



BANCO CENTRAL DE RESERVA DEL PERÚ

International Operations Division

INTERNATIONAL RESERVES: COMPOSITION AND PERFORMANCE AS OF SEPTEMBER 2007

At the end of September 2007, the gross international reserves (GIR) amounted to USD 22 854,6 millions, USD 1 242,8 millions lower than the previous month. Its composition by asset class was as follows:

GROSS INTERNATIONAL RESERVES (millions of US\$)				
Asset	29.12.2006	28.06.2007	31.08.2007	28.09.2007
Deposits abroad	6850.4	8059.6	8890.1	6752.7
Securities	9387.1	12377.8	14084.3	14866.6
Gold	705.9	721.2	749.4	823.3
Others ^{1/}	385.8	396.1	373.6	412.0
TOTAL	17329.2	21554.7	24097.4	22854.6

^{1/} Includes subscriptions of capital to FLAR and credit balances from ALADI.

The book value of liquid international assets (see glossary) reached USD 22 035 millions, showing the following composition in terms of currencies, term to maturity and credit risk:

Currencies	28.09.2007	Term to maturity	28.09.2007	Long term rating ^{2/}	28.09.2007
US\$	84.1	0-3 months	34.5	AAA	62.1
Other currencies ^{1/}	14.0	3-12 months	18.0	AA+ / AA / AA-	35.9
Gold	1.9	>1 year	47.5	A+	2.0

^{1/} Mostly euros.

^{2/} Average rating from Fitch, Standard & Poor's and Moody's. The minimum long term credit rating required by the BCRP for its correspondents banks is A+ and for securities held in its portfolio is AA -.

The Exchange Position, at the end of September 2007 reached US\$ 16 024 millions.

The total return based on actual book entries (see glossary) was 4,67% for the period October 2006 – September 2007, and excluding gold holdings was 4,85%. The average duration of the portfolio was 1,44 years at the end of September.

ANNEX 1: GLOSSARY OF TERMS

Gross International Reserves (GIR).- Central Bank's GIR¹ are composed mainly of deposits in foreign banks, foreign securities and bonds, gold holdings and any other internationally recognized means of payments such as coins and bills. It also includes subscriptions to international organizations, and the credit balance from the financial agreement signed with other Latin-American central banks as part of the Asociación Latinoamericana de Integración, ALADI².

Exchange Position.- Central Bank's Exchange Position is the difference of assets and liabilities in foreign exchange, both internationally and with residents. These assets could be diversified by currencies and gold.

Liquid International Assets.- The international assets which are under management and can be rapidly converted into cash. They are the result of excluding from the GIR subscriptions of capital to international financial organizations, such as Fondo Latinoamericano de Reservas (FLAR), credit balances from ALADI, and holdings of gold in Central Bank of Peru's vaults.

Total return based on actual book entries.- It is calculated as a quotient, in which the numerator considers interest earnings and profit/loss from securities sales; and the denominator, the average daily balances of deposits, securities and gold (abroad and in vaults), excluding the valuation effect from changes in exchange rates and the prices of gold and securities.

¹ The concept used by the Central Bank is consistent with the paragraph 424 of the Manual of the Balance of Payments, IMF, 5th Edition.

² For historic series, see in this web page Home/Statistics/Charts/Weekly Report Charts/ 23 "Concepts of international liquidity of the Central Bank of Peru".