

BBVA BANCO CONTINENTAL AND SUBSIDIARIES

Consolidated Financial Statements

As of September 30, 2015 and as of December 31, 2014 and for the nine-months period ended September 30, 2015 and 2014

(Translation of a report originally issued in Spanish)

BBVA BANCO CONTINENTAL AND SUBSIDIARIES

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Consolidated Financial Statements

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BBVA BANCO CONTINENTAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of September 30, 2015 and December 31, 2014

In thousands of S/.

ASSETS	<u>Notes</u>	<u>2015</u> S/.000	<u>2014</u> S/.000	LIABILITIES AND NET EQUITY	<u>Notes</u>	<u>2015</u> S/.000	<u>2014</u> S/.000
Cash and due from banks	3	20,341,116	14,633,083	Obligations to the public	8	43,622,943	38,555,172
Inter-bank funds		82,560	20,002	Inter-bank funds	9	260,025	120,011
Investments at fair value through profit or loss	4	157,233	743,245	Deposits from financial entities and international financial organizations	8	1,914,681	1,622,746
Available-for-sale investments	4	5,579,739	2,327,609	Due to banks and financial obligations	10	22,194,932	15,260,159
Held-to-maturity investments	4	460,925	451,232	Trading derivatives	15	1,096,526	727,257
Loan portfolio, net	5	45,713,406	42,056,399	Hedging derivatives	15	70,621	59,127
Trading derivatives	15	1,275,369	827,724	Payables	7	377,849	389,657
Hedging derivatives	15	20,098	18,815	Current tax		407	1,690
Receivables		40,013	20,086	Provisions	7	454,587	399,624
Asset seized and recovered through legal actions, net		132,243	107,277	Deferred tax		98	2,121
Investments in associates		3,445	2,927	Other liabilities	7	706,788	167,106
Property, furniture and equipment, net	6	853,173	864,156	TOTAL LIABILITIES		<u>70,699,457</u>	<u>57,304,670</u>
Current tax		143,076	173,436	NET EQUITY			
Deferred tax		364,228	364,759	Capital stock	11	3,784,146	3,246,531
Other assets	7	1,427,177	271,944	Legal reserves	11	1,111,780	977,350
				Adjustments to equity	11	-8,003	10,208
				Retained earnings	11	1,006,421	1,343,935
				TOTAL NET EQUITY		<u>5,894,344</u>	<u>5,578,024</u>
TOTAL ASSETS		<u>76,593,801</u>	<u>62,882,694</u>	TOTAL LIABILITIES AND NET EQUITY		<u>76,593,801</u>	<u>62,882,694</u>
CONTINGENT RISKS AND COMMITMENTS		24,305,903	22,716,250	CONTINGENT RISKS AND COMMITMENTS		24,305,903	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 NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2015 AND 2014
In thousands of \$/.

	<u>Notes</u>	<u>2015</u> <u>S/.000</u>	<u>2014</u> <u>S/.000</u>
Interest Income	16	2,961,332	2,772,746
Interest Expenses	17	(955,074)	(772,273)
GROSS FINANCIAL MARGIN		<u>2,006,258</u>	<u>2,000,473</u>
Provisions for direct loans		(477,503)	(387,279)
NET FINANCIAL MARGIN		<u>1,528,755</u>	<u>1,613,194</u>
Income from financial services	19	736,331	640,626
Expenses for financial services	19	(139,201)	(111,413)
NET FINANCIAL MARGIN OF INCOME AND EXPENSES FOR FINANCIAL SERVICES		<u>2,125,885</u>	<u>2,142,407</u>
GAIN/LOSS FROM FINANCIAL OPERATIONS (ROF)		491,134	290,946
OPERATING MARGIN		<u>2,617,019</u>	<u>2,433,353</u>
Administrative expenses	18	(1,131,679)	(1,015,301)
NET OPERATING MARGIN		<u>1,485,340</u>	<u>1,418,052</u>
Valuation of assets and provisions		(115,284)	(95,479)
OPERATING REVENUE		<u>1,370,056</u>	<u>1,322,573</u>
OTHER INCOME AND EXPENSES		19,523	(13,913)
PROFIT FOR THE YEAR BEFORE INCOME TAX		<u>1,389,579</u>	<u>1,308,660</u>
Income tax		(383,312)	(354,188)
NET PROFIT FOR THE YEAR		<u>1,006,267</u>	<u>954,472</u>
Basic and diluted earnings per share in Peruvian Nuevos Soles		0.266	0.252

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

BBVA BANCO CONTINENTAL AND SUBSIDIARIES
OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2015 AND 2014

In thousands of \$/.

	<u>2015</u>	<u>2014</u>
	<u>\$/.000</u>	<u>\$/.000</u>
NET PROFIT FOR THE YEAR	1,006,267	954,472
Other comprehensive income:		
Available-for-sale investments	(17,854)	(2,718)
Cash flow hedging	(3,658)	(756)
Income tax on other comprehensive income items	<u>3,301</u>	<u>902</u>
Other comprehensive income for the year, net of tax	(18,211)	(2,572)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>988,056</u></u>	<u><u>951,900</u></u>

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

BBVA BANCO CONTINENTAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET EQUITY
FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2015 AND 2014

In thousands of S/.

	Reserves			Adjustments to Equity				
	Capital stock	Mandatory reserves	Voluntary reserves	Retained earnings	Cash flow hedging	Available-for-sale investments	Total adjustments to equity	Total net 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	S/.000
Balances as of January 1, 2014	2,724,770	846,813	25	1,304,554	3,110	11,539	14,649	4,890,811
Changes in equity:								
Comprehensive income:								
Profit for the period	0	0	0	954,472	0	0	0	954,472
Other comprehensive income	0	0	0	0	(529)	(2,043)	(2,572)	(2,572)
Total comprehensive income	0	0	0	954,472	(529)	(2,043)	(2,572)	951,900
Changes in net equity (not included in comprehensive income)								
Cash dividends	0	0	0	(652,168)	0	0	0	(652,168)
Issuance of capital stock (not related to "Business Combination")	521,761	0	(25)	(521,736)	0	0	0	0
Transfers to reserves and others	0	130,538	0	(130,434)	0	0	0	104
Total changes in equity	521,761	130,538	(25)	(349,866)	(529)	(2,043)	(2,572)	299,836
Balances as of June 30, 2014	3,246,531	977,351	0	954,688	2,581	9,496	12,077	5,190,647
Balances as of January 1, 2015	3,246,531	977,350	0	1,343,935	2,228	7,980	10,208	5,578,024
Changes in equity:								
Comprehensive income:								
Profit for the period	0	0	0	1,006,267	0	0	0	1,006,267
Other comprehensive income	0	0	0	-	(2,707)	(15,504)	(18,211)	(18,211)
Total comprehensive income	0	0	0	1,006,267	(2,707)	(15,504)	(18,211)	988,056
Changes in net equity (not included in comprehensive income)								
Cash dividends	0	0	0	(671,891)	0	0	0	(671,891)
Issuance of capital stock (not related to "Business Combination")	537,615	0	(103)	(537,512)	0	0	0	0
Transfers to reserves and others	0	134,430	103	(134,378)	0	0	0	155
Total changes in equity	537,615	134,430	0	(337,514)	(2,707)	(15,504)	(18,211)	316,320
Balances as of June 30, 2015	3,784,146	1,111,780	0	1,006,421	(479)	(7,524)	(8,003)	5,894,344

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

BBVA BANCO CONTINENTAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2015 AND 2014
In thousands of S/.

	<u>2015</u>	<u>2014</u>
	S/.000	S/.000
RECONCILIATION OF NET PROFIT OF THE GROUP WITH CASH FLOWS AND CASH EQUIVALENTS FROM OPERATING ACTIVITIES:		
Profit for the period	1,006,267	954,472
Adjustments	882,354	729,434
Depreciation and amortization	73,605	66,760
Provisions	526,759	416,135
Other adjustments	281,990	246,539
Net changes in assets and liabilities	(636,405)	945,841
Net (increase) decrease in assets	(11,569,258)	(2,882,600)
Loans	(2,719,076)	(2,370,517)
Investments at fair value through profit or loss	586,012	(249,954)
Available-for-sale investments	(1,168,252)	(22,347)
Receivables and other accounts	(8,267,942)	(239,782)
Net increase (decrease) in liabilities	10,932,853	3,828,441
Financial liabilities, unsubordinated debt	10,058,289	3,564,336
Payables and other accounts	874,564	264,105
Profit for the period, after net changes in assets and liabilities and adjustments	<u>1,252,216</u>	<u>2,629,747</u>
Paid income taxes	(359,933)	(263,051)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>892,283</u>	<u>2,366,696</u>
INVESTMENT ACTIVITIES:		
Purchases of intangibles and property, furniture and equipment	(73,244)	(108,649)
Other proceeds related to investment activities	70,938	5,149
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	<u>(2,306)</u>	<u>(103,500)</u>
FINANCING ACTIVITIES:		
Issuance of subordinated financial liabilities		863,874
Rescate of subordinated financial liabilities	(96,031)	
Cash dividends	(669,162)	(652,025)
NET CASH FLOWS TO (FROM) FINANCING ACTIVITIES	<u>(765,193)</u>	<u>211,849</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE FLUCTUATION	<u>124,784</u>	<u>2,475,045</u>
Effect of exchange rate fluctuation on cash and cash equivalents	1,113,749	343,822
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,238,533</u>	<u>2,818,867</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>12,182,180</u>	<u>12,068,597</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>13,420,713</u>	<u>14,887,464</u>

**BBVA BANCO CONTINENTAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2015 AND 2014**

In thousands of \$/.

	<u>2015</u> S/.000	<u>2014</u> S/.000
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD WITH ACCOUNTS BALANCES IN THE FINANCIAL POSITION STATEMENTS		
CASH AND CASH EQUIVALENTS AS OF MARCH 31, 2015 AND 2014	13,420,713	14,887,464
Guarantee funds	9,184,402	
Inter-bank funds	(82,560)	
Held-to-maturity investments (less than 90 days – term)	(2,181,439)	(1,854,193)
CASH AND DUE FROM BANKS PER CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	<u>20,341,116</u>	<u>13,033,271</u>

BBVA BANCO CONTINENTAL AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 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 September 30, 2015 and December 31, 2014, the Bank carried out its activities through a network of 345 and 338 offices, respectively. The total number of employees of the Bank and its subsidiaries as of September 30, 2015 and December 31, 2014 was 5,431 and 5,455, respectively.

As of September 30, 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 September 30, 2015 were approved for issuance by the management of Grupo Continental.

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 September 30, 2015 and December 31, 2014:

Entity	(In millions of Peruvian Nuevos Soles)					
	Assets		Liabilities		Equity	
	2015	2014	2015	2014	2015	2014
BBVA Banco Continental	76,631	62,896	70,737	57,318	5,894	5,578
Continental Bolsa - Sociedad Agente de Bolsa S.A.	35	35	7	8	28	27
BBVA Asset Management Continental S.A. Sociedad Administradora de Fondos	72	68	13	13	59	55
Continental Sociedad Titulizadora S.A.	2	2	-	-	2	2
Inmuebles y Recuperaciones Continental S.A.	36	32	1	24	35	8
Continental DPR Finance Company	939	1,168	939	1,168	-	-

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as of September 30, 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, except for:

SBS Resolution No. 5780-2015 approved the new special rules applicable to related parties and economic groups, and amended SBS Resolution N° 472-2006, which contains prudential regulation for financial transactions with related parties. For the calculation of the lending limit on the total exposure to related parties (Article 202° of the General Law), the changes are as follows:

In the case of a natural person related to the financial institution, all financing granted to his relatives and spouse should also be considered as an exposure to that natural person. Likewise, the exposure to such natural person should include all financing granted to a legal person or entity in which the related natural person, their relatives or spouse, exercises control either individually, or as part of an economic group of individuals acting as a decision-making unit.

In the case of a legal person or entity related to the financial institution, all financing granted to other legal person or entity belonging to their economic group should also be considered as an exposure to the aforementioned legal person or entity.

This change in the regulation of transactions with related parties entered into force the day after its publication. Consequently, the comparative figures included in note 14 "Transactions with related parties" have been restated in accordance with the guidelines set forth by SBS Resolution No. 5780-2015.

3. CASH AND DUE FROM BANKS

As of September 30, 2015, cash and due from banks includes approximately US\$ 2,160 and S/.1,660 million (US\$ 3,060 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 Banco Central de Reserva del Perú (BCRP).

As of September 30, 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 6.5% and in foreign currencies of 44.33% 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 6.5%, 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 September 30, 2015, interest income earned from these deposits was S/. 3 million (S/. 6 million as of September 30, 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 September 30, 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.

Cash and due from Banks includes guarantee funds, which are used to secure foreign exchange repurchase agreements entered with BCRP. As of September 30, 2015 and December 31, 2014 include balances for S/. 9,184 and S/. 2,583 million, respectively (Note 10-a).

4. TRADING INVESTMENTS AND HELD-TO-MATURITY INVESTMENTS

Investments in securities are classified as follows:

	<u>2015</u>	<u>2014</u>
	<u>S/.000</u>	<u>S/.000</u>
Available-for-sale investments assets (Note 11-d)	5,579,739	2,327,609
Held-to-maturity financial assets	460,925	451,232
Investments assets at fair value through profit or loss	157,233	743,245
	<u>6,197,897</u>	<u>3,522,086</u>

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

	<u>2015</u>	<u>2014</u>
	<u>S/.000</u>	<u>S/.000</u>
Available-for-sale investments assets		
Certificates of deposit of BCRP (a)	5,128,131	1,789,149
Republic of Peru Sovereign Bonds (b)	403,490	491,926
Local companies shares (c)	47,481	45,897
Foreign companies shares	637	637
	<u>5,579,739</u>	<u>2,327,609</u>
 Held-to-maturity financial assets		
Republic of Peru Sovereign Bonds (b)	<u>460,925</u>	<u>451,232</u>
 Investments assets at fair value through profit or loss		
Republic of Peru Sovereign Bonds (b)	72,534	435,736
Investments in mutual funds (d)	28,226	60,919
Certificates of deposit of BCRP (a)	56,473	186,283
U.S. Treasury bonds	-	60,307
	<u>157,233</u>	<u>743,245</u>

- (a) BCRP certificates of deposits are freely tradable securities, with maturities up to September 2016, which were acquired in public auctions or secondary markets at interest rates offered by financial entities. As of September 30, 2015 the annual interest rate of these certificates in local currency range between 2.68% and 4.19% (3.26% and 3.47% as of December 31, 2014) and in foreign currency, rates ranged between 0.12% and 0.31% (0.15% and 0.20% as of December 31, 2014).
- (b) As of September 30, 2015 those bonds accrued annual interest at rates between 1.05% and 8.08% (1.80% and 6.80% at December 31, 2014) in local currency and 1.20% in foreign currency (1.55% and 2.17% as of December 31, 2014) with maturities up to in February 2055 (August 2046 at December 2014).
- (c) As of September 30, 2015 and December 31, 2014 this balance mainly included shares of the Lima Stock Exchange for a total of S/. 44 and S/.35 million, respectively.
- (d) As of September 30, 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	%
Direct loans				
Loans	17,332,902	38%	15,546,054	37%
Mortgages	10,234,641	22%	9,562,167	23%
Foreign trade	5,968,412	13%	4,723,868	11%
Leasing	4,613,663	10%	4,345,229	10%
Consumer	3,834,036	8%	3,445,263	8%
Discounted notes	1,057,244	3%	1,291,732	3%
Other	2,648,362	6%	3,126,852	8%
	45,689,260	100%	42,041,165	100%
Refinanced and restructured loans	792,707	2%	762,547	2%
Past-due loans and loans in legal collection	1,149,483	2%	976,191	2%
	47,631,450	104%	43,779,903	104%
Plus: Accrued interest	320,593	1%	287,913	1%
	47,952,043	105%	44,067,816	105%
Deferred income from loan transactions	(41,914)	-	(38,394)	-
Direct loan losses allowance	(2,196,723)	(5%)	(1,973,023)	(5%)
TOTAL	45,713,406	100%	42,056,399	100%
Indirect loans	15,698,613		15,635,583	

Loans secured by collateral granted by customers, mainly comprise mortgages, deposits, letters of guarantee, warrants and financial lease operations, amounted to S/.36,524 million at September 30, 2015 and S/.34,180 million, at December 31, 2014.

As of September 30, 2015 a part of the mortgage loan portfolio is a guarantee to a debt received from Fondo Mi Vivienda - Mi Hogar for up to approximately S/.560 million (S/.561 million as of December 31, 2014) (Note 10-c).

As of September 30, 2015 and December 31, 2014, the average annual interest rates of main products were as follows:

	2015		2014	
	Colocaciones en		Colocaciones en	
	S/.	US\$	S/.	US\$
	%	%	%	%
Loans and discounts	7.92	6.64	8.06	6.65
Mortgages	8.91	8.28	9.19	8.4
Consumer	23.56	21.52	21.54	17.25

b) Below are the reporting balances as of September 30, 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	10,662,506	23%	10,121,029	23%
Corporate	10,457,226	22%	5,741,912	13%
Mortgages	10,421,225	22%	9,730,550	23%
Large business	8,626,078	18%	11,029,640	25%
Consumer	3,979,745	8%	3,610,184	9%
Small business	1,346,116	3%	1,395,904	3%
Public sector entities	899,361	2%	968,713	2%
Financial system companies	712,561	1%	570,412	1%
Stock brokers	357,080	1%	476,741	1%
Micro businesses	101,302	-	68,812	-
Multilateral development banks	68,250	-	66,006	-
	47,631,450	100%	43,779,903	100%

c) As of September 30, 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	14,400,969	30%	13,340,733	30%
Manufacturing	9,022,296	19%	8,090,331	18%
Trade	8,817,875	19%	7,870,668	18%
Transportation, warehouse and communication	2,610,409	5%	2,613,550	6%
Real estate, business and leasing	2,563,488	5%	2,880,515	7%
Mining	1,870,920	4%	1,373,614	3%
Electricity, gas and water	1,405,247	3%	1,306,528	3%
Agriculture and livestock	1,392,653	3%	1,185,947	3%
Financial intermediation	1,124,079	2%	924,103	2%
Construction	981,971	2%	892,372	2%
Others	3,441,542	8%	3,301,542	8%
Total	47,631,450	100%	43,779,903	100%

- d) For the nine-months period ended September 30, 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>
Balance as of January 1	1,973,023	1,788,607
Provisions	1,090,670	1,242,049
Recoveries and reversals	(613,134)	(724,501)
Portfolio sales	(324,458)	(389,830)
Foreing exchange difference and other adjustments	70,622	56,698
Balance as of December 31	<u>2,196,723</u>	<u>1,973,023</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 September 30, 2015 and December 31, 2014, the loan portfolio general provision of S/.1,126 million (S/. 1,066 million at December 31, 2014) includes voluntary and pro-cyclical provisions of S/.773 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/.376 million (S/.253 million as of December 31, 2014). The sale price was S/. 53 million (S/.32 million in 2014) and was recorded in item "Gain/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:

	<u>Land</u> S/.000	<u>Buildings 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>Works in progress</u> S/.000	<u>In - transit and replacements units</u> S/.000	<u>Total</u> S/.000
Cost:								
Balance as of January 1, 2014	123,982	648,484	397,569	6,503	187,403	60,452	1,928	1,426,321
Additions	0	10,319	51,982	532	9,582	64,828	4,571	141,814
Disposals	0	0	(15)	0	0	0	0	(15)
Transfers and others	0	58,208	3,209	(74)	6,742	(71,574)	(4,501)	(7,990)
Balance as of December 31, 2014	123,982	717,011	452,745	6,961	203,727	53,706	1,998	1,560,130
Additions	0	5,255	37,753	499	4,410	22,172	1,102	71,191
Disposals	(3,030)	(6,242)	(9)	0	0	0	0	(9,281)
Transfers and others	(130)	53,316	127	(53)	5,696	(67,688)	(2,050)	(10,782)
Balance as of June 30, 2015	120,822	769,340	490,615	7,408	213,832	8,190	1,051	1,611,259
Accumulated depreciation:								
Balance as of January 1, 2014	-	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)
Balance as of December 31, 2014	-	389,593	228,859	5,235	72,287	-	-	695,974
Additions	-	25,978	32,082	394	15,113	-	-	73,566
Disposals	-	(3,777)	(9)	-	-	-	-	(3,786)
Transfers and others	-	(583)	(6,886)	(53)	(147)	-	-	(7,669)
Balance as of June 30, 2015	-	411,211	254,045	5,576	87,253	-	-	758,085
Net cost:								
Balance as of June 30, 2015	<u>120,822</u>	<u>358,129</u>	<u>236,570</u>	<u>1,831</u>	<u>126,579</u>	<u>8,190</u>	<u>1,051</u>	<u>853,173</u>
Balance as of December 31, 2014	<u>123,982</u>	<u>327,418</u>	<u>223,886</u>	<u>1,726</u>	<u>131,440</u>	<u>53,706</u>	<u>1,998</u>	<u>864,156</u>

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

These captions consisted of the following balances:

- (a) Other assets as of September 30, 2015 mainly include S/.114 million deferred charges (S/.62 million as of December 31, 2014) and S/.1,252 million for transactions in process (S/.151 million as of December 31, 2014).
- (b) Payables as of September 30, 2015 mainly include outstanding payments to suppliers for S/.129 million (S/.142 million as of December 31, 2014), sundry payables for S/.28 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/.34 million (S/.110 million as of December 31, 2014) and dividends, employees' sharing profit and remunerations payable for S/.82 million (S/.96 million as of December 31, 2014).
- (c) Other liabilities as of September 30, 2015 mainly include S/.686 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 September 30, 2015 and December 31, 2014 amounted to S/.455 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 September 30, 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/.170 and S/.166 million, respectively.

8. OBLIGATIONS TO THE PUBLIC

As of September 30, 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	17,051,446	15,270,688
Demand deposits	14,887,868	12,280,162
Savings deposits	11,615,553	10,953,621
Other obligations	68,076	50,701
Total	<u>43,622,943</u>	<u>38,555,172</u>

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

9. INTER-BANK FUNDS

As of September 30, 2015, inter-bank funds assets had current maturities, accrued interest at an average annual interest rate of 3.50% in local currency (3.65% as of December 31, 2014) and 0.15% in foreign currency (0.15% as of December 31, 2014) and were unsecured.

As of September 30, 2015, inter-bank funds liabilities had current maturities, accrued interest at an average annual interest rate of 3.50% 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>
Due to banks and financial obligations		
Banco Central de Reserva del Perú (a)	9,127,277	2,540,900
Foreign Financial Institutions (b)	4,012,114	3,869,655
Fondo Mi Vivienda - Mi Hogar (c)	560,037	561,097
International Financial Organizations (d)	392,326	479,140
Private debt agreement (e)	193,320	268,740
Corporación Financiera de Desarrollo – COFIDE	31,200	61,796
Accrued interests payable	210,801	69,117
	<u>14,527,075</u>	<u>7,850,445</u>
Securities and bonds		
Corporate bonds	5,012,930	4,679,292
Subordinated bonds	1,630,238	1,524,583
Notes (Debt Instruments) - Note 15	616,975	788,803
Financial lease bonds	280,550	274,650
Marketable certificates of deposit	56,290	60,618
Accrued interests payable	70,874	81,768
	<u>7,667,857</u>	<u>7,409,714</u>
	<u>22,194,932</u>	<u>15,260,159</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 September 30, 2015 and December 31, 2014 have been fully complied with according to Grupo Continental Management's opinion.

Due to banks and financial obligations

(a) As of September 30, 2015 and December 31, 2014 this balances include repurchase agreements entered with BCRP, which accrued interest at annual interest rate ranged between 3% and 5.91% and have maturities between November, 2015 and October, 2019 (Note 3 and 4).

(b) Foreign financial institutions

As of September 30, 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):

Foreign financial institution	2015		2014		Due date
	US\$000	S/.000	US\$000	S/.000	
Goldman Sachs Bank (i)	502,524	1,619,132	503,548	1,503,593	January 2017
Deutsche Bank (ii)	348,035	1,121,369	347,749	1,038,378	November 2020
Credit Suisse (iii)	200,000	644,400	200,000	597,200	October 2040
Wells Fargo Bank (iv)	40,000	128,880	40,000	119,440	May 2016
Standard Chartered (iv)	40,000	128,880	40,000	119,440	May 2016
Bank of America (iv)	40,000	128,880	40,000	119,440	May 2016
Citibank NA (iv)	40,000	128,880	40,000	119,440	May 2016
China Development Bank	22,000	70,884	29,000	86,594	December 2016
DEG Deutsche Investitions (iv)	12,500	40,275	45,000	134,370	October 2017
Other	166	534	10,636	31,760	October 2015
	1,245,225	4,012,114	1,295,933	3,869,655	

- (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 September 30, 2015 the Bank recorded cumulative gains of S/.3 million, relating to changes in the fair value of the hedged risk (interest rate) (S/. 5 million of cumulative gains at September 30, 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) 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).
- (c) Fondo Mi Vivienda – Mi Hogar

These debts mainly included the resources obtained for the social housing program "Mi Vivienda" of S /.541 million in local currency and US\$ 6 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 September 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 September 30, 2015, the obligation with Fondo Mi Vivienda – Mi Hogar of S/.560 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 September 30, 2015 (1.3% and 6.4% as of December 31, 2014), and are unsecured.

<u>International financial Organization</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>	
Internacional Finance Corporation - IFC	91,765	295,666	100,462	299,980	December 2018 and June 2022
Banco Interamericano de Desarrollo - BID (i)	35,000	96,660	60,000	179,160	February 2017 / 2019 and August 2015
	<u>121,765</u>	<u>392,326</u>	<u>160,462</u>	<u>479,140</u>	
Accrued expenses payable	1,060	3,416	769	2,298	
	<u><u>122,825</u></u>	<u><u>395,742</u></u>	<u><u>161,231</u></u>	<u><u>481,438</u></u>	

- (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 September 30, 2015, debts included a Private Loan Agreement (Note 15-b) for a total amount of US\$ 60 million (US\$ 90 million as of December 31, 2014) with maturities up to March, 2017 at an interest rate of 2.2%.

Securities and bonds

Program	Authorized amount	Issuance	Series	Currency	Nominal issuance value	2015	2014	Maturity date
						S/,000	S/,000	
Corporate bonds								
	USD 100 million or S/. 315 million							
Third		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	171,351	181,343	April 2019
		Sixth	A	USD	54,000	173,988	161,244	July 2016
First International Issuance	USD 500 million	Single	Single	USD	500,000	1,611,000	1,493,000	August 2022
Second International Issuance	USD 300 million	Second	Single	USD	300,000	966,082	894,909	July 2016
Third International Issuance	USD 500 million	Third	Single	USD	500,000	1,610,509	1,468,796	April 2018
						5,012,930	4,679,292	
Subordinated Bonds								
	USD 50 million or S/. 158.30 million							
First		First	A	PEN	40,000	39,788	39,768	May 2022
		Second	A	USD	20,000	64,440	59,720	May 2027
		Third	A	PEN	55,000	72,833	70,276	June 2032
		First	A	USD	20,000	64,101	59,392	September 2017
Second	USD 100 million	Second	A	PEN	50,000	64,846	62,569	November 2032
		Third	A	USD	20,000	64,440	59,720	February 2028
		Fourth	Single	PEN	45,000	56,320	54,343	July 2023
		Fifth	Single	PEN	50,000	61,770	59,601	September 2023
		Sixth	A	PEN	30,000	36,423	35,144	December 2033
Third	USD 55 million	First	Single	USD	45,000	144,990	134,370	October 2028
First	USD 300 million	First	Single	USD	300,000	960,287	889,680	September 2029
						1,630,238	1,524,583	
Notes								
	USD 250 million	First	2008-A	USD	250,000	40,275	149,300	December 2015
	USD 235 million	Second	2012-A, 2012-B, 2012-C and 2012-D	USD	235,000	576,700	639,503	June 2017 and June 2022
						616,975	788,803	
Leasing bonds								
First	USD 200 million	First	A	USD	25,000	80,550	74,650	April 2016
Second	USD 250 million	First	A	PEN	200,000	200,000	200,000	May 2017
						280,550	274,650	
Marketable Certificates of Deposit								
						56,290	60,618	
Accrued interests payable on securities and bonds								
						70,874	81,768	
						7,667,857	7,409,714	

Corporate bonds are unsecured and bear annual interest at rates between 5.8% and 7.5% as of September 30, 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 September 30, 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 September 30, 2015 the Bank has accounted for gains on the cumulative adjustments of S/.10 million (Note 15-a) corresponding to the changes in the fair value of hedged risk (currency) (S/.2 million at September 30, 2014 of cumulative gains).

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.

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 has a fair value hedged through an IRS which the Bank has accounted for their carrying amount at September 30, 2015 cumulative adjustments for S/.23 million of loss (Note 15-a), resulting from changes in the fair value of the hedged risk (interest rate) (S/.4 million at September 30, 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.

As of September 30, 2015 the issuance notes of June 2012, amounting to US\$ 179 million, includes a debt for US\$ 40 million with a due date in June 2022 which have a cash flow hedged through an IRS (Note 15-a).

11. NET EQUITY

(a) Capital Stock

At September 30, 2015 and December 31, 2014, the Bank's authorized, issued and fully paid-in capital in accordance with its by-laws consisted of 3,784,146 thousands of outstanding ordinary shares with a face value of S/.1 each.

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 September 30, 2015 and December 31, 2014 the stock market quotation value of the Bank's stock was S/.3.02 and S/.4.65 per share, respectively, with a trading frequency of 90.91% and 95.24% at September 30, 2015 and 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	8,318	5.38%
From 1.01 to 5	2	2.38%
From 80.01 to 100	1	92.24%
	8,321	100.00%

(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 until 2014. Dividends for 2015 and onward are subject to an income tax withholding from 6.8% to 9.3%.

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/.9.9 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/.0.5 million for the valuation of cash flow hedge derivatives (S/.2.2 million as of December 31, 2014).

(e) Net income

On July 14, 2015, the Board of Directors, in exercise of the delegation conferred by the General Annual Shareholders' Meetings held on March 26, 2015 and the provisions of Article 184, Section A) Item 2, of the General Law, unanimously agreed to adopt the commitment of capitalization of profits for the year 2015, for S/. 449 million. The formalization of this commitment will be effective at the next General Annual Shareholders' Meeting.

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 September 30, 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 September 30, 2015 the Bank's Regulatory Capital, determined in accordance with current legal standards, amounts to S/.8,069 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/.57,825 million at September 30, 2015 (S/.53,495 million at December 31, 2014).

At September 30, 2015, the Bank's capital adequacy ratio by credit, market and operational risk was 13.95% (13.78% at December 31, 2014).

13. BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share were as follows:

	Quantity of shares (in million)	
	2015	2014
Outstanding at the beginning of the year	3,246.5	2,724.8
Capitalization of profits	537.6	1,059.3
Outstanding at the end of the period	3,784.1	3,784.1
Net profit for the period (in thousands of Peruvian nuevos soles)	1,006,267	954,472
Basic and diluted earnings per share (in Peruvian nuevos soles)	0.266	0.252

14. TRANSACTIONS WITH RELATED PARTIES

At September 30, 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:

	<u>2015</u> S/.000	<u>2014</u> S/.000
Assets:		
Cash and due from banks	29,114	12,410
Loans portfolio	648,284	601,935
Other assets	225,449	161,044
Liabilities:		
Deposits and obligations	578,052	775,204
Due to banks and financial obligations	53,351	57,456
Other liabilities	866,563	538,014
Contingent and memorand accounts:		
Contingent	15,845,875	11,340,100
Memoranda accounts	4,157,215	2,302,008

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 September 30, 2015 and September 30, 2014 consisted of the following:

	<u>2015</u> S/.000	<u>2014</u> S/.000
Financial income	5,177	1944
Financial expenses	(3,432)	(13,032)
Other income (expenses), net	(71,430)	(50,510)

Personnel Loans

At September 30, 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 September 30, 2015 and December 31, 2014 direct loans to employees, directors, executives and key personnel amounted to S/.397 million and S/.396 million; respectively.

Likewise, at September 30, 2015 the remuneration of key staff and directors amounted to S/.8 million (S/. 7 million at September 30, 2014).

15. CONTINGENT AND MEMORANDA ACCOUNTS

a) Derivatives financial instruments

As of September 30, 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:

2015			
Underlying	Nominal	Asset	Liability
	S/.000	S/.000	S/.000
Trading derivatives			
Currency forward	12,747,799	176,724	132,970
Commodities and others options	5,840,214	82,026	45,283
Interest rate options	236,037	106	106
Currency swap	13,364,435	956,808	798,337
Interest rate swap	6,953,746	61,511	119,830
Provision for country risk		(1,806)	
Total trading derivatives	<u>39,142,231</u>	<u>1,275,369</u>	<u>1,096,526</u>
Hedging derivatives			
At fair value (i)	3,465,077	19,891	69,601
Currency Swap			
Bond issuance	243,077	0	69,601
Interest rate swap	1,611,000	10,843	0
Interest rate swap			
Bond issuance	1,611,000	9048	0
Cash flow (ii)	639,797	207	1020
Interest rate swap			
Due to banks	639,797	207	1020
Total hedging derivatives	<u>4,104,874</u>	<u>20,098</u>	<u>70,621</u>
TOTAL	<u>43,247,105</u>	<u>1,295,467</u>	<u>1,167,147</u>

2014			
Underlying	Nominal	Asset	Liability
	S/.000	S/.000	S/.000
Trading derivatives			
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	-
Total trading derivatives	<u>38,996,351</u>	<u>827,724</u>	<u>727,257</u>
Hedging derivatives			
At fair value (i)	3,211,273	16,457	59,127
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
Cash flow (ii)	597,200	2,358	-
Interest rate swap			
Due to banks	597,200	2,358	-
Total hedging derivatives	<u>3,808,473</u>	<u>18,815</u>	<u>59,127</u>
TOTAL	<u>42,804,824</u>	<u>846,539</u>	<u>786,384</u>

Hedging derivative at fair value

- (i) At September 30, 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/.243 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 September 30, 2015 the fair value of the cross currency swap amounts to S/.10 million (loss), included in "Gain/loss from financial operations" in the consolidated statement of income (at September 30, 2014 the fair value amounted to a loss of S/.2 million).

At September 30, 2015 the Bank has entered into interest rate swap contracts for a nominal amount equivalent to S/.3,222 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 September 30, 2015 the total variation in the fair value of interest rate swaps amounts to S/.20 million (gains), is included in "Gain/loss from financial operations" in the consolidated statement of income (at September 30, 2014 the variation in the fair value amounted to a loss of S/.2 million).

Cash flows hedging derivative

- (ii) At September 30, 2015 the Bank has entered into interest rate swap contracts for a nominal amount of S/.639 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 September 30, 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 September 30, 2015 was US\$ 12 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 September 30, 2015 was US\$60 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\$ 179 million. This note issue has two maturities: (i) US\$ 73 million maturing on June 15, 2017; and (ii) US\$ 106 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\$ 68 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 September 30, 2015.

16. INTEREST INCOME

Interest income for the third quarter of 2015 compared to the same period on 2014 increased by 7%, mainly by the net effect of increased income on loans, held-to-maturity financial assets and decrease in fair value through profit or loss investments.

17. INTEREST EXPENSES

Interest expenses for the third quarter of 2015 compared to the same period on 2014 increase by 24%, mainly by the net effect of increased interest in due to banks and financial obligations and decrease in interest in obligations to the public.

18. ADMINISTRATION EXPENSES

During the third quarter of 2015 compared to the same period on 2014, administrative expenses increased by 11%. This category includes personnel expenses, expenses for services received from third parties and taxes and contributions.

19. FEES (NET)

During the third quarter of 2015 compared to the same period on 2014, income and expenses from financial services increased by 13%. 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.
