FINANCIAL STATEMENTS

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Banco Central de Reserva del Perú

1. We have audited the accompanying financial statements of Banco Central de Reserva del Perú (the "Central Bank") which comprise the balance sheet as of December 31, 2009, and the statement of income, the statement of changes in equity, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements for the year ended December 31, 2008 were examined by other independent auditors whose report, dated February 23, 2009, expressed an unqualified opinion on those financial statements.

Management's responsibility for the financial statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with Article 88 of the Bank's Organic Law, which requires that these statements be prepared in accordance with generally accepted accounting principles (hereinafter GAAP) as applicable to the Central Bank and the standards set forth to that purpose by the Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones (SBS) (hereinafter the "accounting policies and principles of the Central Bank"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Peru. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, the 2009 financial statements present fairly, in all material respects, the financial position of Banco Central de Reserva del Perú as of December 31, 2009, and the results of its operations and its cash flows for the year then ended, in accordance with accounting policies and principles applied by The Central Bank as described in Note 2.

   The accompanying financial statements have been translated into English for the convenience of the readers.

Beltrán, Gris y Asociados S. Civil de R.L.

Countersigned by:

______________________ (Partner)
Eduardo Gris Percovich
CPC Registration No. 12159

February 17, 2010

BALANCE SHEETS
AS OF DECEMBER 31, 2009 AND 2008

ASSETS	**Notes**	**2009 S/.000**	**2008 S/.000**
GROSS INTERNATIONAL RESERVES:			
Cash in foreign currency		29,154	31,646
Deposits in foreign banks	5	16,737,163	8,331,599
Securities from international institutions	6	71,479,286	85,257,975
Gold	7	3,516,800	3,082,442
Contributions to the International Monetary Fund	8 (b)	550,345	-
Contributions to Latin American Reserve Fund	8 (a)	1,076,386	1,158,994
Other available assets		2,421,265	113,939
		95,810,399	97,976,595
OTHER ASSETS ABROAD:			
Contributions in local currency to the International Monetary Fund	8 (b)	2,327,070	3,084,639
Other assets abroad		71,962	80,135
		2,399,032	3,164,774
DOMESTIC CREDIT	9	9	5,393,370
REAL ESTATE, FURNITURE AND EQUIPMENT, NET	10	133,322	137,081
OTHER ASSETS	11	605,424	589,915
TOTAL ASSETS		**98,948,186**	**107,261,735**
MEMORANDUM ACCOUNTS	23	28,391,485	30,970,276

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

LIABILITIES AND EQUITY	Notes	2009 S/.000	2008 S/.000
Reserve liabilities		116,487	115,099
OTHER FOREIGN LIABILITIES:			
Equivalent of the contribution in local currency to the International Monetary Fund	12 (a)	2,327,070	3,084,639
Other foreign liabilities	12 (b)	2,806,928	504,646
		5,133,998	3,589,285
STERILIZED STOCK:			
Outstanding securities issued	13	14,071,252	18,344,989
Deposits in local currency	14	22,202,398	24,129,189
		36,273,650	42,474,178
MONETARY BASE	15	23,548,063	22,310,521
DEPOSITS IN FOREIGN CURRENCY	16	29,332,667	30,915,320
OTHER LIABILITIES	17	516,271	706,959
READJUSTMENT IN VALUATION, ORGANIC LAW, ARTICLE 89	18	-	3,630,411
TOTAL LIABILITIES		94,921,136	103,741,773
EQUITY:	19		
Capital		591,375	591,375
Reserves		591,375	591,375
Fair value reserve		793,688	2,103,918
Retained earnings		2,050,612	233,294
TOTAL EQUITY		4,027,050	3,519,962
CONTINGENCIES			
TOTAL LIABILITIES AND EQUITY		**98,948,186**	**107,261,735**
MEMORANDUM ACCOUNTS	23	28,391,485	30,970,276

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Notes	2009 S/.000	2008 S/.000
FINANCIAL INCOME:			
Interest on deposits in foreign banks	5	25,623	785,098
Net yield on securities of international institutions	6	2,748,760	2,733,007
Interest on international agreements and deposits at IMF		4,047	3,606
Dividends received from Latin American Reserve Fund		9,807	61,353
Yield on gross international reserves		2,788,237	3,583,064
Interest on domestic credit operations		129,504	110,679
Other financial income		641,497	69,180
TOTAL FINANCIAL INCOME		3,559,238	3,762,923
NON-FINANCIAL INCOME		7,131	16,573
FINANCIAL EXPENSES:			
Interest on other foreign liabilities	12 (b)	(3,802)	(11,339)
Interest on outstanding securities issued	13	(433,892)	(1,679,604)
Interest on local currency deposits	14	(876,038)	(1,310,151)
Interest on foreign currency deposits	16	(57,458)	(444,481)
Other financial expenses		(88,338)	(21,938)
TOTAL FINANCIAL EXPENSES		(1,459,528)	(3,467,513)
OPERATING EXPENSES:			
Remunerations and social benefits		(125,099)	(122,115)
Administrative expenses		(68,099)	(54,222)
Depreciation and amortization		(8,249)	(9,412)
Other expenses	20	(7,240)	(37,921)
TOTAL OPERATING EXPENSES		(208,687)	(223,670)
ISSUANCE EXPENSES AND COSTS:			
Expenses for transport and cost of printing notes bills		(39,324)	(29,073)
Cost of materials for production of coins		(27,810)	(36,931)
TOTAL ISSUANCE EXPENSES AND COSTS		(67,134)	(66,004)
NET EARNINGS		**1,831,020**	**22,309**

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Capital	Reserves	Fair value reserve	Reteined earnings	Equity
	S/.000	S/.000	S/.000	S/.000	S/.000 (Note 20)
Balance as of January 1, 2008	591,375	226,902	643,219	756,445	2,217,941
Net changes in fair value of available-for-sale investments	-	-	1,460,699	-	1,460,699
Allocation to reserves	-	364,473	-	(364,473)	-
Transfer of earnings to the Public Treasury	-	-	-	(180,987)	(180,987)
Net income	-	-	-	22,309	22,309
Balance as December 31, 2008	591,375	591,375	2,103,918	233,294	3,519,962
Net changes in fair value of available-for-sale investments	-		(1,310,230)	-	- (1,310,230)
Transfer of earnings to the Public Treasury	-	-	-	(13,702)	(13,702)
Net income	-	-	-	1,831,020	1,831,020
Balance as December 31, 2009	**591,375**	**591,375**	**793,688**	**2,050,612**	**4,027,050**

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Notes	2009 S/.000	2008 S/.000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income		1,831,020	22,309
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:			
Depreciation of real estate, furniture and equipment		7,151	8,153
Provision for impairment of real estate, net recoveries		-	12,604
Disposal of real estate, furniture and equipment, net		473	164
Fair value reserve		(1,310,230)	1,460,699
Decrease (increase) in assets:			
Other foreign assets		765,743	(75,378)
Domestic credit		5,393,361	(5,393,361)
Other assets		76,327	(101,479)
Increase (decrease) in liabilities:			
Reserve liabilities		1,388	20,938
Other liabilities abroad		1,544,713	86,768
Securities issued		(4,273,736)	(2,413,616)
Deposits in local currency		(1,926,791)	6,873,733
Deposits in banks, financial institutions and other		(843,985)	1,072,772
Deposits in foreign currency		(1,582,653)	6,827,837
Other liabilities		(190,688)	(180,670)
Readjustment in valuation, Organic Law Article 89		(3,722,247)	3,466,788
Cash and cash equivalents (used in) provided by operating activities		(4,230,154)	11,688,261
CASH FLOWS FROM INVESTING ACTIVITIES:			
Sale of real estate, furniture and equipment		991	-
Additions to real estate, furniture and equipment		(4,857)	(11,164)
Transfer of earnings to the Public Treasury		(13,702)	(180,987)
Cash and net cash equivalents used in operating activities		(17,568)	(192,151)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(4,247,722)	11,496,110
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		77,518,672	66,022,562
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	2 (p)	**73,270,950**	**77,518,672**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. BANK'S IDENTIFICATION AND ECONOMIC ACTIVITY

Banco Central de Reserva del Perú (the "Central Bank") is an autonomous legal entity of public law incorporated on March 9, 1922, intended to preserve monetary stability in Peru. Its activities are currently governed by Article 84 of the Peruvian Constitution, dated December 29, 1993, and by its Organic Law approved by Decree-Law No. 26123 of December 24, 1992 (hereinafter Organic Law). The Organic Law establishes that the Bank' s functions are to regulate the amounts of money, administrate international reserves, issuance of bills and coins, and report on the finances of Peru.

The Bank has its legal address and headquarters in Lima, and has branches in seven cities in Peru. As of December 31, 2009 and 2008, the number of employees was 991 and 993, respectively.

The financial statements for the year ended December 31, 2009 have been authorized for issuance by the Bank's Management and will be submitted to the Board of Directors for its approval. The financial statements for the year ended December 31, 2008 were approved by the Board of Directors at meeting held on March 5, 2009.

The Bank represents Peru for the purposes set forth in the Articles of the agreements of the International Monetary Fund (IMF) and the Fondo Latinoamericano de Reservas ¬(FLAR) and is responsible for all official transactions, operations and relations with these institutions.

The Bank may also act as a Peruvian Government Agent in its relations with multilateral credit organizations and financial agencies of foreign governments.

As established in its Organic Law, the Bank is not allowed to:

- Grant funding to the Public Treasury, except in the form of acquisitions of securities issued by the Public Treasury in the secondary market in which case the holding of such securities may not exceed at any moment, valued at their acquisition cost, five per cent (5%) of the balance of the monetary base at prior year closing date.

- Extend guarantees, letters of guarantee or any other guarantees, or use any form of indirect funding, or grant insurance of any type. It should be mentioned that the operations conducted by the Bank in implementing payment and reciprocal credit agreements are not subject to the aforementioned prohibition.

- Allocate resources for the creation of special funds aimed at granting credits or making investments to promote nonfinancial economic activities.
- Issue securities, bonds or contribution certificates of mandatory acquisition.
- Impose sector or regional coefficients in the composition of the loan portfolio of financial institutions.
- Establish multiple exchange rates regimes.
- Purchase shares, except those issued by international financial agencies or those needed to be acquired to rehabilitate banks or financial entities; participate, directly or indirectly, in the capital of commercial, industrial or any other companies.

2. SIGNIFICANT ACCOUNTING POLICIES AND PRINCIPLES OF THE CENTRAL BANK

The significant accounting policies and principles used by the Central Bank to prepare and present its financial statements are the following:

(a) Basis for the preparation and presentation

The financial statements are prepared and presented as established in Article 88 of the Bank's Organic Law, in accordance with generally accepted accounting principles (GAAP) as applicable to the Central Bank, and the standards established by the Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones (hereinafter SBS, for its Spanish acronym). The GAAP in Peru comprise the standards and interpretations issued or adopted by International Accounting Standards Board (IASB), which include the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS), and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretation Committee (SIC) adopted by IASB and rendered official by the Consejo Normativo de Contabilidad (CNC for its Spanish acronym) for their application in Peru.

New Accounting Pronouncements

Certain new accounting pronouncements issued by IASB will be applicable internationally for periods beginning on or after January 1, 2009 (or after that date), with the option of early application, under certain conditions. Such pronouncements have not been approved by the CNC yet for their application in Peru.

The accounting pronouncements in that condition (the list includes only those that could be linked to the content of financial statements of the Bank) are as follows:

Standard	New/Revised	Issued	International Effective Date
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Revised - May 2008 and April 2009.	Annual periods beginning on or after January 1, 2009, July 1, 2009, January 1, 2010; respectively.
IFRS 7	Financial Instruments: Disclosures	Revised March 2009.	Annual periods beginning on or after January 1, 2010.
IFRS 9	Financial Instruments - Classification and Measurement	Revised November 2009.	Annual periods beginning on or after January 1, 2013.
IAS 1	Presentation of financial statements	Revised 2007, 2008, May 2008, April 2009.	Annual periods beginning on or after January 1, 2009, January 1, 2009, January 1, 2010, respectively.
IAS 7	Statements of Cash Flows	Revised April 2009.	Annual periods beginning on or after January 1, 2009.
IAS 16	Property, Plant and Equipment	Revised May 2008.	Annual periods beginning on or after January 1, 2009.
IAS 17	Leases	Revised April 2009.	Annual periods beginning on or after January 1, 2009, with option of early application, under certain conditions
IAS 19	Employee benefits	Revised May 2008.	Annual periods beginning on or after January 1, 2010.
IAS 23	Borrowing Costs	Revised May 2008.	Annual periods beginning on or after January 1, 2009.
IAS 32	Financial Instruments: Presentation	Revised 2008, 2009.	Annual periods beginning on or after January 1, 2009, February 1, 2010, respectively.

IAS 36	Impairment of Assets	Revised May 2008, April 2009.	Annual periods beginning on or after January 1, 2009, February 1, 2010, respectively.
IAS 38	Intangible Assets	Revised May 2008, April 2009.	Annual periods beginning on or after January 1, 2009, July 1, 2009, respectively.
IAS 39	Financial Instruments: Recognition and Measurement	Revised May 2008, July 2008, March 2009 April 2009.	Annual periods beginning on or after January 1, 2009, July 1, 2009, June 30, 2009, January 1, 2010, respectively.
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding, Requirements and their Interaction		Annual periods beginning on or after January 1, 2008; Amendment on November 2009, is effective for the annual periods beginning on or after January 1, 2011.

For the preparation of its financial statements, the Bank includes some accounting practices contained in the Bank's Organic Law. The SBS has not established specific standards for the Bank. The Generally Accepted Accounting Principles as applicable to the Bank (hereinafter principles and practices of the Central Bank) are summarized in the following accounting notes:

(b) Functional and presentation currency

The Bank prepares and presents its financial statements in Nuevos Soles, which is the functional currency. The functional currency is the currency of the main economic environment in which the entity operates.

(c) Use of estimates

The preparation of the financial statements requires Management to make estimates and assumptions for determining assets and liabilities balances and the amounts of income and expenses, and disclosing contingent assets and liabilities, to date of financial statements. Should any changes subsequently occur to the estimates or assumptions due to variations in the circumstances they were based on, the effect of change should be included in the determination of the net gain or loss for the year of the change, and future periods if applicable. The significant estimates related to the financial statements correspond to: the determination of the fair value for available-for-sale financial assets, the provision for costs of transforming coined gold, depreciation of real estate, furniture and equipment, provision for impairment of the value of real estate, provision for severance indemnities, amortization of intangibles, provision for foreclosed assets, and actuarial provisions for supplemental retirement, widowhood, health care and burial benefits.

(d) Financial instruments

- **Primary**

A primary financial instrument is any contract that simultaneously gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. In the case of the Bank, financial instruments correspond to primary instruments included in: (i) gross international reserves, (ii) other assets abroad, (iii) domestic credit, (iv) other assets, and (v) liabilities in general, except for readjustment in valuation, Organic Law, Article 89.

Primary financial instruments are classified as financial assets, financial liabilities, or equity instruments according to the substance of the contract. Interest and other gains and losses generated by a financial instrument classified as asset or liability, are recorded as income or expense in the statement of income, except for gains or losses arising from the variation in fair value of securities held by international entities which are directly recognized in equity, and the exchange differences for valuation of balances which are recorded in the "Valuation Readjustment, Organic Law, Article 89" account. The financial instruments are offset when the Bank has the legal right to offset them, and Management has the intention of paying them on a net basis or negotiating the asset and paying the liability simultaneously.

According to the Bank Management's opinion, the balances in: (i) Gross international reserves, (ii) other assets abroad; (iii) domestic credit; (iv) other assets; and (v) liabilities in general, do not differ significantly from their fair value (see note 24). The recognition and valuation criteria of these items are disclosed herein in the corresponding notes.

- **Derivatives**

The derivatives refer to financial instruments characterized by: (i) changes in value (directly or inversely) as a result of modifications occurring in a determined variable (underlying) which is not specific to one of the parties; (ii) not requiring an initial investment or require a small initial disbursement related to the income or loss that they might generate and (iii) they have a maturity date.

The derivative instruments used by the external administrator are valued using the quotations of the closing period that it provides.

(e) Securities in international entities

The securities from international entities held by the Bank are classified as follows: a portion as available-for-sale financial assets and other portion as held-to-maturity financial assets. These securities are initially recorded at acquisition cost.

Subsequently to their initial recognition, the valuation of the available-for-sale financial assets is carried out at their fair value, which is determined on a market price basis. The higher or lower value of the available-for-sale financial assets which results from comparing the carrying value and their fair value, is recorded in equity until investments are sold or realized. The interests generated while holding these assets are earned and charged to earnings using the effective interest rate.

After their initial recognition, the held-to-maturity financial assets are valued at their amortized cost using the effective interest method affecting the results.

When there is objective evidence of impairment of the accounting value, this loss will be recognized via the corresponding provision for fluctuation of securities charged to results of the period.

(f) Precious metals

As established by Article 72 of the Bank's Organic Law, gold and silver holdings are recorded at the value established by the Board of Directors, without exceeding the price prevailing in the international market.

Under Board of Directors' agreements of December 20, 2007, from December 31, 2007, the Bank's gold and silver holdings are valued at their listed price in the New York market daily provided by Bloomberg and Reuters between 15:00 to 15:30, local time.

The price of gold per troy ounce was US$ 1,092.90 and US$ 882.00 as of December 31, 2009 and 2008, respectively. The price of silver per troy ounce was US$ 16.83 and US$ 11.43 as of December 31, 2009 and 2008, respectively.

(g) Real estate, furniture and equipment

Real estate, furniture and equipment are recorded at cost and are presented net of accumulated depreciation and provision for impairment of value, if any. Renewals and improvement expenses are capitalized as an additional cost of real estate, furniture and equipment, only when they can be reliably estimated and when it is likely that such disbursements will contribute to the generation of future economic benefits from the use of real estate, furniture and equipment, beyond their original normal performance evaluation; maintenance and repair expenses are charged to results as incurred.

Annual depreciation is recognized as expense and calculated based on the straight-line method considering the following estimated useful lives:

	Years
Buildings	100
Furniture and office equipment, and miscellaneous equipment	10
Computers	3
Transportation equipment	5

The useful life estimate and the depreciation method are periodically reviewed by the Central Bank's Management based on the economic results expected for the items comprising real estate, furniture and equipment.

The cost and accumulated depreciation of real estate, furniture and equipment disposed of or sold are eliminated from their respective accounts, and any resulting gain or loss is included in the results of the fiscal period in which they are incurred.

(h) Foreclosed assets

Foreclosed assets mainly include real estate received as payments of loans granted to banks under liquidation process and are recorded at the cost of adjudication which does not exceed their estimated realizable value, net of the corresponding provision. As of December 31, 2009 and 2008, foreclosed assets are fully amortized.

As established in Article 85 of the Organic Law, the Central Bank may not be the owner of more real estate than those intended for its normal activities and those transferred to the Bank as settlement of debts. The latter must be sold over a term not exceeding a year from the date of transfer. As of December 31, 2009 and 2008, all the foreclosed assets are aged over a year and the Central Bank has made the arrangements established by law in order to formalize their sale, which implied coordination with Superintendencia Nacional de Bienes Estatales (SBN, for its Spanish acronym).

(i) Impairment losses

When there are events or economic circumstances that indicate that the value of an asset might not be recoverable, the Bank reviews the book value of these assets. If after this analysis the book value of the asset exceeds its recoverable amount, the Bank recognizes an impairment loss in the statement of income.

The recoverable amount of long-lived asset is the higher between its net cost of sale and its value in use. The fair value less costs to sell of a long-lived asset is the amount that can be obtained by selling it in a transaction carried out in conditions of mutual independence between well informed parties, less related costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from an asset.

In accordance with established procedure, the valuation of real estate of the Bank is performed, at least every 5 years, for which an appraiser is hired. The last appraisal was conducted in 2008.

(j) Sterilized capital inflows

Sterilized capital inflows is a Central Bank's liability in local currency comprised by outstanding securities issued and deposits in local currency from the governmental sector and financial entities, which are not part of the reserve requirements. The sterilized capital inflows is the result from monetary operations to take out liquidity from the financial system, and for deposits from the said entities, which in case of reversal, would imply an increase in the primary issuance.

(k) Bills and coins issued

This includes bills and coins in legal tender issued by the Bank which are held by the public; and are recorded as a liability on the balance sheet at their nominal value under primary issuance. Bills and coins not in circulation are kept in the Bank's vaults and recorded in Memorandum Accounts at their nominal value.

(l) Employees' severance indemnities

Employees' severance indemnities are determined according to current legal regulations, and are recorded in the accounting books as other liabilities and charged to results and credited to the corresponding provision account as accrued. The payments made, which are considered definitive, are deposited in financial institutions selected by the employees.

(m) Employee benefits

As established in Article 53 of its By-laws, the Central Bank transfers financial resources to the Fund for Disease, Insurance and Pensions of the Central Bank's employees (hereinafter the Fund) with the funds necessary for supplementing the expenses required for its operations. According to IAS 19 – Retirement Pension Costs, this regulation considers the benefits for employees under a defined benefit plan.

The Fund is a legal entity of private law established under Decree-Law 7137 and is intended to provide assistance to the Bank's active and retired employees, as well as their spouses, children and parents, as established in its regulations. Such assistance is additional to social security benefits and other social benefits granted by Law (National Health Security – ESSALUD, Spanish acronym; National Pension System - Decree Law 19990, and The Private Pensions System).

- Supplemental pensions subvention, widowhood pensions and burial subsidy

For a plan of defined benefits, the expenses related to supplemental pensions are determined under the method of benefits per year of services, under which the cost of providing supplementary pensions is recorded in the results for the year so as to distribute the cost over the employees' years of services. The value of the supplemental pension is determined by an actuary on a periodic basis and is measured at the present value of all future pension payments using an annual technical interest rate of 6%. In determining this obligation, the Bank has used parameters established in the Fund's Regulations, and the methodology for calculating the actuarial reserve for supplemental subvention pensions, widowhood pensions, burial subvention, and health-care services (Note 17 (b)).

- Other supplemental benefits to retirement

The general balancing equation between health-care benefits and contributions (Kaan equation) was used to calculate the ongoing risks reserve of health care services.

As of December 31, 2009, to determine the amount of provision for actuarial reserve, the present value of obligations for the defined benefits has been considered, as well as the fair value of the Fund's assets, in accordance with IAS 19 Employee Benefits. The Fund's net assets considered to be deducted from the amount of actuarial reserve are composed by the present value of deposits and loans, net of their obligations.

The supplemental pension subvention to retirement and widowhood pensions, burial subsidy, and other supplemental retirement benefits, deducted from present value of the Fund's net assets are recorded under other liabilities.

(n) Interests and commissions

Interest income and expenses are recognized in the results for the year when accrued and the commissions when paid.

When there are reasonable doubts regarding the collection of any financial instrument, interests are recognized as income to the extent that there is a reasonable certainty of its collection.

(o) Operating expenses for transporting, printing bills and minting coins

Operating expenses for transporting and minting coins are recognized in results for the year when accrued. The cost of manufacturing coins and cospeles until November 2009 includes the cost of raw materials. From December 2009, the cost of labor and manufacturing overhead costs have also been considered.

Expenses for printing bills and cost of materials for minting coins are recognized in results for the years in which they are issued.

(p) Cash and cash equivalents

Cash and cash equivalents comprise gross international reserves, net of bills and coins issued and in circulation included in the account of the monetary base.

The difference between gross international reserves and reserve liabilities (comprising the obligations with international entities) represents net international reserves. These reserves show the international liquidity of the country and its financial capacity compared to other countries; they are the resources the Bank possesses to settle its obligations in foreign currency.

(q) Transactions and balances in foreign currency and treatment of exchange differences.

Transactions in foreign currency are those carried out in a different currency other than the functional currency. Foreign currency transactions are converted into the functional currency using the exchange rates on the dates of transactions. The Bank records income or loss on foreign currency sale in the results for the period accounts, with a counterpart in the account "Readjustment in valuation; Organic Law Article 89" (Note 18).

The income from foreign currency sale is obtained by subtracting from the equivalent in local currency, collected in foreign currency sales for the day, the equivalent in local currency obtained by multiplying the amount of foreign currency sold by the accounting exchange rate at the end of day. If the equivalent in local currency charged in sale is higher than the amount calculated, this is recorded as an income; otherwise, it is recorded as a loss.

Article 89 of the Bank's Organic Law establishes that differences recorded as a result of the readjustments in the valuation in local currency of the Bank's assets and obligations in gold, silver, foreign currency, Special Drawing Rights (hereinafter SDR) or other monetary units of international use, are credited in a special account, not being considered as gains or losses.

This valuation is made on a daily basis by applying on the balances of assets and liabilities in foreign currency and precious metals, the prices of the latter U.S. dollars and the exchange rate of the U.S. dollar against the Peruvian nuevo sol (see note 4), obtaining balances in local currency which are compared with the accounting balances before valuation.

The result of such valuation of price and exchange rate is charged or credited to the balance sheet account "Readjustment in Valuation, Organic Law, Article 89" (see note 3).

(r) Provisions

Provisions are recognized only when the Bank has a present obligation (legal or constructive) assumed as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when its amount can be reliably estimated. Provisions are reviewed and adjusted in each period to reflect the best estimate as of balance sheet date.

When the effect of the value of money over time is significant, the amount of the provision is the present value of the expenditure expected to be incurred to settle the provision.

(s) Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements, they are only disclosed in a note to financial statements unless the possibility of an outflow of resources is remote.

Contingent assets are not recognized in the financial statements, they are only disclosed in a note to the financial statement when it is probable that an inflow of resources will take place.

Items previously treated as contingent assets or liabilities will be recognized in the financial statements of the period in which the change in probabilities occurs; that is, when in the case of liabilities it is determined as probable, or virtually certain in the case of assets, that an outflow or inflow of resources will take place, respectively.

3. MAIN DIFFERENCES BETWEEN THE ACCOUNTING PRINCIPLES AND PRACTICES APPLIED BY THE CENTRAL BANK AND ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN PERU

The main differences between the accounting principles and practices applied by the Central Bank in conformity with the Organic Law described in Note 2 above, and the GAAP in Peru are as follows:

- The Bank records in a balance sheet special account, as per accounting practice from Organic Law Article 89, the readjustment of price valuation and exchange rates in local currency, corresponding to the assets and obligations in gold, silver, foreign currency, SDR or other monetary units of international use. In accordance with IAS 21 - The Effects of Changes in Foreign Exchange Rates (GAAP in Peru), the results in the above valuations should be included in the results of the Bank in the period when generated, and the income for foreign currency sale should be recorded as income or loss for the period as incurred.

As of December 31, 2009 the debt balance of this readjustment amounted to S/. 91,836,000 and as of December 31, 2008, this readjustment recorded a credit balance of S/. 3,630,411,000 (Notes 2 (q) and 18.)

- The preparation of the statement of cash flows is carried out by the Bank considering as cash and cash equivalents the captions included in Note 2 (p). This accounting practice differs from what IAS 7- Statement of Cash Flows (GAAP in Peru) - establishes.

4. BALANCES IN FOREIGN CURRENCY

Balances in U.S. dollars as of December 31, 2009 and 2008 have been stated in nuevos soles at the purchase exchange rate established by the Superintendency of Banking, Insurance, and Private Pension Fund Administrators as of those dates of S/. 2.888 and S/. 3.137 per US$ 1 respectively. Balances in other currencies have been stated in U.S. dollars at the exchange rate at the closing of the New York market as mentioned in section (b) of this note.

(a) The balances in foreign currency and in precious metals as of December 31, 2009 and 2008 expressed in nuevos soles, are summarized as follows:

	2009	2008
	S/.000	**S/.000**
Assets:		
U.S. dollars	26,190,782	25,762,504
Euro	4,880,647	4,608,965
SDR	1,019,264	18,542
Peso Andino	20,000	20,000
Gold	1,218,411	983,291
Silver	726	491
Other currencies	160	38
	33,329,990	31,393,831
Liabilities:		
U.S. dollars	10,311,642	9,987,667
Euro	8,915	20,238
SDR	387	268
Peso Andino	20,000	20,000
Silver	293	205
	10,341,237	10,028,378
Net assets	**22,988,753**	**21,365,453**

The Special Drawing Right (SDR) is an international reserve asset created by the IMF, allocated to member countries in proportion to their quotas. The value of SDR is calculated daily by adding the U.S. dollar values (exchange rate quoted at noon in the London Market) of fixed amounts of a four-currency basket (U.S. dollar, euro, Japanese yen and pound sterling). The amounts of each currency of the SDR basket are calculated according to agreed percentages.

(b) The quotations of foreign currency in U.S. dollars as of December 31, 2009 and 2008 are summarized as follows:

	2009	2008
	US$	US$
SDR	1.561990	1.540300
Pounds sterling	1.606600	1.460000
Canadian dollars	0.947355	0.822842
Pesos andinos	1.000000	1.000000
Euro	1.433000	1.393400

5. DEPOSITS IN FOREIGN BANKS

This account comprises:

	2009	2008
	S/.000	S/.000
Time deposits	16,725,359	8,319,548
Interest receivable on time deposits	291	269
	16,725,650	8,319,817
Call deposits	11,505	11,770
Interest receivable on call deposits	3	8
	11,508	11,778
Demand deposits	5	4
	16,737,163	**8,331,599**

As of December 31, 2009 and 2008, time deposits amounted to US$ 5,791,329,000 and US$ 2,652,071,000, respectively, and are deposited in first-rate banks and accrue interests at international market rates. As of December 31, 2009, a portfolio of US$ 1,410,000 is held by an external manager.

Deposits in foreign banks accrued an annual average interest rate of 0.16% as of December 31, 2009 (0.57% as of December 31, 2008).

6. SECURITIES FROM INTERNATIONAL INSTITUTIONS

Securities from international institutions correspond to first class and low-risk financial instruments, which bear interests at international market rates.

The securities classified as available for sale comprise Treasury obligations from the United States of America and countries members of the European Economic Community, the Bank for International Settlements (BIS), as well as bonds and commercial papers from international entities supported by sovereign governments and supra-national institutions, also include securities of issuers of first class in external administration.

The market price considered as fair value for securities classified as available for sale on the Bank's investment portfolio is provided daily by Bloomberg and Reuters between 15:00 and 15:30, local time, except for commercial papers.

The securities classified as held to maturity comprise structured bonds in order to diversify investments to hedge as established by the Board.

The result of the valuation at fair value of available-for-sale investments, is directly recognized in equity. For this concept, as of December 31, 2009, S/. 793,688,000 (S/. 2,103,918,000 as of December 31, 2008) has been recorded in the account reserve for fair value in net equity.

7. GOLD

This account comprises:

	2009	2008
	S/.000	**S/.000**
In Peru	1,740,909	1,525,681
Abroad	1,775,891	1,556,761
Total	**3,516,800**	**3,082,442**

As of December 31, 2009 and 2008, this account consists of 552,192 troy ounces in commemorative coins and bars deposited in the Bank's vault. As of December 31, 2009 562,650 troy ounces are held in "good delivery" bars deposited in first-rate foreign banks in custody; as well as bonds from international entities, bearing interests rates of 0.45%. As of December 31, 2008, 562,650 troy ounces were held in "good delivery" bars.

As of December 31, 2009 and 2008, the balance of gold in the country is presented net of a provision of S/. 1,972,000 and S/. 2,142,000, respectively. Such provision represents the estimated expense for transforming coined gold into high purity or "good delivery" bars.

8. CONTRIBUTIONS TO INTERNATIONAL AGENCIES

The Bank maintains contributions with the following international agencies:

(a) Fondo de Reserva Latinomericano - FLAR

As of December 31, 2009, the contribution to FLAR amounts to US$ 372,710,000 equivalent to S/. 1,076,386,000 (US$ 369,459,000, equivalent to S/. 1,158,994,000, as of December 31, 2008). This contribution grants Peru access to FLAR funding facilities. Peru's participation in FLAR is 22.22% of its subscribed capital.

(b) International Monetary Fund (IMF)

Comprises the following:

	2009	2008
	S/.000	S/.000
Contribution in SDR		
Contribution to IMF of SDR 122,000,000	550,345	-
Contribution in local currency		
Contribution to IMF for equivalent in local currency of SDR 516,400,000 (638,400,000 at 2008)	2,354,593	2,952,302
Revaluation to liquidated - contribution to IMF in local currency	(27,523)	132,337
Total contribution in local currency	2,327,070	3,084,639
Contribution to IMF	2,877,415	3,084,639

The contribution to IMF grants Peru access to IMF's funding activities. The counter item of these contributions is recorded as a liability with IMF. (Note 12 (a)). The IMF determines Peru's contribution as a participating country, which amounts to SDR 638,400,000 as of December 31, 2009 and 2008. Peru's participation in the total contributions made by IMF member countries is 0.29% as of December 31, 2009.

Revaluations to liquidate - contribution in local currency to IMF corresponds to the revaluation (provision) for maintaining the value of contribution resulting from the difference from the variation of the exchange rates of SDR in respect to the U.S. dollar and the U.S. dollar in respect to the Peruvian nuevos soles, from April 30 to December 31 of each year. In September, maintenance of value of the contribution to the IMF was carried out, due to funding operations under the Financial Transactions Plan and SDR allocations framework. The exchange rate as of September 25, 2009 was 0.63163 SDR, and 2.880 nuevos soles per U.S. dollar. The exchange rate as of December 31, 2009 was 0.640210 SDR and 2.885 nuevos soles per U.S. dollar. These revaluations (provisions) are settled at the end of each IMF year, which is April 30.

Within the Financial Transactions Plan of the International Monetary Fund framework, funding operations for US$ 150 million and US$ 35 million (equivalent to SDR 100 million and SDR 22 million respectively) were carried out in May and September 2009, which generated a decrease in the contribution in local currency and obligations to the IMF for S/. 546 million and an increase in the contribution of SDR 122 million; Peru's contribution of SDR 638.4 million remaining unchanged.

9. DOMESTIC CREDIT

This account comprises:

	2009	2008
	S/.000	S/.000
Repurchase agreements with certificates of deposit CDBCRP	-	1,475,000
Repurchase agreements with readjustable certificates of deposit CDBCRP		103,900
Repurchase agreements with certificates of deposit subject to restricted negotiations CDBCRP-NR	-	3,833,200
Pre-collected interest for repurchase agreements	-	(18,739)
Total repurchase agreements in local currency		5,393,361
Other	**9**	**9**
	9	**5,393,370**

In 2008 and during 2009, purchase transactions committed to securities repurchase (repurchase agreements) represented, among monetary transactions, the most important means of liquidity injection in local currency to the financial system companies. The operations were conducted in a context of liquidity shortage in that period. At the end of 2009 repurchase agreements were not required because the financial system's liquidity was at appropriate levels. This operation involves the purchase of securities at the beginning of the operation, where the financial system companies transfer the ownership of securities to the Bank and, at the maturity of the repurchase agreements, the financial system companies repurchase the same securities and the Bank transfers their ownership.

At 2009 closing date, there were not balances for operations of purchase and repurchase of securities because of the adequate liquidity in the financial system.

Repurchase agreements in local currency bore an annual interest rate average of 6.30% during 2009 (6.83% as of December 31, 2008).

10. REAL ESTATE, FURNITURE AND EQUIPMENT

This caption comprises:

	Balances as of 01/01/2009	Additions	Disposals	Adjustment	Balances as of 12/31/09
	S/.000	S/.000	S/.000	S/.000	S/.000
Cost:					
Land	24,784	-	728	-	24,056
Buildings and other construtions	157,467	312	1,166	-	156,613
Furniture and office equipment	4,669	122	152	-	4,639
Vehicles	2,984	163	191	-	2,956
Miscellaneous equipment	54,794	3,320	2,150	-	55,964
Units in-transit	119	1,007	70	-	1,056
	244,817	4,924	4,457	-	245,284
Accumulated depreciation:					
Buildings and other construtions	50,974	1,588	400	-	52,162
Furniture and office equipment	4,397	71	151	-	4,317
Transportation equipment	2,440	206	191	-	2,455
Miscellaneous equipment	32,759	5,296	2,027	75	36,103
	90,570	7,161	2,769	75	95,037
Allowance for impairment	17,166	-	241	-	16,925
Net cost	**137,081**				**133,322**

In 2008, the appraisal value provided by independent appraisers of the real estate where the main office and the Museum of the Bank is located, resulted lower than their net book value; therefore, a provision for impairment has been recorded with charge to results amounting to S/. 16,397,000, while for other six real estate where the branches operate, the appraisal value resulted higher than the net book value, for which a reversal of the existing provision for impairment has been recorded, totally or partially, until the limit of the asset market value, resulting in an income of S/. 3,793,000. In 2009, S/. 307,000 were recorded in other expenses for adjustment of impairment of real estate.

11. OTHER ASSETS

This caption comprises:

	2009	2008
	S/.000	S/.000
Contributions to international organization (Note 17 (a))	277,364	311,475
Collections	89,960	90,023
Silver	2,097	1,540
Raw material, semi-finished and finished products	43,497	37,067
CNM inventories in transit	20,822	32,287
Accounts receivable from personnel	708	812
Intangibles, net of amortization of S/. 10,188,000		
(S/. 9,803,000 in 2008)	1,715	1,679
Prepaid expenses and deferred charges	70,921	111,021
Foreclosed assets (*)	-	-
Readjustment in valuation, Organic Law Article 89	91,836	-
Miscellaneous	6,504	4,011
Total	**605,424**	**589,915**

(*) Foreclosed assets as of December 31, 2009 and 2008 amount to S/. 780,000 and S/. 982,000, respectively, and they are fully amortized.

The contribution to international organizations corresponds to the pending contribution to FLAR as of December 31, 2009 of US$ 96,040,000 (US$ 99,291,000 in 2008), presented as other assets and liabilities, which will be paid with future distributions of profits of this organization, (Note 17 (a)).

Art Collections correspond to painting, archeological pieces, sculptures, numismatic collections of coins and bills and other objects acquired by or donated to the Bank, and maintained for display.

Raw material comprises the supplies acquired by the Bank for the minting of coins valuated at average cost. The value of semi-finished and finished products is comprised by the cost of the raw material, direct manpower and the indirect manufacturing expenses.

Prepaid expenses and deferred charges mainly comprise the cost of printing bills, charged to expenses as cash is issued.

12. OTHER FOREIGN LIABILITIES

The Bank presents the following foreign liabilities:

(a) Equivalent of the contribution in local currency to the International Monetary Fund - IMF

As of December 31, 2009, the equivalent of the contribution in local currency to the IMF amounts to S/. 2,327,070,000 (S/. 3,084,639,000 as of December 31, 2008) corresponding to SDR 516,400,00 and 638,400,000, respectively. This obligation is not subject to an interest rate and has no agreed-upon maturity date (Note 8 (b)).

(b) Other liabilities abroad

It comprises the following:

	2009 S/.000	2008 S/.000
Allocation of SDR	2,780,887	422,308
Revaluations to liquidated - SDR allocations	(32,507)	18,930
Allocation of pesos andinos (FLAR)	57,760	62,740
Other	788	668
Total	**2,806,928**	**504,646**

The balance of the Special Drawing Rights' allocation (SDR) increased in the 2009 in S/. 2,112 million (SDR 473 million) by the General Allocation conducted by the IMF in August and S/. 202 million (SDR 45 million) in September by the special allocation granted by the IMF corresponding to IV amendment. As of 31 of December of 2009 the balance of the account is equivalent to SDR 609,893,000 (SDR 91,319,000 as of

December 31, 2008), distributed by the IMF, which bear charges or interests under the conditions established in the agreement. The rates corresponding at December 31, 2009 and 2008 were of 0.23% and 0.93%, respectively.

Revaluations to be liquidated - SDR allocations correspond to the revaluation (provision) for maintenance of the resulting value of the difference by variation of exchange rates of SDR with respect to the dollar of the United States of America and the aforementioned dollar in respect to the Nuevo Sol between April 30 and December 31 each year. In September the maintenance of allocations value was carried out, due to operations of funding within the framework of the Plan of Financial Transactions and to the SDR allocations. These revaluations (provisions) are liquidated to the closing of the financial year of the IMF, which is fixed at April 30 every year.

Allocation of Pesos andinos (FLAR) corresponds to pesos andinos provided by FLAR, related to the ALADI agreement. Such allocation generates no interest nor has a defined maturity.

13. OUTSTANDING SECURITIES ISSUED

This caption comprises:

	2009	2008
	S/.000	S/.000
Banks	12,040,255	16,710,398
Banco de la Nación	352,500	324,822
Financial institutions	88,700	-
Other entities	1,639,245	1,594,280
Sub total	14,120,700	18,629,500
Indexation adjustment CDBCRP	-	39,524
Discount on sale CD BCRP and CDR BCRP	(49,448)	(324,035)
Total	**14,071,252**	**18,344,989**

Outstanding securities issued mainly include certificates of deposit in local currency placed through auctions or direct placements in order to reduce surpluses of liquidity in the financial system, with maturities of up to three years. Such certificates are placed to discount and bore, as of 31 of December of 2009, an annual implicit rate between 0.8% and 3.5% (between 4.3% and 7.5% as of 31 of December of 2008).

14. DEPOSITS IN LOCAL CURRENCY

This caption comprise:

	2009	2008
	S/.000	S/.000
Governmental sector	12,684,197	13,966,436
Banco de la Nación	8,322,106	9,601,445
Banks	784,200	23,000
Other entities and funds	411,895	538,308
Total	**22,202,398**	**24,129,189**

As of 31 of December of 2009 and 2008, the average annual interest rates applied by the Bank for time deposits from the governmental sector were 1.24% and 6.54%, respectively; for banks (overnight) they were 0.45% and 5.75%, respectively.

15. MONETARY BASE

This caption comprises:

	2009	2008
	S/.000	S/.000
Notes and coins issued	22,539,449	20,457,923
Deposits of banks	502,893	944,350
Deposits of Banco de la Nación	330,000	720,000
Deposits of financial institutions	39,536	2,550
Other deposits and obligations	136,185	185,698
Total	**23,548,063**	**22,310,521**

Deposits from banks, Banco de la Nación and financial entities mainly comprise the minimum reserve requirement of 6% (9% as of December 31, 2008) applicable to these institutions by their obligations in local currency, which must be deposited in the Bank. This minimum reserve requirements are non-interest-bearing.

The other deposits and obligations are mainly comprised of deposits in municipal and rural savings and loans institutions, corresponding to non-interest-bearing checking accounts in local currency.

The variation in the balance of the deposits as of December 31, 2009 is related to the decrease in reserve requirements during 2009, approved by the Bank in order to provide more flexibility to management of liquidity of the financial entities. Thus, in January 2009, the reserve requirements decreased from 9% to 7.5% (circular No. 054 and No. 058 of 2008). Subsequently, in February the same year, the reserve requirements were reduced again to 6.5% (circular No. 02 and No. 03 of 2009). In April 2009, reserve requirements were reduced to its present level of 6% (circular No. 06 and No. 07 of 2009).

The balances of bills and coins issued are as follows:

	2009		2008	
Nominal Value	**Units**	**S/.000**	**Units**	**S/.000**
Notes:				
10	83,746,835	837,468	80,294,963	802,950
20	74,140,942	1,482,819	66,473,909	1,329,478
50	68,742,209	3,437,110	64,686,443	3,234,322
100	140,773,910	14,077,391	126,960,261	12,696,026
200	8,011,660	1,602,332	6,923,783	1,384,757
		21,437,120		19,447,533
Coins:				
0.01	258,093,227	2,581	193,290,746	1,933
0.05	244,342,202	12,217	225,529,470	11,276
0.10	741,597,906	74,160	678,356,475	67,836
0.20	195,526,868	39,105	178,613,636	35,723
0.50	256,130,128	128,065	237,204,527	118,602
1.00	282,487,708	282,488	258,260,247	258,260
2.00	77,118,987	154,238	72,070,162	144,140
5.00	81,519,093	407,595	74,148,233	370,741
		1,100,449		1,008,511
Commemorative coins	Miscellaneous	1,880	Miscellaneous	1,879
Total		**22,539,449**		**20,457,923**

16. DEPOSITS IN FOREIGN CURRENCY

This caption comprises:

	2009	2008
	S/.000	S/.000
Banks	15,775,577	19,753,110
Governmental sector	12,428,132	10,269,755
Banco de la Nación	871,400	800,996
Financial institutions	87,266	753
Other Financial institutions	170,292	90,706
Total	**29,332,667**	**30,915,320**

Foreign currency deposits in checking account from entities subject to reserve requirements of the National Financial System are part of the funds intended to cover the required reserve requirements the Bank requires for obligations subject to reserve requirements in foreign currency.

The reserve requirements that may be covered with foreign currency in cash of the entity subject to reserve requirements, is divided into a minimum reserve requirements of 6% of the obligations subject to reserve requirements in foreign currency and the additional reserve (9%, as of December 31, 2008), which is the indispensable portion of reserve requirements that exceeds the minimum reserve requirements. The additional reserve requirements fluctuated between 26% and 27% as of December 31, 2009 (between 22% and 24% as of December 31, 2008).

The requested portion of the reserve requirements that corresponded to the minimum reserve requirements and the one established for the obligations subject to reserve under a special regime are non-interest bearing.

The obligations subject to reserve requirements were classified into two regimes: special and general. Reserve requirements funds corresponding to the additional reserve of the general regime, while deposited in the Central Bank, earned interests as of December 31, 2009 at an annual rate of 0.1396% (as of December 31, 2008 the rate was equivalent to 50% of 1-month LIBOR rate).

On December 30, 2008, the Bank issued Circular N° 0055-2008-BCRP referred to provisions of reserve requirements in foreign currency reducing, the minimum reserve requirements rate to 7.5% and the marginal reserve rate of obligations subject to the general system to 30%, in order to provide more flexibility to the management of liquidity of entities subject to reserve requirements with the purpose of preserving monetary stability.

The Bank has entered into agreements with the Dirección General del Tesoro Público del MEF and the Fondo Consolidado de Reserva Previsional (FCR) whereby conditions are established for the Bank to receive deposits from these entities. These deposits bore interest rates as of December 31, 2009 ranging between 0.01% and 0.11% (between 0.18% and 4.47% as of December 31, 2008). As of December 31, 2009, the Public Treasury's resources and those of FCR deposited in the Bank amount to US$ 4,235,325,000, equivalent to S/. 12,231,617,000 (US$ 3,162,742,000, equivalent to S/. 9,921,522,000, as of December 31, 2008).

17. OTHER LIABILITIES

This caption comprises:

	2009 S/.000	2008 S/.000
Contributions suscribed to international organizations pending payment (a)	277,364	311,475
Interest and commissions payable	27,879	213,907
Actuarial liability (b)	117,338	120,533
Deposit Insurance Fund (c)	41,471	7,496
Funds for diseases, insurance and pension of BCRP employees	20,478	14,908
Other provisions	22,663	20,950
Accounts payable	4,019	1,121
Miscellaneous	5,059	16,569
Total	**516,271**	**706,959**

(a) Contributions subscribed to international organizations pending payment

Under agreement N° 93 dated March 22, 2000, amended by Agreement N° 102 of April 10, 2001 of the FLAR Meeting of Representatives, FLAR member countries agreed to increase the capital to US$ 2,109,375,000, through the capitalization of profits up to 2010; the Bank being responsible for contributing US$ 468,750,000. As of December 31, 2009, the balance of the pending contribution amounts to US$ 96,040,000 (US$ 99,291,000 as of December 31, 2008), see Note 11.

(b) Actuarial Obligation

It includes the actuarial obligation corresponding to the subvention of supplemental pensions and other supplemental retirement benefits for the Bank's retired employees and their families.

As of December 31, 2009, the provision for actuarial obligation corresponding to supplemental pension subvention for retirements, widowhood pensions, burial benefits and ongoing risks reserve of health care services calculated by an actuary was S/. 151,633,000, deducting the value of the Employees' Fund net assets amounting to S/. 34,295,000; therefore, the actuarial obligation amounted to S/. 117,338,000, (Note 2(m).)

The actuarial calculation as of December 31, 2009 was determined by an independent actuary based on the following: (i) preventive SP 2005 mortality charts, (ii) CSO life charts (Commissioner Standard Ordinary) for burial benefits, and (iii) application of an annual technical interest rate of 6% in risks related to retirement, expectancy, widowhood, benefits to relatives in case of death, which corresponds to the nominal yield of issued sovereign bonds of the Peruvian Government in the long term.

The movement of the provision for actuarial obligations of retired and active employees of the Bank is as follows:

	2009	2008
	S/.000	S/.000
Balance at the beginning of year	120,533	121,341
Increase debited to results (note 20)	6,426	19,116
Transfers to the Fund	(9,621)	(19,924)
Balance at the end of year	**117,338**	**120,533**

(c) Deposit Insurance Fund

As of December 31, 2009, it comprises balances of deposits in checking accounts in foreign currency for US$ 14,360,000 equivalent to S/. 41,471,000 (US$ 2,390,000 equivalent to S/. 7,496,000 in 2008). The average interest rate of such deposits in foreign currency was 1.40% and 2.54%, as of December 31, 2009 and 2008, respectively.

18. READJUSTMENT IN VALUATION, ORGANIC LAW ARTICLE 89

It corresponds to differences arising from readjustment in the valuation in local currency of the Bank's assets and obligations in gold, silver, foreign currency, Special Drawing Rights (SDR) or any other international currencies, which are debited or credited to this account not considering them as unrealized losses or profits for the year (Note 2 (q).)

	2009 S/.000	2008 S/.000
Balance at the beginning of year	3,630,411	163,623
Valuation of U.S. dollars	(2,759,636)	3,197,371
Valuation of other foreign currencies	(1,508,058)	(22,020)
Valuation of metal (gold and silver)	535,862	303,691
Valuation of IMF contribution and obligations	7,631	(10,536)
Transfer to the results of the year (*) and other	1,954	(1,718)
Balance at the end of year	**(91,836)**	**3,630,411**

(*) Included in other financial income and expenses in the statement of income 2009 and 2008.

19. NET EQUITY

(a) Capital

As of December 31, 2009 and 2008, the Bank's capital authorized, subscribed and paid-in by the Peruvian State in accordance with its Organic Law and Supreme Decrees N° 059-2000-EF, N° 108-2004-EF, N° 136-2006-EF and N° 136-2007-EF amounts to S/. 591,375,000.

Capital is not represented by shares, and its value is recorded only in the capital account in the balance sheet. Likewise, under a Supreme Decree countersigned by MEF, the Bank's authorized capital may be readjusted.

(b) Reserves

Under Articles 6 and 92 paragraph b) of the Organic Law, the Bank shall allocate a reserve through the annual transfer of 75% of its net income until reaching an amount equivalent to 100% of its capital. This reserve can be capitalized.

In the event of losses, the reserve shall be used to offset such losses; if the reserve is insufficient, the Public Treasury within 30 days after the balance sheet is approved shall issue and provide the Bank with securities of negotiable debt securities that will accrue interest.

The Board of the Bank, at a meeting held on March 27, 2008, decided the distribution of the Bank's earnings corresponding to period 2007 of S/. 723,949,000, of which S/. 364,473,000 was used to increase the reserve, S/. 180,987,000 was transferred to the Public Treasury and S/. 178,489,000 remaining in the account of retained earnings.

(c) Retained Earnings

Pursuant to Article 92 of the Organic Law, the Bank shall annually distribute its net income as follows: 25% for the Public Treasury and 75% to allocate the reserve referred to in literal (b) of this note.

At the Board Meeting held on March 5, 2009, the distribution of the income for the period 2008 of S/. 22,309,000 was approved, as per Article 92 of its Organic Law, being S/. 13,702,000 transferred to the Public Treasury and S/. 8,608,000 remaining in the account of retained earnings.

In December 2008, an adjustment was made to the provision of actuarial reserve recorded in 2007, to consider the inclusion and presentation of the assets related to the Employees' Fund, which implied increasing the balance of the retained earnings account in S/. 32,496,000 (decreasing in contrast the other liabilities item). The balance of the retained earnings account, after this adjustment amounts to S/. 233,294,000.

20. OTHER EXPENSES

As of December 31, 2009 and 2008 this caption of the statement of income consist mainly of the adjustment of the actuarial provision reserve of S/. 6,426,000 and S/. 19,116,000, respectively. Likewise, for the 2008 period it includes the provision for impairment of real estate for S/. 16,397,000 (Notes 10 and 17 (b)).

21. TAX SITUATION

In accordance with the Income Tax Law, entities of the national governmental sector are not subject to income tax. The Bank, as a withholding agent, is only subject to the fourth- and fifth-category income taxes and social contributions.

The Superintendencia Nacional de Administración Tributaria (SUNAT) is entitled to review and, if necessary, amend the taxes calculated by the Bank during the last four years, counted as from the date of filing of the related tax returns (years open to fiscal review). The tax returns for 2005 through 2009, inclusive, are open to fiscal review. Since discrepancies may arise over the interpretation by the Tax Administration of the rules applicable to the Bank, it is not possible to foresee to date of the financial statements whether any additional tax liabilities will arise as a result of eventual reviews. Any additional tax, fines and interest, if arising, will be recognized in the income (loss) for the year when the disagreement with Tax Administration is resolved. Bank's Management and the legal advisors consider no significant ultimate liabilities will arise as a result of any possible fiscal reviews.

22. CONTINGENCIES

On December 15, 2006, the Fourth Section of the Lima Superior Court of Justice declared that the appeal for constitutional protection of rights filed against the Bank by former employees who adopted a retirement program with incentives in 1992 was grounded. The Court ordered the reinstatement of the employees and that the employees be paid the equivalent to the actuarial computation of the remunerations accrued and other labor rights. Subsequently, the Bank filed an appeal for legal protection against said court order, for the breach of several constitutional rights protecting due process of law (matter settled in court, proper facts and valuation of proof), obtaining on May 24, 2007 a precautionary measure to suspend the effects of the aforementioned decision, which has been confirmed by the Supreme Court through resolution dated May 8, 2008. The defendants requested changes in such precautionary measure in order to be replaced in the Bank. This request has been declared inadmissible by the Eighth Civil Court as per Resolution dated august 4, 2008, which was executed since it has not been appealed by the defendants. Also, as a result of the disciplinary process initiated against the judges that pronounced a claim on December 15, 2006, the Judiciary has imposed them a sanction that will be examined by the Executive Committee of such Entity. Taking into account the current status of the judicial proceeding and the sound legal grounds supporting the non applicability of the reinstatement and the payment of accrued amount referred in court order dated December 15, 2006, and based on the opinion of its legal advisors, the Bank's Management has not recorded any provision for possible losses arising from this legal contingency as of December 31, 2009.

23. MEMORANDUM ACCOUNTS

This caption comprises:	2009	2008
	S/.000	S/.000
Notes and coins in stock	23,715,061	26,385,198
Securities held in custody	2,397,905	3,034,790
Securities deposited in guarantee	1,337,631	1,242,884
Notes and coins removed from circulation to be destroyed	1,201	1,201
Banks under liquidation	53,706	55,078
Money in process of production - Casa Nacional de Moneda	965	435
Miscellaneous	885,016	250,690
Total	**28,391,485**	**30,970,276**

Memorandum accounts include different transactions recorded for control purposes only.

Bills and coins in stock comprise:

	2009	2008
	S/.000	S/.000
New	21,764,003	21,885,314
Available	1,188,195	914,881
To be classified	573,624	2,749,420
To be incinerated and/or melted	187,239	835,074
In transit	2,000	509
Total	**23,715,061**	**26,385,198**

The movement of the account of bills and coins in stock for the year ended December 31, 2009 and 2008 has been as follows:

	2009	2008
	S/.000	S/.000
Balance at the beginning of the year	26,385,198	10,151,724
Acquisition of bills and coins	10,182,698	25,636,113
Destruction of bills and coins	(10,771,309)	(5,944,155)
Removals from circulation, net of income	(2,081,526)	(3,458,484)
Balance at the end of the year	**23,715,061**	**26,385,198**

Securities held in custody include mainly promissory notes in guarantee for operations with IMF.

Miscellaneous, correspond to recording accounts of repurchase commitments of foreign currency from financial system companies, operations of forwards of the external administrator from the international reserves and the collateral guarantees, Brady Plan, among others.

24. ANALYSIS OF MATURITIES

The structure of maturities of the Bank's financial assets and liabilities, effective December 31, 2009, as per contractual or estimated maturity, are as follows:

Class	Due in six months or less S/.000	Due from Six Months to one Year S/.000	Due from One to Five Years S/.000	Due over Five Years S/.000	Total S/.000
Assets:					
Cash in foreign currency	29,154				29,154
Deposits in foreign banks	16,737,163				16,737,163
Securities from international institutions	21,725,776	9,904,339	38,924,623	924,548	71,479,286
Gold	3,254,995	261,805			3,516,800
Other available assets	2,421,265				2,421,265
Other assets abroad	1,360	906	11,936	57,760	71,962
Other assets	69,203	12,709	341,705	181,807	605,424
Sub total	**44,238,916**	**10,179,759**	**39,278,264**	**1,164,115**	**94,861,054**
Contribution to FLAR					1,076,386
Contribution in local currency to IMF					2,327,070
Contribution in SRD to IMF					550,345
Domestic credit					9
Real estate, furniture and equipment, net					133,322
Total assets					98,948,186
Liabilities and net equity:					
Reserve liabilities	116,487				116,487
Other foreign liabilities			788	2,806,140	2,806,928
Monetary base	1,008,614			22,539,449	23,548,063
Deposit in local currency	22,117,907	84,491			22,202,398
Securities issued	13,633,429	437,823			14,071,252
Foreign currency deposits	29,332,667				29,332,667
Other liabilities	113,426	19,881	323,063	59,901	516,271
Sub total	**66,322,530**	**542,195**	**323,851**	**25,405,490**	**92,594,066**
Counterpart of the contribution in local currency to IMF					2,327,070
Equity					4,027,050
Total liabilities and net equity					**98,948,186**

25. FINANCIAL INSTRUMENTS

The Bank's asset and liability financial instruments are subject to the usual risks involved in management, such as liquidity risk, credit risk, foreign exchange risk and interest rate risk. These risks are monitored by the Bank staff on a daily basis based on their experience and mechanisms of measurement commonly used for their administration.

The Bank's balance sheet mostly comprises financial instruments, as described in Note 2 (d). International reserves are a relevant component of such instruments and its management adheres to the security, liquidity and profitability criteria indicated in Article 71 of its Organic Law.

International reserves contribute to the country's economic and financial stability, insofar as they guarantee availability of foreign exchange in extraordinary situations, such as an eventual significant withdrawal of foreign currency deposits from the financial system or temporary external shocks which could cause imbalances in the real sector of the economy and feedback expectations. Likewise, a suitable currency availability contributes to the reduction of the risk country and to the improvement of the credit denominations of Peru, which results in better conditions for obtaining foreign credits on the part of the private and public Peruvian companies and, in addition contibutes to the expansion of the foreign investment in the country.

The Bank's reserve management policy prioritizes the preservation of capital and to guarantee the liquidity of reserves. Once these conditions are met, yield is to be maximized.

The management of international assets is closely related to the origin and characteristics of the Bank's liabilities, in terms of amount, currency, term and volatility. Thus, the market risks are minimized, therefore affecting the value and availability of the resources managed by the Bank.

Risk Management

Benchmark portfolio: it constitutes a fundamental tool for managing international reserves. In its definition, this portfolio encompasses the combination risk-return that the Board of the Bank approves, translated into terms of liquidity, quality of credit, duration and diversification by currencies and issuers. The benchmark is neutral to the market expectations and must be able to be replicable, which is particularly relevant in circumstances of extreme market volatility.

The Bank builds its own benchmark portfolio based on market indices.

With regard to the management of investments, the following risks are considered:

Liquidity risk: In order to mitigate this risk, the degree of liquidity of the rent instruments is mainly controlled by the size of the issuance and the acquired percentage of each issuance.

Likewise, it is minimized through the distribution of assets by sections, those defined taking into account the liabilities the Bank has and, consequently, the investments assigned to each section are realized considering the terms of these liabilities.

Credit risk: The risk refers to the possibility that a counterpart is not able to meet an obligation with the Bank on a timely basis. In order to face this risk, investments are diversified into:

- Deposits in first-rate foreign banks, according to the capital involved and to short-term and long-term risk ratings assigned by the main international risk rating agencies, such as Standard & Poor's, Moody's and Fitch.

- Fixed income securities issued by international organizations or foreign public organizations. These securities should be rated as long-term papers and must have been assigned one of the four highest ratings of the twenty assigned by risk rating agencies.

- Investments in private entities debt issues are not permitted.

The magnitude and concentration of the Bank's exposure to credit risk can be obtained directly from the balance sheet, which describe the size and composition of the Bank's financial assets.

Currency risk: This risk can be defined as the risk to which the Bank is exposed due to fluctuations in the value of financial assets and liabilities arising from changes in exchange rates. The magnitude of the risk depends on:

- The imbalance between the Bank's foreign currency assets and liabilities; and

- The exchange rate of foreign currency transactions pending at closing date.

The Bank assets are mostly invested in U.S. dollars, reflecting both the denomination of foreign currency liabilities (mainly bank reserve and special resident deposits) and the Bank intervention currency in the domestic foreign exchange market. The second most important currency within the composition by currencies of the international reserves is the Euro. The composition by currency of the balances in foreign currency is in Note 4.

Interest rate risk: This risk refers to unexpected movements in the market yield rates of fixed income assets in the portfolio, which could affect the market value of investments prior to their maturity. The longer the maturity period of investments, the greater the impact of changes in yield over the market value of such investments. The measure of such impact is reflected in the duration of the portfolio.

The Bank confronts this risk considering the term structure of liabilities to determine the composition of the maturities of its assets. As a result, the duration of the total portfolio is low, therefore the impact of variations in the interest rates of market is minimum on the market value of the portfolio.

Likewise, maximum terms have been established for investments, consistent with the market risk profile selected for each instrument in the portfolio.

The dimension of the risk depends on:

- The significant interest rate of financial assets and liabilities; and

- The structure of maturities of the Bank' s financial instruments portfolio.

The Bank's financial assets are interest-bearing. The Bank's financial liabilities include interest-bearing and non-interest-bearing liabilities. The disclosures regarding these liabilities are described in Notes 12 through 17.

The Bank's interest-bearing assets and liabilities are based on rates established in accordance with the market economic conditions, effective as of the moment when the financial instruments are issued.

The structure of maturities of the Bank's financial assets and liabilities is disclosed in Note 24.

Comparison to the benchmark portfolio: The Bank's real portfolio consists of the investments of international reserves, which may deviate from the parameters approved for the benchmark in terms of management of investment terms, duration, total bank risk and credit risk, and diversification of issuers. These deviations are managed by trying to obtain the highest profitability from investments, maintaining the latter within the range authorized by the Bank' s Board of Directors.

The real and reference portfolios are daily valued at market prices.

International financial crisis

In 2008 severe financial disturbances at world-wide level took place leading to a situation of recession in developed economies. Those events impacted important banks of the United States of America and the European Union, leading in different occasions to the intervention of their governments.

In 2009 developed countries continued undergoing the effects of the crisis and to resist them, their governments implemented political fiscal and monetary aimed at normalizing their financial markets and contributing to the recovery of their economies.

The Bank has confronted the risks of this crisis strengthening its conservative policy in the matter of investments. In that context it has tried to reduce the risk of the portfolio, applying stricter criteria of positioning of deposits in foreign banks and increasing the investments in issuers with the highest levels of qualification, in particular, diversifying investments between sovereign and supranational issuers.

Fair Value

The following provides information on some relevant financial instruments valued by the Bank to fair value.

Fair value is the amount for which an asset can be exchanged, a liability can be settled or an instrument of equity can be exchanged in a transaction conducted between interested parties, properly informed and in conditions of mutual independence. For its determination, it is important to refer, in the first place, to the quotation cost of the financial instrument in active markets and, if such information is not available, to valuation techniques. Such techniques include: market price of similar financial instruments; reference to the fair value of similar financial instruments; analysis of discounted cash flow; models of determination of option prices, or valuation techniques accepted by the market (as they may prove they provide reliable estimates of prices observed in market real transactions).

Considering the aforementioned terms and the scope allowing to obtain the best estimate, the Bank values the following financial instruments part of the Gross International Reserves: Available-for-sale values of international organizations and Gold. Also, it refers to prices and market quotations (fair value statement) when valuing and stating in functional currency the nominal balances in foreign currency.

26. SUBSEQUENT EVENTS

There are no subsequent events that have occurred from the date of the financial statements to the date of this report, which have not been disclosed therein or could significantly affect the financial statements.