

BBVA BANCO CONTINENTAL AND SUBSIDIARIES

Consolidated Financial Statements

As of March 31, 2016 and as of December 31, 2015 and for the three-months period ended March 31, 2016 and 2015

(Translation of a report originally issued in Spanish)

BBVA BANCO CONTINENTAL AND SUBSIDIARIES

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BBVA BANCO CONTINENTAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of March 31, 2016 and December 31, 2015
In thousands of S/

ASSETS	Notes	2016	2015	LIABILITIES AND EQUITY	Notes	2016	2015
Cash and due from banks	3	22,926,222	23,432,484	Obligations to the public	8	45,366,952	46,439,852
Inter-bank funds	9	-	363,589	Inter-bank funds	9	899,804	128,015
Investments at fair value through profit or loss	4	212,147	94,887	Deposits from financial entities and international financial organizations		1,844,335	1,376,558
Available-for-sale investments	4	4,016,140	4,720,019	Due to banks and financial obligations	10	13,420,959	14,370,386
Held-to-maturity investments	4	464,297	462,732	Trading derivatives	15	1,300,012	1,265,340
Loan portfolio	5	47,782,882	47,848,768	Hedging derivatives	15	69,294	118,915
Trading derivatives	15	1,335,648	1,327,552	Payables	7	9,564,874	9,702,873
Hedging derivatives	15	87,410	7,467	Current tax		303	608
Receivables		52,053	25,432	Provisions	7	449,913	488,426
Asset seized and recovered through legal actions, net		180,403	155,399	Other liabilities	7	1,793,729	925,390
Investments in associates		2,909	3,881	TOTAL LIABILITIES		74,710,175	74,816,363
Property, furniture and equipment, net	6	861,039	878,263	NET EQUITY			
Current tax		354,363	242,935	Capital stock	11(a)	4,401,368	3,784,146
Deferred tax		380,830	376,798	Reserves	11(b)	1,248,947	1,111,786
Other assets	7	1,998,750	1,132,330	Adjustments to equity	11(d)	(9,600)	(11,549)
				Retained earnings	11(c)	304,203	1,371,790
				TOTAL NET EQUITY		5,944,918	6,256,173
TOTAL ASSETS		80,655,093	81,072,536	TOTAL LIABILITIES AND NET EQUITY		80,655,093	81,072,536
CONTINGENT RISKS AND COMMITMENTS	15	25,664,064	26,042,872	CONTINGENT RISKS AND COMMITMENTS	15	25,664,064	26,042,872

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

BBVA BANCO CONTINENTAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the three months periods ended March 31, 2016 and 2015
In thousands of S/

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Interest Income	16	1,111,350	954,551
Interest Expenses	17	(403,441)	(292,510)
GROSS FINANCIAL MARGIN		707,909	662,041
Provisions for direct loans		(134,299)	(146,252)
NET FINANCIAL MARGIN		573,610	515,789
Income from financial services	19	252,592	237,687
Expenses for financial services	19	(49,430)	(39,014)
NET FINANCIAL MARGIN OF INCOME AND EXPENSES FOR FINANCIAL SERVICES		776,772	714,462
GAIN/LOSS FROM FINANCIAL OPERATIONS (ROF)		98,645	143,430
OPERATING MARGIN		875,417	857,892
Administrative expenses	18	(405,429)	(361,847)
NET OPERATING MARGIN		469,988	496,045
Valuation of assets and provisions		(44,856)	(39,591)
OPERATING REVENUE		425,132	456,454
Other income and expenses		(5,637)	(5,240)
PROFIT FOR THE PERIOD BEFORE INCOME TAX		419,495	451,214
Income tax		(115,478)	(124,758)
NET PROFIT FOR THE PERIOD		304,017	326,456
Basic and diluted earnings per share in Peruvian Soles		0.069	0.074

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

BBVA BANCO CONTINENTAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
For the three months periods ended March 31, 2016 and 2015
In thousands of \$/

	<u>2016</u>	<u>2015</u>
NET PROFIT FOR THE PERIOD	304,017	326,456
Other comprehensive income:		
Available-for-sale investments	3,006	(10,314)
Cash flow hedging	(1,533)	(1,889)
Participation in other comprehensive income of associates and joint ventures	77	-
Income tax on other comprehensive income items	399	2,876
Other comprehensive income for the period, net of taxes	<u>1,949</u>	<u>(9,327)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>305,966</u></u>	<u><u>317,129</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 three months periods ended March 31, 2016 and 2015

In thousands of \$/

	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
	Note 12 (a)	Note 12 (b)	Note 12 (b)	Note 12 (c)	Note 12 (d)	Note 12 (d)		
Balances as of January 1, 2015	3,246,531	977,350	-	1,343,935	2,228	7,980	10,208	5,578,024
Changes in equity:								
Comprehensive income:								
Net profit for the period	-	-	-	326,456	-	-	-	326,456
Other comprehensive income	-	-	-	-	(1,398)	(7,929)	(9,327)	(9,327)
Total comprehensive income	-	-	-	326,456	(1,398)	(7,929)	(9,327)	317,129
Changes in net equity (not included in comprehensive income)								
Cash dividends	-	-	-	(671,891)	-	-	-	(671,891)
Issuance of capital stock (not related to "Business Combination")	537,615	-	(103)	(537,512)	-	-	-	-
Transfers to reserves and others	-	134,275	103	(134,378)	-	-	-	-
Total changes in equity	537,615	134,275	-	(1,017,325)	(1,398)	(7,929)	(9,327)	(354,762)
Balances as of March 31, 2015	3,784,146	1,111,625	-	326,610	830	51	881	5,223,262
Balances as of January 1, 2016	3,784,146	1,111,786	-	1,371,790	573	(12,122)	(11,549)	6,256,173
Changes in equity:								
Comprehensive income:								
Net profit for the period	-	-	-	304,017	-	-	-	304,017
Other comprehensive income	-	-	-	-	(1,134)	3,083	1,949	1,949
Total comprehensive income	-	-	-	304,017	(1,134)	3,083	1,949	305,966
Changes in net equity (not included in comprehensive income)								
Cash dividends	-	-	-	(617,222)	-	-	-	(617,222)
Issuance of capital stock (not related to "Business Combination")	617,222	-	-	(617,222)	-	-	-	-
Transfers to reserves and others	-	137,161	-	(137,160)	-	-	-	1
Total changes in equity	617,222	137,161	-	(1,067,587)	(1,134)	3,083	1,949	(311,255)
Balances as of March 31, 2016	4,401,368	1,248,947	-	304,203	(561)	(9,039)	(9,600)	5,944,918

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

BBVA BANCO CONTINENTAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months periods ended March 31, 2016 and 2015
In thousands of S/

	<u>2016</u>	<u>2015</u>
RECONCILIATION OF NET PROFIT OF THE GROUP WITH CASH FLOWS AND CASH EQUIVALENTS FROM OPERATING ACTIVITIES:		
Net profit for the period	304,017	326,455
Adjustments	213,735	292,397
Depreciation and amortization	26,547	25,177
Provisions	152,635	160,697
Other adjustments	34,553	106,523
Net changes in assets and liabilities	501,196	834,952
Net (increase) decrease in assets	319,978	(2,580,769)
Loans	(400,447)	(492,310)
Investments at fair value through profit or loss	(117,260)	529,518
Available-for-sale investments	1,033,377	(1,318,722)
Receivables and other accounts	(195,692)	(1,299,255)
Net increase (decrease) in liabilities	181,218	3,415,721
Financial liabilities, unsubordinated debt	117,215	1,012,497
Payables and other accounts	64,003	2,403,224
Profit for the period, after net changes in assets and liabilities and adjustments	1,018,948	1,453,804
Paid income taxes	(194,121)	(119,971)
NET CASH FLOWS FROM OPERATING ACTIVITIES	824,827	1,333,833
INVESTMENT ACTIVITIES:		
Purchases of intangibles and property, furniture and equipment	(18,110)	(27,998)
Other proceeds related to investment activities	10,068	1,632
NET CASH FLOWS TO INVESTMENT ACTIVITIES	(8,042)	(26,366)
FINANCING ACTIVITIES:		
Other proceeds related to financing activities	1,551	-
Cash dividends	280	218
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,831	218
NET (INCREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE FLUCTUATION	818,616	1,307,685
Effect of exchange rate fluctuation on cash and cash equivalents	(478,259)	442,922
NET INCREASE IN CASH AND CASH EQUIVALENTS	340,357	1,750,607
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	15,270,159	12,289,116
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	15,610,516	14,039,723

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

BBVA BANCO CONTINENTAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months periods ended March 31, 2016 and 2015
In thousands of S/

	<u>2016</u>	<u>2015</u>
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, 2016 AND 2015	15,610,516	14,039,723
Guarantee funds	8,557,320	2,897,359
Investment in securities with maturity less than 90 days	<u>(1,241,614)</u>	<u>(600,437)</u>
CASH AND DUE FROM BANKS PER CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	<u>22,926,222</u>	<u>16,336,645</u>

BBVA BANCO CONTINENTAL AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2016

(In thousands of Soles)

1. INCORPORATION, ECONOMIC ACTIVITY AND APPROVAL OF FINANCIAL STATEMENTS

Incorporation

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

Economic Activity

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

As of March 31, 2016 and December 31, 2015, the Bank carried out its activities through a network of 345 offices. The total number of employees of the Bank and its subsidiaries as of March 31, 2016 and December 31, 2015 was 5,450 and 5,424, respectively.

As of March 31, 2016 and December 31, 2015, the Bank held 100% of the capital stock and voting rights of its subsidiaries Continental Bolsa Sociedad Agente de Bolsa S.A., BBVA Asset Management Continental S.A. Sociedad Administradora de Fondos, Continental Sociedad Titulizadora S.A. and Inmuebles y Recuperaciones Continental S.A. Although the Bank has no interest in the share capital or voting rights of Continental DPR Finance Company (DPR), given the characteristics of its corporate purpose and its relationship with the Bank, accounting standards require the DPR's financial statements to be included, on a consolidated basis, with those of the Bank. All the above companies together with the Bank are hereinafter referred to as Grupo Continental.

Approval of the consolidated financial statements

The consolidated financial statements for the period ended March 31, 2016 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 March 31, 2016 and December 31, 2015:

(In million of Peruvian Soles)

Entity	Assets		Liabilities		Equity	
	2016	2015	2016	2015	2016	2015
BBVA Banco Continental	80,701	81,116	74,757	74,860	5,944	6,256
Continental Bolsa - Sociedad Agente de Bolsa S.A.	35	36	17	8	18	28
BBVA Asset Management Continental S.A. Sociedad Administradora de Fondos	77	75	34	13	43	62
Continental Sociedad Titulizadora S.A.	3	2	-	-	3	2
Inmuebles y Recuperaciones Continental S.A.	52	40	14	2	38	38
Continental DPR Finance Company	722	824	722	824	-	-

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as of March 31, 2016 remained unchanged with respect to those in the audit report issued on February 19, 2016, by Beltrán, Gris y Asociados S. Civil de R.L.; representatives of Deloitte, for the years ended December 31, 2015 and 2014, except for:

- (a) SBS Resolution No. 5780-2015, dated September 24, 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.

- (b) SBS Resolution N° 6231-2015, dated October 14, 2015, modified the rules for regulatory capital requirement for credit risk, the rules for liquidity risk management and the accountant manual for financial entities, these modifications were made to adequate the mentioned rules to the regulation established for the repurchase agreement transactions applicable to financial entities and approved by SBS Resolution N° 5790-2014. These changes were effective since January 2016. The modifications into the accountant manual for financial entities, have generated the following representatives reclassifications in the comparative figures for 2015:

In thousands of S/

Consolidated Statement of Financial Position	Ending balance as of December 2015	Reclassification	Restructured balance as of December 2015
LIABILITIES			
Due to banks and other financial obligations	23,709,577	(9,339,191)	14,370,386
Payables	363,682	9,339,191	9,702,873

In thousands of S/

Consolidated Statement of Income	Ending balance as of March 2015	Reclassification	Restructured balance as of March 2015
INTEREST EXPENSES			
Due to banks and other financial obligations	(186,728)	29,911	(156,817)
Payables	-	(29,911)	(29,911)

3. CASH AND DUE FROM BANKS

As of March 31, 2016, cash and due from banks includes approximately US\$ 2,025 and S/1,523 million (US\$ 2,864 and S/ 1,800 million as of December 31, 2015) 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 March 31, 2016, 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, 2015, the applicable implicit rates in local and in foreign currencies were 6.5% and 44.33%, 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 March 31, 2016, interest income earned from these deposits was S/ 2 million (S/ 4 million as of December 31, 2015), and it is included in the category "Interest from deposits in financial institutions" of the consolidated statement of income. Pursuant to legal provisions in force, these reserves cannot be seized.

As of March 31, 2016 and December 31, 2015, cash and due from banks included restricted funds for S/ 2 million for both periods, required in connection with legal proceedings against the Bank to guarantee any potential liabilities generated by these lawsuits.

As of March 31, 2016 and December 31, 2015, cash and due from Banks includes guarantee funds, which are used to secure foreign exchange repurchase agreements entered with BCRP, balances for S/ 8,557 and S/ 9,447 million, respectively (Note 7-b).

4. INVESTMENT IN SECURITIES

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

In thousands of S/

	<u>2016</u>	<u>2015</u>
Available-for-sale investments assets		
Certificates of deposit of BCRP (a)	3,493,720	4,287,703
Republic of Peru Sovereign Bonds (b)	474,065	383,961
Local companies shares (c)	47,718	47,718
Foreign companies shares	637	637
	<u>4,016,140</u>	<u>4,720,019</u>
Held-to-maturity financial assets		
Republic of Peru Sovereign Bonds (b)	<u>464,297</u>	<u>462,732</u>
Investments assets at fair value through profit or loss		
Republic of Peru Sovereign Bonds (b)	186,635	58,550
Investments in mutual funds (d)	22,965	23,823
Certificates of deposit of BCRP (a)	2,547	12,514
	<u>212,147</u>	<u>94,887</u>

- (a) BCRP certificates of deposits are freely tradable securities, with maturities up to September 2017, which were acquired in public auctions or secondary markets at interest rates offered by financial entities. As of March 31, 2016 the annual interest rate of these certificates in local currency range between 3.87% and 5.30% (3.75% and 4.79% as of December 31, 2015) and in foreign currency, rates ranged between 0.34% and 0.45% (0.33% and 0.56% as of December 31, 2015).
- (b) As of March 31, 2016 those bonds accrued annual interest at rates between 1.05% and 7.50% (1.05% and 7.82% as of December 31, 2015) in local currency with maturities up to in February 2055 (August 2046 as of December 2015).
- (c) As of March 31, 2016 and December 31, 2015 this balance mainly included shares of the Lima Stock Exchange for a total of S/ 44 million.
- (d) As of March 31, 2016 and December 31, 2015, the investment in mutual funds corresponds to ownership interest held by Grupo Continental in several 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:

In thousands of S/

	2016		2015	
		%		%
Direct loans				
Loans	18,866,609	39	18,781,546	39
Mortgages loans	10,395,870	22	10,391,383	22
Foreign trade loans	5,728,159	12	5,989,028	13
Financial lease	5,153,041	11	5,058,271	11
Consumer	3,989,000	8	3,966,611	8
Discounted notes	1,141,917	2	1,235,909	2
Other	2,422,661	6	2,365,682	5
	47,697,257	100	47,788,430	100
Refinanced and restructured loans	788,890	2	858,275	2
Past-due loans and under legal collection loans	1,157,350	2	1,077,109	2
	49,643,497	104	49,723,814	104
Plus: Accrued interest	391,500	1	361,338	1
	50,034,997	105	50,085,152	105
Deferred income from loan transactions	(42,548)	-	(43,740)	-
Direct loan losses allowance	(2,209,567)	(5)	(2,192,644)	(5)
TOTAL	47,782,882	100	47,848,768	100
Indirect loans	17,082,196		17,295,093	

Loans secured by collateral granted by customers, mainly comprise mortgages, deposits, letters of guarantee, warrants and financial lease operations, amounted to S/ 36,680 million at March 31, 2016 and S/ 37,931 million, at December 31, 2015.

As of March 31, 2016 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/ 551 million (S/ 557 million as of December 31, 2015) (Note 10-b).

As of March 31, 2016 and December 31, 2015, the average annual interest rates of main products were as follows:

	2016		2015	
	Loans in		Loans in	
	S/	US\$	S/	US\$
	%	%	%	%
Loans and discounts	8.00	6.94	7.97	7.07
Mortgages	8.84	8.14	8.89	8.22
Consumer	23.63	23.04	23.57	22.33

- b) The table below presents the balances of the direct loan portfolio as of March 31, 2016 and December 31, 2015, under the distribution established by Resolution SBS No. 11356-2008, as follows:

In thousands of S/	2016		2015	
		%		%
Corporate	11,210,144	23	10,530,514	21
Medium-sized business	10,862,307	22	11,047,529	23
Mortgages	10,648,022	21	10,648,922	21
Large business	9,164,674	18	9,677,097	19
Consumer	4,130,265	8	4,072,869	8
Small business	1,294,218	3	1,367,083	3
Public sector entities	956,512	2	991,556	2
Financial system companies	837,717	2	777,099	2
Stock brokers	371,317	1	430,255	1
Micro businesses	96,317	-	106,887	-
Multilateral development banks	72,001	-	74,003	-
Sovereign	3	-	-	-
	49,643,497	100	49,723,814	100

- c) As of March 31, 2016 and December 31, 2015, the loan portfolio was distributed in the following economic sectors:

In thousands of S/	2016		2015	
		%		%
Mortgage and consumer loans	14,778,288	30	14,721,791	30
Manufacturing	9,349,131	19	9,428,349	19
Trade	9,255,658	19	9,169,786	18
Transportation, warehouse and communication	2,706,947	5	2,765,868	6
Real estate, business and leasing	2,556,249	5	2,740,541	6
Mining	2,163,564	4	2,094,120	4
Electricity, gas and water	1,617,737	3	1,563,036	3
Agriculture and livestock	1,363,585	3	1,472,168	3
Financial intermediation	1,336,639	3	1,214,975	2
Construction	927,617	2	920,767	2
Others	3,588,082	7	3,632,413	7
Total	49,643,497	100	49,723,814	100

- d) For the three-months period ended March 31, 2016 and the year ended December 31, 2015, the movement in the allowance for direct loan losses was:

In thousands of S/	2016	2015
Balance as of January 1	2,192,644	1,973,023
Provisions	545,786	1,330,866
Recoveries and reversals	(409,645)	(692,650)
Portfolio sales	(71,362)	(565,084)
Foreing exchange difference and other adjustments	(47,856)	146,489
Balance as of March 31	2,209,567	2,192,644

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

As of March 31, 2016 and December 31, 2015, the loan portfolio general provision of S/ 1,173 million (S/ 1,205 million as of December 31, 2015) includes voluntary and pro-cyclical provisions of S/ 805 million (S/ 836 million as of December 31, 2015).

During 2016, Grupo Continental sold contracts loans for approximately S/ 155 million (S/ 430 million as of December 31, 2015). The sale price was S/ 20 million (S/ 63 million in 2015) and was recorded in item "Gain/loss from financial operations" caption in the consolidated statement of income.

6. PROPERTY, FURNITURE AND EQUIPMENT, NET

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

In thousands of S/

	<u>Land</u>	<u>Buildings and facilities</u>	<u>Furniture and equipment</u>	<u>Vehicles</u>	<u>Facilities and leasehold improvements</u>	<u>Works in progress</u>	<u>In - transit and replacement units</u>	<u>Total</u>
Cost:								
Balance as of January 1, 2015	123,982	717,011	452,745	6,961	203,727	53,706	1,998	1,560,130
Additions	-	12,004	54,771	503	7,761	47,425	2,807	125,271
Disposals	-	-	(9)	-	-	-	-	(9)
Transfers and others	(3,160)	54,249	58	(53)	6,635	(77,543)	(4,095)	(23,909)
Balance as of December 31, 2015	120,822	783,264	507,565	7,411	218,123	23,588	710	1,661,483
Additions	-	2,006	1,673	351	1,401	3,289	-	8,720
Disposals	-	-	(14)	-	-	-	-	(14)
Transfers and others	-	1,225	904	-	3,568	(5,924)	(96)	(323)
Balance as of March 31, 2016	120,822	786,495	510,128	7,762	223,092	20,952	614	1,669,866
Accumulated depreciation:								
Balance as of January 1, 2015	-	389,593	228,859	5,235	72,287	-	-	695,974
Additions	-	34,979	44,172	547	20,293	-	-	99,991
Disposals	-	-	(10)	-	-	-	-	(10)
Transfers and others	-	(4,372)	(8,156)	(53)	(154)	-	-	(12,735)
Balance as of December 31, 2015	-	420,200	264,865	5,729	92,426	-	-	783,220
Additions	-	8,824	11,531	153	5,254	-	-	25,762
Disposals	-	-	(14)	-	-	-	-	(14)
Transfers and others	-	(26)	(129)	-	14	-	-	(141)
Balance as of March 31, 2016	-	428,998	276,253	5,882	97,694	-	-	808,827
Net cost:								
Balance as of March 31, 2016	<u>120,822</u>	<u>357,497</u>	<u>233,875</u>	<u>1,880</u>	<u>125,398</u>	<u>20,952</u>	<u>614</u>	<u>861,039</u>
Balance as of December 31, 2015	<u>120,822</u>	<u>363,064</u>	<u>242,700</u>	<u>1,682</u>	<u>125,697</u>	<u>23,588</u>	<u>710</u>	<u>878,263</u>

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

As of March 31, 2016 and December 31, 2015 these captions consisted of the following balances:

- (a) Other assets as of March 31, 2016 mainly include S/ 129 million deferred charges (S/ 94 million as of December 31, 2015) and S/ 1,776 million for transactions in process (S/ 954 million as of December 31, 2015).
- (b) Payables as of March 31, 2016 mainly include outstanding payments to suppliers for S/ 185 million (S/ 137 million as of December 31, 2015), sundry payables for S/ 22 million (S/ 23 million as of December 31, 2015), premiums to Fondo de Seguro de Depósitos (Deposit insurance fund), contributions and obligations with tax collection institutions for S/ 152 million (S/ 100 million as of December 31, 2015) and dividends, employees' sharing profit and remunerations payable for S/ 646 million (S/ 97 million as of December 31, 2015) and currency repo transactions (Note 3) and certificates of deposit with BCRP (Note 4) for S/ 8,540 million (S/ 9,339 million as of December 31, 2015)
- (c) Other liabilities as of March 31, 2016 mainly include S/ 1,772 million of transactions in process (S/ 903 million as of December 2015).
- (d) Provisions include provisions for indirect loans, litigation, claims, and provisions for staff, among others, which as of March 31, 2016 and December 31, 2015 amounted to S/ 450 and S/ 488 million, respectively. Grupo Continental has several lawsuits and litigation currently in progress and other court actions related to its core activities. Management and legal counsel consider that the outcome, of these legal actions will not result in additional provisions. Therefore, as of March 31, 2016 and December 31, 2015, Management has considered necessary not to make additional provision higher than what is recorded for these contingencies and court actions, which amounted to S/ 175 and S/ 177 million, respectively.

8. OBLIGATIONS TO THE PUBLIC

As of March 31, 2016 and December 31, 2015, these deposits were classified as follows:

In thousands of S/	<u>2016</u>	<u>2015</u>
Time deposits	16,334,518	18,292,642
Demand deposits	15,962,348	15,410,179
Savings deposits	13,001,027	12,683,995
Other obligations	69,059	53,036
Total	<u>45,366,952</u>	<u>46,439,852</u>

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

9. INTER-BANK FUNDS

As of December 31, 2015, inter-bank funds assets had current maturities, accrued interest at an average annual interest rate of 4.20% in local currency and 0.40% in foreign currency and were unsecured.

As of March 31, 2016, inter-bank funds liabilities had current maturities, accrued interest at an average annual interest rate of 4.25% in local currency (4% in local currency as of December 31, 2015) and were unsecured.

10. DUE TO BANKS AND FINANCIAL OBLIGATIONS

Bellow are details of financial debts and obligations:

In thousands of S/	<u>2016</u>	<u>2015</u>
Due to banks and financial obligations		
Foreign Financial Institutions (a)	4,633,046	5,407,644
Fondo Mi Vivienda - Mi Hogar (b)	550,747	556,965
International Financial Organizations (c)	185,306	190,041
Private debt agreement (d)	133,040	170,550
Corporación Financiera de Desarrollo – COFIDE	37,431	38,956
Accrued interests payable	71,811	68,652
	<u>5,611,381</u>	<u>6,432,808</u>
Securities and bonds		
Corporate bonds	5,194,726	5,235,626
Subordinated bonds	1,676,755	1,707,919
Notes (Debt Instruments)	499,890	561,597
Financial lease bonds	283,150	285,275
Marketable certificates of deposit	55,498	56,017
Accrued interests payable	99,559	91,144
	<u>7,809,578</u>	<u>7,937,578</u>
Total	<u>13,420,959</u>	<u>14,370,386</u>

Some of the loan agreements with foreign financial institutions and international financial organizations include standard compliance covenants regarding attainment of financial ratios and other specific conditions which at March 31, 2016 and December 31, 2015 have been fully complied with according to Grupo Continental Management's opinion.

(a) Foreign financial institutions

As of March 31, 2016 these balances accrued interest at market rates, ranging between 1.2% and 7.4% (1.2% and 7.4% as of December 31, 2015):

Foreign financial institution	2016		2015		Due date
	US\$	S/	US\$	S/	
Goldman Sachs Bank (i)	501,280	1,667,257	500,427	1,706,956	January 2017
Deutsche Bank (ii)	358,959	1,193,895	344,540	1,175,227	November 2020
Credit Suisse (iii)	200,000	665,200	200,000	682,200	October 2040
Standard Chartered (iv)	120,000	399,120	130,000	443,430	April, May and June 2016
Citibank NA (iv)	100,000	332,600	40,000	136,440	April and May 2016
Wells Fargo Bank (iv)	40,151	133,542	179,673	612,866	May 2016
Bank of America (iv)	40,000	133,040	80,000	272,880	May 2016
China Development Bank	15,000	49,890	15,000	51,165	December 2016
DEG Deutsche Investitions (iv)	10,000	33,260	10,000	34,110	October 2017
Other	7,589	25,242	11,714	39,956	April 2016
Sumitomo Bank	-	-	74,000	252,414	
	<u>1,392,979</u>	<u>4,633,046</u>	<u>1,585,354</u>	<u>5,407,644</u>	
Accrued interest payable	21,068	70,073	19,600	66,854	
	<u>1,414,047</u>	<u>4,703,119</u>	<u>1,604,954</u>	<u>5,474,498</u>	

- (i) Loan for a nominal amount of US\$ 500 million, at a fixed rate of 5.75% with the principal due date in January 2017 ("bullet") that is carried at a fair value hedge through an interest rate swap. As of March 31, 2016 the Bank recorded cumulative loss of S/ 4 million, relating to changes in the fair value of the hedged risk (interest rate) (S/ 1 million of cumulative losses at December 31, 2015).
- (ii) Loan for a nominal amount of US\$350 million, at a fixed rate of 5.50% and due in November 2020. This loan was carried at a fair value hedge through an interest-rate swap (IRS), for which the Bank recorded accumulated adjustments of S/36 million for losses to the carrying amount, which corresponds to the variation of fair value of the hedged interest rate risk (S/12 million for accumulated profits as of December 31, 2015).
- (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).

(b) Fondo Mi Vivienda – Mi Hogar

These debts mainly included the resources obtained for the social housing program “Mi Vivienda” of S/ 533 million in local currency and US\$ 5 million in foreign currency (S/ 538 million in local currency and US\$6 million in foreign currency as of December 31, 2015). These loans have different maturities until March 2036 and bear interest at an annual effective rate of 7.75% on the foreign currency portion and 6.25% on the principal plus the Constant Adjustment Index (hereinafter VAC, for its Spanish acronym) on the local currency portion.

At March 31, 2016, the obligation with Fondo Mi Vivienda – Mi Hogar of S/ 551 million (S/ 557 million as of December 31, 2015) 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.

(c) International Financial Organizations

Debts to international financial organizations accrued interest at international market rates between 1.35% and 6.38% as of March 31, 2016 (1.35% and 6.38% as of December 31, 2015), and are unsecured.

In thousands of S/ and US\$

International financial Organization	2016		2015		Due date
	US\$	S/	US\$	S/	
Banco Interamericano de Desarrollo - BID (i)	30,000	99,780	30,000	102,330	February 2017
Internacional Finance Corporation - IFC	25,714	85,526	25,714	87,711	December 2018
	<u>55,714</u>	<u>185,305</u>	<u>55,714</u>	<u>190,041</u>	
Accrued expenses payable	386	1,284	386	1,316	
	<u>56,100</u>	<u>186,590</u>	<u>56,100</u>	<u>191,357</u>	

(d) Private Debt Agreement

As of March 31, 2016, debts included a Private Loan Agreement (Note 15-b) for a total amount of US\$ 40 million (US\$ 50 million as of December 31, 2015) with maturities up to March, 2017 at an interest rate of 2%.

(e) Securities and bonds

In thousands of S/

Program	Authorized amount	Issuance	Series	Currency	Nominal issuance value	2016	2015	Maturity date
Corporate bonds								
Third	USD 100 million or S/ 315 million	Seventh	Single	PEN	60,000	60,000	60,000	May 2018
Fourth	USD 100 million	First	Single	PEN	40,000	40,000	40,000	August 2020
		Second	A	PEN	80,000	80,000	80,000	August 2020
		Third	A	PEN	100,000	100,000	100,000	August 2018
Fifth	USD 250 million	First	A	PEN	50,000	50,000	50,000	December 2016
		Second	A	PEN	150,000	150,000	150,000	December 2026
		Fifth	Single	PEN	200,000	181,437	175,531	April 2019
		Sixth	A	USD	54,000	179,604	184,194	July 2016
First International Issuance	USD 500 million	First	Single	USD	500,000	1,678,951	1,705,500	August 2022
Second International Issuance	USD 300 million	Second	Single	USD	300,000	1,012,459	1,022,918	July 2016
Third International Issuance	USD 500 million	Third	Single	USD	500,000	1,662,275	1,667,483	April 2018
						5,194,726	5,235,626	
Subordinated Bonds								
First	USD 50 million or S/ 158.30 million	First	A	PEN	40,000	39,802	39,793	May 2022
		Second	A	USD	20,000	66,520	68,220	May 2027
		Third	A	PEN	55,000	73,937	73,208	June 2032
Second	USD 100 million	First	A	USD	20,000	66,180	67,866	September 2017
		Second	A	PEN	50,000	65,828	65,180	November 2032
		Third	A	USD	20,000	66,520	68,220	February 2028
		Fourth	Single	PEN	45,000	57,174	56,610	July 2023
		Fifth	Single	PEN	50,000	62,706	62,088	September 2023
		Sixth	A	PEN	30,000	36,975	36,611	December 2033
Third	USD 55 million	First	Single	USD	45,000	149,670	153,495	October 2028
First International Issuance	USD 300 million	First	Single	USD	300,000	991,443	1,016,628	September 2029
						1,676,755	1,707,919	
Notes								
	USD 235 million	Second	2012-A, 2012-B, 2012-C and 2012-D	USD	235,000	499,890	561,597	June 2017 and June 2022
						499,890	561,597	
Leasing bonds								
First	USD 200 million	First	A	USD	25,000	83,150	85,275	April 2016
Second	USD 250 million	First	A	PEN	200,000	200,000	200,000	May 2017
						283,150	285,275	
Marketable Certificates of Deposit						55,498	56,017	
Accrued interests payable on securities and bonds						99,559	91,144	
						7,809,578	7,937,578	

Corporate bonds are unsecured and bear annual interest at rates between 5.8% and 7.5% as of March 31, 2016 on local currency (between 5.8% and 7.5% on local currency as of December 31, 2015), and between 2.3% and 5% on foreign currency as of March 31, 2016 (between 2.3% and 5% as of December 31, 2015).

Corporate bonds for S/ 200 million are hedged with a cross currency swap – CCS. At March 31, 2016 the Bank has accounted for gains on the cumulative adjustments of S/ 19 million (Note 15-a) corresponding to the changes in the fair value of hedged risk (currency) (S/ 24 million as of December 31, 2015 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. Likewise, such issuance has a fair value hedged through an IRS which the Bank has accounted for their carrying amount at March 31, 2016 cumulative adjustments for S/ 16 million of loss (Note 15-a), resulting from changes in the fair value of the hedged risk (interest rate) (S/ 24 million as of December 31, 2015 of cumulative gains).

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 March 31, 2016 cumulative adjustments for S/ 3 million of loss (Note 15-a), resulting from changes in the fair value of the hedged risk (interest rate) (S/ 10 million as of December 31, 2015 of cumulative gains).

In January 2013, Grupo Continental carried out an international issuance for a nominal amount of US\$300 million, at a fixed interest rate of 2.25%, maturing in July 2016. 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 March 31, 2016 cumulative adjustments for S/ 15 million of loss (Note 15-a), resulting from changes in the fair value of the hedged risk (interest rate).

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 March 31, 2016 and December 31, 2015, the Bank holds in accounts payable (Note 7 (b)) in the statement of financial position a balance of S/13 and S/14 million, respectively, for the concept of amortized cost, which correspond to issuance costs and will be accrued in a maximum term of 25 years.

As of March 31, 2016 the issuance notes of June 2012, amounting to US\$ 150 million, include funding for US\$ 36 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 March 31, 2016 and December 31, 2015, 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. As of March 31, 2016 are pending of registration 617,222 thousands of common shares for capitalization of retained earnings.

The Annual Mandatory Shareholders Meetings held on March 31, 2016 and March 26, 2015, authorized to increase the capital stock for S/ 617 and S/ 538 million, respectively, by the capitalization of retained earnings and voluntary reserve.

The Bank's ordinary stocks are listed in the Lima Stock Exchange. At March 31, 2016 the stock market quotation value of the Bank's stock was S/ 3.50 per share (S/ 2.78 per share as of December 31, 2015), with a trading frequency of 95.24% (90.48% as of December 31, 2015)

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

Individual capital shareholding	Number of shareholders	Total Shareholding (%)
Up to 1	8,185	4.20
From 1.01 to 5	3	3.56
From 80.01 to 100	1	92.24
	8,189	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 31, 2016 and March 26, 2015, it was approved to establish a legal reserve for the equivalent of 10% of profit for 2015 (S/ 137 million) and for 2014 (S/ 134 million), respectively.

(c) Retained Earnings

General Shareholders' Annual Meetings held on March 31, 2016 and March 26, 2015, authorized the distribution of dividends for approximately S/ 617 and S/ 672 million, respectively.

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 31, 2016 and March 26, 2015, capitalization of retained earnings for S/ 617 and S/ 538 million, respectively.

(d) Adjustments to Equity

Adjustments to equity include unrealized losses for S/ 11 million corresponding to the available-for-sale investment portfolio (S/ 14 million as of December 31, 2015), S/ 2 million corresponding to unrealized gains for held-to-maturity investments (S/ 2 million as of December 31, 2015) and S/ 0.5 million for the valuation of cash flow hedge derivatives at December 31, 2015.

12. REGULATORY CAPITAL AND LEGAL LIMITS

According to the General Law, the regulatory capital amount cannot be less than 10% of credit, market and operational risk average weighted assets which included contingent loans. As of March 31, 2016 the Bank uses the standard method for the calculation of the Regulatory Capital by credit, market and operational risk.

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

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

On an individual basis, at March 31, 2016 the Bank's Regulatory Capital, determined in accordance with current legal standards, amounts to S/ 8,474 million (S/ 8,209 million as of December 31, 2015). 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/ 60,993 million at March 31, 2016 (S/ 61,682 million as of December 31, 2015).

At March 31, 2016, the Bank's capital adequacy ratio by credit, market and operational risk was 13.89% (13.31% as of December 31, 2015).

13. BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share were as follows:

	Quantity of shares (in million)	
	2016	2015
Outstanding at the beginning of the period	3,784.1	3,246.5
Capitalization of profits	617.2	1,154.8
Outstanding at the end of the period	4,401.3	4,401.3
Net profit for the period (in thousands of Peruvian Soles)	304,017	326,456
Basic and diluted earnings per share (in Peruvian Soles)	0.069	0.074

14. TRANSACTIONS WITH RELATED PARTIES

At March 31, 2016 and December 31, 2015, 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:

In thousands of S/	2016	2015
Assets:		
Cash and due from banks	69,562	57,614
Loans portfolio	722,671	736,891
Other assets	410,242	191,441
Liabilities:		
Deposits and obligations	1,193,184	1,213,068
Due to banks and financial obligations	54,419	54,419
Other liabilities	1,293,377	1,012,010
Contingent and memorand accounts:		
Contingent	12,164,285	14,960,617

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

Transactions with related companies, included in the consolidated statement of income for the periods ended March 31, 2016 and March 31, 2015 consisted of the following:

In thousands of S/	2016	2015
Financial income	1,754	3,029
Financial expenses	(587)	(2,590)
Other income (expenses), net	(23,997)	(22,284)

Personnel Loans

At March 31, 2016 and December 31, 2015 directors, executives and employees of Grupo Continental maintain transactions with the Bank within the provisions of the Peruvian General Law, which regulates and establishes certain limits on transactions with directors, executives and employees of banks in Peru. At March 31, 2016 and December 31, 2015 direct loans to employees, directors, executives and key personnel amounted to S/ 395 and S/ 411 million; respectively.

Likewise, at March 31, 2016 the remuneration of key staff and directors amounted to S/ 4 million (S/ 3 million as of March 31, 2015).

15. CONTINGENT AND MEMORANDA ACCOUNTS

a) Derivatives financial instruments

As of March 31, 2016 and December 31, 2015, the notional amount equivalent in thousands of soles and the fair value of derivative financial instruments were as follows:

		2016			
		Underlying	Nominal	Asset	Liability
Trading derivatives					
	Currency forward		12,710,891	387,850	149,647
	Commodities and others options		3,366,306	63,856	47,293
	Interest rate options		171,945	66	66
	Currency swap		13,101,926	802,083	948,258
	Interest rate swap		6,257,687	86,302	154,748
	Provision for country risk			(4,509)	
	Total trading derivatives		35,608,755	1,335,648	1,300,012
Hedging derivatives					
	At fair value		7,609,698	87,204	67,764
	Currency Swap	Bond issuance	250,923	-	67,764
	Interest rate swap	Due to banks	3,034,975	6,359	-
	Interest rate swap	Bond issuance	4,323,800	80,845	-
	Cash flow		650,946	206	1,530
	Interest rate swap	Due to banks	650,946	206	1,530
	Total hedging derivatives		8,260,644	87,410	69,294
	TOTAL		43,869,399	1,423,058	1,369,306

2015				
	Underlying	Nominal	Asset	Liability
Trading derivatives				
Currency forward		12,755,766	222,348	193,992
Commodities and others options		3,312,282	35,608	66,532
Interest rate options		204,110	141	141
Currency swap		12,209,946	1,029,192	925,968
Interest rate swap		6,461,804	45,087	78,707
Provision for country risk		-	(4,824)	-
Total trading derivatives		34,943,908	1,327,552	1,265,340
Hedging derivatives				
At fair value		6,789,401	7,202	118,540
Currency Swap	Bond issuance	257,336	-	81,043
Interest rate swap	Due to banks	3,121,065	7,202	19,017
Interest rate swap	Bond issuance	3,411,000	-	18,480
Cash flow		672,454	265	375
Interest rate swap	Due to banks	672,454	265	375
Total hedging derivatives		7,461,855	7,467	118,915
TOTAL		42,405,763	1,335,019	1,384,255

Hedging derivative at fair value

- (i) At March 31, 2016 the Bank has entered into a cross currency swap to hedge the fair value of bonds issued for a nominal value equivalent to S/ 251 million. Through this cross currency swap, the Bank changes its issuance into a variable-rate US dollar issuance from a fixed-rate domestic currency issuance. As of March 31, 2016 the fair value of the cross currency swap amounts to S/ 6 million (gains), included in "Gain/loss from financial operations" in the consolidated statement of income (at December 31, 2015 the fair value amounted to a loss of S/ 6 million).

At March 31, 2016 the Bank has entered into interest rate swap contracts for a nominal amount equivalent to S/ 7,359 million to hedge interest rates for debts received. Through these interest rate swaps the Bank gets a fixed interest rate in US dollars and pays for a variable interest rate in the same currency. At March 31, 2016 the total variation in the fair value of interest rate swaps amounts to S/ 126 million (gains), is included in "Gain/loss from financial operations" in the consolidated statement of income (at December 31, 2015 the variation in the fair value amounted to a loss of S/ 39 million).

Cash flows hedging derivative

- (ii) At March 31, 2016 the Bank has entered into interest rate swap (IRS) contracts for a nominal amount of S/ 651 million to hedge interest rates of debts received. By these interest rate swaps, the Bank gets a variable interest rate in US dollars and pays for a fixed interest rate in the same currency. At March 31, 2016 the variation in the fair value of interest rate swaps amounts to S/ 0.5 million of loss and is recorded in equity accounts (profit of S/ 0.5 million as of December 31, 2015).

b) Other Creditors

In April 2010, Continental DPR Finance Company, entered into a debt agreement through a private contract, which residual amount as of March 31, 2016 was US\$40 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\$ 150 million. This note issue has two maturities: (i) US\$ 52 million maturing on June 15, 2017; and (ii) US\$ 98 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\$ 63 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, 2016.

16. INTEREST INCOME

Interest income for the first quarter of 2016 compared to the same period on 2015 increased by 16%, mainly by the net effect of increased income on loans, available for sale investments, profit from hedging transaction, and cash and due from banks.

17. INTEREST EXPENSES

Interest expenses for the first quarter of 2016 compared to the same period on 2015 increase by 38%, mainly by the net effect of increased in interest in due to banks and financial obligations, interest in obligations to the public, interest for deposits of financial entities and international financial organizations and interest for accounts payable related to the currency repo transactions and certificates of deposit with BCRP

18. ADMINISTRATION EXPENSES

During the first quarter of 2016 compared to the same period on 2015, administrative expenses increased by 12%. This category includes personnel expenses, expenses for services received from third parties and taxes and contributions.

19. FEES (NET)

During the first quarter of 2016 compared to the same period on 2015, income and expenses from financial services increased by 2%. This category includes commissions for contingent transaction 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, except for the following:

On April 6, 2016, the Bank acquired 51.68% of the shares of the companies of BBVA Consumer Finance EDPYME, Forum Comercializadora del Perú S.A. and Forum Distribuidora del Perú S.A.

In April the following issuances were rendered, the principal will be fully amortized at maturity:

In thousands of S/

<u>Type of issuance</u>	<u>Currency</u>	<u>Amount</u>	<u>Due</u>	<u>Annual interest rate</u>
Corporate bonds	S/	150,000	3 years	6.19%
Negotiable certificates of deposit	S/	47,757	1 year	5.79%
Corporate bonds	S/	100,000	3 years	6.19%