

BBVA BANCO CONTINENTAL AND SUBSIDIARIES

Consolidated Financial Statements

As of March 31, 2014 (Unaudited) and as of December 31, 2013 (Audited) and for the three-month periods ended March 31, 2014 and 2013

(Translation of a report originally issued in Spanish)

BBVA BANCO CONTINENTAL AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2014 (UNAUDITED) AND DECEMBER 31, 2013 (AUDITED)
(In thousands of Nuevos Soles)

1. INCORPORATION, ECONOMIC ACTIVITY AND APPROVAL OF THE FINANCIAL STATEMENTS

(a) Incorporation and economic activity

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 Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones (Superintendency of Banking, Insurances and Private Pension Fund Administrators of Peru, hereinafter the SBS for its Spanish acronym and domiciled in Peru. The Bank's main office legal address is Av. República de Panamá No. 3055, San Isidro, Lima.

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, 2014 and December 31, 2013, the Bank carried out its business through a national network of 327 and 312 offices, respectively. The total number of employees of the Bank and its subsidiaries as of March 31, 2014 and December 31, 2013, was 5,422 and 5,363, respectively.

As of March 31, 2014 and December 31, 2013, the Bank held 100% of the shares 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 capital or voting rights in Continental DPR Finance Company (DPR), given the characteristics of the corporate purpose and its relationship with the Bank, accounting standards call for the DPR financial statements to be included, on a consolidated basis, with those of the Bank. All the above companies together with the Bank are referred hereinafter as Grupo Continental.

(b) Approval of financial statements

The consolidated financial statements for the periods ended March 31, 2014 has been authorized to be issued by the Bank's Management.

(c) 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 bank, its subsidiaries and SPE as of March 31 and as of December 31, 2013:

Entity	In million of nuevos soles					
	Assets		Liabilities		Equity	
	2014	2013	2014	2013	2014	2013
BBVA Banco Continental	58,024	56,548	53,489	51,658	4,535	4,890
Continental Bolsa - Sociedad Agente de Bolsa S.A.	49	66	21	37	28	29
BBVA Asset Management Continental S.A. Sociedad Administradora de Fondos	60	59	13	9	47	50
Continental Sociedad Titulizadora S.A.	2	2	-	-	2	2
Inmuebles y Recuperaciones Continental S.A.	30	27	26	18	4	9
Continental DPR Finance Company	1,320	1,378	1,320	1,378	-	-

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as of March 31, 2014 remain unchanged with respect to those in the audit report issued on February 18, 2014 by Beltrán, Gris y Asociados S. Civil de R.L.; representatives of Deloitte, for the years ended December 31, 2013 and 2012.

3. CASH AND DUE FROM BANKS

As of March 31, 2014, cash and due from banks include approximately US\$ 3,221 and S/. 2,409 million (US\$ 2,714 and S/.1,526 million as of December 31, 2013), which represent the legal reserve that Peruvian entities must maintain as a guarantee of third party deposits. These funds are deposited in Bank's vaults and in BCRP.

As of March 31, 2014, cash and due from banks subject to reserve in local and foreign currency are affected by an implicit rate in local currency of 12.50% and in foreign currency of 45.00% over total obligations subject to reserve (TOSE) in local and foreign currency as required by BCRP (as of December 31, 2013, the implicit rates in local and in foreign currency are 15.00% and 45.00%, respectively).

Special reserve funds, representing the legal minimum, which is 9%, do not bear interest. Special reserve funds corresponding to the additional reserve required in foreign currency and domestic currency, bear interest at an annual nominal rate set by the BCRP. As of March 31, 2014, interest income was S/.3 million (S/.9 million as of March 31, 2013), included in "Interest from deposits in financial institutions" of the consolidated statement of income. Pursuant to legal provisions in force, special reserves cannot be seized.

As of March 31, 2014 and December 31, 2013, cash and due from banks included restricted funds for S/.3 million in both periods, required in connection with legal proceedings against the Bank to guarantee any potential liabilities generated by these lawsuits.

4. TRADING INVESTMENTS AND HELD TO MATURITY INVESTMENTS

Investments securities are classified by Grupo Continental as follows:

	2014	2013
	S/. 000	S/. 000
Available-for-sale investments (Note 11 (d))	3,007,171	3,083,921
Investments at fair value through profit or loss	630,438	556,746
Held to Maturity Investments	445,609	443,993
	<u>4,083,218</u>	<u>4,084,660</u>

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

	<u>2014</u>	<u>2013</u>
	<u>S/. 000</u>	<u>S/. 000</u>
Available-for-sale investments		
BCRP Certificates of Deposits (a)	2,514,129	2,874,246
Peruvian Treasury Bonds (b)	437,899	156,266
Shares in local companies (c)	54,506	52,772
Shares in foreign companies	637	637
	<u>3,007,171</u>	<u>3,083,921</u>
Investments at fair value through profit or loss		
Peruvian Treasury Bonds (b)	384,045	322,024
BCRP Certificates of Deposits (a)	192,190	179,628
Investments in Mutual Funds (d)	50,631	54,619
Shares in local companies (c)	3,572	475
	<u>630,438</u>	<u>556,746</u>
Held to Maturity Investments		
Peruvian Treasury Bonds (b)	<u>445,609</u>	<u>443,993</u>

- (a) BCRP certificates of deposits are freely tradable securities in domestic currency, with maturities up to September 2015, which were acquired in public auctions or secondary markets. As of March 31, 2014, the annual interest rate of these certificates ranged between 3.5% and 4% (between 3.6% and 4.2% as of December 31, 2013), in foreign currency, this rate ranged between 0.04% and 0.15% (0.10% and 0.15% as of December 31, 2013). Includes repurchase operations for S/.492 million (Note 10).
- (b) Treasury bonds are issued by the Peruvian Government. As of March 31, 2014 those bonds accrued annual interest at rates between 1.7% and 7.18% (1.00% and 7.28% as of December 31, 2013) in local currency and 6.57% in foreign currency (6.57% as of December 31, 2013) and due until February 2042 (August 2046 as of December 31, 2013).
- (c) As of March 31, 2014 and December 31, 2013, mainly included stocks listed in the Lima Stock Exchange (BVL) for a total value of S/.38 million for both periods.
- (d) As of March 31, 2014 and December 31, 2013, the investment in mutual funds corresponds to investment installments maintained by Grupo Continental in 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:

	<u>2014</u>	<u>2013</u>
	<u>S/. 000</u>	<u>S/. 000</u>
Current credit portfolio, net	19,730,401	18,997,859
Non - Current credit portfolio, net	19,526,166	19,247,468
	<u>39,256,567</u>	<u>38,245,327</u>

	2014		2013	
	S/. 000	%	S/. 000	%
Direct loans				
Loans	15,461,092	39%	14,851,955	39%
Mortgages	8,739,158	22%	8,433,344	22%
Leasing	4,225,547	11%	4,202,111	11%
Foreign Trade	3,887,807	10%	3,899,483	10%
Consumer	3,284,655	8%	3,285,220	9%
Discounted Notes	1,192,300	3%	1,293,059	3%
Other	2,717,295	7%	2,545,083	6%
	39,507,854	100%	38,510,255	100%
Refinanced and restructured loans	568,692	2%	593,079	2%
Past -due loans and loans in legal collection	828,725	2%	690,928	2%
	40,905,271	104%	39,794,262	104%
Plus: Accrued Interest	279,844	1%	270,988	1%
	41,185,115	105%	40,065,250	105%
Deferred income from loan transactions	(30,207)	-	(31,316)	-
Allowance for loan losses	(1,898,341)	(5%)	(1,788,607)	(5%)
	39,256,567	100%	38,245,327	100%
Indirect Loans	12,865,614		12,298,340	

Loans can be secured by collateral granted by customers, principally comprising mortgages, deposits, letters of guarantee, warrants and financial lease operations, which as of March 31, 2014 and December 31, 2013, amounted to S/. 32,330 and S/.31,864 million, respectively.

As of March 31, 2014, a portion of the mortgage loan portfolios the guarantee of a debt with Fondo Mi Vivienda – Mi Hogar for up to approximately S/.532 million (S/.520 million as of December 31, 2013) (Note 10).

As of March 31, 2014 and December 31, 2013, the annual average rates for the main products were as follows:

	2014		2013	
	Placements in		Placements in	
	S/.	US\$	S/.	US\$
	%	%	%	%
Loans and discounts	8.16	6.85	8.26	6.99
Mortgages	9.30	8.57	9.35	8.59
Consumer	21.89	16.17	22.10	15.93

- b) Of the loan portfolio as of March 31, 2014 and December 31, 2013, under the segmentation established by SBS Resolution N° 11356-2008 is as follows:

	2014		2013	
	S/. 000	%	S/. 000	%
Medium businesses	11,600,606	28%	10,044,532	25%
Large businesses	9,497,577	23%	8,042,304	20%
Mortgages	8,870,337	22%	8,551,796	21%
Corporate	4,313,075	11%	6,626,562	17%
Consumer	3,475,395	8%	3,457,612	9%
Small businesses	1,487,863	4%	1,579,785	4%
Public sector entities	720,582	2%	661,358	2%
Financial system companies	503,223	1%	305,217	1%
Stock brokers	229,411	1%	378,301	1%
Micro businesses	108,702	-	86,295	-
Multilateral development Banks	98,500	-	60,500	-
	40,905,271	100%	39,794,262	100%

- c) As of March 31, 2014 and December 31, 2013, the loan portfolio was distributed in the following economic sectors:

	2014		2013	
	S/. 000	%	S/. 000	%
Mortgage and consumer loans	12,345,732	30%	12,009,407	30%
Manufacturing industry	7,492,229	18%	7,219,306	18%
Trade	7,341,199	18%	7,327,627	18%
Transportation, storage and communications	2,498,705	6%	2,436,053	6%
Real estate, business and leasing	2,723,984	7%	2,812,902	7%
Electricity, gas and water	1,206,059	3%	1,204,586	3%
Exploitation of mines	1,291,594	3%	1,224,867	3%
Construction	923,091	2%	904,683	2%
Agriculture and livestock	1,103,036	3%	1,084,405	3%
Financial intermediation	869,862	2%	580,000	2%
Other	3,109,780	8%	2,990,426	8%
	40,905,271	100%	39,794,262	100%

- d) As of March 31, 2014 and December 31, 2013 the movement in the allowance for loan losses was:

	2014	2013
	S/. 000	S/. 000
Balance as of January 1	1,788,607	1,465,086
Provisions	499,855	1,099,461
Recoveries and reversals	(353,241)	(577,576)
Sale of portfolio	(40,129)	(239,561)
Foreign exchange difference and other adjustments	3,249	41,197
	1,898,341	1,788,607

Management considers that level of the provision for loan losses is adequate to cover potential losses in the portfolio as of the consolidate statement of financial position date. All provisions of the current standard have been complied with.

As of March 31, 2014, the general provision of loan portfolio of S/.1,053 million (S/.1,040 million as of December 31, 2013) includes pro-cyclical provisions of S/.171 million (S/.169 million as of December 31, 2013).

During 2014, Grupo Continental sold loan portfolio in legal collection for S/.40 million (S/.221 million as of December 31, 2013). The selling price amounted to S/.5 million (S/.15 million as of December 31, 2013) and is recorded in "Other income and expenses" in the consolidated statement of income. As of March 31, 2014, Grupo Continental did not sell written-off loan portfolio (As of December 31, 2013, Grupo Continental sold written-off loan portfolio for S/.7 million).

6. PROPERTY, FURNITURE AND EQUIPMENT, NET

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

	<u>Land</u> S/000	<u>Property and facilities</u> S/000	<u>Furniture and equipment</u> S/000	<u>Vehicles</u> S/000	<u>Facilities and leasehold improvements</u> S/000	<u>Work in progress</u> S/000	<u>Receivable Substituting units</u> S/000	<u>Total</u> S/000
Cost:								
Balance as of January 1, 2013	103,694	599,448	335,491	5,016	141,868	26,734	6,630	1,218,881
Additions	22,558	8,030	64,453	1,487	4,263	120,555	5,058	226,404
Disposals	-	-	(13)	-	-	-	-	(13)
Transfers and others	(2,270)	41,006	(2,362)	-	41,272	(86,837)	(9,760)	(18,951)
Balance as of December 31, 2013	123,982	648,484	397,569	6,503	187,403	60,452	1,928	1,426,321
Additions	-	1,292	11,655	-	1,785	13,381	481	28,594
Disposals	-	-	(9)	-	-	-	-	(9)
Transfers and others	-	20,754	1,686	-	739	(23,180)	1,222	1,221
Balance as of March 31, 2014	<u>123,982</u>	<u>670,530</u>	<u>410,901</u>	<u>-</u>	<u>189,927</u>	<u>50,653</u>	<u>3,631</u>	<u>1,456,127</u>
Accumulated depreciation:								
Balance as of January 1, 2013	-	328,348	164,537	3,897	37,055	-	-	533,837
Additions	-	30,247	33,278	737	16,065	-	-	80,327
Disposals	-	-	(9)	-	-	-	-	(9)
Transfers and others	-	(1,237)	(4,508)	-	(99)	-	-	(5,844)
Balance as of December 31, 2013	-	357,358	193,298	4,634	53,021	-	-	608,311
Additions	-	7,949	9,149	186	4,646	-	-	21,930
Disposals	-	-	(10)	-	-	-	-	(10)
Transfers and others	-	1	6	-	(3)	-	-	4
Balance as of March 31, 2014	<u>-</u>	<u>365,308</u>	<u>202,443</u>	<u>4,820</u>	<u>57,664</u>	<u>-</u>	<u>-</u>	<u>630,235</u>
Balance as of March 31, 2014	<u>123,982</u>	<u>305,222</u>	<u>208,458</u>	<u>1,683</u>	<u>132,263</u>	<u>50,653</u>	<u>3,631</u>	<u>825,892</u>
Balance as of December 31, 2013	<u>123,982</u>	<u>291,126</u>	<u>204,271</u>	<u>1,869</u>	<u>134,382</u>	<u>60,452</u>	<u>1,928</u>	<u>818,010</u>

7. OTHER ASSETS, OTHER LIABILITIES, PAYABLES AND PROVISIONS

These captions are comprised as follows:

- (a) Other assets as of March 31, 2014 mainly include S/.78 million for deferred charges (S/.74 million as of December 31, 2013) and S/.254 million for transaction in process (S/.13 million as of December 31, 2013).
- (b) Payables as of March 31, 2014 mainly include dividends payable for S/.653 million (S/.1 million as of December 31, 2013), pending payments to suppliers for S/.173 million (S/.215 million as of December 31, 2013), sundry payables for S/.39 million (S/.44 million as of December 31, 2013).
- (c) Other liabilities as of March 31, 2014 mainly include S/. 266 million of transactions in process (S/.41 million as of December 31, 2013).
- (d) Provisions include among others, provisions for indirect loans, provisions for litigations, claims, and provision for staff, that as of March 31, 2014 and December 31, 2013 amounted to S/.441 and S/.435 million, respectively. As of March 31, 2014, Grupo Continental had several pending lawsuits litigation and other processes that are related to the activities carried out, which in the opinion of Management and legal counsel, no additional provisions are needed. Therefore, as of March 31, 2014 and December 31, 2013, Management has not considered a higher provision than the amount recorded for these contingencies and processes on the statement of financial position, which amounted to S/.193 and S/.194 million, respectively.

8. OBLIGATIONS TO THE PUBLIC AND DEPOSITS FROM FINANCIAL INSTITUTIONS

As of March 31, 2014 and December 31, 2013 these balances are summarized as follows:

	<u>2014</u>	<u>2013</u>
	S/. 000	S/. 000
Demand deposits	14,198,689	12,219,603
Time deposits	13,351,453	14,890,868
Savings deposits	9,649,476	9,323,333
Other Obligations	65,098	46,100
Total obligations to the public	37,264,716	36,479,904
Deposits from financial institutions	870,859	939,620
Total obligations to the public and deposits from financial institutions	<u>38,135,575</u>	<u>37,419,524</u>

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

9. INTER-BANK FUNDS

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

As of March 31, 2014, inter-bank funds' liabilities had current maturities, accrued interest at an average annual interest rate of 4.00% in local currency, (4.00% in local currency as of December 31, 2013) and were unsecured.

10. DUE TO BANKS AND OTHER FINANCIAL OBLIGATIONS

These balances are summarized as follows:

	<u>2014</u>	<u>2013</u>
	<u>S/. 000</u>	<u>S/. 000</u>
Current	732,503	381,759
Non Current	<u>11,359,762</u>	<u>11,700,753</u>
	<u>12,092,265</u>	<u>12,082,512</u>

These balances comprise:

	<u>2014</u>	<u>2013</u>
	<u>S/. 000</u>	<u>S/. 000</u>
Due to Banks		
Foreign financial institutions (a)	3,868,429	4,063,862
Foreign Financial Organizations (b)	593,688	856,464
Fondo Mi Vivienda - Mi Hogar (My Housing- My Home Fund) (c)	531,854	519,985
BCRP (Note 4(a))	499,609	-
Private Loan Agreement (d)	336,960	363,350
Corporación Financiera de Desarrollo – COFIDE	28,730	28,730
Accrued interest payable	<u>66,342</u>	<u>66,203</u>
	<u>5,925,612</u>	<u>5,898,594</u>
Securities, Bonds and Outstanding Obligations		
Corporate bonds	4,450,053	4,439,062
Notes (debt instruments) - Note 15	905,580	936,325
Subordinated Bonds	610,540	603,400
Leasing bonds	140,200	139,875
Accrued interest payable	<u>60,280</u>	<u>65,256</u>
	<u>6,166,653</u>	<u>6,183,918</u>
	<u>12,092,265</u>	<u>12,082,512</u>

Some of the loan agreements include standard covenants regarding attainment of financial ratios, the use of funds and other administrative matters. In Management's opinion, as of March 31, 2014 and December 31, 2013, these covenants are being adequately abided by in all regards and they do not represent any sort of restriction to Grupo Continental's operation.

(a) Foreign financial institutions

As of March 31, 2014, these balances accrued interest based on market rates in effect, ranging between 1.4% and 7.4% (1.4% and 7.4% as of December 31, 2013). The breakdown of these transactions is as follows:

Name of creditor	Balance as of March 31, 2014		Balance as of December 31, 2013		Due Dates
	US\$000	S/. 000	US\$000	S/. 000	
Goldman Sachs Bank (i)	505,061	1,418,211	505,308	1,412,336	January 2017
Deutsche Bank (ii)	347,460	975,668	347,366	970,888	November 2020
Credit Suisse (iii)	200,000	561,600	200,000	559,000	October 2040
Standard Chartered	62,000	174,096	62,000	173,290	May 2014 / May 2016
DEG Deutsche Investitions (iv)	50,000	140,400	50,000	139,750	October 2017 y June 2018
Bank of America	50,000	140,400	50,000	139,750	May 2016
China Development Bank	43,000	120,744	43,000	120,185	December 2016
Wells Fargo Bank	40,000	112,320	40,000	111,800	May 2016
Citibank NA	40,000	112,320	40,000	111,800	May 2016
Mercantil Commercebank NA	25,000	70,200	25,000	69,875	May 2014
Toronto Dominion Bank	9,000	25,272	9,000	25,155	April 2014
Bank of Montreal	-	-	25,000	69,875	May 2014
Other	6,124	17,198	57,301	160,158	March 2014
	<u>1,377,645</u>	<u>3,868,429</u>	<u>1,453,975</u>	<u>4,063,862</u>	

- (i) In January 2012, Grupo Continental entered into a loan for a nominal amount of US\$ 500 million, agreed upon at a fixed rate of 5.75% with the principal maturing in January 2017 ("bullet"), which is carried at fair value and hedged through an interest rate swap, with the same due date of the debt. As of March 31, 2014, Grupo Continental recorded a gain of S/.1 million from the variation of the loan's fair value, which is included in "Gain from hedging operations" in the consolidated statement of income (It gain of S/.19 million recorded as of March 31, 2013).
- (ii) Loan for a nominal amount of US\$350 million, at a fixed rate of 5.5% and due in November 2020, which is recorded at fair value. This loan is hedged by an Interest Rate Swap (IRS), which was completed in April 25, 2013. As of March 31, 2013, Grupo Continental had recorded gains for S/.18 million corresponding to the change in the loan's fair value, which is included in the "Gain from Hedging Operations, net" entry of the consolidated statement of income.
- (iii) Corresponding to a subordinated loan approved by the SBS, which meets the conditions to be considered as Tier 1 Regulatory Capital up to the limit allowed by the General Law.
- (iv) It mainly 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.
- (b) International Financial Organizations
- Debts to international financial organizations accrued interest at international market rates between 1.7% and 6.4% as of March 31, 2014 (1.7% and 6.4% as of December 31, 2013), and are unsecured.

Name of creditor	Balance as of March 31, 2014		Balance as of December 31, 2013		Due Dates
	US\$000	S/. 000	US\$000	S/. 000	
Internacional Finance Corporation - IFC	117,857	330,942	117,857	329,410	December 2018 y June 2022
Banco Interamericano de Desarrollo - BID (i)	65,000	182,520	160,000	447,200	February 2014 / 2017 / 2019 and August 2015
Corporación Interamericana de Inversiones -CII	28,570	80,226	28,570	79,854	August 2014
	<u>211,427</u>	<u>593,688</u>	<u>306,427</u>	<u>856,464</u>	
Accrued expenses payable	<u>1,423</u>	<u>3,995</u>	<u>3,270</u>	<u>9,138</u>	
	<u>212,850</u>	<u>597,683</u>	<u>309,697</u>	<u>865,602</u>	

- (i) This includes two subordinated loans for an amount of US\$50 million, approved by the SBS and it is considered as part of TIER 2 Regulatory Capital, in accordance with legal provisions in force.
- (c) Fondo Mi Vivienda – Mi Hogar

These debts mainly include the resources obtained for the social housing program “Mi Vivienda” in local currency for S/.491 million and foreign currency for US\$ 8 million (S/.478 and US\$9 million as of December 31, 2013, respectively). These loans have different maturities, up to December 2033 and they bear 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 domestic currency portion.

The obligation to the Fondo Mi Vivienda – Mi Hogar of S/.532 million as of March 31, 2014 (S/.520 million as of December 31, 2013) was secured by a portion of the mortgage loan portfolio up to that amount (Note 5). Loans include specific agreements about how these funds must be used, financial conditions that the borrower must meet, as well as administrative terms.

- (d) Private debt agreement

As of March 31, 2014, debts included a Private Loan Agreement (Note 15-b) for a total amount of US\$ 120 million (US\$ 130 million as of December 31, 2013).

As of March 31, 2014 and December 31, 2013, the detail of the outstanding issued bonds is as follows:

Program	Authorized Amount	Issuance	Series	Currency	Nominal Issuance Value	Balance as of 31.03.2014 S/. 000	Balance as of 31.12.13 S/. 000	Maturity Date
Corporate Bonds								
Third	USD 100 million or S/. 315 million	Fourth Seventh	A Single	USD PEN	8,533 60,000	23,961 60,000	23,850 60,000	September 2014 May 2018
Fourth	USD 100 million	First Second Third	Single A A	PEN PEN PEN	40,000 80,000 100,000	40,000 80,000 100,000	40,000 80,000 100,000	August 2020 August 2020 August 2018
Fifth	USD 250 million	First Second Fifth Sixth	A A Single A	PEN PEN PEN USD	50,000 150,000 200,000 54,000	50,000 150,000 177,063 151,632	50,000 150,000 186,851 150,930	December 2016 December 2026 April 2019 July 2016
First international issuance	USD 500 million	First	Single	USD	500,000	1,404,000	1,397,500	August 2022
Second international issuance	USD 300 million	First	Single	USD	300,000	841,173	837,157	July 2016
Third international issuance	USD 500 million	Third	Single	USD	500,000	1,372,224	1,362,774	April 2018
						4,450,053	4,439,062	
Subordinated Bonds								
First	USD 50 million or S/. 158.30 million	First Second Third	A A A	PEN USD PEN	40,000 20,000 55,000	39,751 56,160 68,864	39,744 55,900 68,124	May 2022 May 2027 June 2032
Second	USD 100 million	First Second Third Fourth Fifth Sixth	A A A Single Single A	USD PEN USD PEN PEN PEN	20,000 50,000 20,000 45,000 50,000 30,000	55,840 61,312 56,160 53,251 58,404 34,439	55,577 60,652 55,900 52,679 57,776 34,068	September 2017 November 2032 February 2028 July 2023 September 2023 December 2033
Third	USD 55 million	First	Single	USD	45,000	126,359	122,980	October 2028
						610,540	603,400	
Leasing bonds								
First	USD 200 million	First Second Third	A A A	USD PEN PEN	25,000 30,000 40,000	70,200 30,000 40,000	69,875 30,000 40,000	April 2016 September 2014 November 2014
						140,200	139,875	
Notes								
	USD 250 million USD 235 million	First Second	2008-A 2012-A, 2012-B, 2012-C y 2012-D	USD USD	250,000 235,000	245,700 659,880	279,500 656,825	December 2015 June 2017 y June 2022
						905,580	936,325	
Accrued interest payable								
						60,280	65,256	
						6,166,653	6,183,918	

Corporate bonds are unsecured and bear annual interest at rates between 5.8% and 7.5% as of March 31, 2014 and as of December 31, 2013 for local currency and between 2.3% and 6.4% as of March 31, 2014 and as of December 31, 2013 for foreign currency.

Corporate bonds for S/.200 million are hedged by a cross currency swap – CCS – (note 15-a), by means of which the Bank charges this issuance from local currency (Peruvian Nuevos Soles) to foreign currency (USD Dollars). As of March 31, 2014, Grupo Continental recorded gains for S/.10 million, corresponding to variation in the fair value of the bonds, which are included in “Gain from hedging operations” in the consolidated statement of income (gains for S/.5 million as of March 31, 2013).

The notes issuances of June 2012 for US\$ 235 million includes US\$ 70 million recorded at fair value due to the interest rate swap entered into (Note 15-a), which was ended on June 5, 2013. (As of March 31, 2013, Grupo Continental has recorded gains for S/.3 million corresponding to the variation of the issuance’s fair value, included in “Gain from hedging operations” in the consolidated statement of income).

In August 2012, Grupo Continental 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. Likewise, such issuance was hedged through an interest rate swap (Note 15) that was ended on May 30, 2013. (As of March 31, 2013, Grupo Continental has recorded gains for S/.30 million corresponding to the variation in the issuance’s fair value, included in “Gain from hedging operations” in the consolidated statement of income.

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 through an interest rate swap (Note 15-a). As of March 31, 2014, Grupo Continental has recorded losses for S/.3 million corresponding to the variation in the issuance’s fair value, included in “Results from hedging operations” in the consolidated 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.

11. NET EQUITY

(a) Capital Stock

As of March 31, 2014 and December 31, 2013, the authorized, issued and fully paid capital stock of the Bank consisted of 2,724,770,230 of outstanding ordinary shares with a face value of S/.1 each. Currently are pending of registration 521,735,165 and 25,447 common shares relating to capitalization of retained earnings and special reserves, respectively.

The General Shareholders’ Annual Meetings held on March 31, 2014 and March 27, 2013, authorized an increase of the capital stock of S/.522 and S/.498 million, respectively, by means of the capitalization of retained earnings and special reserves.

The ordinary stock is listed in the Lima Stock Exchange (hereinafter, BVL for its Spanish acronym). As of March 31, 2014 and December 31, 2013, the stock market quotation value of the Bank’s stock was S/.5.14 and S/.5.30 per share, respectively, with a negotiation frequency of 100.00% as of March 31, 2014 and 95.24% as of December 31, 2013.

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

Percentage of individual interest (%)	Number of shareholders	Total interest
Up to 1	8,469	7.76%
80.01 to 100	1	92.24%
	<u>8,470</u>	<u>100.00%</u>

(b) 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 stock.

The General Shareholders' Annual Meetings held on March 31, 2014 and March 27, 2013 approved an allocation to the legal reserve for the equivalent of 10% of the net income for years 2013 and 2012 for S/.130 and S/.125 million, respectively.

(c) Retained earnings

General Shareholders' Annual Meetings held on March 31, 2014 and March 27, 2013, agreed to distribute dividends for approximately S/.652 and S/.623 million, respectively.

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

The General Shareholders' Annual Meeting held on March 31, 2014 and March 27, 2013, approved the capitalization of retained earnings by S/.522 and S/.498 million, respectively.

(d) Adjustments to equity

Adjustments to equity include unrealized gains for S/.11 million corresponding to the available-for-sale investment portfolio (S/.9 million as of December 31, 2013), S/.3 million corresponding to unrealized gains for held-to-maturity investments (S/.3 million as of December 31, 2013) and S/.2 million for the valuation of cash flow hedge derivatives (S/.3 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 and contingent loans. As of March 31, 2014, the Bank used 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. Its gradual increase is annual, 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, as of March 31, 2014, the Bank's Regulatory Capital, determined in accordance with current legal standards, amounts to S/.5,974 million (S/.5,866 million as of December 31, 2013). 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/.48,205 million as of March 31, 2014 (S/.47,207 million as of December 31, 2013).

As of March 31, 2014, the Bank's capital adequacy ratio by credit, market and operational risk was 12.39% (12.42% as of December 31, 2013).

13. BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share were as follows:

	Quantity of Shares (in million)	
	2014	2013
Outstanding at the beginning of the period / year	2,724.8	2,226.5
Capitalization of earnings	521.7	1,020.0
Outstanding at the end of the period / year	3,246.5	3,246.5
Net income for the period (in thousands of Peruvian Nuevos Soles)	295,111	302,756
Basic and diluted earnings per share (Peruvian Nuevos Soles)	0.091	0.093

14. TRANSACTIONS WITH RELATED PARTIES

As of March 31, 2014 and December 31, 2013, Grupo Continental has granted loans, provided and requested banking services correspondent services, operations involving financial derivatives booked at their face values, among others, with related companies, which balances are detailed below:

	<u>2014</u>	<u>2013</u>
	S/. 000	S/. 000
Assets -		
Cash and due from banks	15,626	22,406
Loans, net	56,253	43,271
Other Assets	113,256	102,708
Liabilities -		
Deposits and obligations	594,609	251,699
Debts	15,851	-
Other Liabilities	937,058	414,276
Contingent and off-balance sheet accounts -		
Contingent accounts	7,091,364	7,790,585
Memoranda accounts	1,795,635	1,628,374

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

Transactions with related companies, included in the consolidated statement of income for the periods ended March 31, 2014 and December 31, 2013, are comprised as follows:

	<u>2014</u>	<u>2013</u>
	S/. 000	S/. 000
Financial income	-	9
Financial expenses	(1,930)	(2,818)
Other income (expenses), net	(19,480)	(15,193)

Personnel Loans

As of March 31, 2014 and December 31, 2013, Grupo Continental extended credit to certain Directors, executives and employees in accordance with applicable law, which regulates and establishes certain limits on transactions with directors, executives and employees of banks in Peru. As of March 31, 2014 and December 31, 2013, direct loans to employees, directors, executives and key staff amounted to S/.377 and S/.379 million, respectively.

In addition, as of March 31, 2014, key staff salaries and director salaries amounted to S/.3 million (S/.3 million as of December 31, 2013).

15. CONTINGENT AND MEMORANDA ACCOUNTS

a) Derivatives Financial Instruments

As of March 31, 2014 and December 31, 2013, the notional amount equivalent in thousands of Nuevos Soles and the fair value of derivative financial instruments were as follows:

2014			
Underlying	Notional	Asset	Liabilities
	S/. 000	S/. 000	S/. 000
Trading Derivatives			
Currency forwards	10,847,981	59,262	54,359
Commodities options and others	1,598,056	16,348	16,348
Interest Rate options	289,196	733	733
Currency swap	6,590,565	444,045	307,141
Interest rate swap	4,153,853	34,017	83,539
Provision for country risk		(2,635)	
Total trading derivatives	23,479,651	551,770	462,120
Hedging Derivatives			
At Fair Value (i)			
Currency swap	Bond issued	211,844	-
Interest rate swap	Due to Banks	1,404,000	16,803
Interest rate swap	Bond issued	1,404,000	-
			21,017
Cash Flows (ii)			
Interest rate swap	Due to Banks	561,600	3,174
		561,600	3,174
Total hedging derivatives	3,581,444	19,977	53,249
TOTAL	27,061,095	571,747	515,369

2013			
Underlying	Notional	Asset	Liabilities
	S/. 000	S/. 000	S/. 000
Trading Derivatives			
Currency forwards	11,889,467	138,392	204,097
Commodities options and others	1,566,665	17,452	17,452
Interest Rate options	287,857	796	796
Currency swap	6,503,755	385,882	254,652
Interest rate swap	3,528,356	37,446	84,004
Provision for country risk	-	(2,716)	-
Total trading derivatives	23,776,100	577,252	561,001
Hedging Derivatives			
At Fair Value (i)			
Currency swap	Bond issued	210,863	-
Interest rate swap	Due to Banks	1,397,500	19,891
Interest rate swap	Bond issued	1,608,363	2,628
			25,868
Cash Flows (ii)			
Interest rate swap	Due to Banks	559,000	4,270
		559,000	4,270
Total hedging derivatives	3,775,726	26,789	51,918
TOTAL	27,551,826	604,041	612,919

Hedging derivative at fair value

- (i) As of March 31, 2014, Grupo Continental has entered into a Cross Currency Swap (CCS) to hedge the fair value of the bonds issued, in the nominal amount of S/. 211 million. Through this Cross Currency Swap, the Bank converts its fixed-rate domestic currency issuance into a variable-rate US Dollar issuance. As of March 31, 2014, the fair value of the CCS amounted to S/. 10 million (loss), and is included in the consolidated statement of income (as of March 31, 2013 the fair value amounted to a gain of S/. 7 million).
- (ii) As of March 31, 2014, Grupo Continental has contracted Interest Rate Swap for a nominal amount of S/. 2,808 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. As of March 31, 2014, the total variation of the fair value of interest rate swaps amounted to S/. 2 million (gain) and is included in the consolidated statement of income (as of March 31, 2013 the fair value amounted to a gain of S/. 33 million).

Cash flow hedging derivative

- (i) As of March 31, 2014, Grupo Continental has entered into Interest Rate Swap for a nominal amount of S/.562 million to hedge interest rates for debts received. Through 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. As of March 31, 2014, the total variation of the fair value of interest rate swaps amounted to S/. 2 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 for US\$ 87.5 million (residual amount as of March 31, 2014). 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 totaling US\$ 120 million (Series 2010-A) as of March 31, 2014. 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\$ 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, 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, 2014.

16. INTEREST INCOME

Interest income for the first quarter of 2014 compared to the first quarter of 2013 increased by 1%, mainly by the net effect of increased income on loans and decrease in available income from hedging operations.

17. INTEREST EXPENSES

Interest expenses for the first quarter of 2014 compared to the first quarter of 2013 decreased by 6%, mainly by the net effect of decreasing interest obligations to the public interest and increasing debts and financial obligations.

18. ADMINISTRATION EXPENSES

During the first quarter of 2014 compared to the first quarter of 2013, administrative expenses increased by 10%. 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).

19. INCOME AND EXPENSES FROM FINANCIAL SERVICES, NET

During the first quarter of 2014 compared to the first quarter of 2013, income and expenses from financial services increased by 25%. This category includes collection operations, transfer, consulting, brokering or lending activities related to intermediation services.

20. SUBSEQUENT EVENTS

We are not aware of any subsequent events, having occurred from the financial statements closing date to date of this report that could significantly affect the financial statements.