

**BBVA BANCO CONTINENTAL AND SUBSIDIARIES**

**Consolidated Financial Statements**

As of March 31, 2015 and as of December 31, 2014 and for the three-months period ended March 31, 2015 and 2014

(Translation of a report originally issued in Spanish)

## **BBVA BANCO CONTINENTAL AND SUBSIDIARIES**

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#### **Consolidated Financial Statements**

As of March 31, 2015 and as of December 31, 2014 and for the three-months period ended March 31, 2015 and 2014

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**BBVA BANCO CONTINENTAL AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As of March 31, 2015 and December 31, 2014

In thousands of S/.

<b>ASSETS</b>	<b>Notes</b>	<b>2015</b>	<b>2014</b>	<b>LIABILITIES AND NET EQUITY</b>	<b>Notes</b>	<b>2015</b>	<b>2014</b>
		<b>S/.000</b>	<b>S/.000</b>			<b>S/.000</b>	<b>S/.000</b>
Cash and due from banks	3	16,336,645	14,633,083	Obligations to the public	8	40,379,578	38,555,172
Inter-bank funds		-	20,002	Inter-bank funds	9	235,024	120,011
Investments at fair value through profit or loss	4	213,727	743,245	Deposits from financial entities and international financial organizations	8	1,538,014	1,622,746
Available-for-sale investments	4	4,033,672	2,327,609	Due to banks and financial obligations	10	17,668,230	15,260,159
Held-to-maturity investments	4	451,275	451,232	Trading derivatives	15	1,013,924	727,257
Loan portfolio, net	5	43,071,220	42,056,399	Hedging derivatives	15	52,872	59,127
Trading derivatives	15	1,058,823	827,724	Payables	7	1,085,899	389,657
Hedging derivatives	15	17,224	18,815	Current tax		1,332	1,690
Receivables		35,861	20,086	Provisions	7	383,557	399,624
Asset seized and recovered through legal actions, net		116,776	107,277	Deferred tax		-	2,121
Investments in associates		3,381	2,927	Other liabilities	7	143,444	167,106
Property, furniture and equipment, net	6	856,760	864,156	<b>TOTAL LIABILITIES</b>		<u>62,501,874</u>	<u>57,304,670</u>
Current tax		203,791	173,436	<b>NET EQUITY</b>			
Deferred tax		365,750	364,759	Capital stock	11	3,784,146	3,246,531
Other assets	7	960,231	271,944	Legal reserves	11	1,111,625	977,350
				Adjustments to equity	11	881	10,208
				Retained earnings	11	326,610	1,343,935
				<b>TOTAL NET EQUITY</b>		<u>5,223,262</u>	<u>5,578,024</u>
<b>TOTAL ASSETS</b>		<u>67,725,136</u>	<u>62,882,694</u>	<b>TOTAL LIABILITIES AND NET EQUITY</b>		<u>67,725,136</u>	<u>62,882,694</u>
<b>CONTINGENT RISKS AND COMMITMENTS</b>		23,482,367	22,716,250	<b>CONTINGENT RISKS AND COMMITMENTS</b>		23,482,367	22,716,250

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

**BBVA BANCO CONTINENTAL AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
FOR THE THREE MONTHS PERIODS ENDED MARCH 31,  
2015 AND 2014**

In thousands of S/.

	<u>Notes</u>	<u>2015</u> <u>S/.000</u>	<u>2014</u> <u>S/.000</u>
Interest Income	16	954,551	908,720
Interest Expenses	17	(292,510)	(253,071)
<b>GROSS FINANCIAL MARGIN</b>		<u>662,041</u>	<u>655,649</u>
Provisions for direct loans		(146,252)	(146,504)
<b>NET FINANCIAL MARGIN</b>		<u>515,789</u>	<u>509,145</u>
Income from financial services	19	237,687	205,876
Expenses for financial services	19	(39,014)	(37,635)
<b>NET FINANCIAL MARGIN OF INCOME AND EXPENSES FOR FINANCIAL SERVICES</b>		<u>714,462</u>	<u>677,386</u>
<b>GAIN/LOSS FROM FINANCIAL OPERATIONS (ROF)</b>		143,430	96,415
<b>OPERATING MARGIN</b>		<u>857,892</u>	<u>773,801</u>
Administrative expenses	18	(361,847)	(332,677)
<b>NET OPERATING MARGIN</b>		<u>496,045</u>	<u>441,124</u>
Valuation of assets and provisions		(39,591)	(36,159)
<b>OPERATING REVENUE</b>		<u>456,454</u>	<u>404,965</u>
<b>OTHER INCOME AND EXPENSES</b>		(5,240)	(16)
<b>PROFIT FOR THE YEAR BEFORE INCOME TAX</b>		<u>451,214</u>	<u>404,949</u>
Income tax		(124,758)	(109,775)
<b>NET PROFIT FOR THE YEAR</b>		<u>326,456</u>	<u>295,174</u>
Basic and diluted earnings per share in Peruvian Nuevos Soles		0.086	0.078

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

**BBVA BANCO CONTINENTAL AND SUBSIDIARIES**  
**OTHER COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2015 AND 2014**

In thousands of S/.

	<u>2015</u>	<u>2014</u>
	<u>S/.000</u>	<u>S/.000</u>
<b>NET PROFIT FOR THE YEAR</b>	<b>326,456</b>	<b>295,174</b>
<b>Other comprehensive income:</b>		
Available-for-sale investments	(10,314)	2,555
Cash flow hedging	(1,889)	(1,102)
Income tax on other comprehensive income items	<u>2,876</u>	<u>(190)</u>
<b>Other comprehensive income for the year, net of tax</b>	<b>(9,327)</b>	<b>1,263</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>317,129</u></b>	<b><u>296,437</u></b>

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

**BBVA BANCO CONTINENTAL Y SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET**  
**EQUITY**

**FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2015 AND 2014**

In thousands of S/.

	Reserves				Adjustments to Equity			Total net equity S/.000
	Capital stock	Mandatory reserves	Voluntary reserves	Retained earnings	Cash flow hedging	Available-for-sale investments	Total adjustments to equity	
	S/.000 Nota 12 (a)	S/.000 Nota 12 (b)	S/.000 Nota 12 (b)	S/.000 Nota 12 (c)	S/.000 Nota 12 (d)	S/.000 Nota 12 (d)	S/.000	
<b>Balances as of January 1, 2014</b>	2,724,770	846,813	25	1,304,554	3,110	11,539	14,649	4,890,811
<b>Changes in equity:</b>								
<b>Comprehensive income:</b>								
Profit for the period	-	-	-	295,174	-	-	-	295,174
Other comprehensive income	-	-	-	-	(771)	2,034	1,263	1,263
<b>Total comprehensive income</b>	-	-	-	295,174	(771)	2,034	1,263	296,437
<b>Changes in net equity (not included in comprehensive income)</b>								
Cash dividends	-	-	-	(652,168)	-	-	-	(652,168)
Issuance of capital stock (not related to "Business Combination")	521,761	-	(25)	(521,736)	-	-	-	-
Transfers to reserves and others	-	130,434	-	(130,434)	-	-	-	-
<b>Total changes in equity</b>	521,761	130,434	(25)	(1,304,338)	-	-	-	(652,168)
<b>Balances as of March 31, 2014</b>	<u>3,246,531</u>	<u>977,247</u>	<u>-</u>	<u>295,390</u>	<u>2,339</u>	<u>13,573</u>	<u>15,912</u>	<u>4,535,080</u>
<b>Balances as of January 1, 2015</b>	3,246,531	977,350	-	1,343,935	2,228	7,980	10,208	5,578,024
<b>Changes in equity:</b>								
<b>Comprehensive income:</b>								
Profit for the period	-	-	-	326,456	-	-	-	326,456
Other comprehensive income	-	-	-	-	(1,398)	(7,929)	(9,327)	(9,327)
<b>Total comprehensive income</b>	-	-	-	326,456	(1,398)	(7,929)	(9,327)	317,129
<b>Changes in net equity (not included in comprehensive income)</b>								
Cash dividends	-	-	-	(671,891)	-	-	-	(671,891)
Issuance of capital stock (not related to "Business Combination")	537,615	-	(103)	(537,512)	-	-	-	-
Transfers to reserves and others	-	134,275	103	(134,378)	-	-	-	-
<b>Total changes in equity</b>	537,615	134,275	-	(1,343,781)	-	-	-	(671,891)
<b>Balances as of March 31, 2015</b>	<u>3,784,146</u>	<u>1,111,625</u>	<u>-</u>	<u>326,610</u>	<u>830</u>	<u>51</u>	<u>881</u>	<u>5,223,262</u>

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

**BBVA BANCO CONTINENTAL AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2015 AND 2014**

In thousands of S/.

	<b>2015</b>	<b>2014</b>
	<b>S/.000</b>	<b>S/.000</b>
<b>RECONCILIATION OF NET PROFIT OF THE GROUP WITH CASH FLOWS AND CASH EQUIVALENTS FROM OPERATING ACTIVITIES:</b>		
Profit for the period	326,455	295,174
<b>Adjustments</b>	<b>292,397</b>	<b>519,950</b>
Depreciation and amortization	25,177	21,943
Provisions	160,697	167,971
Other adjustments	106,523	330,036
<b>Net changes in assets and liabilities</b>	<b>834,952</b>	<b>627,011</b>
<b>Net (increase) decrease in assets</b>	<b>(2,580,769)</b>	<b>(167,797)</b>
Loans	(492,310)	(1,157,787)
Investments at fair value through profit or loss	529,518	(73,692)
Available-for-sale investments	(1,318,722)	676,609
Receivables and other accounts	(1,299,255)	387,073
<b>Net increase (decrease) in liabilities</b>	<b>3,415,721</b>	<b>794,808</b>
Financial liabilities, unsubordinated debt	3,166,563	647,947
Payables and other accounts	249,158	146,861
<b>Profit for the period, after net changes in assets and liabilities and adjustments</b>	<b>1,453,804</b>	<b>1,442,135</b>
Paid income taxes	(119,971)	(632,628)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,333,833</b>	<b>809,507</b>
<b>INVESTMENT ACTIVITIES:</b>		
Purchases of intangibles and property, furniture and equipment	(27,998)	(28,594)
Other proceeds related to investment activities	1,632	3,282
<b>NET CASH FLOWS FROM INVESTMENT ACTIVITIES</b>	<b>(26,366)</b>	<b>(25,312)</b>
<b>FINANCING ACTIVITIES:</b>		
Issuance of subordinated financial liabilities	-	128,571
Cash dividends	218	(176)
<b>NET CASH FLOWS TO (FROM) FINANCING ACTIVITIES</b>	<b>218</b>	<b>128,395</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE FLUCTUATION</b>	<b>1,307,685</b>	<b>912,590</b>
Effect of exchange rate fluctuation on cash and cash equivalents	442,922	13,320
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,750,607</b>	<b>925,910</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>12,289,116</b>	<b>12,068,597</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>14,039,723</b>	<b>12,994,507</b>

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

**BBVA BANCO CONTINENTAL AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2015 AND 2014**

In thousands of S/.

	<u>2015</u>	<u>2014</u>
	<u>S/.000</u>	<u>S/.000</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD WITH ACCOUNTS BALANCES IN THE FINANCIAL POSITION STATEMENTS</b>		
<b>CASH AND CASH EQUIVALENTS AS OF MARCH 31, 2015 AND 2014</b>	14,039,723	12,994,507
Guarantee funds	2,897,359	-
Held-to-maturity investments (less than 90 days – term)	(600,437)	(818,167)
<b>CASH AND DUE FROM BANKS PER CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>	<u><u>16,336,645</u></u>	<u><u>12,176,340</u></u>



## **BBVA BANCO CONTINENTAL AND SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF MARCH 31, 2015**

(In thousands of Peruvian Nuevos Soles)

#### **1. INCORPORATION, ECONOMIC ACTIVITY AND APPROVAL OF FINANCIAL STATEMENTS**

##### **Incorporation**

BBVA Banco Continental (hereinafter the Bank) is a subsidiary of Holding Continental S.A. which owns 92.24% of the capital stock of the Bank. Banco Bilbao Vizcaya Argentaria and Inversiones Breca S.A. own 50% respectively of the capital stock of Holding Continental S.A. The Bank is a public company incorporated in 1951, authorized to operate by the Peruvian Banking Regulator (The Superintendency of Banking, Insurance and Private Administrators of Pension Funds, hereinafter the SBS, for its Spanish acronym) based in Lima, Peru. The Bank's main office legal address is Av. República de Panamá No. 3055, San Isidro, Lima.

##### **Economic Activity**

The Bank's operations primarily include financial intermediation corresponding to multiple banks; activities regulated by the SBS in accordance with Ley General del Sistema Financiero y del Sistema de Seguros y Orgánica de la SBS (General Law of the Financial and Insurance Systems and Organic Law of the SBS), Law No. 26702 and its amendments (hereinafter the General Law). The General Law establishes certain requirements, rights, obligations, guarantees, restrictions and other conditions that private right legal entities operating in the financial and insurance system are subject to.

As of March 31, 2015 and December 31, 2014, the Bank carried out its activities through a network of 341 and 338 offices, respectively. The total number of employees of the Bank and its subsidiaries as of March 31, 2015 and December 31, 2014 was 5,412 and 5,455, respectively.

As of March 31, 2015 and December 31, 2014, the Bank held 100% of the capital stock and voting rights of its 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 y Recuperaciones Continental S.A. Although the Bank has no interest in the share capital or voting rights of Continental DPR Finance Company (DPR), given the characteristics of its corporate purpose and its relationship with the Bank, accounting standards require the DPR's financial statements to be included, on a consolidated basis, with those of the Bank. All the above companies together with the Bank are hereinafter referred to as Grupo Continental.

##### ***Approval of the consolidated financial statements***

The consolidated financial statements for the period ended March 31, 2015 were approved for issuance by the management of Grupo Continental on May 8, 2015.

##### **Subsidiaries and SPE (Special Purpose Entities)**

The consolidated financial statements include the financial statements of the Bank, its subsidiaries and an SPE.

Below are the main balances of the entities that comprised the Grupo Continental as of March 31, 2015 and December 31, 2014:

Entity	(In millions of Peruvian Nuevos Soles)					
	Assets		Liabilities		Equity	
	2015	2014	2015	2014	2015	2014
BBVA Banco Continental	67,744	62,896	62,521	57,318	5,223	5,578
Continental Bolsa - Sociedad Agente de Bolsa S.A.	36	35	9	8	27	27
BBVA Asset Management Continental S.A. Sociedad Administradora de Fondos	66	68	13	13	53	55
Continental Sociedad Titulizadora S.A.	2	2	-	-	2	2
Inmuebles y Recuperaciones Continental S.A.	32	32	24	24	8	8
Continental DPR Finance Company	1,108	1,168	1,108	1,168	-	-

## 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as of March 31, 2015 remained unchanged with respect to those in the audit report issued on February 10, 2015, by Beltrán, Gris y Asociados S. Civil de R.L.; representatives of Deloitte, for the years ended December 31, 2014 and 2013.

## 3. CASH AND DUE FROM BANKS

As of March 31, 2015, cash and due from banks includes approximately US\$ 2,827 million and S/.1,670 million (US\$ 3,060 million and S/.2,107 million as of December 31, 2014) which represent the legal reserve that Peruvian entities must maintain as a guarantee of third party deposits. These funds are deposited in the entities' vaults and in the vaults of the Banco Central de Reserva del Perú (BCRP).

As of March 31, 2015, the cash and due from banks balances subject to reserve in local and foreign currency are affected by an implicit rate in local currency of 8% and in foreign currencies of 44.34% over total obligations subject to reserve (TOSE) in local and foreign currency as required by BCRP (as of December 31, 2014, the applicable implicit rates in local and in foreign currencies were 9.50% and 45%, respectively).

The reserve funds, representing the legal minimum, which is 8%, do not bear interest. The reserve funds corresponding to the additional reserve required in foreign currency and local currency, bear interest at an annual nominal rate set by the BCRP. As of March 31, 2015, interest income earned from these deposits was S/.0.8 million (S/.3 million as of March 31, 2014), and it is included in the category "Interest from deposits in financial institutions" of the consolidated statement of income. Pursuant to legal provisions in force, these reserves cannot be seized.

As of March 31, 2015 and December 31, 2014, cash and due from banks included restricted funds for S/.3 million for both periods, required in connection with legal proceedings against the Bank to guarantee any potential liabilities generated by these lawsuits.

Guarantee funds as of March 31, 2015 and December 31, 2014 include balances for S/. 2,897 million and S/. 2,583 million, respectively, that are used to secure foreign exchange repurchase agreements entered with BCRP (Note 10-b).

#### 4. TRADING INVESTMENTS AND HELD-TO-MATURITY INVESTMENTS

Investments in securities are classified as follows:

	<u>2015</u>	<u>2014</u>
	<b>S/.000</b>	<b>S/.000</b>
Available-for-sale investments assets (Note 11-d)	4,033,672	2,327,609
Held-to-maturity financial assets	451,275	451,232
Investments assets at fair value through profit or loss	<u>213,727</u>	<u>743,245</u>
	<b><u>4,698,674</u></b>	<b><u>3,522,086</u></b>

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

	<u>2015</u>	<u>2014</u>
	<b>S/.000</b>	<b>S/.000</b>
<b>Available-for-sale investments assets</b>		
Certificates of deposit of BCRP (a)	3,214,060	1,789,149
Republic of Peru Sovereign Bonds (b)	771,633	491,926
Local companies shares (c)	47,342	45,897
Foreign companies shares	<u>637</u>	<u>637</u>
	<b><u>4,033,672</u></b>	<b><u>2,327,609</u></b>
<b>Held-to-maturity financial assets</b>		
Republic of Peru Sovereign Bonds (b)	<b><u>451,275</u></b>	<b><u>451,232</u></b>
<b>Investments assets at fair value through profit or loss</b>		
Republic of Peru Sovereign Bonds (b)	85,875	435,736
Certificates of deposit of BCRP (a)	79,239	186,283
Investments in mutual funds (d)	47,141	60,919
U.S. Treasury bonds	-	60,307
Shares in local companies (c)	<u>1,473</u>	<u>-</u>
	<b><u>213,727</u></b>	<b><u>743,245</u></b>

- (a) BCRP certificates of deposits are freely tradable securities, with maturities up to June 2016, which were acquired in public auctions or secondary markets at interest rates offered by financial entities. As of March 31, 2015 the annual interest rate of these certificates in local currency range between 3.16% and 3.35% (3.30% and 3.91% as of December 31, 2014) and in foreign currency, rates ranged between 0.01% and 0.13% (0.07% and 4.31% as of December 31, 2014)
- (b) As of March 31, 2015 those bonds accrued annual interest at rates between 1.05% and 6.94% (1.70% and 6.92% at December 31, 2014) in local currency and 10.75% in foreign currency (10.75% as of December 31, 2014) with maturities up to in February 2055.
- (c) As of March 31, 2015 and December 31, 2014 this balance mainly included shares listed in the Lima Stock Exchange for a total of S/.34 million and S/.35 million; respectively.

- (d) As of March 31, 2015 and December 31, 2014, the investment in mutual funds corresponds to investment units maintained by Grupo Continental in different mutual funds managed by BBVA Asset Management Continental S.A. Sociedad Administradora de Fondos.

## 5. LOAN PORTFOLIO, NET

- a) The loan portfolio is comprised as follows:

	2015		2014	
	S/.000	%	S/.000	%
<b>Direct loans</b>				
Loans	15,815,070	37%	15,546,054	37%
Mortgages	9,823,950	23%	9,562,167	23%
Leasing	5,093,049	12%	4,345,229	10%
Foreign trade	4,586,181	11%	4,723,868	11%
Consumer	3,500,171	8%	3,445,263	8%
Discounted notes	1,176,748	7%	1,291,732	3%
Other	3,039,380	3%	3,126,852	7%
	<b>43,034,549</b>	<b>100%</b>	<b>42,041,165</b>	<b>100%</b>
Refinanced and restructured loans	822,309	2%	762,547	2%
Past-due loans and loans in legal collection	1,036,027	2%	976,191	2%
	<b>44,892,885</b>	<b>104%</b>	<b>43,779,903</b>	<b>104%</b>
<b>Plus: Accrued interest</b>	281,932	1%	287,913	1%
	<b>45,174,817</b>	<b>105%</b>	<b>44,067,816</b>	<b>105%</b>
Deferred income from loan transactions	(41,890)	-	(38,394)	-
Direct loan losses allowance	(2,061,707)	(5%)	(1,973,023)	(5%)
<b>TOTAL</b>	<b>43,071,220</b>	<b>100%</b>	<b>42,056,399</b>	<b>100%</b>
<b>Indirect loans</b>	<b>15,685,585</b>		<b>15,635,583</b>	

Loans secured by collateral granted by customers, mainly comprise mortgages, deposits, letters of guarantee, warrants and financial lease operations, amounted to S/.35,283 million at March 31, 2015 and S/.34,180 million, at December 31, 2014, respectively.

As of March 31, 2015 a part of the mortgage loan portfolio is guaranteed by of Fondo Mi Vivienda - Mi Hogar for up to approximately S/.564 million (S/.561 million as of December 31, 2014) (Note 10-c).

As of March 31, 2015 and December 31, 2014, the average annual interest rates of main products were as follows:

	2015		2014	
	S/.	US\$	S/.	US\$
	%	%	%	%
Loans and discounts	7.82	6.78	8.06	6.65
Mortgages	9.1	8.37	9.19	8.4
Consumer	23.75	19.7	21.54	17.25

- b) Below are the reporting balances as of March 31, 2015 and December 31, 2014, under the loan segment established by SBS Resolution No. 11356-2008:

	2015		2014	
	S/.000	%	S/.000	%
Medium-sized business	10,475,611	23%	10,121,029	23%
Mortgages	10,012,582	23%	9,730,550	23%
Large business	9,693,170	22%	11,029,640	25%
Corporate	7,711,626	17%	5,741,912	13%
Consumer	3,658,351	8%	3,610,184	9%
Small business	1,356,266	3%	1,395,904	3%
Public sector entities	946,100	2%	968,713	2%
Financial system companies	557,777	1%	570,412	1%
Stock brokers	340,098	1%	476,741	1%
Micro businesses	70,797	-	68,812	-
Multilateral development banks	70,506	-	66,006	-
Sovereign	1	-	-	-
	<b>44,892,885</b>	<b>100%</b>	<b>43,779,903</b>	<b>100%</b>

- c) As of March 31, 2015 and December 31, 2014, the loan portfolio was distributed in the following economic sectors:

	2015		2014	
	S/.000	%	S/.000	%
Mortgage and consumer loans	13,670,934	30%	13,340,733	30%
Manufacturing	8,250,983	18%	8,090,331	18%
Trade	8,145,353	18%	7,870,668	18%
Real estate, business and leasing	2,867,883	6%	2,880,515	7%
Transportation, warehouse and communication	2,635,328	6%	2,613,550	6%
Mining	1,755,485	4%	1,373,614	3%
Agriculture and livestock	1,142,532	3%	1,185,947	3%
Electricity, gas and water	1,132,413	3%	1,306,528	3%
Construction	1,004,437	2%	892,372	2%
Financial intermediation	828,854	2%	924,103	2%
Others	3,458,683	8%	3,301,542	8%
<b>Total</b>	<b>44,892,885</b>	<b>100%</b>	<b>43,779,903</b>	<b>100%</b>

- d) For the three-months period ended March 31, 2015 and the year ended December 31, 2014, the movement in the allowance for direct loan losses was:

	<u>2015</u>	<u>2014</u>
	<u>S/.000</u>	<u>S/.000</u>
<b>Balance as of January 1</b>	1,973,023	1,788,607
Provisions	476,358	1,242,049
Recoveries and reversals	(330,000)	(724,501)
Portfolio sales	(85,012)	(381,855)
Foreign exchange difference and other adjustments	27,338	48,723
<b>Balance as of December 31</b>	<u><u>2,061,707</u></u>	<u><u>1,973,023</u></u>

Management considers that level of the provision for loan losses is adequate to cover potential losses in the portfolio as of the date of the consolidated statement of financial position and all applicable laws and regulations have been complied with.

As of March 31, 2015 and December 31, 2014, the loan portfolio general provision of S/.1,096 million (S/. 1,066 million at December 31, 2014) includes voluntary and pro-cyclical provisions of S/.763 million (S/.741 million as of December 31, 2014).

During 2015, Grupo Continental entered into contracts for concession of rights and shares which it was entitled to over the loan portfolio for approximately S/.58 million (S/.253 million as of December 31, 2014). The sale price was S/.8 million (S/.32 million in 2014) and was recorded in item "Profit/loss from financial operations" caption in the consolidated statement of income. As of December 31, 2014, Grupo Continental granted rights on a written-off portfolio for S/.8 million.

## 6. PROPERTY, FURNITURE AND EQUIPMENT, NET

The activity in property, furniture and equipment, net is as follows:

	Land	Buildings and facilities	Furniture and equipment	Vehicles	Facilities and leasehold improvements	Works in progress	In - transit and replacement units	Total
	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000
<b>Cost:</b>								
<b>Balance as of January 1, 2014</b>	123,982	648,484	397,569	6,503	187,403	60,452	1,928	1,426,321
Additions	-	10,319	51,982	532	9,582	64,828	4,571	141,814
Disposals	-	-	(15)	-	-	-	-	(15)
Transfers and others	-	58,208	3,209	(74)	6,742	(71,574)	(4,501)	(7,990)
<b>Balance as of December 31, 2014</b>	<b>123,982</b>	<b>717,011</b>	<b>452,745</b>	<b>6,961</b>	<b>203,727</b>	<b>53,706</b>	<b>1,998</b>	<b>1,560,130</b>
Additions	-	1,896	11,893	-	1,683	8,622	387	24,481
Disposals	(3,030)	(6,242)	(3)	-	-	-	-	(9,275)
Transfers and others	(100)	37,936	4,956	-	585	(44,421)	(1,568)	(2,612)
<b>Balance as of March 31, 2015</b>	<b>120,852</b>	<b>750,601</b>	<b>469,590</b>	<b>6,961</b>	<b>205,995</b>	<b>17,907</b>	<b>817</b>	<b>1,572,724</b>
<b>Accumulated depreciation:</b>								
<b>Balance as of January 1, 2014</b>	-	357,358	193,298	4,634	53,021	-	-	608,311
Additions	-	32,499	38,541	601	19,010	-	-	90,651
Disposals	-	-	(14)	-	-	-	-	(14)
Transfers and others	-	(264)	(2,966)	-	256	-	-	(2,974)
<b>Balance as of December 31, 2014</b>	<b>-</b>	<b>389,593</b>	<b>228,859</b>	<b>5,235</b>	<b>72,287</b>	<b>-</b>	<b>-</b>	<b>695,974</b>
Additions	-	8,612	10,937	128	4,973	-	-	24,650
Disposals	-	(3,777)	(4)	-	-	-	-	(3,781)
Transfers and others	-	(1)	(878)	-	1	-	-	(878)
<b>Balance as of March 31, 2015</b>	<b>-</b>	<b>394,427</b>	<b>238,914</b>	<b>5,363</b>	<b>77,261</b>	<b>-</b>	<b>-</b>	<b>715,965</b>
<b>Net cost:</b>								
Balance as of March 31, 2015	120,852	356,174	230,677	1,598	128,733	17,907	817	856,760
Balance as of December 31, 2014	123,982	327,418	223,886	1,726	131,440	53,706	1,998	864,156

## 7. OTHER ASSETS, OTHER LIABILITIES, ACCOUNTS PAYABLE AND PROVISIONS:

These captions consisted of the following balances:

- (a) Other assets as of March 31, 2015 mainly include S/.88 million for deferred charges (S/.62 million as of December 31, 2014) and S/.804 million for transactions in process (S/.151 million as of December 31, 2014).
- (b) Payables as of March 31, 2015 mainly include outstanding payments to suppliers for S/.138 million (S/.142 million as of December 31, 2014), sundry payables for S/.34 million (S/.35 million as of December 31, 2014), premiums to Fondo de Seguro de Depósitos (Deposit insurance fund), contributions and obligations with tax collection institutions for S/.112 million (S/.110 million as of December 31, 2014) and dividends, employees' sharing profit and remunerations payable for S/.716 million (S/.96 million as of December 31, 2014).
- (c) Other liabilities as of March 31, 2015 mainly include S/.124 million of transactions in process (S/.145 million at December 2014).
- (d) Provisions include provisions for indirect loans, litigation, claims, and provisions for staff, among others, which as of March 31, 2015 and December 31, 2014 amounted to S/.384 million and S/.400 million, respectively. Grupo Continental has several lawsuits and litigation currently in progress and other court actions related to its core activities. Management and legal counsel consider that the outcome, of these legal actions will not result in additional provisions. Therefore, as of March 31, 2015 and December 31, 2014, Management has considered necessary not to make additional provision higher than what is recorded for these contingencies and court actions, which amounted to S/.167 million and S/.166 million, respectively.

## 8. OBLIGATIONS TO THE PUBLIC

As of March 31, 2015 and December 31, 2014, these deposits were classified as follows:

	<u>2015</u>	<u>2014</u>
	<u>S/.000</u>	<u>S/.000</u>
Time deposits	15,303,314	15,270,688
Demand deposits	13,759,384	12,280,162
Savings deposits	11,250,461	10,953,621
Other obligations	66,419	50,701
<b>Total</b>	<b><u>40,379,578</u></b>	<b><u>38,555,172</u></b>

Interest rates for borrowing transactions are determined by Grupo Continental considering current market interest rates.

## 9. INTER-BANK FUNDS

As of December 31, 2014, inter-bank funds assets had current maturities, accrued interest at an average annual interest rate of 3.65% in local currency and 0.15% in foreign currency and were unsecured.

As of March 31, 2015, inter-bank funds liabilities had current maturities, accrued interest at an average annual interest rate of 3.35% in local currency, (3.50% in local currency as of December 31, 2014) and were unsecured.



## 10. DUE TO BANKS AND FINANCIAL OBLIGATIONS

Bellow are details of financial debts and obligations:

	<u>2015</u>	<u>2014</u>
	<u>S/.000</u>	<u>S/.000</u>
<b>Due to banks and financial obligations</b>		
Foreign Financial Institutions (a)	4,069,993	3,869,655
Banco Central de Reserva del Perú (b)	4,669,796	2,540,900
Fondo Mi Vivienda - Mi Hogar (c)	563,739	561,097
International Financial Organizations (d)	419,391	479,140
Private debt agreement (e)	247,680	268,740
Corporación Financiera de Desarrollo – COFIDE	33,800	61,796
Accrued interests payable	103,139	69,117
	<u><b>10,107,538</b></u>	<u><b>7,850,445</b></u>
<b>Securities and bonds</b>		
Corporate bonds	4,839,434	4,679,292
Subordinated bonds	1,571,028	1,524,583
Notes (Debt Instruments) - Note 15	746,910	788,803
Financial lease bonds	277,400	274,650
Marketable certificates of deposit	56,797	60,618
Accrued interests payable	69,123	81,769
	<u><b>7,560,692</b></u>	<u><b>7,409,714</b></u>
	<u><b>17,668,230</b></u>	<u><b>15,260,159</b></u>

Some of the loan agreements with foreign financial institutions and international financial organizations include standard compliance covenants regarding attainment of financial ratios and other specific conditions which at March 31, 2015 and December 31, 2014 have been fully complied with according to Grupo Continental Management´s opinion.

### (a) Foreign financial institutions

As of March 31, 2015 these balances accrued interest at market rates, ranging between 1.2% and 7.4% (1.2% and 7.4% as of December 31, 2014):

<u>Foreign financial institution</u>	<u>2015</u>		<u>2014</u>		<u>Due date</u>
	<u>US\$000</u>	<u>S/.000</u>	<u>US\$000</u>	<u>S/.000</u>	
Goldman Sachs Bank (i)	504,162	1,560,886	503,548	1,503,593	January 2017
Deutsche Bank (ii)	347,843	1,076,922	347,749	1,038,378	November 2020
Credit Suisse (iii)	200,000	619,200	200,000	597,200	October 2040
DEG Deutsche Investitions (iv)	45,000	139,320	45,000	134,370	October 2017 and June 2018
Standard Chartered (v)	40,000	123,840	40,000	119,440	May 2016
Bank of America (v)	40,000	123,840	40,000	119,440	May 2016
Wells Fargo Bank (v)	40,000	123,840	40,000	119,440	May 2016
Citibank NA (v)	40,000	123,840	40,000	119,440	May 2016
China Development Bank	29,000	89,784	29,000	86,594	December 2016
Other	28,593	88,521	10,636	31,760	April 2015
	<u><b>1,314,598</b></u>	<u><b>4,069,993</b></u>	<u><b>1,295,933</b></u>	<u><b>3,869,655</b></u>	

- (i) Loan for a nominal amount of US\$ 500 million, at a fixed rate of 5.75% with the principal due date in January 2017 ("bullet") that is carried at a fair value hedge through an interest rate swap. As of March 31, 2015 the Bank recorded cumulative losses of S/.2 million for changes in the fair value of the loan (Note 15), relating to changes in the fair value of the hedged risk (interest rate) (S/.1 million of cumulative losses at March 31, 2014).
  - (ii) Loan for a nominal amount of US\$350 million, at a fixed rate of 5.50% and due in November 2020.
  - (iii) Corresponding to a subordinated loan in foreign currency at an interest rate of 7.38%, approved by the SBS, which meets the conditions to be considered as Tier 1 Regulatory Capital up to the limit allowed under the General Law.
  - (iv) Includes a subordinated loan for US\$ 30 million approved by the SBS which is considered as part of Tier 2 Regulatory Capital in accordance with current standards.
  - (v) This includes four loans for US\$ 40 million each, due in May 2016, with cash flow hedge using an interest rate swap (Note 15-a).
- (b) As of March 31, 2015 and December 31, 2014 this balances include a foreign exchange repurchase agreements entered with BCRP, which accrued interest at annual interest rate ranged between 3.32% and 4.52% and have maturities between February, 2015 and June, 2016.
- (c) Fondo Mi Vivienda – Mi Hogar

These debts mainly included the resources obtained for the social housing program "Mi Vivienda" of S /.543 million in local currency and US\$ 7 million in foreign currency (S/.540 million in local currency and US\$7 million in foreign currency as of December 31, 2014). These loans have different maturities until December 2035 and bear interest at an annual effective rate of 7.75% on the foreign currency portion and 6.25% on the principal plus the Constant Adjustment Index (hereinafter VAC, for its Spanish acronym) on the local currency portion.

At March 31, 2015, the obligation with Fondo Mi Vivienda – Mi Hogar of S/.564 million (S/.561 million as of December 31, 2014) was secured by a portion of the mortgage loan portfolio up to that amount (Note 5). Loans include specific conditions about how these funds should be used, financial covenants that the borrower must meet, as well as administrative terms.

- (d) International Financial Organizations

Debts to international financial organizations accrued interest at international market rates between 1.35% and 6.38% as of March 31, 2015 (1.3% and 6.4% as of December 31, 2014), and are unsecured.

As of March 31, 2015 and December 31, 2014 the balances of debts to international financial organizations are as follow:

International financial Organization	2015		2014		Due date
	US\$000	S/.000	US\$000	S/.000	
Banco Interamericano de Desarrollo - BID (i)	35,000	108,360	60,000	179,160	February 2017 / 2019 and August 2015
Internacional Finance Corporation - IFC	100,462	311,031	100,462	299,980	December 2018 and June 2022
	<u>135,462</u>	<u>419,391</u>	<u>160,462</u>	<u>479,140</u>	
Accrued expenses payable	<u>1,114</u>	<u>3,448</u>	<u>769</u>	<u>2,298</u>	
	<b><u>136,576</u></b>	<b><u>422,839</u></b>	<b><u>161,231</u></b>	<b><u>481,438</u></b>	

- (i) This includes a subordinated loan amounting to US\$30 million, approved by the SBS and considered as part of TIER 2 Regulatory Capital, in accordance with legal provisions in force.

(e) Private Debt Agreement

As of March 31, 2015, debts included a Private Loan Agreement (Note 15-b) for a total amount of US\$ 80 million (US\$ 90 million as of December 31, 2014) with maturities up to March, 2017 at an interest rate of 2.2%.

As of March 31, 2015 and December 31, 2014, the detail of the outstanding issued bonds is as follows:

<u>Program</u>	<u>Authorized amount</u>	<u>Issuance</u>	<u>Series</u>	<u>Currency</u>	<u>Nominal issuance value</u>	<u>2015 S/.000</u>	<u>2014 S/.000</u>	<u>Maturity date</u>
<b>Corporate bonds</b>								
Third	USD 100 million or S/. 315 million	Seventh	Single	PEN	60,000	60,000	60,000	May 2018
		First	Single	PEN	40,000	40,000	40,000	August 2020
Fourth	USD 100 million	Second	A	PEN	80,000	80,000	80,000	August 2020
		Third	A	PEN	100,000	100,000	100,000	August 2018
		First	A	PEN	50,000	50,000	50,000	December 2016
Fifth	USD 250 million	Second	A	PEN	150,000	150,000	150,000	December 2026
		Fifth	Single	PEN	200,000	180,074	181,343	April 2019
		Sixth	A	USD	54,000	167,184	161,244	July 2016
	USD 500 million	First	Single	USD	500,000	1,548,000	1,493,000	August 2022
	USD 300 million	Second	Single	USD	300,000	928,013	894,909	July 2016
	USD 500 million	Third	Single	USD	500,000	1,536,163	1,468,796	April 2018
						<b>4,839,434</b>	<b>4,679,292</b>	
<b>Subordinated Bonds</b>								
First	USD 50 million or S/. 158.30 million	First	A	PEN	40,000	39,775	39,768	May 2022
		Second	A	USD	20,000	61,920	59,720	May 2027
		Third	A	PEN	55,000	70,771	70,276	June 2032
		First	A	USD	20,000	61,585	59,392	September 2017
Second	USD 100 million	Second	A	PEN	50,000	63,010	62,569	November 2032
		Third	A	USD	20,000	61,920	59,720	February 2028
		Fourth	Single	PEN	45,000	54,725	54,343	July 2023
		Fifth	Single	PEN	50,000	60,021	59,601	September 2023
		Sixth	A	PEN	30,000	35,392	35,144	December 2033
Third	USD 55 million	First	Single	USD	45,000	139,320	134,370	October 2028
First	USD 300 million	First	Single	USD	300,000	922,589	889,680	September 2029
						<b>1,571,028</b>	<b>1,524,583</b>	
<b>Notes</b>								
	USD 250 million	First	2008-A	USD	250,000	116,100	149,300	December 2015
	USD 235 million	Second	2012-A, 2012-B, 2012-C and 2012-D	USD	235,000	630,810	639,503	June 2017 and June 2022
						<b>746,910</b>	<b>788,803</b>	
<b>Leasing bonds</b>								
First	USD 200 million	First	A	USD	25,000	77,400	74,650	April 2016
Second	USD 250 million	First	A	PEN	200,000	200,000	200,000	May 2017
						<b>277,400</b>	<b>274,650</b>	
<b>Marketable Certificates of Deposit</b>								
						<b>56,797</b>	<b>60,618</b>	
<b>Accrued interests payable on securities</b>								
						<b>69,123</b>	<b>81,768</b>	
						<b>7,560,692</b>	<b>7,409,714</b>	

Corporate bonds are unsecured and bear annual interest at rates between 5.8% and 7.5% as of March 31, 2015 on local currency (between 5.8% and 7.5% on local currency as of December 31, 2014), and between 2.3% and 5% on foreign currency as of March 31, 2015 (between 2.3% and 5% as of December 31, 2014).

Corporate bonds for S/.200 million are hedged with a cross currency swap – CCS. At March 31, 2015 the Bank has accounted for gains on the cumulative adjustments of S/.1 million (Note 15-a) corresponding to the changes in the fair value of hedged risk (currency) (S/.10 million at March 31, 2014 of cumulative gains).

In August 2012, the Bank carried out an international issuance for a nominal amount of US\$500 million, at a fixed interest rate of 5%, maturing in August 2022. Principal will be fully paid off upon maturity.

In April 2013, Grupo Continental carried out an international issuance for a nominal amount of US\$500 million, at a fixed interest rate of 3.25%, maturing in April 2018. Principal will be fully paid off upon maturity. Likewise, such issuance is recorded in books at fair value, and the variation in fair value is hedged with an IRS, which the Bank has accounted for at their carrying amount at March 31, 2015 cumulative adjustments for S/.12 million of loss (Note 15-a), resulting from changes in the fair value of the hedged risk (interest rate) (S/.3 million at March 31, 2014 of accumulated loss).

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

Leasing bonds bear interest at a nominal annual rate of 5.4% in local currency and 7.2% in foreign currency and they are backed by credit transactions in the form of lease contracts and have been financed by the aforementioned bonds.

## 11. NET EQUITY

### (a) Capital Stock

At March 31, 2015 and December 31, 2014, the Bank's authorized, issued and fully paid-in capital in accordance with its by-laws consisted of 3,246,531 thousands of outstanding ordinary shares with a face value of S/.1 each. As of March 31, 2015 are pending of registration 537,512 thousands and 103 thousands of ordinary shares relating to capitalization of retained earnings and voluntary reserve, respectively.

The Annual Mandatory Shareholders Meetings held on March 26, 2015 and March 31, 2014, authorized to increase the capital stock for S/.538 million and S/.522 million, respectively, by the capitalization of retained earnings and voluntary reserve.

The Bank's ordinary stocks are listed in the Lima Stock Exchange. At March 31, 2015 and December 31, 2014 the stock market quotation value of the Bank's stock was S/.4.34 and S/.4.65 per share, respectively, with a trading frequency of 100% at March 31, 2015 and 95.24% at December 31, 2014.

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

<u>Individual capital shareholding</u>	<u>Number of shareholders</u>	<u>Total Shareholding (%)</u>
Up to 1	8,421	5.45%
From 1.01 to 5	2	2.31%
From 80.01 to 100	1	92.24%
	<u>8,424</u>	<u>100.00%</u>

(b) Legal Reserves

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.

In the Annual Mandatory Shareholders Meetings held on March 26, 2015 and March 31, 2014, it was approved to establish a legal reserve for the equivalent of 10% of profit for 2014 (S/. 134 million) and for 2013 (S/.130 million), respectively.

(c) Retained Earnings

General Shareholders' Annual Meetings held on March 26, 2015 and March 31, 2014, authorized the distribution of dividends for approximately S/.672 million and S/.652 million, respectively.

Dividends distributed to shareholders other than domiciled legal entities, are subject to a 4.1% income tax rate. Dividends for 2015 and onward are subject to an income tax withholding from 6.8% to 9.3% (Note 18b).

In the Annual Mandatory Shareholders' Meetings held on March 26, 2015 and March 31, 2014, capitalization of retained earnings for S/.538 million and S/.522 million, respectively.

(d) Adjustments to Equity

Adjustments to equity include unrealized loss for S/.2.4 million corresponding to the available-for-sale investment portfolio (S/.5.4 million unrealized gains as of December 31, 2014), S/.2.5 million corresponding to unrealized gains for held-to-maturity investments (S/.2.6 million as of December 31, 2014) and S/.0.8 million for the valuation of cash flow hedge derivatives (S/.2.2 million as of December 31, 2013).

## 12. 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 which included contingent loans. As of March 31, 2015 the Bank uses the standard method for the calculation of the Regulatory Capital by credit, market and operational risk.

On July 20, 2011, SBS Resolution No. 8425-2011 (Regulations governing Additional Regulatory Capital Requirements) was published, directing companies to apply the requirements for economic cycle, credit concentration risk (individual and per sector), market concentration risk, interest rate risk in the banking books and other risks.

This Additional Regulatory Capital Requirement must be achieved in five years, with its first tranche being 40% of the total requirement as from July 2012, at a rate of 15%, reaching 100% on July 31, 2016. These regulations are enabled and disabled on the basis of pro-cycle provisions rule applicable to credits.

On an individual basis, at March 31, 2015 the Bank's Regulatory Capital, determined in accordance with current legal standards, amounts to S/.7,626 million (S/.7,370 million at December 31, 2014). This amount is used to calculate certain limits and restrictions applicable to all financial entities in Peru. In Grupo Continental's Management opinion, such limits and restrictions have been fully met by the management.

Credit, market and operational risk weighted average assets and contingent loans, in accordance with current legal standards, amount to S/.55,920 million at March 31, 2015 (S/.53,495 million at December 31, 2014).

At March 31, 2015, the Bank's capital adequacy ratio by credit, market and operational risk was 13.64% (13.78% at December 31, 2014).

### 13. BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share were as follows:

	<b>Quantity of shares</b>	
	<b>(in millions)</b>	
	<b>2015</b>	<b>2014</b>
Outstanding at the beginning of the year	3,246.50	2,724.80
Capitalization of profits	537.6	1,059.30
Outstanding at the end of the period	3,784.10	3,784.10
Net profit for the period (in thousands of Peruvian nuevos soles)	326,456	295,174
Basic and diluted earnings per share (in Peruvian nuevos soles)	<u>0.086</u>	<u>0.078</u>

### 14. TRANSACTIONS WITH RELATED PARTIES

At March 31, 2015 and December 31, 2014, Grupo Continental has granted loans, provided and requested banking correspondent services, transactions involving financial derivatives booked at their face values, among others, with related companies ending balances are:

	<b>2015</b>	<b>2014</b>
	<b>S/.000</b>	<b>S/.000</b>
<b>Assets:</b>		
Cash and due from banks	32,618	12,410
Loans portfolio	152,247	150,294
Other assets	254,607	160,972
<b>Liabilities:</b>		
Deposits and obligations	267,318	197,893
Other liabilities	1,298,126	537,163
<b>Contingent and memoranda accounts:</b>		
Contingent	13,762,294	11,223,839
Memoranda accounts	2,488,344	2,255,086

Transactions of Grupo Continental with related companies have been carried out in the normal course of business and subject to the same conditions that would have been applied to third parties.

Transactions with related companies, included in the consolidated statement of income for the periods ended March 31, 2015 and March 31, 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
	S/.000	S/.000
Financial income	1,161	-
Financial expenses	(2,112)	(1,930)
Other income (expenses), net	(22,074)	(19,480)

### Personnel Loans

At March 31, 2015 and December 31, 2014 directors, executives and employees of Grupo Continental maintain transactions with the Bank within the provisions of the Peruvian General Law, which regulates and establishes certain limits on transactions with directors, executives and employees of banks in Peru. At March 31, 2015 and December 31, 2014 direct loans to employees, directors, executives and key personnel amounted to S/.383 million and S/.396 million; respectively.

Likewise, at March 31, 2015 the remuneration of key staff and directors amounted to S/.3 million (S/.3 million at March 31, 2014).

## 15. CONTINGENT AND MEMORANDA ACCOUNTS

### a) Derivatives financial instruments

As of March 31, 2015 and December 31, 2014, the notional amount equivalent in thousands of Nuevos Soles and the fair value of derivative financial instruments were as follows:

	<u>2015</u>			
	<u>Underlying</u>	<u>Nominal</u>	<u>Asset</u>	<u>Liability</u>
		S/.000	S/.000	S/.000
<b>Trading derivatives</b>				
Currency forward		19,506,268	233,202	303,523
Commodities and others				
options		1,380,190	15,696	15,696
Interest rate options		291,150	238	238
Currency swap		14,364,944	768,965	599,623
Interest rate swap		5,342,354	40,768	94,844
Provision for country risk			(46)	
<b>Total trading derivatives</b>		<u><b>40,884,906</b></u>	<u><b>1,058,823</b></u>	<u><b>1,013,924</b></u>
<b>Hedging derivatives</b>				
<b>At fair value (i)</b>		<b>3,329,572</b>	<b>15,953</b>	<b>52,531</b>
Currency Swap	Bond issuance	233,572	-	51,171
Interest rate swap	Due to banks	1,548,000	15,953	-
Interest rate swap	Bond issuance	1,548,000	-	1,361
<b>Cash flow (ii)</b>		<b>619,200</b>	<b>1,271</b>	<b>341</b>
Interest rate swap	Due to banks	619,200	1,271	341
<b>Total hedging derivatives</b>		<u><b>3,948,772</b></u>	<u><b>17,224</b></u>	<u><b>52,872</b></u>
<b>TOTAL</b>		<u><b>44,833,678</b></u>	<u><b>1,076,047</b></u>	<u><b>1,066,796</b></u>



	<b>2014</b>			
	<b>Underlying</b>	<b>Nominal</b>	<b>Asset</b>	<b>Liability</b>
		<b>S/.000</b>	<b>S/.000</b>	<b>S/.000</b>
<b>Trading derivatives</b>				
Currency forward		17,449,564	142,145	182,076
Commodities and others				
options		2,118,757	11,878	11,877
Interest rate options		280,806	374	374
Currency swap		14,081,780	655,101	481,393
Interest rate swap		5,065,444	18,231	51,537
Provision for country risk		-	-5	-
<b>Total trading derivatives</b>		<b><u>38,996,351</u></b>	<b><u>827,724</u></b>	<b><u>727,257</u></b>
<b>Hedging derivatives</b>				
<b>At fair value (i)</b>		<b>3,211,273</b>	<b>16,457</b>	<b>59,127</b>
Currency Swap	Bond issuance	225,273	-	42,898
Interest rate swap	Due to banks	1,493,000	16,457	-
Interest rate swap	Bond issuance	1,493,000	-	16,229
<b>Cash flow (ii)</b>		<b>597,200</b>	<b>2,358</b>	<b>-</b>
Interest rate swap	Due to banks	597,200	2,358	-
<b>Total hedging derivatives</b>		<b><u>3,808,473</u></b>	<b><u>18,815</u></b>	<b><u>59,127</u></b>
<b>TOTAL</b>		<b><u>42,804,824</u></b>	<b><u>846,539</u></b>	<b><u>786,384</u></b>

#### Hedging derivative at fair value

- (i) At March 31, 2015 the Bank has entered into a cross currency swap to hedge the fair value of bonds issued for a nominal value equivalent to S/.234 million. Through this cross currency swap, the Bank changes its issuance into a variable-rate US dollar issuance from a fixed-rate domestic currency issuance. As of March 31, 2015 the fair value of the cross currency swap amounts to S/.1 million (loss), included in "Gain/loss from financial operations" in the consolidated statement of income (at March 31, 2014 the fair value amounted to a loss of S/.10 million).

At March 31, 2015 the Bank has entered into interest rate swap contracts for a nominal amount equivalent to S/.3,096 million to hedge interest rates for debts received. Through these interest rate swaps the Bank gets a fixed interest rate in US dollars and pays for a variable interest rate in the same currency. At March 31, 2015 the total variation in the fair value of interest rate swaps amounts to S/.14 million (gains), is included in "Gain/loss from financial operations" in the consolidated statement of income (at March 31, 2014 the variation in the fair value amounted to a gain of S/.2 million).

#### Cash flows hedging derivative

- (ii) At March 31, 2015 the Bank has entered into interest rate swap contracts for a nominal amount of S/.619 million to hedge interest rates of debts received. By these interest rate swaps, the Bank gets a variable interest rate in US dollars and pays for a fixed interest rate in the same currency. At March 31, 2015 the variation in the fair value of interest rate swaps amounts to S/.1 million and is recorded in equity accounts.

b) Other Creditors

In December 2008, Continental DPR Finance Company, a special purpose entity incorporated in the Cayman Islands, issued notes through a private placement of debt instruments, which residual amount as of March 31, 2015 was US\$ 38 million. The maturity date of the notes is December 15, 2015 and they have quarterly coupons with a 2-year grace period. The debt instruments bear interest at Libor rate plus a spread (Note 10).

In April 2010, Continental DPR Finance Company, entered into a debt agreement through a private contract, which residual amount as of March 31, 2015 was US\$80 million (Series 2010-A). This series expire on March 15, 2017 with quarterly coupons with a 2-year grace period. The aforementioned debt accrues interest at Libor plus a spread (Note 10).

In June 2012, Continental DPR Finance Company placed an issue via a private notes issue (debt instruments) for US\$ 204 million. This note issue has two maturities: (i) US\$ 94 million maturing on June 15, 2017; and (ii) US\$ 110 million, maturing on June 15, 2022. All notes have quarterly coupons, take two-year and three-year grace periods into account respectively 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 10).

The liabilities issued by Continental DPR Finance Company are secured by the Bank's selling to Continental DPR Finance Company the present and future flows generated by electronic payment orders of customers (Diversified Payments Rights - DPRs) sent to the Bank using the SWIFT (Society for Worldwide Interbank Financial Telecommunications Network) system. The mentioned sale, conducted just once, took place on December 31, 2008.

The operative documents for the issuance of the notes include covenants requiring compliance by the Bank with certain financial ratios and other specific conditions related to transferred flows. The Bank's Management believes it was in compliance with such conditions as of March 31, 2015.

**16. INTEREST INCOME**

Interest income for the first quarter of 2015 compared to the same period on 2014 increased by 5%, mainly by the net effect of increased income on loans and decrease in cash and due from bank and at fair value through profit or loss and held-to-maturity investments

**17. INTEREST EXPENSES**

Interest expenses for the first quarter of 2015 compared to the same period on 2014 increase by 16%, mainly by the increase in interest in due to banks and financial obligations.

**18. ADMINISTRATION EXPENSES**

During the first quarter of 2015 compared to the same period on 2014, administrative expenses increased by 9%. This category includes personnel expenses, expenses for services received from third parties and taxes and contributions.

**19. FEES (NET)**

During the first quarter of 2015 compared to the same period on 2014, income and expenses from financial services increased by 18%. This category includes collection operations, transfer, consulting, and other income and expenses.

## **20. SUBSEQUENT EVENTS**

We are not aware of any subsequent events that may have occurred from the closing date of the financial statements to the reporting date that may have a significant impact on those financial statements.