

financial statements



(Free translation from the original in Spanish. The accounting principles referred to are those generally accepted in Peru.)

REPORT OF INDEPENDENT ACCOUNTANTS

April 29, 2002

To the Board of Directors
Banco Central de Reserva del Perú

- 1 We have audited the accompanying balance sheet of Banco Central de Reserva del Perú as of December 31, 2001 and the related statements of income, of changes in net shareholders' equity and of cash flows for the year then ended. These financial statements are the responsibility of the Bank's management; our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of December 31, 2000 were audited by other independent auditors, who expressed an unqualified opinion dated April 16, 2001.
- 2 We conducted our audit in accordance with auditing standards generally accepted in Peru. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Bank's management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As explained in Note 2, the financial statements as of December 31, 2001 have been prepared in accordance with accounting practices contained in the Bank's Organic Law, dispositions of the Directors established by agreements and with generally accepted accounting principles in Peru applicable to central banks which, as stated in Note 3 to the financial statements, differ in certain aspects with generally accepted accounting principles in Peru, which comprise mainly International Accounting Standards approved by the National Council of Accountancy.

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4. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco Central de Reserva del Perú as of December 31, 2001, the results of its operations and its cash flows for the year then ended, in accordance with accounting practices described in Note 2 to the financial statements.

Sergio Luis Lavieja y Asociados

Countersigned by



----- (partner)
Arnaldo Alvarado L.
Peruvian Public Accountant
Registration No.7576



CENTRAL RESERVE BANK OF PERU

**BALANCE SHEET (Notes 1, 2, 3, 4, 24 and 26)
CONSTANT VALUES**

ASSETS

	As of December 31,	
	2001	2000
	S/. 000	S/. 000
EXTERNAL ASSETS		
Cash in foreign currency	35 159	34 984
Deposits in foreign banks (Note 5)	17 779 610	17 568 344
Securities in international institutions (Note 6)	10 575 412	9 909 919
Gold (Note 7)	900 295	887 497
Contributions to FLAR (Note 8)	994 862	915 640
Agreements with central banks	24 938	85 027
Other assets available	101 410	101 648
	<u>30 411 686</u>	<u>29 503 059</u>
OTHER EXTERNAL ASSETS		
Contributions in local currency to the International Monetary Fund (Note 8)	2 763 110	2 872 765
Other external assets	31 499	31 540
	<u>2 794 609</u>	<u>2 904 305</u>
DOMESTIC CREDIT (Note 9)	<u>396 054</u>	<u>510 495</u>
PROPERTY, FURNITURE AND EQUIPMENT, NET (Note 10)	<u>149 969</u>	<u>151 932</u>
OTHER ASSETS (Note 11)	<u>1 701 874</u>	<u>2 051 129</u>
	<u>35 454 192</u>	<u>35 120 920</u>
OFF-BALANCE SHEET ACCOUNTS (Note 22)	<u>16 025 001</u>	<u>18 962 501</u>

The accompanying notes are part of the financial statements.

LIABILITIES AND NET SHAREHOLDERS' EQUITY

	As of December 31,	
	2001	2000
	S/. 000	S/. 000
EXTERNAL LIABILITIES		
Obligations with international entities	78 938	116 822
Due to the International Monetary Fund (Note 12)	695 415	1 205 022
	<u>774 353</u>	<u>1 321 844</u>
OTHER EXTERNAL LIABILITIES		
Exchange value of contributions in local currency to International Monetary Fund (Note 12)	2 763 254	2 872 914
Other external liabilities (Note 12)	1 101 114	1 202 340
	<u>3 864 368</u>	<u>4 075 254</u>
BASE MONEY (Note 13)	<u>6 087 321</u>	<u>5 518 285</u>
OTHER DEPOSITS IN LOCAL CURRENCY (Note 14)	<u>247 401</u>	<u>361 428</u>
SECURITIES OUTSTANDING (Note 15)	<u>1 791 985</u>	<u>1 291 152</u>
DEPOSITS IN FOREIGN CURRENCY (Note 16)	<u>19 722 845</u>	<u>19 451 449</u>
OTHER LIABILITIES (Note 17)	<u>1 092 498</u>	<u>1 152,869</u>
RE-AJUSTMENT IN VALUATION, ORGANIC LAW ARTICLE 89 (Note 18)	<u>1 463 016</u>	<u>1 660 742</u>
NET SHAREHOLDERS' EQUITY (Note 19)		
Capital	165 776	165 776
Reserves	105 725	56 696
Retained earnings	138 904	65 425
	<u>410 405</u>	<u>287 897</u>
TAX SITUATION (Note 20)		
COMMITMENTS AND CONTINGENCIES (Note 21)		
SUBSEQUENT EVENT (Note 28)		
	<u><u>35 454 192</u></u>	<u><u>35 120 920</u></u>
OFF-BALANCE SHEET ACCOUNTS (Note 22)	<u>16 025 001</u>	<u>18 962 501</u>



CENTRAL RESERVE BANK OF PERU

**STATEMENT OF INCOME (Notes 1, 2 and 3)
CONSTANT VALUES**

	For the years ended December 31,	
	2001	2000
	S/. 000	S/. 000
FINANCIAL INCOME		
Interest from deposits in foreign banks	734 976	1 227 405
Interest from securities in international institutions	597 361	638 379
Interest from ALADI agreement	1 340	5 558
Interest on domestic credit	30 730	49 864
Other financial income	11 712	11 665
	<u>1 376 119</u>	<u>1 932 871</u>
OTHER INCOME		
Dividends received from FLAR	79 843	54 027
Other	14 800	10 479
	<u>94 643</u>	<u>64 506</u>
FINANCIAL EXPENSES		
Interest on time and special deposits	505 674	811 249
Interest on-demand deposits obtained in Peru	312 321	610 157
Interest on BCRP certificates	196 844	191 990
Interest on loans from international organizations	39 562	76 700
Other financial expenses	17 010	27 303
	<u>1 071 411</u>	<u>1 717 399</u>
OTHER EXPENSES		
Other expenses in local currency	618	1 534
Other expenses in foreign currency	1 593	4 179
	<u>2 211</u>	<u>5 713</u>
ADMINISTRATIVE EXPENSES		
Remunerations and costs of social laws	119 061	103 703
Administrative expenses	80 268	80 793
Depreciation and amortization	11 183	12 363
	<u>210 512</u>	<u>196 859</u>
ISSUE EXPENSES		
Expenses for transport and cost of notes and coins (Note 23)	45 604	6 074
Cost of production materials delivered to the Casa Nacional de la Moneda	5 411	5 800
	<u>51 015</u>	<u>11 874</u>
Income before result for exposure to inflation	<u>135 613</u>	<u>65 532</u>
Result for exposure to inflation (Note 24)	3 291	(107)
Net income for the year	<u>138 904</u>	<u>65 425</u>

The accompanying notes are part of the financial statements.

STATEMENT OF CHANGES IN NET SHAREHOLDERS' EQUITY (Notes 1, 2, 3 and 19)

**CONSTANT VALUES
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	<u>Capital</u>	<u>Reserves</u>	<u>Retained</u> <u>earnings</u>	<u>Total</u>
	S/. 000	S/. 000	S/. 000	S/. 000
Balances as of January 1, 2000	107 548	114 361	169 303	391 212
Adjustments of prior periods	--	182	--	182
Capitalization of reserves and retained earnings	58 228	(57 847)	(381)	--
Dividend distribution according to the Minutes of the Board of Directors dated March 9, 2000 and D.S.058-2000-EF:				
Amortization of accounts receivable from the Treasury	--	--	(98 311)	(98 311)
Amortization of interest on Capitalization Bonds BCRP	--	--	(21 888)	(21 888)
Payment of Bonds D.S. No.114-98-EF	--	--	(48 723)	(48 723)
Net income for the year	--	--	65 425	65 425
Balances as of December 31, 2000	<u>165 776</u>	<u>56 696</u>	<u>65 425</u>	<u>287 897</u>
Adjustments of prior periods	--	(95)	--	(95)
Dividend distribution according to the Minutes of the Board of Directors dated May 31, 2001:				
Transfer to Reserves	--	49 124	(49 124)	--
Amortization of accounts receivable from the Treasury	--	--	(16 301)	(16 301)
Net income for the year	--	--	138 904	138 904
Balances as of December 31, 2001	<u>165 776</u>	<u>105 725</u>	<u>138 904</u>	<u>410 405</u>

The accompanying notes are part of the financial statements.



CENTRAL RESERVE BANK OF PERU

**STATEMENT OF CASH FLOWS (Notes 2 and 26)
CONSTANT VALUES**

	For the years ended	
	December 31,	
	2001	2000
	S/. 000	S/. 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	138 904	65 425
Adjustment to reconcile the net income of the year to cash from operating activities:		
Provision for general expenses and acquisition of notes	48 972	5 567
Depreciation and amortization	10 993	12 363
Income from interest, net of expenses	75 899	(82 438)
Cost of materials for production delivered to the Casa Nacional de Moneda	5 411	5 800
Return of property	-	1 367
Other provisions	(764)	687
Transfer of property and grant of equipment	(1 228)	(16)
Net changes in assets and liabilities:		
Decrease in other external assets	109 696	213 417
Decrease in domestic credit	98 040	155 066
Decrease (increase) in other assets	176 194	(532 304)
Decrease in external liabilities	(547 490)	(543 733)
Decrease in other external assets	(210 886)	(319 298)
Increase (decrease) on base money	569 036	(447 050)
Decrease in other deposits in local currency	(114 027)	(39 224)
Increase in securities outstanding	500 833	885 623
Increase (decrease) in deposits in foreign currency	271 396	(1 879 869)
(Decrease) increase in other liabilities	(216 909)	473 972
Net cash provided by (used in) operating activities	<u>914 070</u>	<u>(2 024 645)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, furniture and equipment	(5 443)	(2 559)
Net cash used in investing activities	<u>(5 443)</u>	<u>(2 559)</u>
Net increase (decrease) of cash and cash equivalents	908 627	(2 027 204)
Cash and cash equivalents at beginning of year	29 503 059	31 530 263
Cash and cash equivalents at end of year	<u>30 411 686</u>	<u>29 503 059</u>

The accompanying notes are part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2001 AND 2000

1. OPERATIONS

Banco Central de Reserva del Perú (hereinafter the Bank) is an autonomous juridic entity of public law incorporated on March 9, 1922 as Banco de Reserva del Perú, intended to maintain the monetary stability in Peru. Its activities are presently governed by Article 84 of the peruvian political constitution dated December 29, 1993 and its Organic Law approved under Decree-Law No.26123 dated December 24, 1992, which establishes that its functions are to regulate the amount of money in the financial system administer international reserves, issue notes and coins and report on a periodic basis on the finances of Peru.

The Bank's legal address is in Lima and it has seven branch offices in other cities in Peru. The personnel employed by the Bank to carry out its activities as of December 31, 2001 and 2000 amount to 1 067 and 1 057, respectively.

The Bank represents Peru for the purposes established in the Agreements with the International Monetary Fund (hereinafter IMF) and the Latin American Reserve Fund (hereinafter FLAR) and is responsible for all official transactions, operations and relations with these institutions.

The Bank may also fulfill the function of Government Agent in its relations with multilateral organizations of credit and financial agencies of foreign governments.

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

- Grant financing to the Treasury, unless under the model of acquisition in the secondary market of securities issued by the Treasury in which case, the holding of such securities may not exceed in any moment, valued at their acquisition cost, five per cent of the balance of the money base at the close of the previous year.
- Extend guarantees, performance bonds or any other guarantees and uses any form of indirect financing, as well as grant insurance of any type. The operations carried out in implementing agreements of payments and reciprocal credits are not subject to the prohibition referred to in this section.
- Issue titles, bonds or certificates, which are of obligatory acquisition.
- Impose sector or regional coefficients in the composition of the loan portfolio of financial institutions.



- Establish systems of multiple exchange rates.
- Purchase shares, unless these are issued by international financial organizations or those needed to be acquired for the restoration of banking and financial companies; participate, directly or indirectly, in the capital of commercial, industrial or any other companies.

2. ACCOUNTING PRINCIPLES AND POLICIES

The financial statements have been prepared in accordance with accounting practices contained in the Bank's Organic Law, dispositions of the Directors established by agreements and with generally accepted accounting principles in Peru applicable to central banks. As stated in Note 3 to the financial statements, the accounting standards used by the Bank differ in certain aspects with generally accepted accounting principles in Peru, which comprise mainly International Accounting Standards approved by the National Council of Accountancy.

The most significant accounting principles and practices for the recording of operations and the preparation of the financial statements are as follows:

a) Financial statements adjusted for inflation -

The financial statements have been adjusted to reflect the changes in the purchasing power of the Peruvian currency according to the methodology approved by the National Council of Accountancy. This methodology requires the restatement of non-monetary items of the financial statements from the date of origin by applying the Wholesale Price Index. Monetary items and foreign-currency items have not been restated since they are stated at the purchasing power at the year-end. The valuation of items subject to adjustment was made considering the criteria described in subsequent paragraphs.

The deflation based on the Wholesale Price Index according to official statistics for year 2001 was 2,2% (inflation of 3,8% for year 2000).

b) Use of accounting estimates in the preparation of the financial statements -

The preparation of financial statements requires the Bank's management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the exposition of contingent liabilities at the date of the financial statements as well as the income and expenses for the reported years. Assets and liabilities are recognized in the financial statements when it is probable that any future economic benefit associated with the item will flow to or from the Bank and the item has a cost or value that can be measured with reliability. If in the future such estimates and assumptions, that are based on the

management's best judgement at the date of the financial statements, are modified because of the actual circumstances, the original estimates and assumptions will be appropriately modified in the year in which such changes occur. Major estimates related to the financial statements are the provisions to cover eventual losses derived from credit support to multiple banks, depreciation of property, furniture and equipment, provision for social benefits amortization of intangible assets and provision for assets seized through legal actions.

c) Cash and equivalents of cash -

Cash and equivalents of cash comprise external assets, which include funds, bank deposits, investments in securities, gold held, contributions to FLAR, agreements with central banks and other available assets.

External assets represent international assets or gross international reserves. The difference between international assets and liabilities (comprising the items Obligations with international entities and Due to IMF) represent net international reserves. These reserves show the international liquidity of Peru and its financial capacity with respect to other countries; they are the resources that the country has to cope with obligations in foreign currency.

d) Precious metals -

Gold and silver held are accounted for at the value fixed by the Board of Directors, which does not exceed the price prevailing in the international market, as established under Article 72 of the Bank's Organic Law. The restatement is made the last business day of each month.

Valuation of gold is obtained by applying 85% of the average purchase quotation in the markets of London, New York and Zurich at the close of the last business day of the period.

Silver valuation is obtained by applying 90% of the average purchase quotation on the penultimate day before the last business day of the period in the markets of New York and London, as well as the quotation published in Handy Harman.

e) Investments in securities -

The investments in securities are recorded at acquisition cost and when the market value is lower than their carrying amount, differences are recognized through the correspondent provision for fluctuation in the value of securities, recorded in the results for the period. Premiums and discounts on the acquisition of investments are amortized from the acquisition date until the date of maturity of the investments.



f) Exchange gains and losses and re-adjustment of foreign currency -

Article 89 of the Bank's Organic Law establishes that differences are recorded as a consequence of the adjustments 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, they are credited in a special account, not considering them as gains or losses.

This valuation is made on a daily basis by applying to the balances of assets and liabilities in foreign currency and precious metals the quotation with respect to the United States dollar and the exchange rate of the United States dollar compared to the new Peruvian sol (Note 4), obtaining balances in local currency. The result of such valuation of price, exchange rate and results of the sale of foreign currency is charged or credited to the account "Re-adjustment in valuation, Organic Law Article 89" in liabilities in the balance sheet.

g) Property, furniture, and equipment -

Property, furniture and equipment are recorded at their acquisition cost. The related depreciation is calculated consistently by using the straight-line method at rates sufficient to absorb the cost of the assets over their useful lives. Maintenance and repair costs are charged to the results of the year when incurred and significant renewals and improvements, are capitalized. The cost and accumulated depreciation of assets sold or retired are eliminated from the corresponding accounts and the related gain or loss is included in the results of the year.

Annual depreciation rates used are the following: buildings 1%, furniture and office equipment 10%; computer equipment 25%; other equipment 10%; and transport units 20%.

h) Assets seized through legal actions -

Assets seized through legal actions include lands and properties received as payments of loans granted to banks that current are being liquidated and are recorded at the adjudicated cost of seizure. Likewise, as established in Article 85 of the Organic Law, the Bank may not be the owner of more properties than those intended for its normal activities and those which are transferred 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, 2001, all assets seized through legal actions are now older than one year and, on a timely basis, the Bank began the arrangements established by law in order to formalize the sale of such assets, which required to coordinate with the Superintendence of National Assets and constituted the Special Board of Almonedas. Likewise, on a timely basis, the

Bank performed three auctions in which the total assets seized through legal actions were included and where approximately 42% of the total value of such assets were sold.

The Bank records an annual provision of 3% over the value of the adjudicated seizure value of such assets.

i) Notes and coins -

Corresponds to notes and coins of legal tender emitted by the Bank which are held by the public.

Notes and coins in the Bank's safe are recorded in off-balance sheet accounts at their nominal value.

j) Provision to cover eventual losses derived from credit support to the multiple banking sector -

The provision to cover eventual losses arising from credit support to the multiple banking sector corresponds to a provision approved by the Board of Directors in order to cover potential losses arising from transactions carried out with the multiple banking sector. (Notes 3-a and 17).

k) Provision for employees' severance indemnities -

The provision for employees' severance indemnities comprises all employees' rights to indemnities and is accounted when such indemnities fall due. The payments made, which are considered as definitive, are deposited in financial institutions selected by the employees.

l) Pension plan -

As established in Article 53 of its by-laws, the Bank recognizes in results of the period annual disbursements transferred to the Health, Insurance and Pensions Fund of Employees of the Bank (hereinafter the Fund). Such amount is approved by the Bank's Board of Directors in January every year, on the basis of the budget and programs presented by the Fund's Administrative Council and prior evaluation of actions carried-out and results obtained in the previous year.

The Fund is an association of social assistance established under Decree Law No.7137 and is intended to provide assistance to the Bank's employees and pensioners, as well as their spouses, children and parents, as established in its regulations. Such assistance is in addition to Social Security benefits and other social benefits granted by Law (National Social Security-EsSalud, Spanish



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acronym; National System of Pensions – Decree-Law No.19990 and the Private System of Pensions).

m) Interest and commissions -

Revenues and expenses for interest are recognized in the results of the period when accrued and commissions when received or paid.

When in the opinion of management there are reasonable doubts regarding collection of the principal of any financial instrument, interest is recognized as earned to the extent they are collected.

n) Operative and printed notes expenses -

Operative expenses are recognized in results of the period when accrued. Likewise, expenses of issuance of money and unaccrued operative expenses related to services rendered by third parties, previously approved by the Board of Directors in the annual budget following criteria established by the Special Committee of the Budget, are recognized in the results of the year.

o) Financial Statements as of December 31, 2000 -

The financial statements adjusted as of December 31, 2000 have been restated at the current value as of December 31, 2001, applying the coefficient of 0,978 corresponding to the last year and include certain reclassifications for comparative purposes.

p) New accounting pronouncements -

As of December 31, 2001 IASs 39 - Financial instruments has been approved by the National Council of Accountancy for its application from January 1, 2003. This standard defines financial instruments as any contract which gives rise to any financial asset of one enterprise and a financial liability or equity instrument of another enterprise. This accounting practice establishes the recognition, valuation and presentation of financial instruments.

3. DIFERENCES WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN PERU

In Peru the applicable accounting practices of the Bank as described in Note 2 differ in certain aspects from the generally accepted accounting principles in Peru which comprise mainly International Accounting Standard (IASs) made official by the National Council of Accountancy. To the date of the financial statements such entity has made official and put in force IASs 1 through 38.

Major differences between the generally accepted accounting principles in Peru and accounting practices used by the Bank are detailed as follows:

- a) In the meeting of the Board of Directors dated December 3, 1998, session No.3760, the Bank decided to make a generic provision to cover eventual losses arising from credit support to the multiple banking sector of S/. 150 million (Note 2-j). As of December 31, 2001 the Bank has accounts receivable from banks in liquidation from prior years for approximately S/. 71,2 million and for which the related provision for accounts of doubtful collection has not been made. The net balance of S/. 78,8 million corresponds to a generic provision which, in accordance with generally accepted accounting principles, should be a deducted from retained earnings.
- b) Through the Fund, the Bank assume the subvention of supplementary pensions of pensioners of the Bank and medical attention for their employees, pensioners and their families (Note 2-l). As of December 31, 2001 and 2000 the Bank charged to the results of the period, annual disbursements made amounting to S/. 24,1 million and S/. 21,3 million, respectively. As of December 31, 2001, the actuarial liabilities of the benefits stated above has not been estimated nor recorded in the financial statements of the Bank.
- c) As of December 31, 2001 and 2000, the Bank's maintains as liabilities the re-adjustments in the valuation of prices and exchange rates in local currency of the Bank's assets and obligations in gold, silver and foreign currency, SDRs or any other international currency as well as the result of the sale of such foreign currencies and precious metals for an amount of S/. 1 463,0 million and S/. 1 660,7 million, respectively (Note 2-f). In accordance with generally accepted accounting principles the results of the valuations as well as related sales should be included in the Bank's results in the year that they were generated.
- d) As of December 31, 2001, the Bank has recorded in the results of the year, operative and printed notes expenses not fallen due, approved by the Board of Directors in the annual budget and following the criteria established by the management and the Special Committee for the Budget amounting to S/. 43,9 million and S/. 5,0 million, respectively (printed notes expenses of S/. 2,6 million and operative expenses of S/. 3,0 million in 2000), which are shown pending payment in accounts payable in the item Other liabilities in the balance sheet (Note 2-n). In accordance with generally accepted accounting principles such expenses are accounted for when they fall due.



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4. BALANCES IN FOREIGN CURRENCY

Balances in U.S. dollars as of December 31, 2001 and 2000 have been expressed in new Peruvian soles at the purchase exchange rate established by the SBS of S/. 3,441 and S/. 3,523 per US\$ 1, respectively. Balances in other currencies have been expressed 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) Balances in foreign currency and in metals as of December 31 are summarized as follows:

	2001		2000	
	Origin currency	Amount US\$ 000	Origin currency	Amount US\$ 000
Assets:				
Gold in ounces	1 114 846	261 638	1 114 846	257 582
Special drawing rights (SDR's)	155 425 523	195 328	169 392 301	220 703
U.S. dollars	8 539 939 982	8 539 940	8 273 493 757	8 273 494
Pounds sterling	33 206 304	48 222	43 266 706	64 705
Yens	10 597 113 832	80 813	14 760 760 306	129 157
Canadian dollars	52 839 344	33 190	49 879 758	33 284
Pesos andinos	20 000 000	20 000	20 000 000	20 000
Euros	180 255 883	159 635	202 599 337	190 869
Silver in ounces	971 148	3 951	970 648	4 007
		<u>9 342 717</u>		<u>9 193 801</u>
Liabilities:				
Gold in ounces	22	5	41	10
Special drawing rights (SDR's)	309 603 251	389 088	433 066 966	564 247
U.S. dollars	6 015 357 709	6 015 358	5 981 772 310	5 981 773
Pounds sterling	1 012	1	823	1
Pesos andinos	20 000 000	20 000	20 000 000	20 000
Euros	32 143	28	32 143	30
Silver in ounces	20 075	82	25 900	107
		<u>6 424 562</u>		<u>6 566 168</u>
Net assets		2 918 155		2 627 633
Net assets, in thousands of new Peruvian soles		<u><u>10 041 372</u></u>		<u><u>9 053 495</u></u>

b) Quotations of foreign currency and metals in U.S dollars as of December 31, are summarized as follows:

	<u>2001</u>	<u>2000</u>
	US\$	US\$
Gold in ounces (Note 2-d)	234,685,000	231,047,000
SDR	1,256,730	1,302,910
U.S. dollar	1,000,000	1,000,000
Pounds sterling	1,452,200	1,495,500
Yen	0,007,626	0,008,750
Canadian dollar	0,628,141	0,667,289
Pesos andinos	1,000,000	1,000,000
Euros	0,885,600	0,942,100
Silver in ounces (Note 2-d)	4,068,000	4,128,600

5. DEPOSITS IN FOREIGN BANKS

As of December 31 this account comprises:

	<u>2001</u>	<u>2000</u>
	S/. 000	S/. 000
Time deposits	17 767 446	15 837 919
Call deposits	12 090	21 394
On-demand deposits	74	66
Time trust deposits	.-	1 708 965
	<u>17 779 610</u>	<u>17 568 344</u>

Deposits in foreign banks are deposited in first class banks and bear interest at rates of the international market.

6. SECURITIES IN INTERNATIONAL INSTITUTIONS

As of December 31 this account comprises:

	<u>2001</u>		<u>2000</u>	
	Carrying amount	Estimated market value	Carrying amount	Estimated market value
	S/. 000	S/. 000	S/. 000	S/. 000
Medium Term Instruments	4 673 117	4 732 334	3 261 263	3 276 196
Notes of USA Agencies	3 495 464	3 589 911	3 416 769	3 461 905
Sovereign bonds	1 401 876	1 435 140	1 715 064	1 725 120
Certificate of deposits	970 445	970 362	120 594	120 592
Treasury Notes - USA	34 510	35 184	546 673	545 209
FIXBIS at discount	.-	.-	849 556	884 075
	<u>10 575 412</u>	<u>10 762 931</u>	<u>9 909 919</u>	<u>10 013 097</u>



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The securities in international institutions correspond to first class financial instruments and of low risk, which bear interest at rates of the international market.

7. GOLD

As of December 31, 2001 and 2000, this item is represented by 1 114 846 troy ounces and includes commemorative coins deposited in the Bank's safe and bars of "good delivery" deposited in first class foreign banks; the latter bear interest in accordance with international market conditions.

8. CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

The Bank makes contributions to the following International organizations:

a) Latin American Reserve Fund (FLAR) -

As of December 31, 2001 the contribution to FLAR amounts to US\$ 289,1 million equivalent S/. 994,9 million (US\$ 265,8 million equivalent to S/. 915,6 million as of December 31, 2000). This contribution allows Peru access to financing facilities of FLAR.

b) International Monetary Fund -

As of December 31 this item comprises:

	<u>2001</u>	<u>2000</u>
	S/. 000	S/. 000
Contributions to IMF for the equivalent in local currency of SDR 638 400 000	2 898 590	2 864 672
Revaluations to liquidate - IMF contribution in local currency	(135 480)	8 093
	<u>2 763 110</u>	<u>2 872 765</u>

The contribution to IMF grants Peru access to IMF's financing activities.

Revaluations to liquidate - contribution in local currency IMF corresponds to the provision for maintenance of the value resulting from the difference for variation of the exchange rates of SDR with respect to the United States dollar and the United States dollar to the new Peruvian sol between April 30, and December 31 of each year. These revaluations are cancelled at the end of each financial year of the IMF which is April 30.

9. DOMESTIC CREDIT

As of December 31 this account comprises:

	<u>2001</u>	<u>2000</u>
	S/. 000	S/. 000
D.S. 066-94-EF BCRP Capitalization Bonds -	361 618	369 490
Securities issued by local entities	34 427	45 966
Reporting operations Treasury Bonds -		
D.S. 114-98-EF	--	95 030
Other	9	9
	<u>396 054</u>	<u>510 495</u>

In accordance with Supreme Decree No.66-94-EF, dated May 31, 1994, the Ministry of Economy and Finance (Spanish acronym MEF) issued BCRP Capitalization Bonds series "A" (bonds with interest) and series "B" (with no interest) for S/. 613,8 million (historic value). Such bonds were used to settle debts maintained by the Bank with the Treasury, transfer its debts with the state development bank in liquidation and offset accumulated losses that the Bank maintained as of December 31, 1994 and allow the Bank to reach the capital indicated in the Article 5 of its by-laws. Likewise, under the decree stated above such bonds are being cancelled with the transfer of profits generated by the Bank in the percentages stated in the respective legal regulations established by MEF (Note 19-c).

10. PROPERTY, FURNITURE AND EQUIPMENT

The movement of the account property furniture and equipment and the related accumulated depreciation for the year ended December 31, 2001 has been the following:

	<u>Initial</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfer</u>	<u>Adjust-</u>	<u>Final</u>
	balances	to cost/ applied to results	and/or sales		ments	balance
	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000
Cost -						
Land	11 962	--	--	--	269	12 231
Buildings	136 930	2 651	--	2 185	--	141 766
Furniture and office						
equipment	4 963	99	(258)	--	34	4 838
Transport units	3 357	--	(239)	--	2	3 120
Other equipment	30 185	1 352	(1 299)	2 620	(29)	32 829
Work in progress	2 445	--	(546)	(1 932)	33	--
In-transit units	7 568	5 276	(647)	(2 873)	119	9 443
Carried forward:	<u>197 410</u>	<u>9 378</u>	<u>(2 989)</u>	<u>--</u>	<u>428</u>	<u>204 227</u>



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	Initial balances	Additions to cost/ applied to results	Retirements and/or sales	Transfer	Adjust- ments	Final balance
	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000
Brought forward:	197 410	9 378	(2 989)	--	428	204 227
Accumulated depreciation -						
Buildings	33 879	2 811	--	--	--	36 690
Furniture and office equipment	992	481	(59)	--	9	1 423
Transport units	1 379	624	(100)	--	(29)	1 874
Other equipment	9 228	5 191	(524)	--	376	14 271
	<u>45 478</u>	<u>9 107</u>	<u>(683)</u>	<u>--</u>	<u>356</u>	<u>54 258</u>
Net cost	<u>151 932</u>					<u>149 969</u>

11. OTHER ASSETS

As of December 31 this account comprises:

	2001	2000
	S/. 000	S/. 000
Fund in foreign currency - Brady Plan (Note 17)	668 006	720 206
Revaluations to liquidate - Brady Plan Fund	(31 223)	2 035
Contribution to international organizations (Note 17)	618 107	699 435
Interest and commissions receivable, net	216 348	348 363
Art collections	80 535	80 456
Accounts to liquidate	63 385	68 567
Almacén Casa Nacional de la Moneda	20 839	26 060
Silver	13 566	13 779
Accounts receivable from personnel	13 303	17 739
Intangible assets	11 032	7 299
Amortization of intangible assets	(5 577)	(3 365)
Assets seized through legal actions	10 750	10 650
Provision for assets seized through legal actions	(258)	(71)
Other	23 061	23 976
	<u>1 701 874</u>	<u>2 051 129</u>

Fund in foreign currency - Brady Plan corresponds to SDR 147,1 million (SDR 160,5 million in 2000) that the Bank received and was deposited in the Banco de la Nación (National Bank). The amount of the Fund in foreign currency-Brady Plan will decrease as the Bank receives the funds from MEF the respective transfers to make the corresponding re-purchase operations as stated in the respective agreement.

The contribution signed with international organizations corresponds to the unpaid contribution of US\$ 179,6 million (US\$ 203 million in 2000) to FLAR, which will be cancelled with future distributions of profits of its organization (Note 17).

Art collections correspond to works of art acquired by the Bank and maintained for display.

Accounts to liquidate comprise the debts that the banks being liquidated have with the Bank. As of December 31, 2001 these debts correspond to Banco Republica in liquidation for approximately S/. 63,4 million, equivalent to US\$ 18,4 million (Banco Republica in liquidation, Banco Nuevo Mundo in liquidation and NBK Bank in liquidation for S/. 66,1 million, S/. 1,9 million and S/. 0,6 million, respectively, as of December 31, 2000).

Almacén Casa Nacional de la Moneda comprises the supplies acquired by the Bank for the manufacture of coins.

12. DUE TO THE INTERNATIONAL MONETARY FUND

The Bank has the following liabilities with IMF:

a) Due (extended facility) -

As of December 31, 2001 due to IMF amounts to S/. 695,4 million corresponding to SDR 160,7 million (S/. 1 205 million corresponding to SDR 267,8 million as of December 31, 2000); these obligations are subject to effective annual interest rates of between 2,73% and 5,51% (4,49% and 5,81% in year 2000) and may be cancelled until 2003.

b) Exchange value of contributions in local currency to IMF -

As of December 31, 2001 exchange value of the contribution in local currency to IMF amounts to S/. 2 763,2 million (S/. 2 872,8 of million as of December 31, 2000) corresponding to SDR 638,4 million; this obligation is not subject to a rate of interest and does not have an agreed maturity. (Note 8-b).

c) Other external liabilities -

As of December 31 this account comprises:

	<u>2001</u>	<u>2000</u>
	S/. 000	S/. 000
Note IMF-MEF Brady Plan (Note 11)	668 006	720 206
Revaluations to liquidate - Note Brady Plan	(31 223)	2 035
Allocation of SDRs	414 625	409 773
Revaluations to liquidate - Allocation of SDR	(19 379)	1 158
Assignment Pesos andinos FLAR	68 820	68 910
Other	409	407
	<u>1 101 258</u>	<u>1 202 489</u>



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Note MEF Brady Plan corresponds to the obligation of SDR 147,1 million (SDR 160,5 million in 2000) due to IMF that was given to MEF.

Allocation SDRs corresponds to an extended facility of SDR 91,3 million assigned by IMF that bears charges and interest under the conditions established in the agreement of IMF.

Revaluations to liquidate - Notes Brady Plan and allocation of SDR correspond to the provision for maintenance of the value resulting from the difference from the variation of exchange rates of SDR with respect to the United States dollar and the United States dollar to the new Peruvian sol between April 30, and December 31 each year. The revaluations are cancelled at the end of the financial year of IMF which is April 30.

13. BASE MONEY

As of December 31 this account comprises:

	<u>2001</u>	<u>2000</u>
	S/. 000	S/. 000
Notes and coins in circulation	5 993 332	5 452 768
Deposits in local currency of banks	77 262	52 461
Deposits in local currency of financial institutions	7 884	4 580
Other deposits and obligations in local currency	8 843	8 476
	<u>6 087 321</u>	<u>5 518 285</u>

The Bank, in accordance with Article 2 of the Organic Law, should regulate the amount of money in the financial system and preserve monetary stability in Peru. Accordingly, the Bank has the following instruments of monetary policy: Certificates of Deposit, Purchase with re-purchase agreements of Certificates of Deposit and Treasury Bonds.

Deposits of banks and companies of the financial system comprise principally the minimum legal reserve of 6% to which these institutions are subject for their obligations in local currency and that should be deposited in the Bank. This minimum legal reserve does not earn interest.

The balances of notes and coins issued are as follows:

<u>Nominal value</u>	<u>2001</u>		<u>2000</u>	
	<u>Units</u>	<u>Amount</u> S/. 000	<u>Units</u>	<u>Amount</u> S/. 000
Notes:				
10	40 669 230	406 692	45 114 592	441 222
20	26 753 529	535 071	18 742 445	366 602
50	26 920 542	1 346 027	28 156 112	1 376 834
100	28 624 268	2 862 427	25 213 890	2 465 918
200	1 388 772	277 754	1 479 801	289 449
Carried forward:		<u>5 427 971</u>		<u>4 940 025</u>

<u>Nominal value</u>	<u>2001</u>		<u>2000</u>	
	<u>Units</u>	<u>Amount</u> <u>S/. 000</u>	<u>Units</u>	<u>Amount</u> <u>S/. 000</u>
Brought forward:		<u>5 427 971</u>		<u>4 940 025</u>
Coins:				
0,01	31 692 538	317	31 673 791	310
0,05	166 995 059	8 350	165 572 701	8 096
0,10	328 449 074	32 845	291 217 458	28 481
0,20	106 525 866	21 305	96 170 021	18 812
0,50	113 744 298	56 872	106 259 095	51 960
1,00	161 928 637	161 929	154 403 120	151 006
2,00	35 074 173	70 148	31 479 432	61 574
5,00	42 320 324	<u>211 602</u>	38 968 719	<u>190 556</u>
		<u>563 368</u>		<u>510 795</u>
Commemorative coins	Various	1 993	Various	1 948
		<u>5 993 332</u>		<u>5 452 768</u>

14. OTHER DEPOSITS IN LOCAL CURRENCY

As of December 31 this account comprises:

	<u>2001</u> <u>S/. 000</u>	<u>2000</u> <u>S/. 000</u>
Public sector	194 047	302 134
Banks	39 260	31 003
Private sector	13 685	18 420
Banco de la Nacion	409	9 871
	<u>247 401</u>	<u>361 428</u>

As of December 31, 2001 and 2000, the effective annual interest rates used by the Bank for deposits of the Public Sector were 11,70% and 12,95%, respectively. For bank deposits ("overnight") the rates were 2,00% and 6,52%, respectively; and for deposits of the Banco de la Nacion the interest rates were 3,00% and 7,75%, respectively.

15. SECURITIES OUTSTANDING

As of December 31 this account comprises:

	<u>2001</u> <u>S/. 000</u>	<u>2000</u> <u>S/. 000</u>
Banks	1 306 700	922 006
Financial institutions	100 200	55 746
Other entities	433 390	352 803
	<u>1 840 290</u>	<u>1 330 555</u>
Discounts from sale CDBCRP	<u>(48 305)</u>	<u>(39 403)</u>
	<u>1 791 985</u>	<u>1 291 152</u>



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The securities outstanding comprise principally certificates of deposit in local currency obtained through the mechanism of auction or direct placement in order to reduce surplus liquidity in the financial system with maturities no less than one year. Such certificates bear an implicit annual interest rate of between 2,7% y 16,2%.

16. DEPOSITS IN FOREIGN CURRENCY

As of December 31 this account comprises:

	<u>2001</u>	<u>2000</u>
	S/. 000	S/. 000
Banks	10 134 299	9 516 052
Public Sector	8 725 747	9 281 129
Banco de la Nacion	748 821	577 807
Financial institutions	3 230	3 209
Other institutions of the financial system	110 644	73 197
Private sector	104	55
	<u>19 722 845</u>	<u>19 451 449</u>

Deposits in banks and local financial institutions are part of the funds destined to cover the legal reserve that the Bank requires for the total obligations in foreign currency subject to legal reserve. The required legal reserve may be covered with cash in foreign currency deposited in local companies of the financial system. This required legal reserve is broken down from a minimum legal reserve of 6% of the obligations subject to legal reserve and an additional reserve fluctuating between 26,8% and 27,8% in 2001 (between 31,6% and 28,0% in 2000). The funds covering the minimum legal reserve do not earn interest. The deposits in the Bank covering the additional reserve in foreign currency bear interest at a rate equivalent to the LIBOR rate at three months less 1/8 of one percent.

17. OTHER LIABILITIES

As of December 31 this account comprises:

	<u>2001</u>	<u>2000</u>
	S/. 000	S/. 000
Contribution subscribed pending payment to international organizations (Note 11)	618 107	699 435
Provisions	166 130	158 926
Interest and commissions payable	160 050	252 166
Various	85 099	16 189
Accounts payable	63 112	26 153
	<u>1 092 498</u>	<u>1 152 869</u>

Under the Agreement No. 93 dated March 22, 2000, modified by agreement No. 102 of April 10, 2001 of the Representative Meeting of FLAR (Note 11), member countries of FLAR agreed to increase the capital stock in US\$ 2 000 million through the capitalization of profits up to 2010, the Bank being responsible for contributing US\$ 468,8 million. At December 31, 2001, the balance of the contribution pending amounts to US\$ 179,6 million (US\$ 203 million in year 2000).

Provisions include principally a generic provision of S/. 150 million made in 1998 to cover eventual losses arising from support to the multiple banking sector. This provision was made in accordance with the agreement in the meeting of the Board of Directors of December 3, 1998.

Interest and commissions payable comprise principally US\$ 30 million (equivalent to S/. 103,2 million) corresponding to interest generated by deposits made by MEF in 1994. Payment of this interest is subject to the enactment of a Supreme Decree allowing the exchange of BCRP Capitalization Bonds series "B" (bonds with no interest) for series "A" (bonds with interest) (Note 9). This decree has yet to be enacted. The provision for such interest was made as established in accordance with the agreement in the meeting of the Board of Directors of September 19, 1996.

18. RE-ADJUSTMENT IN VALUATION, ORGANIC LAW ARTICLE 89

This item results from differences arising as a result of re-adjustments in the valuation in local currency of assets and obligations of the Bank in gold, silver, foreign currency, SDRs or any other international currencies and are credited to this account without considering them as profit or losses (Note 2-f).

	<u>2001</u> S/. 000	<u>2000</u> S/. 000
Beginning balance	1 660 742	1 756 576
Valuation of U.S. dollars	(175 969)	44 063
Valuation of contribution and obligations IMF	71 440	126 383
Valuation of other foreign currencies	(118 831)	(154 833)
Valuation of metals (gold and silver)	(7 493)	(47 708)
Result for exposure to inflation	33 127	(63 739)
Final balance	<u>1 463 016</u>	<u>1 660 742</u>

19. NET SHAREHOLDERS' EQUITY

a) Capital -

The Bank's authorized, subscribed and paid-up capital under Article 5 of its Organic Law and Decree Supreme No.059-2000-EF amounts to S/. 168,5 million



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(S/. 100 million at historic values). This capital is not represented with shares, its value being stated only in the account Capital in the balance sheet. Likewise, as established by Supreme Decree, countersigned by MEF, the Bank's capital may be re-adjusted.

b) Reserves -

Under articles 6 y 92 section b) of its Organic Law, the Bank should make a reserve through the annual transfer of 75% of its net profits to reach an amount equivalent to 100% of its capital. This reserve may be capitalized. In the event of losses the reserve should be used to offset such losses. If this is insufficient the Treasury should issue and hand to the Bank titles of negotiable debt for the amount not covered within 30 days after the balance sheet is approved. Such titles will bear interest.

c) Retained earnings -

Under Article 92 of its Organic Law, the Bank should distribute annually 25% of its net profits to the Treasury and 75% to constitute the reserve referred to in subsection b) of this Note.

In year 2001, the Bank decided in the meeting of the Board of Directors dated May 31, 2001 to distribute the net profit of year 2000 amounting to S/. 65,4 million (S/. 66,7 million at historic values) as follows:

- S/. 16,3 million (S/. 16,7 million at historic values) to the Treasury. This amount was applied by the Bank to partly amortize the account receivable from the Treasury, related to BCRP Capitalization Bonds Series "B".
- S/. 49,1 million (S/. 50,0 million at historic values) to increase the reserve.

Likewise, in 2000 the Bank decided in the Board of Directors Meeting dated March 9, 2000 to apply 25% of the 1999 profits of S/. 42,2 million (S/. 41,6 million at historic values) to the partial amortization of the BCRP Capitalization Bonds, Series "B". The remaining 75% was distributed as follows in accordance with Supreme Decree No.058-2000-EF dated June 23, 2000:

- S/. 21,9 million (S/. 21,6 million at historic values) for the payment of interest of BCRP Capitalization Bonds Series "A" from January 1, to December 31, 2000.
- S/. 48,7 million (S/. 48,0 million at historic values) for the amortization of the Treasury Bonds - Supreme Decree No.114-98-EF from the transfer of credits of Banco Banex in liquidation.
- S/. 56,1 million (S/. 55,2 million, at historic values as of December 31, 2001) for the partial amortization of BCRP Capitalization Bonds, Series, "B".

20. TAX SITUATION

In accordance with the Income Tax Law the entities of the local public sector are not subject to income tax. The Bank is only subject to the extraordinary tax on solidarity, fourth and fifth-category income tax and social contributions.

The tax information corresponding to Reviews of years 1997 through 2001, inclusive, are pending review by the Peruvian tax authorities. Any expenses exceeding the provisions made to cover the tax obligations will be charged to results of periods when they are determined.

21. COMMITMENTS AND CONTINGENCIES

a) Commitments -

The Bank makes annual transfers to the Fund in order to take care of the supplementary pensions of employees, medical care and mortgage loans (Notes 2-1 and 3-c). As of December 31, 2001 the Bank has not registered the actuarial liability of the employees' benefits.

b) Contingencies -

As of December 31, 2001 and 2000, the Bank has certain lawsuits filed against them in the normal course of activities. The Bank's management and its legal counsels consider that no significant liabilities will arise as a result of the resolution of such lawsuits.

22. OFF-BALANCE SHEET ACCOUNTS

As of December 31 these accounts comprise:

	<u>2001</u>	<u>2000</u>
	S/. 000	S/. 000
Notes and coins in stock	10 741 236	11 774 848
Securities held in safekeeping	4 103 396	4 908 072
Notes and coins retired from circulation to be destroyed	131 076	128 193
Securities deposited in guarantee	10 499	8 272
Fund for illness, insurance, and pensions of employees	79 190	61 604
Banks being liquidated	53 015	50 050
Money in process of production by Casa Nacional de Moneda	83 250	99 424
Other	823 339	1 932 038
	<u>16 025 001</u>	<u>18 962 501</u>



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The off-balance sheet accounts include different transactions recorded only for control end. The securities in custody include mainly notes in guarantee for operations with the IMF.

As of December 31 the item notes and coins in stock comprises:

	<u>2001</u>	<u>2000</u>
	S/. 000	S/. 000
New	6 987 951	8 791 235
Available	1 262 775	968 908
To be classified	1 760 870	1 564 139
To be incinerated and/or smelted	727 609	448 591
In transit	2 031	1 975
	<u>10 741 236</u>	<u>11 774 848</u>

The movement of the notes and coins in stock for the year ended December 31, has been as follows:

	<u>2001</u>	<u>2000</u>
	S/. 000	S/. 000
Beginning balance	11 774 848	10 597 476
Acquisition of notes and coins	1 099 942	6 782 056
Destruction of notes and coins	(1 964 674)	(5 327 195)
Retirement of notes for error of factory	--	(99 560)
Incoming to (outgoing from) circulation, net	(410 382)	238 209
Result for exposure to inflation	241 502	(416 138)
Final balance	<u>10 741 236</u>	<u>11 774 848</u>

The item other corresponds principally to accounts registering COFIDE promotional funds, collateral guarantees Brady Plan, agreements with central banks and notes with CAF-BCRP-COFIDE.

23. EXPENSES FOR TRANSPORT AND COST OF NOTES AND COINS

As of December 31, 2001 this caption comprises mainly accrued expenses for the acquisition of notes in a foreign country (cost of notes, supervision expenses and value added tax) and the transportation of the currency to the Bank's branches.

During 2001, the acquisition of notes of S/. 10, S/. 20, S/. 50 and S/. 100 was hired to the manufacturers Francois Charles Oberthur Fiduciare, De la Rue International Limited and JOH Enschedé BV, for a total cost of US\$ 12,3 millions, equivalent to S/. 43,9 millions, amount that was accrued at the end of the year (Note 3-d).

24. RESULT FOR EXPOSURE TO INFLATION

The net monetary position as of December 31 is as follows:

	<u>2001</u>	<u>2000</u>
	S/. 000	S/. 000
Monetary assets	37 215 724	36 940 879
Monetary liabilities	(37 069 870)	(36 920 559)
Monetary assets, net	<u>145 854</u>	<u>20 320</u>

The monetary position in 2001 presented a coverage for deflation (exposure to inflation in 2000), for monetary assets exceeding liabilities of the same nature which gave rise to gains of S/. 3,3 million (losses of S/. 107,0 thousand in 2000).

25. ANALISYS OF MATURITIES

The Bank's assets and liabilities analyzed during the period since the date of the balance sheet until the contractual maturity are as follows:

	<u>Up to six months</u>	<u>From six months to a year</u>	<u>From a year to five years</u>	<u>Over five years</u>	<u>Total</u>
	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000
Assets foreign:					
Cash in currency	35 159	--	--	--	35 159
Foreign deposits in banks	17 779 610	--	--	--	17 779 610
Securities in international entities	2 520 666	2 516 262	5 538 484	--	10 575 412
Gold	900 295	--	--	--	900 295
Agreement with central banks	24 938	--	--	--	24 938
Other assets available	74 841	--	--	26 569	101 410
Domestic credit	134 093	--	261 952	9	396 054
Other assets	216 348	13 302	63 385	--	293 035
	<u>21 685 950</u>	<u>2 529 564</u>	<u>5 863 821</u>	<u>26 578</u>	<u>30 105 913</u>
Contributions to the Latin American Reserve Fund					994 862
Contribution in local currency to IMF					2 763 110
Other external assets					31 499
Property, furniture and equipment					149 969
Other assets					1 408 839
					<u>35 454 192</u>



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	Up to six months	From six months to a year	From a year to five years	Over five years	Total
	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000
Liabilities and shareholders' equity:					
Short-term obligations with internal entities	78 938	--	--	--	78 938
Other deposits in local currency	83 957	163 444	--	--	247 401
Securities outstanding	1 366 695	425 000	290	--	1 791 985
Deposits in foreign currency	19 722 845	--	--	--	19 722 845
Other liabilities	166 050	148 210	--	--	314 260
	<u>21 418 485</u>	<u>736 654</u>	<u>290</u>	<u>--</u>	<u>22 155 429</u>
Due to IMF					695 416
Obligations in local currency with IMF					2 763 254
Obligations with international entities					1 101 114
Base money					6 087 321
Other liabilities					778 237
Re-adjustment in valuation					
Organic Law Article 89					1 463 016
Net shareholders' equity					410 405
					<u>35 454 192</u>

26. TRANSACTIONS NOT REPRESENTING CASH FLOWS

Transactions not representing cash flows in 2001 and 2000 which have not been incorporated in the statement of cash flows, are shown as follows:

	2001	2000
	S/. 000	S/. 000
Amortization of accounts receivable with the Treasury (Note 19-c)	16 301	168 922
Property received from the Employees' Fund, net of accumulated depreciation	1 228	--

27. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The Bank's balance sheet is largely comprised of financial instruments. These instruments are subject to the usual risks in investments such as: interest rate risk, foreign exchange risk and credit risk. Such risks are adequately controlled by management by applying the mechanisms commonly used to face this kind of risks.

Interest rate risk

This can be defined as the risk to that the Bank is exposed to for changes in the value of its financial assets and liabilities due to changes in interest rates.

The size of the risk is a function of:

- Underlying interest rate of financial assets and liabilities; and
- The structure of maturities of the Bank's portfolio of financial instruments.

Substantially, all financial assets of the Bank are interest-bearing. The Bank's financial liabilities include liabilities which are both non interest-bearing as well as interest-bearing.

The disclosures regarding these liabilities are found in Notes 12 through 18. The Bank's assets and liabilities bears interest established in accordance with market rates.

The structure of maturities of the Bank's financial assets and liabilities is disclosed in Note 25.

Foreign exchange risk

This can be defined as the risk to which the Bank is exposed due to the fluctuation in the value of financial assets and liabilities arising from changes in exchange rates. The size of this risk is a function of:

- The mismatch in the Bank's foreign currency assets and liabilities; and
- The underlying exchange rate of outstanding foreign exchange transactions at year end.

Credit risk

Credit risk is the risk that arises from a party of a financial instrument not honouring its obligations and causing the other party to incur in losses. The disclosures of credit risk enable the user of the financial statements to evaluate to what extent non-compliances by the counter-party related to its obligations may reduce the amount of future cash inflows from the financial assets it has at the balance sheet date.

The size and concentration of the Bank's exposure to credit risk can be obtained directly from the balance sheet, which shows the size and composition of the Bank's financial assets. For the type of investment, the Bank has not entered into collateral agreements in relation to its credit exposure.



Fair value -

The information below discloses the fair value of financial instruments held by the Bank. As the fair value of financial instruments represent the best estimate made by management, these estimates are made taking into considering the current economic conditions and characteristics of market risks, which may change in the future.

The following methods and procedures were used by management to estimate the fair value of financial instruments:

- Available assets represent cash flows and short-term deposits which are not considered to be a significant credit risk; for this reason their book value is close to their fair value.
- The fair value of securities in foreign entities is based on quotations of the market price and/or market quotation of similar instruments.
- The fair value of gold and precious metals is based on the market quotation.
- Fair values of domestic credit with an original maturity term of one year and longer, is assumed to be equal to the book value.
- The fair value of obligations, debts and deposits such as: due to international entities, deposits, securities issued and base money are approximate to their book value, due to the nature of these obligations which are contracted at variable and preferential interest rates.

28. SUBSEQUENT EVENT

Through a letter of intent dated January 18, 2002 addressed to IMF, the Peruvian Government has requested from such organization a "stand-by" agreement for the period 2002 - 2004 for an amount of SDR 255,0 million. This agreement has been requested as an precautionary stand-by, so that the resources accumulated during the term of the agreement are not utilized.

**BUDGET OF EXPENDITURES
EXECUTED AT LEVEL SHEET**
(In nuevos soles)

Specific allocations	Amount
a) Wages and Salaries	117 240 810
b) Goods	4 781 462
c) Services	80 101 804
d) Current Transfers	46 079 533
e) Pensions	20 883
f) Total interests and commissions	1 094 409 771
Financial expenditures in foreign currency	848 198 389
Financial expenditures in domestic currency	246 211 382
g) Capital Goods not tied to of investment project	6 018 167
Total operational expenses	254 242 659
Total interests and commissions	1 094 409 771
GRAND TOTAL	1 348 652 430