

BBVA BANCO CONTINENTAL AND SUBSIDIARIES

Consolidated Financial Statements

As of March 31, 2017 and as of December 31, 2016 and for the three-months period ended March 31, 2017 and 2016

(Translation of a report originally issued in Spanish)

BBVA BANCO CONTINENTAL AND SUBSIDIARIES

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As of March 31, 2017, and as of December 31, 2016, and for the three-months period ended March 31, 2017 and 2016

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

As of March 31, 2017 and December 31, 2016

In thousands of \$/

ASSETS	Notes	2017	2016	LIABILITIES AND EQUITY	Notes	2017	2016
Cash and due from banks	3	18,131,967	20,888,598	Obligations to the public	8	46,615,193	47,946,804
Interbank funds	9	140,016	728,080	Interbank funds	9	255,029	-
Investments at fair value through profit or loss	4	297,332	233,153	Deposits of financial entities and international financial organizations		1,557,803	1,407,661
Available-for-sale investments	4	5,424,308	2,882,747	Due to banks and financial obligations	10	9,606,152	12,023,795
Held-to-maturity investments	4	471,688	470,686	Trading derivatives	15	562,531	710,588
Loan portfolio, net	5	47,137,685	49,955,024	Hedging derivatives	15	161,487	161,691
Trading derivatives	15	646,225	838,715	Payable	7	8,896,220	8,367,216
Hedging derivatives	15	2,055	3,589	Current taxes		2,243	2,095
Accounts receivable		79,662	41,518	Provisions	7	515,972	545,154
Asset seized and recovered through legal actions, net		216,808	217,944	Deferred tax		-	289
Investments in associates		2,832	3,873	Other liabilities	7	969,001	423,689
Property, furniture and equipment, net	6	879,766	893,661	TOTAL LIABILITIES		69,141,631	71,588,982
Current taxes		265,866	261,015	EQUITY			
Deferred income tax		426,640	423,728	Capital stock	11 (a)	4,401,368	4,401,368
Other assets	7	1,593,011	727,938	Additional capital		481,751	-
Goodwill		5,289	5,289	Reserves	11 (b)	1,382,889	1,249,175
				Adjustments to equity	11 (d)	(1,911)	380
				Retained earnings	11 (c)	315,422	1,335,653
				TOTAL EQUITY		6,579,519	6,986,576
TOTAL ASSETS		75,721,150	78,575,558	TOTAL LIABILITIES AND EQUITY		75,721,150	78,575,558
CONTINGENT RISKS AND COMMITMENTS	15	24,290,938	25,513,948	CONTINGENT RISKS AND COMMITMENTS	15	24,290,938	25,513,948

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, 2017 and 2016
In thousands of S/

	Notes	2017	2016
Interest income	16	1,104,604	1,111,350
Interest expenses	17	(383,889)	(403,441)
GROSS FINANCIAL MARGIN		720,715	707,909
Provisions for direct loans		(142,302)	(134,299)
NET FINANCIAL MARGIN		578,413	573,610
Income from financial services	19	262,085	252,592
Expenses for financial services	19	(73,463)	(49,430)
NET FINANCIAL MARGIN OF INCOME AND EXPENSES FOR FINANCIAL SERVICES		767,035	776,772
GAIN/LOSS FROM FINANCIAL OPERATIONS (ROF)		123,263	98,645
OPERATING MARGIN		890,298	875,417
Administrative expenses	18	(372,615)	(405,429)
NET OPERATING MARGIN		517,683	469,988
Valuation of assets and provisions		(60,917)	(44,856)
OPERATING PROFIT		456,766	425,132
OTHER INCOME AND EXPENSES		(15,220)	(5,637)
PROFIT FOR THE PERIOD BEFORE INCOME TAX		441,546	419,495
Income tax		(123,810)	(115,478)
NET PROFIT FOR THE PERIOD		317,736	304,017
Basic and diluted earnings per share in Soles	13	0.072	0.069

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, 2017 and 2016

In thousands of S/

	<u>2017</u>	<u>2016</u>
NET PROFIT FOR THE PERIOD	317,736	304,017
Other comprehensive income:		
Available-for-sale investments	621	3,006
Cash flow hedges	(5,075)	(1,533)
Participation in other comprehensive income of associates	48	77
Income tax related to items of other comprehensive income	<u>2,114</u>	<u>399</u>
Other comprehensive income for the period, net of taxes	<u>(2,292)</u>	<u>1,949</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>315,444</u></u>	<u><u>305,966</u></u>

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

BBVA BANCO CONTINENTAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

For the three-months periods ended March 31, 2017 and 2016

In thousands of \$/

	<u>Reserves</u>				<u>Adjustments to Equity</u>				<u>Total equity</u>
	<u>Capital stock</u>	<u>Additional Capital</u>	<u>Mandatory reserves</u>	<u>Voluntary reserves</u>	<u>Retained earnings</u>	<u>Cash flow hedges</u>	<u>Available-for-sale investments and other comprehensive income from associates</u>	<u>Total adjustments to equity</u>	
	<u>Note 11 (a)</u>		<u>Note 11 (b)</u>	<u>Note 11 (b)</u>	<u>Note 11 (c)</u>	<u>Note 11 (d)</u>	<u>Note 11 (d)</u>		
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)									
Declared dividends in cash	-	-	-	-	(617,222)	-	-	-	(617,222)
Issuance of equity shares (different than business combination)	617,222	-	-	-	(617,222)	-	-	-	-
Transfers to reserves and others movements	-	-	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
Balances as of January 1, 2017	4,401,368	-	1,249,092	83	1,335,653	1,373	(993)	380	6,986,576
Changes in equity:									
Comprehensive income:									
Net profit for the period	-	-	-	-	317,736	-	-	-	317,736
Other comprehensive income	-	-	-	-	-	(3,578)	1,287	(2,291)	(2,291)
Total comprehensive income	-	-	-	-	317,736	(3,578)	1,287	(2,291)	315,445
Changes in net equity (not included in comprehensive income)									
Declared dividends in cash	-	-	-	-	(722,502)	-	-	-	(722,502)
Issuance of equity shares (different than business combination)	-	481,751	-	(83)	(481,668)	-	-	-	-
Transfers to reserves and others movements	-	-	133,797	-	(133,797)	-	-	-	-
Total changes in equity	-	481,751	133,797	(83)	(1,020,231)	(3,578)	1,287	(2,291)	(407,057)
Balances as of March 31, 2017	4,401,368	481,751	1,382,889	-	315,422	(2,205)	294	(1,911)	6,579,519

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, 2017 and 2016
In thousands of S/

	<u>2017</u>	<u>2016</u>
RECONCILIATION OF NET PROFIT FOR THE PERIOD WITH CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES:		
Net Profit for the period	317,736	304,017
Adjustments	324,200	213,735
Depreciation and amortization	29,545	26,547
Provisions	173,017	152,635
Other adjustments	121,638	34,553
Net variation in assets and liabilities	(2,156,651)	501,196
Net (decrease) increase in assets	(90,307)	319,978
Loans	2,164,103	(400,447)
Investments at fair value through profit or loss	(64,179)	(117,260)
Available-for-sale investments	(1,453,797)	1,033,377
Receivables and other accounts	(736,434)	(195,692)
Net (decrease) increase in liabilities	(2,066,344)	181,218
Financial liabilities, unsubordinated debt	(2,254,028)	117,215
Accounts payable and others	187,684	64,003
Profit for the period, after net changes in assets and liabilities and adjustments	(1,514,715)	1,018,948
Paid income tax	(118,715)	(194,121)
NET CASH FLOWS (FROM) TO OPERATING ACTIVITIES	(1,633,430)	824,827
CASH FLOWS OF INVESTMENT ACTIVITIES:		
Inflows for sales of intangibles and property, furniture and equipment	7,315	-
Outflows for purchases of intangibles and property, furniture and equipment	-	(18,110)
Other inflows related to investment activities	8,123	10,068
NET CASH FLOWS TO (FROM) INVESTMENT ACTIVITIES	15,438	(8,042)
CASH FLOWS OF FINANCING ACTIVITIES:		
Other proceeds related to financing activities	-	1,551
Dividends paid	(70)	280
NET CASH FLOWS (FROM) TO FINANCING ACTIVITIES	(70)	1,831
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE VARIATION	(1,618,062)	818,616
Effect of exchange rate variation on cash and cash equivalents	(582,595)	(478,259)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,200,657)	340,357
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	14,652,430	15,270,159
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	12,451,773	15,610,516

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, 2017 and 2016
In thousands of S/

	<u>2017</u>	<u>2016</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD WITH ACCOUNT BALANCES IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
CASH AND CASH EQUIVALENTS AS OF MARCH 31, 2017 AND 2016	12,451,773	15,610,516
Guarantee funds	7,856,826	8,557,320
Interbank funds	(140,016)	-
Investments with maturities less than 90 days	<u>(2,036,616)</u>	<u>(1,241,614)</u>
CASH AS PER CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	<u><u>18,131,967</u></u>	<u><u>22,926,222</u></u>

BBVA BANCO CONTINENTAL AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017

(In thousands of Soles)

1. INCORPORATION, ECONOMIC ACTIVITY AND APPROVAL OF FINANCIAL STATEMENTS

Incorporation

BBVA Banco Continental (hereinafter the Bank) is a subsidiary of Newco Perú S.A.C, which owns 46.12% of the capital stock of the Bank. Banco Bilbao Vizcaya Argentaria owns 100% of the shares of Newco Perú S.A.C. 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 legal entities operating in the financial and insurance system are subject to.

As of March 31, 2017, and December 31, 2016, the Bank carries out its activities through a network of 332 and 334 offices, respectively. The total number of employees of the Bank and its subsidiaries as of March 31, 2017, and December 31, 2016 was 5,733 and 5,690, respectively.

As of March 31, 2017 and December 31, 2016, the Bank has an equity interest and voting rights on 100% of the following subsidiaries: Continental Bolsa Sociedad Agente de Bolsa S.A., BBVA Asset Management Continental S.A., Sociedad Administradora de Fondos, Continental Sociedad Titulizadora S.A., Inmuebles y Recuperaciones Continental S.A., BBVA Consumer Finance EDPYME, Forum Comercializadora del Perú S.A. and Forum Distribuidora del Perú S.A (these three aforementioned companies are subsidiaries since April, 2016). Even though the Bank does not have interest or voting rights in Continental DPR Finance Company (DPR), due to the characteristics of its business purpose and its relationship with the Bank, accounting standards require that DPR's financial statements should be included on a consolidated basis with those of the Bank (all these companies will be referred to as Grupo Continental).

Change of the parent company

On July 1, 2016, 50% of equity of Holding Continental S.A. was split off to Newco Perú S.A.C., and as a result, 46.12% of shares of the Bank was assigned to Newco Perú S.A.C. This split-off was authorized by the SBS by virtue of Resolution SBS No. 3304-2016 dated June 15, 2016. Through this split-off, the ownership of shares of Banco Bilbao Vizcaya Argentaria S.A. was transferred to Newco Perú S.A.C., and Inversiones Breca S.A. maintained its ownership of the shares of the Bank through Holding Continental S.A.

Acquisition of subsidiaries

On April 6, 2016, the Bank acquired 51.68% of shares of the capital stock of BBVA Consumer Finance EDPYME, Forum Comercializadora del Perú S.A. and Forum Distribuidora del Perú S.A. Also, on April 29, 2016, the Bank acquired the remaining 48.32% of shares of the capital stock of the companies mentioned above.

Acquisition values of the entities are as a follow:

In thousands of S/

Acquiree	Acquisition value	% Participation
BBVA Consumer Finance EDPYME	67,021	100
Forum Comercializadora del Perú S.A	16,941	100
Forum Distribuidora del Perú S.A.	21,499	100
Total	105,461	

The assets, liabilities and equity of the entities acquired as of March 31, 2017, are as follows:

In thousands of S/

Entity	Assets	Liabilities	Equity
BBVA Consumer Finance EDPYME	231,369	170,222	61,147
Forum Comercializadora del Perú S.A	13,944	1,090	12,854
Forum Distribuidora del Perú S.A.	55,246	29,075	26,171
Total	300,559	200,387	100,172
Goodwill			5,289
Total			105,461

The goodwill of S/ 5 million is the additional value paid for the carrying amount of acquirees and corresponds to the expected value of the acquired business.

Additionally, as shareholder at 100% of Forum Comercializadora del Perú S.A., the Bank agreed at the Shareholders' Meeting held on April 29, 2016 to reduce its capital stock by S/7.4 million.

On May 1, 2016, the Bank sold a share to Inmuebles y Recuperaciones Continental S.A. of Forum Comercializadora del Perú S.A. and Forum Distribuidora del Perú S.A.

Approval of the consolidated financial statements

The consolidated financial statements for the period ended March 31, 2017, 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 a SPE.

Below are assets, liabilities and shareholders' equity of the entities that comprised Grupo Continental as of March 31, 2017 and December 31, 2016:

Entity	(In millions of Soles)					
	Assets		Liabilities		Equity	
	2017	2016	2017	2016	2017	2016
BBVA Banco Continental	75,730	78,620	69,148	71,631	6,582	6,989
Continental Bolsa - Sociedad Agente de Bolsa S.A.	41	38	23	17	18	21
BBVA Asset Management Continental S.A. Sociedad Administradora de Fondos	57	54	12	2	45	52
Continental Sociedad Titulizadora S.A.	3	3	-	-	3	3
Inmuebles y Recuperaciones Continental S.A.	50	48	4	4	46	44
Continental DPR Finance Company	353	481	353	481	-	-
BBVA Consumer Finance Edpyme	380	342	325	287	55	55
Forum Comercializadora S.A	3	3	1	1	2	2
Forum Distribuidora S.A	89	85	61	58	28	27

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as of March 31, 2017 remained unchanged with respect to those in the audit report issued on February 17, 2017, by Beltrán, Gris y Asociados S. Civil de R.L.; representatives of Deloitte, for the years ended December 31, 2016 and 2015.

3. CASH AND DUE FROM BANKS

As of March 31, 2017, cash and due from banks include approximately US\$ 2,394 and S/ 1,679 million (US\$ 2,447 and S/ 1,726 million as of December 31, 2016), which correspond to the required reserve that Peruvian entities must maintain for deposits and obligations to third parties. These funds are deposited in the entities' vaults and in BCRP.

As of March 31, 2017, cash subject to required reserve in local and foreign currency are affected by an implicit rate in local currency of 6% and in foreign currency of 44.33% over total obligations subject to required reserve (TOSE) in local and foreign currency as required by BCRP (as of December 31, 2016, the applicable implicit rates in local and in foreign currencies were 6.5% and 44.33%, respectively).

Reserve funds, representing the legal minimum, which is 6%, do not bear interest. 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, 2017, interest income earned from these deposits was S/ 3 million (S/ 8 million as of December 31, 2016), 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, 2017 and December 31, 2016, cash and due from banks include restricted funds for S/ 2 million for both periods, required in connection with legal proceedings against the Bank and to secure any liabilities generated by these lawsuits.

As of March 31, 2017, the guarantee funds from derivative operations amount to S/ 429 million (S/ 8 million as of December 31, 2016).

As of March 31, 2017 and December 31, 2016, cash and due from banks include guarantee funds, which are used to secure foreign exchange repurchase agreements entered with BCRP, balances for S/ 7,436 and S/ 7,906 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>2017</u>	<u>2016</u>
Available-for-sale investments assets		
Certificates of deposit of BCRP (a)	5,241,451	2,696,557
Sovereign Bonds of the Republic of Peru (b)	104,957	104,567
Shares in local companies (c)	44,822	47,710
Corporate Bonds	32,441	33,276
Share in foreign companies	637	637
	<u>5,424,308</u>	<u>2,882,747</u>
Held-to-maturity financial assets		
Sovereign bonds of the Republic of Peru (b)	<u>471,688</u>	<u>470,686</u>
Investments assets at fair value through profit or loss		
Certificates of deposit of BCRP (a)	227,204	124,701
Sovereign bonds of the Republic of Peru (b)	32,740	99,641
Investments in mutual funds (d)	37,389	8,811
	<u>297,333</u>	<u>233,153</u>

- (a) Certificates of deposits of BCRP are freely tradable securities, with maturities up to September 2018, which were acquired in public auctions or secondary markets at interest rates offered by financial entities. As of March 31, 2017 the annual interest rate of these certificates in local currency range between 4.07% and 4.46% (4.25% and 4.60% as of December 31, 2016) and in foreign currency 0.94% (0.61% and 0.62% as of December 31, 2016).
- (b) Sovereign bonds are issued by the Peruvian government. As of March 31, 2017, those bonds accrued interests at annual rates ranging between 1.4% and 6.35% (2% and 7.20% as of December 31, 2016) in local currency with terms up to August 2037 (February 2055 as of December 31, 2016).
- (c) As of March 31, 2017 and December 31, 2016, this balance mainly includes shares of Lima Stock Exchange (BVL for its Spanish acronym) for a total value of S/ 41 and S/ 44 million respectively.
- (d) As of March 31, 2017 and December 31, 2016, 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

a) The loan portfolio comprises the following:

In thousands of S/	2017		2016	
		%		%
Direct loans				
Loans	17,828,459	38	18,908,937	38
Mortgages loans	10,946,337	23	10,917,221	22
Foreign trade loans	5,077,399	11	5,904,719	12
Financial lease	4,954,200	11	5,247,666	11
Consumer	4,601,799	10	4,576,672	9
Discounted notes	1,119,203	2	1,379,693	3
Others	2,437,726	5	2,854,158	5
	46,965,123	100	49,789,067	100
Refinanced and restructured credits	911,202	2	942,301	2
Past-due loans and under legal collection loans	1,347,456	2	1,257,089	2
	49,223,781	104	51,988,456	104
Plus: Accrued interest	321,617	1	371,692	1
	49,545,398	105	52,360,148	105
Deferred income from loan transactions	(51,980)	-	(48,912)	-
Allowance for loan losses	(2,355,733)	(5)	(2,356,212)	(5)
TOTAL	47,137,685	100	49,955,024	100
Indirect loans	15,461,882		16,854,889	

Loan secured by guarantees received from customers, mainly comprised by mortgages, deposits, letters of guarantee, warrants and financial lease operations, amount to S/ 36,450 and S/ 38,366 million as of March 31, 2017 and December 31, 2016, respectively.

As of March 31, 2017, part of the mortgage loan portfolio is guarantee of a debt with “Mi Vivienda - Mi Hogar” Fund for up to about S/ 527 million (S/ 536 million as of December 31, 2016) (Note 10-b).

As of March 31, 2017 and December 31, 2016, the annual average interest rates of main products were as follows:

	2017		2016	
	Loans in		Loans in	
	S/	US\$	S/	US\$
	%	%	%	%
Loans and discounts	8.29	6.03	8.10	6.27
Mortgages	8.59	7.71	8.66	7.79
Consumer	25.74	27.59	25.58	27.32

- b) The table below presents the balances of the direct loan portfolio as of March 31, 2017 and December 31, 2016, under the distribution established by SBS Resolution No. 11356-2008, as follows:

In thousands of S/	2017		2016	
		%		%
Medium businesses	11,303,404	23	11,541,349	22
Mortgage	10,628,575	22	11,231,044	22
Corporate	10,415,703	21	11,683,100	22
Large businesses	8,936,361	18	9,311,519	18
Consumer	4,754,612	10	4,721,392	9
Small businesses	1,283,213	3	1,284,575	2
Public sector entities	998,105	2	866,075	2
Financial system companies	538,876	1	785,956	2
Stock brokers	177,351	-	349,879	1
Multilateral Development Banks	111,502	-	119,008	-
Micro-businesses	76,079	-	94,559	-
	49,223,781	100	51,988,456	100

- c) As of March 31, 2017 and December 31, 2016, the loan portfolio was distributed in the following economic sectors:

In thousands of S/	2017		2016	
		%		%
Mortgage and consumer loans	16,025,732	33	15,952,436	31
Manufacture	9,015,595	18	9,935,631	19
Commerce	8,841,423	18	9,673,102	19
Transportation, storage and communications	2,769,836	6	3,045,934	6
Real estate, business and leasing	2,732,565	6	2,691,618	5
Electricity, gas and water	1,553,408	3	1,818,495	3
Agriculture and livestock	1,382,027	3	1,465,249	3
Mining	1,188,192	2	1,491,642	3
Construction	1,039,501	2	1,132,217	2
Financial intermediation	995,284	2	1,066,797	2
Others	3,680,218	7	3,715,335	7
Total	49,223,781	100	51,988,456	100

- d) For the three-months period ended March 31, 2017 and the year ended December 31, 2016, the movement in the allowance for direct loan losses was:

In thousands of S/	2017	2016
Balance as of December 31	2,356,212	2,192,644
Provisions	549,907	1,492,962
Recoveries and reversals	(407,606)	(865,887)
Portfolio sales	(102,053)	(450,480)
Foreign exchange difference and other adjustments	(40,727)	(29,206)
Balances transferred by acquisition	-	161,79
Balance as of March 31	2,355,733	2,356,212

Management considers that the level of the provision for uncollectible loans is appropriate to cover potential losses in the direct credit portfolio at the date of the consolidated statement of financial position and all applicable laws and regulations have been complied with.

As of March 31, 2017, the general provision for the loan portfolio amounts to S/ 1,082 million (S/ 1,158 million as of December 31, 2016) and includes voluntary and procyclical provisions for S/ 724 million (S/ 773 million as of December 31, 2016).

During 2017, Grupo Continental sold a loan portfolio for a principal amount of approximately S/ 78 million (S/ 303 million as of December 31, 2016). The sale price was S/ 4 million (S/ 39 million in 2016) and was recorded in item "Gain/loss from financial operations" caption in the consolidated statement of income.

6. PROPERTY, FURNITURE AND EQUIPMENT, NET

The movement of property, furniture and equipment 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, 2016	120,822	783,264	507,565	7,411	218,123	23,588	710	1,661,483
Additions	-	10,961	59,806	1,088	6,617	44,843	437	123,752
Disposals	-	-	(13)	-	-	-	-	(13)
Transfers and others	(179)	16,742	9,716	-	16,987	(47,552)	(847)	(5,133)
Balance as of December 31, 2016	120,643	810,967	577,074	8,499	241,727	20,879	300	1,780,089
Additions	-	1,308	2,025	-	1,135	10,021	-	14,489
Disposals	-	-	(1)	-	-	-	-	(1)
Transfers and others	-	9,976	2,078	4	2,046	(15,507)	(43)	(1,446)
Balance as of March 31, 2017	<u>120,643</u>	<u>822,251</u>	<u>581,176</u>	<u>8,503</u>	<u>244,908</u>	<u>15,393</u>	<u>257</u>	<u>1,793,131</u>
Accumulated depreciation:								
Balance as of January 1, 2016	-	420,200	264,865	5,729	92,426	-	-	783,220
Additions	-	35,265	49,160	762	21,599	-	-	106,786
Disposals	-	-	(15)	-	-	-	-	(15)
Transfers and others	-	(1,460)	(2,116)	-	13	-	-	(3,563)
Balance as of December 31, 2016	-	454,005	311,894	6,491	114,038	-	-	886,428
Additions	-	8,846	13,536	198	5,713	-	-	28,293
Disposals	-	-	(1)	-	-	-	-	(1)
Transfers and others	-	1	(1,360)	4	-	-	-	(1,355)
Balance as of March 31, 2017	<u>-</u>	<u>462,852</u>	<u>324,069</u>	<u>6,693</u>	<u>119,751</u>	<u>-</u>	<u>-</u>	<u>913,365</u>
Net cost:								
Balance as of March 31, 2017	<u>120,643</u>	<u>359,399</u>	<u>257,107</u>	<u>1,810</u>	<u>125,157</u>	<u>15,393</u>	<u>257</u>	<u>879,766</u>
Balance as of December 31, 2016	<u>120,643</u>	<u>356,962</u>	<u>265,180</u>	<u>2,008</u>	<u>127,689</u>	<u>20,879</u>	<u>300</u>	<u>893,661</u>

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

As of March 31, 2017 and December 31, 2016 these captions consisted of the following balances:

- (a) Other assets as of March 31, 2017 mainly include S/ 157 million deferred charges (S/ 123 million as of December 31, 2016) and S/ 1,317 million for transactions in process (S/ 464 million as of December 31, 2016).
- (b) Payables as of March 31, 2017 mainly include outstanding payments to suppliers for S/ 192 million (S/ 174 million as of December 31, 2016), sundry accounts payable for S/ 25 million (S/ 17 million as of December 31, 2016), premiums to Fondo de Seguro de Depósitos (Deposit insurance fund), contributions and obligations with tax collection entities for S/ 237 million (S/ 138 million as of December 31, 2016) and dividends, employees' sharing profit and remunerations payable for S/ 770 million (S/ 96 million as of December 31, 2016) and currency repo transactions with BCRP (Note 3) for S/ 7,465 million (S/ 7,750 million as of December 31, 2016) of currency repo transactions with BCRP and certificates of deposit with BCRP).
- (c) Other liabilities as of March 31, 2017 mainly include S/ 946 million of transactions in process (S/ 402 million as of December 31, 2016).
- (d) Provisions include provisions for indirect loans, litigation, claims, and provisions for employees, among others, which as of March 31, 2017 and December 31, 2016 amounted to S/ 516 and S/ 545 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, 2017 and December 31, 2016, Management has not considered necessary to make additional provision higher than what is recorded for these contingencies and court actions, which amounted to S/ 202 and S/ 209 million, respectively.

8. OBLIGATIONS TO THE PUBLIC

As of March 31, 2017 and December 31, 2016, these deposits were classified as follows:

In thousands of S/	<u>2017</u>	<u>2016</u>
Time deposits	19,093,437	19,069,861
Demand deposits	14,333,731	15,415,797
Savings deposits	13,114,898	13,408,216
Other obligations	73,127	52,930
Total	<u>46,615,193</u>	<u>47,946,804</u>

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

9. INTERBANK FUNDS

As of March 31, 2017, interbank funds assets had current maturities, accrued interest at an average annual interest rate of 4.25% in local currency (4.25% in local currency as of December 31, 2016) and were unsecured.

As of March 31, 2017, interbank funds liabilities had current maturities, accrued interest at an average annual interest rate of 4.25% in local currency and were unsecured.

10. DUE TO BANKS AND FINANCIAL OBLIGATIONS

Bellow are details of financial debts and obligations:

In thousands of S/	<u>2017</u>	<u>2016</u>
Foreign financial entities (a)	1,974,672	4,238,854
“Mi Vivienda - Mi Hogar” program and local financial entities (b)	551,021	550,487
International financial organizations (c)	55,680	158,211
Corporación Financiera de Desarrollo – COFIDE	35,832	33,188
Accrued interests payable	48,828	65,927
Private debt agreement	-	33,560
Total debts and financial obligations	<u>2,666,033</u>	<u>5,080,227</u>
Corporate bonds	4,223,270	4,327,732
Subordinated bonds	1,619,123	1,658,965
Financial lease bonds	605,100	405,100
Notes (Debt Instruments)	301,793	359,971
Negotiable certificates of deposit	113,802	112,440
Accrued interests payable	77,031	79,360
Total securities and bonds	<u>6,940,119</u>	<u>6,943,568</u>
	<u>9,606,152</u>	<u>12,023,795</u>

Some loan agreements include standard clauses regarding the compliance with financial ratios, the use of funds and other administrative matters. Management believes that, as of March 31, 2017 and December 31, 2016, these clauses are being fully complied with and do not represent any restriction for the operations of Grupo Continental.

(a) Foreign financial entities

As of March 31, 2017 these balances accrued interest at market rates, ranging between 1.2% and 7.4% (1.2% and 7.4% as of December 31, 2016):

In thousands of S/ and US \$

Foreign financial institution	2017		2016		Due date
	US\$	S/	US\$	S/	
Deutsche Bank (i)	342,558	1,112,629	343,006	1,151,128	November 2020
Credit Suisse (ii)	200,000	649,600	200,000	671,200	October 2040
The Bank of New York (iii)	48,000	155,904	48,000	161,088	June y August 2017
Other	12,407	40,299	2,788	9,357	April 2017
DEG Deutsche Investitions	5,000	16,240	5,000	16,780	October 2017
Goldman Sachs Bank	-	-	500,101	1,678,339	
Standard Chartered	-	-	55,000	184,579	
Corporación Andina de Fomento - CAF	-	-	40,000	134,240	
Wells Fargo Bank	-	-	39,172	131,462	
Citibank NA	-	-	30,000	100,680	
	<u>607,965</u>	<u>1,974,672</u>	<u>1,263,067</u>	<u>4,238,854</u>	
Accrued interest payable	14,446	46,922	19,004	63,776	
	<u>622,411</u>	<u>2,021,594</u>	<u>1,282,071</u>	<u>4,302,630</u>	

- (i) Loan for a nominal amount of US\$ 350 million, arranged at an annual fixed rate of 5.50% with principal maturity in November 2020 ("bullet"). This loan was carried at a fair value hedge through an interest-rate swap (IRS), for which the Bank recorded accumulated adjustments of S/20 million for gains to the carrying amount as of March 31, 2017, which corresponds to the variation of fair value of the hedged interest rate risk (S/18 million for accumulated gains as of December 31, 2016).
- (ii) Corresponds to a subordinated loan in foreign currency at an interest rate of 7.38% approved by the SBS. Pursuant to SBS Resolution No. 975-2016, this loan will continue to be considered as Tier 1 Regulatory Capital observing the adequacy period established by the new rules of subordinated debt .
- (iii) This item includes two loans for a total amount of US\$ 48 million with maturities in June and August, 2017, and includes a cash flow hedge through a cross currency swap – CCS (Note 15-a).
- (iv) As of March 31, 2017 and December 31, 2016, the bank holds accounts payable for S/ 9 million in both periods (Note 7) in the consolidated statements of financial position corresponds to deferred issuance expenses.

(b) “Mi Vivienda – Mi Hogar” Program

As of March 31, 2017, these debts mainly include resources obtained for the social housing program “Mi Vivienda” for S/ 516 million in local currency and US\$ 3 million in foreign currency (S/ 523 million in local currency and US\$ 4 million in foreign currency as of December 31, 2016). This loan has different maturities until March 2037 and accrues interests at an annual effective rate of 7.75% in U.S. dollars and 6.25% in local currency on principal plus the Constant Adjustment index (hereinafter VAC, for its Spanish acronym).

As of March 31, 2017, debts with “Mi Vivienda – Mi Hogar” Fund which amount to S/ 527 million (S/ 536 million as of December 31, 2016) are secured by a portion of the mortgage loan portfolio up to such amount (Note 5). Loans include specific arrangements about how these funds should be used, financial covenants that the borrower must meet, as well as other administrative matters.

(c) International financial organizations

Debts to international financial organizations accrued interest at international market rates between Libor +1.35% and 6.38% as of March 31, 2017 (1.35% and 6.38% as of December 31, 2016), and are unsecured.

In thousands of S/ and US\$

International financial Organization	2017		2016		Due date
	US\$	S/	US\$	S/	
Internacional Finance Corporation - IFC	17,143	55,680	30,000	100,680	December 2018
Interamerican Development Bank - IDB	-	-	17,143	57,531	
	<u>17,143</u>	<u>55,680</u>	<u>47,143</u>	<u>158,211</u>	
Accrued expenses payable	<u>177</u>	<u>573</u>	<u>440</u>	<u>1,475</u>	
	<u>17,320</u>	<u>56,253</u>	<u>47,583</u>	<u>159,686</u>	

(d) Securities and bonds

As of March 31, 2017 and December 31, 2016 securities and bonds have the following details:

In thousands of S/

<u>Program</u>	<u>Authorized amount</u>	<u>Issuance</u>	<u>Series</u>	<u>Currency</u>	<u>Nominal issuance value</u>	<u>Balance at March 2017</u>	<u>Balance at December 2016</u>	<u>Maturity date</u>
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	Second	A	PEN	150,000	150,000	150,000	December 2026
		Fifth	Single	PEN	200,000	190,452	187,551	April 2019
Sixth	USD 250 million	First	A	PEN	150,000	150,000	150,000	April 2019
		First	B	PEN	100,000	100,000	100,000	April 2019
		Second	A	PEN	150,000	150,000	150,000	June 2021
First International Issuance	USD 500 million	First	Single	USD	500,000	1,595,333	1,650,674	August 2022
Third International Issuance	USD 500 million	Third	Single	USD	500,000	1,607,485	1,659,507	April 2018
						<u>4,223,270</u>	<u>4,327,732</u>	
Subordinated Bonds								
First	USD 50 million or S/ 158.30 million	First	A	PEN	40,000	39,828	39,821	May 2022
		Second	A	USD	20,000	64,960	67,120	May 2027
		Third	A	PEN	55,000	76,340	75,653	June 2032
Second	USD 100 million	First	A	USD	20,000	64,650	66,793	September 2017
		Second	A	PEN	50,000	67,967	67,356	November 2032
		Third	A	USD	20,000	64,960	67,120	February 2028
		Fourth	Single	PEN	45,000	59,032	58,501	July 2023
		Fifth	Single	PEN	50,000	64,744	64,162	September 2023
		Sixth	A	PEN	30,000	38,177	37,834	December 2033
Third	USD 55 million	First	Single	USD	45,000	146,160	151,020	October 2028
First International Issuance	USD 300 million	First	Single	USD	300,000	932,305	963,585	September 2029
						<u>1,619,123</u>	<u>1,658,965</u>	
Notes								
	USD 235 million	Second	2012-A, 2012-B, 2012-C and 2012-D	USD	235,000	301,793	359,971	June 2017 and June 2022
						<u>301,793</u>	<u>359,971</u>	
Leasing bonds								
Second	USD 200 million	First	A	PEN	200,000	200,000	-	May 2017
		First	B	PEN	205,100	205,100	200,000	October 2019
		First	C	PEN	200,000	200,000	205,100	January 2020
						<u>605,100</u>	<u>405,100</u>	
Negotiable Certificates of Deposit						<u>113,802</u>	<u>112,440</u>	
Accrued interests payable on securities						<u>77,031</u>	<u>79,360</u>	
						<u>6,940,119</u>	<u>6,943,568</u>	

Corporate bonds are unsecured and accrue interests at annual rates in local currency ranging between 5.8% and 7.5% as of March 31, 2017 (between 5.8% and 7.5% as of December 31, 2016), and between 3.3% and 5% in foreign currency as of March 31, 2017 (between 3.3% and 5% as of December 31, 2016).

The issuance of corporate bonds for S/ 200 million is hedged with a cross currency swap (CCS). As of March 31, 2017, the Bank has included accumulated adjustments of S/ 10 million for profits to the carrying amount (Note 15-a), which corresponds to the variation of fair value of hedged currency risk (S/12 million of cumulative gains as of December 31, 2016).

In August 2012, the Bank carried out an international issuance for a nominal amount of US\$ 500 million, at an annual fixed rate of 5%, maturing in August 2022. Principal will be fully paid off upon maturity. Also, such issuance has a fair value hedged through an IRS, for which the Bank recorded accumulated adjustments of S/ 29 million for profit to the carrying amount as of March 31, 2017 (Note 15-a), which corresponds to the variation of fair value of hedged interest rate risk (S/ 27 million as of December 31, 2016 of cumulative gains).

In April 2013, the Bank carried out an international issuance for a nominal amount of US\$ 500 million, at an annual fixed interest rate of 3.25%, maturing in April 2018. Principal will be fully paid off upon maturity. Also, such issuance has a fair value hedged through an IRS, for which the Bank recorded accumulated adjustments of S/ 14 million for profit to the carrying amount as of March 31, 2017 (Note 15-a), which corresponds to the variation of fair value of hedged interest rate risk (S/ 16 million as of December 31, 2016 of cumulative gains).

In September 2014, the Bank carried out an international issuance of subordinated bonds for a nominal amount of US\$ 300 million, at an annual fixed rate of 5.25%, maturing in September 2029. Principal will be fully paid off upon maturity. Also, such issuance has fair value hedge through an IRS, for which the Bank recorded accumulated adjustments of S/36 million for profit to the carrying amount as of March 31, 2017 (Note 15-a), corresponding to the variation of fair value of hedged interest rate risk (S/ 37 million as of December 31, 2016 of cumulative gains).

Subordinated bonds were issued according to the conditions set forth in the General Law, which accrued interests at annual rates ranging between VAC plus spread and 5.9% in local currency and between Libor plus spread and 6.5% in foreign currency.

Financial lease bonds accrue interest at an annual rate between 5.4% and 6% in local currency, are secured by loan transactions in the form of financial leases and have been financed by those bonds.

As of March 31, 2017 and December 31, 2016, the Bank holds in accounts payable (Note 7) in the statement of financial position a balance of S/ 15 and S/ 16 million, respectively, which correspond to issuance costs.

The issuance notes of June, 2012, amounting to US\$ 93 million as of March 31, 2017 (Note 15-b), includes a debt for US\$ 30 million, with maturity date on June, 2022, and has a cash flow hedge through an IRS (Note 15-a). Additionally, these notes include a debt for US\$ 53 million at an annual fixed rate of 5%, with maturity date on June, 2022 and carried out a fair value hedge through an IRS, for which the Bank has recorded accumulated adjustments of S/ 3 million for profit to the carrying amount as of March 31, 2017, which corresponds to the variation of fair value of hedge interest rate risk (S/ 3 million as of December 31, 2016 of cumulative gains).

11. EQUITY

(a) Capital Stock

At March 31, 2017 and December 31, 2016, the Bank's authorized, issued and fully paid-in capital in accordance with its by-laws is represented by 4,401,368 thousands of outstanding ordinary shares with a face value of S/ 1 each. As of March 31, 2017 are pending of registration 418,751 thousands of common shares for capitalization of retained earnings and voluntary reserves.

At Annual Mandatory Shareholders' Meetings held on March 30, 2017 and March 31, 2016, authorized an increase the capital stock for S/ 482 and S/ 617 million, respectively, by the capitalization of retained earnings and voluntary reserve.

Common shares are listed in the Lima Stock Exchange (BVL). As of March 31, 2017 the stock market value of the Bank's shares was S/ 4.380 per share (S/ 4 per share as of December 31, 2016) with a trading frequency of 95.65% (100% as of December 31, 2016).

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	7,857	3.39
From 1.01 to 5	3	4.37
From 45.01 to 100	2	92.24
	7,862	100.00

(b) Reserves

Pursuant to applicable legal regulations in force, the Bank must reach a legal reserve of not less than 35% of its paid capital. This reserve is established by transferring not less than 10% of its net profit on an annual basis.

At Annual Mandatory Shareholders' Meetings held on March 30, 2017 and March 31, 2016, it was approved to establish a legal reserve for the equivalent of 10% of net profit for 2016 (S/ 134 million) and for 2015 (S/ 137 million), respectively.

(c) Retained earnings

At Annual Mandatory Shareholders' Meetings held on March 30, 2017 and March 31, 2016, authorized the distribution of dividends for approximately S/ 723 and S/ 617 million, respectively.

Dividends from 2016 to be distributed in 2017 to shareholders, are subject to an income tax withholding at 6.8%. Dividends from profit from 2017 and subsequent periods are subject to income tax withholding at 5%.

At Annual Mandatory Shareholders' Meetings held on March 30, 2017 and March 31, 2016, capitalization of retained earnings for S/ 482 and S/ 617 million, respectively.

(d) Adjustments to equity

Adjustments to equity include unrealized losses for S/ 2 million corresponding to the available-for-sale investment portfolio (S/ 3.2 million for unrealized losses as of December 31, 2016), S/ 2.2 million corresponding to unrealized profit of held-to-maturity investments (S/ 2.2 million as of December 31, 2016) and S/ 2.2 million for unrealized losses for the valuation of cash flow hedge derivatives (S/ 1.3 million for unrealized profit as of December 31, 2016).

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 include contingent loans. As of March 31, 2017 the Bank and Consumer Finance EDPYME use the standard method for the calculation of the Regulatory Capital by credit, market and operational risk.

On an individual basis, as of March 31, 2017 the Regulatory Capital of the Bank and BBVA Consumer Finance EDPYME, determined in accordance with current legal standards, amounts to S/ 8,942 million (S/ 9,001 million as of December 31, 2016) and S/ 60 million (S/ 60 million as of December 31, 2016), respectively. 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.

Assets and contingent loans weighted by credit, market and operational risks of the Bank and Edpyme, in accordance with current legal standards, amount to S/ 59,704 million (S/ 63,146 million as of December 31, 2016) and S/ 411 million (S/ 369 million, as of December 31, 2016), respectively

As of March 31, 2017, the capital adequacy ratio by credit, market and operational risk of the Bank and BBVA Consumer Finance EDPYME was 14.98% (14.25% as of December 31, 2016) and 14.56% (16.28% as of December 31, 2016), respectively.

13. BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share were as follows:

	Quantity of shares (in million)	
	2017	2016
Outstanding at the beginning of the period	3,784,146	3,784,146
Capitalization of profits	617,222	617,222
Outstanding at the end of the period	4,401,368	4,401,368
Net profit for the period (in thousands of Soles)	317,736	304,017
Basic and diluted earnings per share (in Soles)	<u>0.072</u>	<u>0.069</u>

14. TRANSACTIONS WITH RELATED PARTIES

As of March 31, 2017 and December 31, 2016, 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, whose balances are detailed below:

In thousands of S/	2017	2016
Assets:		
Cash and due from banks	222,714	13,460
Loans portfolio	336,516	447,758
Other assets	164,629	271,849
Liabilities:		
Deposits and obligations	1,133,296	1,162,259
Due to banks and financial obligations	62,283	62,221
Other liabilities	722,738	508,988
Contingent and memoranda accounts:		
Contingent	9,805,039	9,018,767

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, 2017 and March 31, 2016 consisted of the following:

In thousands of S/	<u>2017</u>	<u>2016</u>
Financial income	1,353	1,754
Financial expenses	(3,388)	(587)
Other income (expenses), net	(21,311)	(23,997)

Personnel Loans

As of March 31, 2017 and December 31, 2016 directors, executives and employees of the bank and BBVA Consumer Finance EDPYME, 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. As of March 31, 2017 and December 31, 2016 direct loans to employees, directors, executives and key personnel amounted to S/ 403 and 406 million respectively. Also, as of March 31, 2017 and March 31, 2016 salaries of key personnel and allowances to the Board of Directors amounted to S/ 4 million.

15. CONTINGENT AND MEMORANDA ACCOUNTS

a) Derivatives financial instruments

As of March 31, 2017 and December 31, 2016, the notional amount equivalent in thousands of soles and the fair value of derivative financial instruments were as follows:

In thousands of S/

	<u>2017</u>			
	<u>Underlying</u>	<u>Nominal</u>	<u>Asset</u>	<u>Liability</u>
Trading derivatives				
Currency forward		10,416,698	126,808	119,313
Fx options and equity options.		1,271,426	18,748	18,748
Interest rate options		132,710	26	26
Cross currency swap		6,139,697	476,561	380,422
Interest rate swap		5,966,812	29,361	44,022
Provision for country risk		-	(5,279)	-
Total trading derivatives		23,927,343	646,225	562,531
Hedging derivatives				
At fair value (i)		5,839,719	1,138	155,368
Cross currency swap	Bond issuance	245,039	-	53,208
Interest rate swap	Due to banks	1,307,320	-	21,887
Interest rate swap	Bond issuance	4,222,400	-	79,304
Currency forward	Time Deposits	64,960	1,138	969
Cash flow (ii)		253,344	917	6,119
Interest rate swap	Due to banks	97,440	917	-
Cross currency swap	Due to banks	155,904	-	6,119
Total hedging derivatives		6,093,063	2,055	161,487
TOTAL		30,020,406	648,280	724,018

	2016			
	Underlying	Nominal	Asset	Liability
Trading derivatives				
Currency forward		9,567,860	195,042	108,524
Fx options, equity options and others options		1,158,665	18,881	18,881
Interest rate options		137,123	24	240
Cross currency swap		6,919,265	606,733	541,325
Interest rate swap		5,842,547	23,349	41,618
Provision for country risk		-	(5,314)	-
Total trading derivatives		23,625,460	838,715	710,588
Hedging derivatives				
At fair value (i)		7,653,167	1,910	161,476
Cross currency swap	Bond issuance	253,187	-	65,253
Interest rate swap	Due to banks	3,037,180	1,910	21,168
Interest rate swap	Bond issuance	4,362,800	-	75,055
Cash flow (ii)		266,562	1,679	215
Interest rate swap	Due to banks	105,474	783	-
Cross currency swap	Due to banks	161,088	896	215
Total hedging derivatives		7,919,729	3,589	161,691
TOTAL		31,545,189	842,304	872,279

Hedging derivative at fair value

- (i) As of March 31, 2017, the Bank has entered into a cross currency swap (CCS) to hedge the fair value of bonds issued for a nominal value equivalent to S/ 245 million. Through this CCS, the Bank changes its issuance in local currency at a fixed rate into U.S. dollars at a variable rate. As of March 31, 2017, the fair value of CCS amounts to a profit of S/ 3 million, which is included in "Profit/loss from financial operations" in the consolidated statement of income (as of December 31, 2016, the fair value amounted to a gain of S/ 12 million).

As of March 31, 2017, the Bank has entered into interest-rate swaps (IRS) for a nominal amount equivalent to S/ 5,530 million to hedge interest-rates for debts received and issuance of bonds. Through this IRS, the Bank receives a fixed interest rate in U.S. dollars and pays at a variable interest rate in the same currency. As of March 31, 2017, total variation in the fair value of IRS amounts to a loss of S/ 4 million, which is included in "Profit/loss from financial operations" in the consolidated statement of income (as of December 31, 2016, the variation in fair value amounted to a loss of S/ 54 million).

As of March 31, 2017, the Bank has entered into forward exchange rate for a nominal amount equivalent to S/ 65 million for the fair value hedge from time deposits portfolio in local currency. Through the forward, the Bank changes its deposits in local currency into US dollars at a fixed rate. At March 31, 2017 the total variation in the fair value of forwards exchange rate amounts to a gain of S/ 1 million, is included in "Profit/loss from financial operations" in the consolidated statement of income.

Cash flows hedging derivative

- (ii) As of March 31, 2017, the Bank has entered into interest-rate swaps (IRS) for a nominal amount equivalent to S/ 97 million to hedge interest rates of debts received. Under this IRS, the Bank obtains a variable interest rate in U.S. dollars and pays at a fixed interest rate in the same currency. As of March 31, 2017, the variation in the fair value of IRS amounts to a profit of S/ 0.6 million and is recorded in equity accounts (profit of S/ 0.6 million as of December 31, 2016).

As of March 31, 2017, the Bank has entered into a CCS to hedge the fair value of debts received for a nominal value equivalent to S/ 156 million. Through this CCS, the Bank translates its debts in U.S. dollars at a variable rate into local currency at a fixed rate. As of March 31, 2017, the fair value of CCS amounts to a loss of S/ 2.2 million and is recorded in equity accounts (profits of S/ 0.8 million as of December 31, 2016).

b) Other Creditors

In June 2012, Continental DPR Finance Company placed an issue via a private notes issue (debt instruments) for US\$ 93 million. This note issue has two maturities: (i) US\$ 10 million maturing on June 15, 2017; and (ii) US\$ 82 million, maturing on June 15, 2022. All notes have quarterly coupons, take two-year and three-year grace periods. Accrue interest at Libor plus a spread, except for part of the 10-year issue for US\$ 53 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.

These debts include standard clauses regarding the compliance with financial ratios of the Bank and other specific conditions related to flows granted, over which, Grupo Continental Management believes that, as of March 31, 2017, these clauses are being fully complied with.

16. INTEREST INCOME

Interest income for the three months ended March 31, 2017 compared to the same period on 2016 decreased by 1%, mainly due to the net effect of decreased of income on loans and gains from hedging transactions and increase of available for sale investments and cash and due from banks interest.

17. INTEREST EXPENSE

Interest expense for the three months ended March 31, 2017 compared to the same period on 2016 decreased by 5%, mainly due to the net effect of increased of interest in obligations to the public and decrease of interest in due to banks and financial obligations and interest for accounts payable related to the currency repo transactions and certificates of deposit with BCRP

18. ADMINISTRATION EXPENSES

During the three months ended March 31, 2017 compared to the same period on 2016, administrative expenses decreased by 9%. This category includes personnel expenses, expenses for services received from third parties and taxes and contributions.

19. FEES (NET)

During the three months ended March 31, 2017 compared to the same period on 2016, income and expenses from financial services decreased by 7%. This category includes commissions for contingent transaction operations 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,