

CREDICORP LTD
Form 6-K
November 10, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of November, 2004

CREDICORP LTD.

(Exact name of registrant as specified in its charter)

Clarendon House
Church Street
Hamilton HM 11 Bermuda
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

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FOR IMMEDIATE RELEASE:

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CREDICORP LTD. ANNOUNCES FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2004

Credicorp (NYSE:BAP; LSE:BAPC1) reported a consolidated net income for the nine month period ended in September 30, 2004 of US\$95.9 million, or US\$1.20 per share, 68.9% above net income of US\$56.8 million, or US\$0.71 per share, in the same nine month period of 2003. In the quarter ended September 30, 2004 Credicorp had net income of US\$32.9 million, or US\$0.41 per share, similar to net profit in the preceding second quarter, but 26.8% above net income in third quarter 2003 of US\$26.0 million, or US\$0.33 per share.

Cumulative results through September 2004 improve with respect to the same period of 2003, mainly due to decreased loan loss provisions and to lower merger costs, which mainly offset declining net interest income.

Third quarter 2004 results are higher than profits in the same year-ago quarter mainly because of higher non-financial income and lower loan loss provisions

Provisions for loan losses decreased from US\$23.8 million to US\$9.8 million, comparing the third quarters of 2003 and 2004, respectively, due to improved loan portfolio quality. Loan quality improvement is noted through a lower past-due loan ratio, that decreased from 7.6% at September 2003, to 4.8% at the end of September 2004, and by the improved coverage of bad loans by provisions which increased from 113.7% to 130.8%, respectively.

We can note an increase in Premiums and health fees, Claims and health cost expenses, and of non-interest expenses, due to prior period transactions of Novasalud EPS, registered in this quarter upon completion of its merger with PPS. This unit has been stabilized and its operating results are positive, with cumulative net gains of approximately US\$1.0 million.

Reported under the Merger costs concept, we have US\$17.5 million in the nine month period of 2003 for the merger of Banco Santander Central Hispano-Peru (BSCH-Peru), compared to US\$3.7 million as of September 2004, related with the Solución Financiera de Crédito merger.

Sale of Banco Tequendama

In October 26, 2004, Credicorp announced its agreement to sell its equity stake in Banco Tequendama. The acquiring company is a financial holding based in the Netherlands which has agreed on a price of US\$32.0 million, pending the authorization from Colombian banking authorities.

I. CREDICORP LTD. AND SUBSIDIARIES

CREDICORP LTD. AND SUBSIDIARIES SUMMARY OF RESULTS

(In U.S.\$ millions, except net income per share)

	Three months ended			Nine months ended	
	30.09.03	30.06.04	30.09.04	30.09.03	30.09.04
Net interest income (1)	95.5	92.6	94.2	286.9	276.7
Provisions for possible loan losses, net	23.8	7.2	9.8	77.8	36.0
Other income (1)	99.8	96.8	133.3	308.4	338.9
Claims on insurance activities	24.7	27.1	48.6	76.3	104.4
Other expenses	102.7	106.3	122.4	324.1	336.9
Merger costs	0.0	1.4	0.5	17.5	3.7
Translation result	0.4	0.8	(0.2)	(3.8)	3.9
Income before income tax and					

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minority interest	44.5	48.2	45.9	95.8	138.6
Income Tax	(13.3)	(12.7)	(10.8)	(29.9)	(35.1)
Minority Interest	(5.2)	(2.7)	(2.1)	(9.2)	(7.6)
Net Income	26.0	32.9	32.9	56.8	95.9
Net Income per share (2)	0.33	0.41	0.41	0.71	1.20

- (1) Note: for comparison purposes, US\$4.9Mn in 3Q03 and US\$18.4Mn in 9m03 were reclassified from other income into interest income.
- (2) Based on 79.8 million net outstanding shares in all periods. The total number of shares is 94.4 million, however, as 14.6 million are held by affiliates as treasury shares, the net consolidated outstanding shares are 79.8 million.

Net Income from Subsidiaries

Credicorp's principal subsidiaries contributed to consolidated net income as follows:

(US\$m)	3Q03	2Q04	3Q04	9m03	9m04
Banco de Crédito BCP(1)	US\$28.7	US\$27.4	US\$32.0	US\$63.8	US\$85.3
Atlantic	2.5	3.6	2.8	4.7	9.3
PPS	0.1	1.9	3.0	6.9	7.7
Banco Tequendama	-0.2	0.4	0.9	-0.4	1.9
Credicorp and others (2)	-5.1	-0.4	-5.8	-18.2	-8.3
Net Income	US\$26.0	US\$32.9	US\$32.9	US\$56.8	US\$95.9

- (1) Includes Banco de Crédito de Bolivia.
- (2) Includes Inversiones Crédito, Credicorp Securities and others.

In the third quarter of 2004, the Credicorp and others concept contributed a loss of US\$5.8 million, which includes a US\$3.5 million provision for substandard loans transferred from Banco Tequendama, and a US\$1.0 million charge for investments and contingencies reserves. The US\$5.1 million loss contribution in the third quarter of 2003 included a US\$2.0 million charge for investments and contingencies reserves and a US\$2.0 million provision for substandard loans transferred from Banco Tequendama.

Banco de Crédito BCP contributed US\$32.0 million to Credicorp's net income in third quarter 2004, above its results according to Peruvian accounting principles reported in Section II, which amounted to US\$20.9 million. The difference is mainly due to the loss on inflation exposure in local books while a lower translation loss was registered by Credicorp. Credicorp's Dollar-based accounting shows a US\$0.8 million translation loss, compared to a US\$16.0 million loss in BCP's local records, which resulted from inflation adjustment losses and losses on foreign currency positions caused by the Nuevo Sol appreciation against the Dollar. Additionally, Credicorp registered a minority interest elimination amounting to approximately US\$1.3 million.

The contribution of Atlantic Security Holding Corporation of US\$2.8 million in the current quarter is equal to net income shown in its books (see Section III). Cumulative through September 2004, Atlantic received US\$5.8 million in dividends from Credicorp, with its net income reaching US\$15.1 million, compared to a contribution of US\$9.3 million. In the year-ago third quarter no dividend was received from Credicorp and there was no difference between the contributed net income and profits in Atlantic's books.

In third quarter 2004, Credicorp received a US\$3.0 million profit contribution from Pacífico Peruano Suiza, lower than the consolidated net income of US\$3.8 million in its local Peruvian GAAP books (See Section IV), mainly because Credicorp's records register minority interest deductions.

Banco Tequendama contributed net income of US\$0.9 million in the third quarter of 2004, compared to a US\$0.2 million loss in the prior year quarter. These contributed amounts do not include provision expense incurred by Credicorp as mentioned above.

I.1 INTEREST INCOME AND OTHER INCOME

Note: For comparison purposes, in periods prior to 2004, certain financial revenue items registered by insurance subsidiaries have been retroactively reclassified from the Other non-financial income concept into the Interest Income concept, with no effect on either net income nor total revenue.

Net interest income in the third quarter of 2004 was US\$94.2 million, lower than US\$95.5 million earned in the same period of 2003, mostly due to a decrease in interest margins, partly offset with slightly higher interest earning assets.

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The net interest margin (net interest income over average interest earning assets), on an annualized basis, was 5.23% during the third quarter of 2004, lower than 5.61% in the year-ago quarter, and also decreased from 5.31% in the preceding second quarter of 2004. During the current quarter both loan rates and funding costs increased slightly, within a continuing overall excess of liquid funds.

The volume of interest earning assets, as an average of quarter-end balances, reached US\$7,199 million in this quarter, increasing 5.7% compared to US\$6,809 million in the third quarter of 2003.

Non-interest income was US\$133.3 million in the third quarter of 2004, 33.5% higher than US\$99.8 million in the same period of 2003. This significant increase is explained by Novasalud EPS transactions made from March 2004 through September 2004, registered in the current quarter as its merger with Pacifico Salud process finished. Due to this effect Premiums and health fees reached US\$64.4 million in this quarter, 90.2% over third quarter 2003. Likewise, Claims and health costs grew to US\$48.6 million, 96.7% higher compared to the 2003 quarter.

Non-interest income components and Claims and health costs were as follows:

(In US\$Mn)	3Q03	2Q04	3Q04	3Q04 vs. 2Q04	3Q04 vs. 3Q03
Commissions for banking services	48.9	49.4	52.0	5.3%	6.3%
Net premiums and health fees	33.8	33.1	64.4	94.7%	90.2%
Gains from sale of securities	-2.6	-3.4	3.7	N/A	N/A
Gains from foreign exchange	5.4	5.1	6.6	28.5%	22.0%
Other non-interest income	14.3	12.7	6.7	-47.5%	-53.4%
Total Non-Interest Income	99.8	96.8	133.3	37.7%	33.5%
Claims and health costs	24.7	27.1	48.6	79.3%	96.7%

I.2 OTHER NON-INTEREST EXPENSES

Other non-interest expenses amounted to US\$123.0 million in third quarter 2004, 19.8% over expenses in the same period of the previous year mainly due to the increase of the Other expenses, caption due to higher provisions for investments and foreclosed assets, mainly in Credicorp and BCP. Additionally, as mentioned above, prior period expenses by Novasalud affected other operating cost concepts. Credicorp's other expense components had the following variations:

(% change and US\$Mn)	3Q03	2Q04	3Q04	3Q04 vs. 2Q04	3Q04 vs. 3Q03
Salaries and employee benefits	44.8	46.9	50.0	6.7%	11.7%
General, administrative, and taxes	34.5	34.9	37.2	6.6%	7.7%
Depreciation and amortization	12.0	11.0	12.3	11.5%	2.3%
Other	11.3	13.5	22.9	70.0%	103.0%
Merger costs	-	1.4	0.5	-60.9%	N/A
Total Other Expenses	102.7	107.6	123.0	14.2%	19.8%

The efficiency ratio, adjusted operating expenses (see Section II.4) as a percentage of total income, without extraordinary concepts, increase to 48.6% in the third quarter of 2004 having been 46.4% in the same period last year. Adjusted operating expenses as a percentage of average total assets increased to 5.1% from 4.4%, in the same quarters.

I.3 ASSETS AND LIABILITIES

Note: For comparison purposes, in balance sheets reported for dates prior to September 30, 2004, bonds and other obligations and subordinated debt, previously reported within Deposits and obligations and Other liabilities, are now shown under the Bonds and subordinated debt caption, without affecting total liabilities (see Table No.1).

Credicorp's total assets reached US\$8.8 billion at September 30, 2004, increasing 2.9% since the end of June 2004, and are 6.9% higher than the balance at September 2003, mainly due to increased investments.

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The loan portfolio as of September 30, 2004 reached US\$4.5 billion, growing 1.3% compared to the balance in September 2003, but decreased during the current quarter from US\$4.6 billion in June 2004, mainly due to seasonal effects.

Loan quality indicators are shown in the following table:

(In US\$Mn)	30.09.03	30.06.04	30.09.04
Total loans	4,472.0	4,601.8	4,531.6
Past due loans	341.0	222.5	215.0
Loan loss reserves	387.8	293.3	281.2
Past due / Total loans	7.6%	4.8%	4.8%
Reserves / Past due	113.7%	131.8%	130.8%

The balance of past due loans decreased from US\$222.5 million to US\$215.0 million during the current quarter partly due to charge-offs amounting to US\$23.3 million.

Deposits and other obligations reached US\$6.2 billion at September 30, 2004, increasing 3.4% over US\$6.0 billion of last June 2004, and are 5.3% higher than the September 2003 balance. Due to banks and correspondents declined 6.7% closing at US\$349.1 million, but are 24.9% higher than the balance at September 2003.

Credicorp's net equity amounted to slightly over US\$1.0 billion at September 30, 2004, increasing 6.5% over equity at June 2004, due to earnings generated during the quarter and to higher valuation of investments that increased equity reserves for un-realized earnings.

Third party funds under management, amounting to US\$1.7 billion at the end of September 2004, remained almost unchanged during the current quarter, but are still 5.4% higher than funds at September 2003.

I.4 SUBSIDIARIES

Below are brief comments on some of the subsidiaries not discussed in the following sections of this report:

Banco de Crédito de Bolivia ("BCB"), Bolivia

Bolivian economic activity continued showing signs of a moderate recovery. GDP grew 3.3% in second quarter 2004, after growing 3.8% in the first quarter, which was higher than 2.5% in fourth quarter 2003. Higher growth is mainly due to increased exports of minerals, oil and gas, and agricultural products. Cumulative through July 2004, exports grew 37%, higher than the 20% growth in total 2003, generating a trade surplus compared to a deficit in 2003. It is expected that GDP will grow approximately 3.5% in 2004, with continued development of exports, while domestic demand and consumption remain stagnant.

During the current quarter inflation reversed a positive trend followed in prior periods. In third quarter 2004 inflation was 0.9%, lower than 1.2% in the preceding quarter. Cumulative inflation in the first nine month period of 2004 was 2.6%, higher than 2.3% in the same year-ago period. Nevertheless, devaluation continued at a slower pace with a 0.8% exchange rate increase in the current quarter and 2.0% in the first nine month period of 2004, reaching 8.00 Bolivianos per Dollar at September 30, 2004.

Total deposits in the banking system grew to US\$2,440 million at September 2004, after declining to US\$2,360 in July 2004 due to the application of the financial transactions tax. Deposits still remain below balances of US\$2,639 million at December 2003.

Loan volume in the banking system declined slightly during the current quarter to US\$2,412 million as of September 2004, and are 5.7% lower than loans of US\$2,558 million at December 2003. The past due loan ratio was 16.9% in September 2004, similar to 16.7% in December 2003. The coverage of past-due loans with provisions increased to 76.5% during this quarter, improving over coverage of 74.0% in December 2003.

BCB's market share in deposits at September 2004 was 12.6%, increasing slightly from 12.5% at the end of December 2003. In terms of loans, BCB had a 12.5% market share, above 12.2% it had last December. In this way, BCB remained in the fourth position in terms of loans, of twelve banks in the system, but declined from fourth to fifth in terms of deposits.

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As of September 30, 2004, BCB had total loans of US\$301.9 million which compares to the US\$309.9 million at December 2003. Loan quality continued to improve. At the end of the third quarter 2004, BCB's past due loans reached US\$42.9 million, or 14.2% of total loans, lower than 20.7% at December 2003. Coverage of past due loans with loan loss provisions was 83.3% as of September 2004, increasing from 76.7% in December 2003. Net equity at the Bolivian subsidiary amounted to US\$57.5 million as of September 2004.

In the nine month period of 2004, loan loss provisions resulted in a US\$0.7 million expense charge, compared to US\$7.5 million charged against results during the same period in 2003. In BCB's own records, through September 2004 cumulative net income was US\$2.6 million, compared to US\$0.6 million in the same year-ago period.

Banco Tequendama, Colombia

Colombian economic activity continued a noteworthy recovery during third quarter 2004, led by investment and exports to the United States, Ecuador and Venezuela, and reaching nine consecutive growth quarters. GDP grew 4.3% in the first half of 2004, while, through August, industrial production increased 5.5% and Commerce by 6.0%. Expected GDP growth for total 2004 has been raised to slightly over 4%. In full-year 2003 GDP grew 3.6% and 1.7% in 2002.

The Colombian Peso exchange rate strengthened during third quarter 2004, as factors like the increase of international interest rates, that caused volatility in the second quarter, diminished. The exchange rate was Col\$2,608.30 per US\$1 at the end of September 2004, declining compared to Col\$2,694.09 at June 2004. This appreciation continued in the weeks following the end of third quarter 2004.

In third quarter 2004 price inflation maintained a slight declining trend, reaching 5.97% in the twelve months prior to September 2004, dropping within the target range of 5 to 6% for total 2004. In third quarter 2004 prices increased 0.3%, lower than 0.4% in the same year-ago period. In first half 2004 inflation reached 4.6%, higher than expected mostly due to increases in oil, energy and food prices. In spite of the effect of higher petroleum prices, for the rest of 2004 inflation is expected to remain within the target range aided by the appreciating exchange rate, fiscal controls and by higher economic activity.

Banking system statistics show that loans increased 23.2%, from US\$15.8 billion at December 2003, to US\$19.4 billion at the close of August 2004, with the past-due ratio improving from 9.7% in December 2003, to 7.5% in August 2004. The coverage ratio of loan provisions over bad loans also improved, from 70.1% at December 2003 to 78.3% in August 2004. Total deposits in the banking entities were US\$23.9 billion at the end of August 2004, increasing 16.5% from US\$20.5 billion at December 2003, continuing their recovery.

Banco Tequendama's loan market share, as of August 2004, was 1.48%, slightly over 1.44% obtained in December 2003. At the same dates, deposit market share was 0.94% and 0.90%, respectively.

As of September 30, 2004, Banco Tequendama's loans were US\$285.2 million, increasing 22.8% from US\$232.1 million in December 2003, and 24.0% compared to US\$229.9 million as of September 2003. At the end of September 2004, deposits totaled US\$232.9 million, 24.2% higher than US\$187.5 million in December 2003, and 45.1% over US\$160.5 million at the year-ago quarter. At September 30, 2004, the bank's net equity amounted to US\$31.4 million according to Credicorp's accounting records.

The past due loan ratio was 1.9% in September 2004, higher than 1.1% at the end of December 2003 and 1.2% at September 2003, while coverage with provisions was 144.3%, compared to 238.2% and 191.0%, respectively.

I.5 PERUVIAN ECONOMIC SITUATION

Economic Activity

Third quarter 2004 showed an increased growth trend in Peruvian GDP, after a slowdown in the preceding quarter. The better than expected GDP performance is noted across most sectors, with higher activity in non-primary manufacturing, mainly textiles, and in mining, thanks to high international demand for exports which raised their prices.

GDP grew 3.8% in July and 6.0% last August, reaching in the first eight months of 2004 a cumulative growth of 4.4%, higher than 4.2% in the same year-ago period. Official estimates expect growth continuing through year-end, with total 2004 GDP growth at 4.3%.

Cumulative through August 2004 shows growth in all GDP sectors except Agriculture. Highest performance is noted in metals mining, which grows 6.6%, although with a declining trend due to lower gold production that is partly offset with higher copper output; fishing, which grew 23.8%, in spite of an anchovie seasonal ban; non-primary manufacturing, up by 6.0%; and, the construction sector, that grew 4.9%. On the other hand, production continued poor on the agricultural sector, which declined 2.0% through August, due to lack of rainfall.

Public Finance

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In second quarter 2004, the Public Sector budget had a surplus of 1.0% (of GDP), following a 0.9% surplus in first quarter 2004. Given that the total 2004 target is to run a deficit of 1.5%, a substantial increase in public expenditure can be expected in second half 2004, which will have a short-run positive effect on GDP growth.

The positive result in first-half 2004 was mainly due to increased Central Government tax revenue that reached 13.3% of GDP (12.9% in total 2003) and to lower public investment expenditures of 1.1% (1.9% in total 2003).

Cumulative through August 2004, tax collections increased 12.6%, in nominal terms, noting a 21% increase of Income Tax revenue from corporations and the 17% growth in case of the value-added tax (IGV), which increased mainly due to administrative measures and improved business conditions. Non-financial expenses increased 4.2% (nominal), while capital expenses declined by 12.7%.

Prices and Devaluation

In the third quarter of 2004, the consumer price index in Peru increased only 0.2%, lower than the 0.9% and 2.1% increases in the preceding two quarters. Inflation was 3.2% in the nine month period of 2004, and 4.0% in the twelve month period through September 2004. Inflation remained subdued in spite of higher fuel and energy prices, due to increased import costs, which were partly offset by lower food and services prices, which benefitted from a lower exchange rate. Inflation is expected not to exceed the top of the range of 1.5% to 3.5%, targetted by the Central Bank for total 2004.

The wholesale price index increased 0.1% in the current quarter, and 4.9% in the first nine month period of 2004, compared to 0.5% and 1.0% in the same periods in 2003. Wholesale prices increased 6.0% in the twelve months through September 2004. In the third quarter, the decline in the exchange rate helped lower the cost of imported intermediate goods.

The average bank market Nuevos Soles exchange rate in Peru was S/.3.342 at September 30, 2004, decreasing 3.7% from S/.3.471 at the end of June 2004, and is also lower by 3.5% compared to year-end 2003. To avoid the strenghtening of the currency, in the third quarter, the Central Bank increased the purchase of foreign exchange in the currency market, acquiring US\$610 million, to reach US\$1,440 million in the first nine months of 2004, compared to US\$1,050 million purchased during total 2003.

International Reserves

International reserves of the Central Bank continued to increase during third quarter 2004, due in part to the above mentioned foreign currency purchases. Reserves reached US\$11,187 million at September 30, 2004 from US\$10,855 million at June 30, 2004, and also compared to US\$10,194 million at December 31, 2003.

The Trade Balance had a US\$1.2 billion cumulative surplus through August 2004, increasing compared to a US\$341 million surplus in the same eight month period of 2003. The improvement continues the positive trend noted since 2002, when the surplus reached US\$306 million and in 2003 when the surplus grew to US\$731 million. Cumulative through August 2004, exports grew 36% versus a 15% increase in imports. Exports, which reached US\$7,792 million as of August 2004, grow on increased volume and prices, especially of copper, and non-traditional textiles, agricultural and fishing exports. Imports through August 2004 amounted to US\$6,225 million, increasing mainly due to higher imports of raw materials and durable goods, while consumer goods remained almost unchanged.

Financial System

For the second consecutive quarter commercial banks loan and deposit volumes slightly increased, based on U. S. Dollar figures translated at historical exchange rates to avoid the negative effect of the strenghtening of the Nuevo Sol. Deposits at September 30, 2004 in the fourteen commercial banks in the system reached US\$14.3 billion, according to the Asociación de Bancos del Peru (ASBANC), increasing 2.8%, in Dollar terms, compared to the balance at June 30, 2004, and by 4.5% compared to the year-ago balance at September 30, 2003.

As of September 30, 2004, total loans in the banking system were US\$10.5 billion, remaining similar to loans at June 30, 2004, but are 1.5% over September 30, 2003 loan balances. In the current quarter, local currency loans (23.5% of total loans) grew 6.9% to reach US\$2.5 billion, while foreign currency loans decreased 2.0% to US\$8.0 billion.

As of September 30, 2004, the Peruvian bank's past due ratio was 4.6%, improving from the 5.1% rate in June 30, 2004 and from 7.7% in September 30, 2003. Commercial banks past due loans decreased 9.7% since last June to US\$485 million, and are lower by 38.9% compared to bad loans at September 30, 2003. At September 30, 2004, loan loss provisions were US\$756 million, decreasing 5.3% during this quarter. The system-wide past due loan coverage ratio was 155.7% at September 30, 2004, higher than the 148.5% coverage at June 30, 2004, and is also higher than the ratio of 124.6% at September 30, 2003.

Interest rates

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During the third quarter 2004 commercial banks loans and deposits interest rates had a slight increase. Local currency average loan rates (TAMN) were 25.1% in third quarter 2004, increasing from 24.6% in the second quarter of 2004, while deposits rates (TIPMN) remained at 2.4%. In the third quarter 2003, TAMN was 21.5% and TIPMN was 3.0%. During the third quarter 2004 foreign currency loan rates (TAMEX) remained at 8.9%, while deposit rates (TIPMEX) increased from 1.0% to 1.1%.

Private Pension Funds and Mutual Funds

After high growth rates in prior quarters, managed assets in private pension funds and mutual funds suffered declines due to volatility of prices and valuations in capital markets and to the increase in interest rates.

The private pension fund assets reached US\$7.3 billion as of September 30, 2004, increasing 8.5% during the current quarter, and are 28% higher than funds at September 2003, with a return of 7.8% in real terms in the twelve month period.

Total mutual funds amounted to US\$1.8 billion at the end of the third quarter 2004, decreasing 5.2% in the quarter, and by 9.1% from the balance at September 2003, with a return of 0.9% in the quarter and of 2.8% during the year since September 2003 (in Dollar terms).

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II. BANCO DE CREDITO DEL PERU AND SUBSIDIARIES (BCP)

II.1 NET INCOME

Consolidated net income in the nine month period ended in September 30, 2004 reached S/.220.8 million (US\$66.1 million), compared to net income of S/.232.1 million (US\$69.4 million) in the same period of 2003, meaning S/.0.18 and S/.0.19 per share, respectively. Net income in the third quarter 2004 was S/.69.9 million (US\$20.9 million), decreasing compared with net income of S/.112.6 million (US\$30.7 million) in the same quarter in 2003.

Net income, cumulative through September and in third quarter 2004, decline compared to net profit in the same periods in 2003 mainly due to lower financial income and higher losses on inflation adjustment, which are partly offset with lower loan loss provisions and lower operating expenses.

Lower net interest income is due to decreased net interest margin and to decreased loan volume.

The increase on losses on inflation adjustment, to S/.106.0 million (US\$31.7 million) as of September 2004, is due to the negative effects of a higher wholesale price inflation and of the strenghtening of the Nuevo Sol exchange rate. Through September 2004, we had a 4.9% inflation, compared to 1.0% in the same 2003 period, while the exchange rate declined 3.5% compared to 0.9%, respectively.

BANCO DE CREDITO DEL PERU AND SUBSIDIARIES SUMMARY OF RESULTS (1)

(In constant S/. and U.S.\$ millions, except net income per share)

	Three months ended			Nine months ended			
	30.09.03	30.06.04	30.09.04	30.09.04	30.09.03	30.09.04	30.09.04
				US\$			US\$
Net interest income	310.6	263.6	260.6	\$78.0	913.5	791.9	\$236.9
Provisions for loan losses, net	83.6	20.6	12.3	\$3.7	277.0	81.0	\$24.2
Other income	238.3	205.8	215.0	\$64.3	726.5	647.7	\$193.8
Other expenses	310.5	307.3	304.3	\$91.1	956.7	918.9	\$275.0
Merger costs	0.0	4.9	1.8	\$0.5	64.3	13.2	\$4.0
Result from exposure to inflation	0.7	(16.8)	(53.6)	(\$16.0)	(21.8)	(106.0)	(\$31.7)
Income before income tax	155.5	119.8	103.5	\$31.0	320.1	320.4	\$95.9
Income Tax	42.9	37.4	33.6	\$10.1	88.1	99.6	\$29.8
Net Income	112.6	82.5	69.9	\$20.9	232.1	220.8	\$66.1
Net Income per share (2)	0.09	0.07	0.06	\$0.02	0.19	0.18	\$0.05

(1) Financial statements prepared according to Peruvian GAAP. The financial information is in constant soles as of September 30, 2004. Figures in US\$ have been translated at the exchange rate of S/.3.342 to the dollar.

(2) Based on 1,226 million outstanding shares in all periods.

II.2 NET INTEREST INCOME

Interest income, net of interest payments, in the third quarter of 2004 reached S/.260.6 million (US\$77.8 million), lower compared to S/.310.6 million (US\$92.9 million) net interest income in the same period of last year, but it remained similar to net interest income in the preceding second quarter of 2004. Decreased net interest income is mostly due to continuous fall in average interest earning assets, together with lower net interest margins.

Average interest earning assets reached S/.20,614 million (US\$6,168 million) during third quarter 2004, a decline of 5.2% comparing with the third quarter of last year, while they are 0.6% lower than average assets in second quarter 2004. In the current quarter BCP continued its persistent excess liquidity environment in both local and foreign currencies.

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During the third quarter of 2004, the net interest margin was 5.06%, slightly under 5.08% in the preceding second quarter, but declines from 5.71% during the third quarter of 2003. During the current quarter the margin declined, with mostly stable local currency loan and deposit rates, while foreign currency loan and deposit rates increased approximately one hundred basis points.

II.3 NON-INTEREST INCOME

Non-interest income, which include fee revenue and other non-interest items, in the third quarter of 2004 amounted to S/.215.0 million (US\$64.3 million), lower than S/.238.3 million (US\$71.3 million) earned during the same period of 2003, mostly due to decreased Other income caption, mainly due to declining recoveries of charged-off accounts and income from services to third parties.

In the third quarter of 2004, fees from banking services amounted to S/.163.2 million (US\$48.8 million), 6.7% lower than in the same period of 2003, due to lower revenue in various concepts related to declining accounts transaction volume due to the tax on financial transactions. In the quarter, fees on the most important banking services had the following growth rates:

(In constant S/. Mn.)	3Q03	3Q04	Growth
Savings accounts	22.9	19.7	-14.0%
Demand deposits	21.7	22.1	1.8%
Credit cards	21.6	20.5	-5.1%
Fund transfer services	14.7	14.9	1.4%
Collections fees	13.1	12.5	-4.6%
Billings and payments	14.3	13.1	-8.4%
Contingent and foreign trade	7.9	8.6	8.9%
Contingent credits	6.8	6.9	1.5%
Debit cards	9.6	5.6	-41.7%
Corporate Finance	7.6	10.3	35.5%
Brokerage	10.1	12.1	19.8%
Commercial loans	5.4	3.8	-29.6%
Insurance	5.9	4.0	-32.2%
Mortgage loans	2.0	1.6	-20.0%
Channels and services	2.0	1.7	-15.0%
Master account	2.2	1.5	-31.8%
Personal loans	0.9	0.9	0.0%
Micro-business credit	0.4	1.8	350.0%
Other	5.8	1.6	-72.4%
Total	174.9	163.2	-6.7%

Note: line items in this table aggregate concepts that are different from tables reported in prior year periods.

In the third quarter of 2004, securities transactions resulted in a gain of S/.5.6 million (US\$1.7 million), compared to losses in the year-ago quarter of S/.5.7 million (US\$1.7 million). The general index of the Lima Stock Exchange increased 13.6% in the third quarter of 2004, compared to a 8.5% increase in the same year-ago period.

Gains from foreign exchange operations, which are the result of the foreign exchange buy-sell margin, were S/.21.6 million (US\$6.5 million) in the third quarter of 2004, 11.6% higher than revenue in the same quarter of 2003, and 17.5% higher than revenue in second quarter 2004, mainly due to increased margins due to volatility in the foreign exchange market caused by the falling exchange rate.

The Other Income caption, that mainly registers reversals of prior year expenses and provisions and recoveries of certain operating costs, decreased from S/.49.7 million (US\$14.9 million) in the third quarter of 2003 to S/.24.7 million (US\$10.1 million) in the current period, mainly due to lower recoveries of charged-off accounts.

II.4 OTHER NON-INTEREST EXPENSES

Non-interest expenses during the third quarter of 2004 were S/.306.2 million (US\$91.6 million), 1.4% under those of the same period in 2003, mainly because of decreased personnel and general and administrative costs.

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To determine operating efficiency, operating expenses are adjusted excluding certain non-recurrent items and that do not contribute to the performance of the business. Third quarter 2004 adjusted operating expenses are determined by excluding: (i) provisions for assets received in lieu of loan repayment (S/.25.0 million); (ii) non-recurring expenses related to the systems restructuring costs (S/.2.8 million); (iii) employee profit sharing expenses and bonuses (S/.11.8 million); and, (iv) merger costs related to Solución Financiera (S/.1.8 million).

Adjusted operating expenses reached S/.264.7 million (US\$79.2 million) in the third quarter of 2004, decreasing 0.7% compared to the year-ago period.

In this quarter, approximately 42% of non-interest expenses were attributable to employee salaries and other expenses related to personnel. This concept decreased 6.0% to S/.127.8 million (US\$38.2 million) when compared to the third quarter of 2003. At the end of September 2004 the number of employees stood at 7,667, increasing from 7,567 employees as of June 2004, but is similar to 7,644 at September 2003, mainly due to additional teller positions at Banco de Crédito de Bolivia.

General and Administrative expenses, which represented 31% of non-interest expenses, reached S/.95.7 million (US\$28.6 million) in the third quarter of 2004, decreasing 7.1% when compared to expenses in the year-ago period. Lower expenses are mainly due to decreased third party fees and supplies expenses. In this quarter, the most significant general and administrative expenses were:

(In constant S/. Mn.)	3Q03	3Q04	Chnge.
Office supplies and operating costs	13.5	11.7	-13.3%
Communications	9.1	8.0	-12.1%
Third party fees	18.4	13.4	-27.2%
Insurance and security	8.4	6.8	-19.0%
Transport of currency and securities	13.3	12.4	-6.8%
Systems and maintenance	20.6	20.1	-2.4%
Advertising and marketing	14.4	14.8	2.8%/
Other G&A	5.3	8.5	60.4%
Total G&A	103.0	95.7	-7.1%

The Other caption within Other Non-Interest Expenses, increased from S/.25.0 million (US\$7.5 million) in the third quarter of 2003 to S/.36.5 million (US\$10.9 million) in the current quarter, mainly due to decreased revenue from the sale of foreclosed assets.

The ratio of adjusted operating expenses as a percentage of average total assets, increased from 4.3% in the third quarter of 2003 to 4.5% in the current period.

The Efficiency ratio, adjusted operating expenses, as a percentage of total income (excluding non-recurring income), also grew from 48.6% to 55.7% when comparing the third quarters of 2003 and 2004, respectively. The lower ratio in the year-ago period resulted mainly from the higher financial income and lower expenses due to the sale of foreclosed assets.

II.5 ASSETS AND LIABILITIES

Total assets of BCP reached S/.23.2 billion (US\$6.9 billion) at the end of September 2004, decreasing 6.6% with respect to September of the prior year, and decreases by 2.3% compared to assets at June 2004.

Consolidated total loans were S/.13.6 billion (US\$4.1 billion) at the end of September 2004, lower by 5.8% compared to June 2004, and by 10.3% with respect to loans at the third quarter 2003. At September 30, 2004, the loan portfolio, net of provisions, represented 54.7% of total assets, lower than 56.6% at the preceding quarter. At the end of the third quarter of 2004, the Nuevos Soles portion of the loan portfolio was 16.9%, above 16.2% in June 2004, but is below 17.5% at September 2003.

As of September 30, 2004 total deposits were S/.19.3 billion (US\$5.8 billion), decreasing 3.6% compared to second quarter 2004 deposits, and by 8.2% compared to deposits in the year-ago quarter. During the third quarter 2004, time deposits decreased by 1.7%, while savings deposits decreased 2.9% and demand deposits by 7.4%. Deposits denominated in Nuevos Soles were 23.4% of total deposits, increasing during the current quarter from 22.7% at June 2004, but are lower than 23.9% at the end of September 2003.

BCP's subsidiaries had the following loan, net of provisions, and deposit contributions:

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(In % and constant S/.Mn.)	Loans, net			Total Deposits		
	30.09.03	30.06.04	30.09.04	30.09.03	30.06.04	30.09.04
Banco de Crédito del Perú	85.9%	88.8%	88.1%	89.8%	91.7%	91.8%
Banco de Crédito de Bolivia	7.2%	6.7%	7.0%	6.6%	5.7%	5.7%
Crédito Leasing	4.6%	4.5%	4.9%	2.5%	2.6%	2.5%
Solución Financiera de Crédito	2.3%	-----	-----	1.1%	-----	-----
TOTAL%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total BCP	S/.13,689	S/.13,410	S/.12,663	S/.21,015	S/.20,007	S/.19,289

Loan Portfolio

Loan portfolio composition by business segment developed as follows:

(In % of total and constant S/. Mn)	30.09.03	30.06.04	30.09.04
Corporate	44.0%	42.0%	41.6%
Middle market	25.1%	26.2%	26.1%
Retail:	30.9%	31.8%	32.3%
- small business	9.2%	9.7%	9.0%
- home mortgage	13.6%	15.4%	16.3%
- consumer	4.6%	3.2%	3.3%
- credit cards	3.5%	3.5%	3.7%
Total	100.0%	100.0%	100.0%
Total Loans	S/.15,139	S/.14,419	S/.13,576

During the current quarter, loan balances decreased 5.8%, with corporate loans lower by 6.6% to S/.5,653 million (US\$1,692 million), while middle market loans decreased by 6.3% to S/.3,538 million (US\$1,059 million), and retail loans by 4.5% to S/.4,385 million (US\$1,312 million). Retail loans by product performed as follows:

(% change and constant S/. Mn)	30.09.03	30.06.04	330.09.04	30.09.04 vs 30.06.04	30.09.04 vs 30.09.03
Small business loans	1,387	1,397	1,216	-13.0%	-12.4%
Mortgage loans	2,063	2,223	2,217	-0.3%	7.5
Consumer loans	700	467	455	-2.7%	-35.1%
Credit card loans	535	502	497	-1.1%	-6.9%
Total Retail	4,685	4,591	4,385	-4.5%	-6.4%

Lower consumer loans during third quarter 2004 is mainly because approximately S/.240 million are reported beginning in March 2004 as micro-business loans, which are shown as part of the Small Business concept in the preceding table.

Contingent Credits and Managed Funds

At September 30, 2004 contingent credits were S/.5,518 million (US\$1,651 million), 7.5% below the June 2004 figure. Contingent credits grow 14.1% over credits at September 2003, mainly due to the inclusion, beginning in December 2003, of credit card un-used but approved lines of credit, which were not considered in previous periods, as can be seen in the Other contingent accounts caption in the following chart:

(% change and constant S/. Mn)	30.09.03	30.06.04	330.09.04	30.09.04 vs 30.06.04	30.09.04 vs 30.09.03
- Guarantees and Stand-by LCs	2,366	2,132	1,934	-9.3%	-18.3%

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- Letters of Credit	417	639	547	-14.5%	31.0%
- Acceptances	186	154	164	6.1%	-11.9%
- Foreign currency forwards	1,145	1,372	1,148	-16.3%	0.3%
- Other contingent accounts	722	1,669	1,726	3.4%	138.9%
Total Contingent Credits	4,837	5,968	5,518		