As of September 30, 2012, the total variation of the fair value of the IRS, totaled S/. 84 million (profit), which is recorded in the statement of income (as of December 31, 2011, the fair value amounted to S/. 118.7 million profit).

(ii) As of September 30, 2012, the Bank had entered into a CCS to hedge the reasonable value of the bonds issued, at a nominal value of S/. 196 million. Through the CCS, the Bank converts its issue from fixed-rate local currency to variable-rate US Dollars. As of September 30, 2012, the fair value of the CCS was S/. 6 million (profit), which is recorded in the statement of income.

b) Other creditors

As of December 31, 2008, Continental DPR Finance Company, a special purpose company incorporated in the Cayman Islands, issued notes through a private placement (debt instruments) which residual value as of September 30, 2012 was US$ 162.5 million. These notes mature on December 15, 2015, and have quarterly coupons, which take a two-year grace period into account. These debt instruments accrue interest at Libor plus a spread (see Note 11).

As of April 30, 2010, Continental DPR Finance Company, entered into a loan through a private contract, which residual value as of September 30, 2012 amounted to US$ 180 million (Series 2010-A). This series matures on March 15, 2017, with quarterly coupons with a 2-year grace period. The aforementioned loan accrues interest at Libor plus a spread (see Note 10).

On June 26, 2012, Continental DPR Finance Company placed an issue via a private notes issue (debt instruments) for US$ 235 million. This note issue has two maturities: (i) US$ 125 million maturing on June 15, 2017; and (ii) US$ 110 million, maturing on June 15, 2022. All notes have quarterly coupons, include two-year grace periods and accrue interest at Libor plus a spread, except for part of the 10-year issue for US$ 70 million, which was issued at a fixed rate (Note 11).

Both the 2008 and the 2012 issues related to the notes placed by Continental DPR Finance Company as well as the 2010 debt balance, are secured by the sale made by the Bank to Continental DPR Finance Company, of the present and future flows generated by customer electronic payment orders (Diversified Payments Rights - DPRs) forwarded to the Bank through SWIFT (Society for Worldwide Interbank Financial Telecommunications Network). This sale, which was conducted only once, took place on December 31, 2008.

The operative documents for the issuance of the notes and the loan include covenants requiring compliance by the Bank with certain financial ratios and other specific conditions related to transferred flows. Grupo Continental management believes it was in compliance with such conditions as of September 30, 2012.

17. FINANCIAL INCOME

Financial income for the first nine months of 2012 increased by 17% compared to the first nine months of 2011, mainly due to higher interest income received from the loan portfolio, results from hedging transactions and income from investment at fair value through profit and loss, available for sale, and held to maturity.

18. FINANCIAL EXPENSES

Financial expenses for the first nine months of 2012 increased by 13% compared to the first nine months of 2011. The categories mainly explaining the variation are deposits and loans with foreign banks and financial organizations and interest on securities, bonds and outstanding obligations.

19. OTHER INCOME (EXPENSES)

During the first nine months of 2012, income from financial services increased by 9% compared to the first nine months of 2011 due to greater income from contingent operations (letters of guarantee), credit card fees, mutual fund administration fees and other income.

20. ADMINISTRATIVE EXPENSES

In the first nine months of 2012, administrative expenses increased by 15% compared to the first nine months of 2011. This category includes personnel expenses (salaries, additional benefits, bonuses, social contributions, length of service compensation, vacation and other staff- related expenses) and overhead (expenses such as computer services, transportation of funds, taxes, advertising and promotion, insurance, general services, security, surveillance and others).

21. SUBSEQUENT EVENTS

We are not aware of any subsequent events, occurring between the closing date of these financial statements to the date of this report, which have not been disclosed therein or could significantly affect the financial statements.