BBVA BANCO CONTINENTAL AND SUBSIDIARIES

As of June 30, 2012 (Unaudited) and as of December 31, 2011 (Audited) and for the six-month periods ended June 30, 2012 and 2011

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BBVA BANCO CONTINENTAL AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

AS OF JUNE 30, 2012 (Unaudited) **and as of December 31, 2011 (Audited)**

ASSETS	Notes	June 30, 2012	December 31, 2011
		S/. 000	S/. 000
CASH AND DUE FROM BANKS	3		
Cash and deposits with Peruvian Central Reserve Bank		8,977,845	7,963,377
Deposits in local and foreign banks		405,751	462,668
Clearing accounts		151,958	102,100
Other deposits		11,165	4,556
Accrued interest on cash and due from banks		2,963	2,152
		9,549,682	8,534,853
INTER-BANK FUNDS	9	240,400	241,459
INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS, AVAILABLE-FOR-SALE AND HELD TO MATURITY, NET	4	5,001,540	2,587,154
LOANS, NET	5	30,458,670	28,922,025
INVESTMENT IN ASSOCIATE COMPANIES		1,950	2,231
DEFERRED INCOME TAX		325,193	317,577
PROPERTY, FURNITURE AND EQUIPMENT, NET	6	632,706	603,600
OTHER ASSETS	7	1,103,575	1,033,508
TOTAL ASSETS		47,313,716	42,242,407
CONTINGENT AND OFF-BALANCE SHEET ACCOUNTS	16		
Contingent Accounts		29,896,926	26,994,897
Off-Balance Sheet Accounts		122,410,384	111,537,752
Trust and Administrations		6,558,374	6,405,142
		158,865,684	144,937,791

LIABILITIES AND STOCKHOLDERS' EQUITY	Notes	June 30, 2012	December 31, 2011
		S/. 000	S/. 000
OBLIGATIONS TO THE PUBLIC	8		
Demand deposits		8,920,146	8,888,960
Savings deposits		7,708,954	7,115,244
Time deposits		14,532,903	13,999,076
Other obligations		134,165	145,065
Accrued interest payable		82,049	37,092
		31,378,217	30,185,437
DEPOSITS FROM FINANCIAL INSTITUTIONS	8	545,144	307,034
INTER-BANK FUNDS	9	359,835	125,515
DUE TO BANKS AND CORRESPONDENTS	10	7,394,285	4,770,203
SECURITIES, BONDS AND OUTSTANDING OBLIGATIONS	11	2,718,252	1,985,859
OTHER LIABILITIES	7	1,329,443	1,163,296
TOTAL LIABILITIES		43,725,176	38,537,344
SHAREHOLDERS' EQUITY	12		
Capital stock		2,226,473	1,944,232
Legal reserve		722,261	609,365
Retained earnings		639,806	1,151,466
		3,588,540	3,705,063
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		47,313,716	42,242,407
Contingent and Off-Balance Sheet Accounts	16		
Contingent Accounts		29,896,926	26,994,897
Off-Balance Sheet Accounts		122,410,384	111,537,752
Trust and Administrations		6,558,374	6,405,142
Total		**158,865,684**	**144,937,791**

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

BBVA BANCO CONTINENTAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011 (Unaudited)

	Notes	June 30, 2012	June 30, 2011
		S/. 000	S/. 000
Financial Income	17	1,788,747	1,425,653
Financial Expenses	18	(512,740)	(355,977)
Gross Financial Margin		1,276,007	1,069,676
Provisions for impairment of direct loan losses	5 (d)	(175,294)	(132,604)
Net Financial Margin		1,100,713	937,072
Miscellaneous Income (Expense)	19	327,148	306,380
Operating Margin		1,427,861	1,243,452
Administrative Expenses	20	(561,378)	(487,220)
Operating Results		866,483	756,232
Other Income and Expenses		(50,710)	(43,882)
Income Before Income Tax		815,773	712,350
Income Tax		(212,173)	(182,361)
Net Income		603,600	529,989
Weighted average number of outstanding shares (in thousands of shares)		2,226,473	2,226,473
Basic and diluted earnings per share in Peruvian Nuevos Soles	14	0.27	0.24

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

BBVA BANCO CONTINENTAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED JUNE 30, 2012 AND 2011 (Unaudited)

	Capital Stock	Reserves	Retained Earnings	Total
	S/. 000 (Note 12)	S/. 000 (Note 12)	S/. 000 (Note 12)	S/. 000
Balances as of January 1, 2011	**1,843,427**	**508,640**	**1,032,047**	**3,384,114**
Capitalization of Retained Earnings	100,805	-	(100,805)	-
Transfer of retained earnings to legal reserves	-	100,725	(100,725)	-
Cash dividends	-	-	(805,797)	(805,797)
Unrealized net results on available-for-sale investments	-	-	(7,008)	(7,008)
Net income for the period	-	-	529,989	529,989
Balance as of June 30, 2011	**1,944,232**	**609,365**	**547,701**	**3,101,298**
Balance as of January 1, 2012	**1,944,232**	**609,365**	**1,151,466**	**3,705,063**
Capitalization of Retained Earnings	282,241	-	(282,241)	-
Transfer of retained earnings to legal reserves	-	112,896	(112,896)	-
Cash dividends	-	-	(733,826)	(733,826)
Unrealized net results on available-for-sale investments	-	-	13,703	13,703
Net income for the period	-	-	603,600	603,600
Balances as of June 30, 2012	**2,226,473**	**722,261**	**639,806**	**3,588,540**

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

BBVA BANCO CONTINENTAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED JUNE 30, 2012 AND 2011(Unaudited)

	June 30, 2012	June 30, 2011
	S/. 000	S/. 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	603,600	529,989
Adjustments to net income:		
Provisions for loan losses	175,294	132,604
Depreciation and amortization	33,904	28,848
Provisions for seized and recovered through legal actions assets	(4,251)	1,259
Provisions for accounts receivable	17,499	22,431
Provisions for contingent operations	36,715	26,679
Other provisions, net of recoveries	3,908	1,956
Deferred income tax	(7,744)	(10,883)
Net (gain) from sale of securities	(6,216)	(6,714)
Net (gain) loss from sale of seized, recovered through legal actions and fixed assets	(1,799)	88
Changes in asset and liability accounts:		
Net (increase) in other assets	(87,210)	(183,002)
Net increase (decrease) in other liabilities	125,173	(91,763)
Cash and cash equivalents provided by operating activities	888,873	451,492
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, furniture and equipment	(65,966)	(89,714)
Intangible assets	(3,098)	-
Sale of assets seized and recovered through legal actions	11,748	7,694
Cash and cash equivalents used in investing activities	(57,316)	(82,020)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in obligations to the public, deposits from financial institutions and inter-bank funds	1,665,210	857,397
Net increase in due to Banks and correspondents	2,624,082	1,743,809
Net increase (decrease) in securities, bonds and outstanding obligations	732,393	(106,971)
Net (increase) in loan portfolio	(1,711,939)	(3,052,333)
Net (increase) in investments	(2,394,058)	(901,557)
Cash dividends	(733,475)	(805,610)
Cash and cash equivalents provided by (used in) financing activities	182,213	(2,265,265)
NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS	1,013,770	(1,895,793)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	8,776,312	10,095,781
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9,790,082	8,199,988

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

1. BANK ORGANIZATION AND BUSINESS ACTIVITIES

Background

BBVA Banco Continental (hereinafter, the Bank) is a subsidiary of Holding Continental S.A. which owns 92.24% of the Bank's capital stock. The Bank is a corporation established in 1951, authorized to operate by the Superintendency of Banks, Insurance and Private Pension Fund Administrators of Peru (hereinafter, the SBS for its Spanish acronym) and domiciled in Peru. The legal address of the Bank's main office is Av. República de Panamá No. 3055, San Isidro.

Business Activity

The Bank's operations primarily includes financial intermediation, which consists of universal banking activities regulated by the SBS in accordance with the General Law of the Financial and Insurance Systems and Organic Law of the SBS, Law N° 26702 and its amendments (hereinafter, the General Law). The General Law establishes certain requirements, rights, obligations, guarantees, restrictions and other conditions that govern legal entities operating in the financial and insurance system.

The Bank performed its activities through a national network of 290 and 275 branches as of June 30, 2012 and December 31, 2011, respectively. The number of employees of the Bank and its subsidiaries as of June 30, 2012 and December 31, 2011, was 4,980 and 4,740, respectively.

As of June 30, 2012 and December 31, 2011, the Bank owned a 100% interest in the following subsidiaries: Continental Bolsa Sociedad Agente de Bolsa S.A., BBVA Asset Management Continental S.A. Sociedad Administradora de Fondos, Continental Sociedad Titulizadora S.A. and Inmuebles and Recuperaciones Continental S.A. While the Bank does not have an ownership stake in Continental DPR Finance Company (hereinafter DPR) given the characteristics of its activity and its relationship with the Bank, accounting standards require financial statements be included in a consolidated basis with the Bank (hereinafter Grupo Continental).

Grupo Continental prepares and presents its financial statements in Peruvian Nuevos Soles (S/.), which is its functional currency. The functional currency is the currency of the main economic environment in which an entity operates.

Subsidiaries and Special Purpose Entity

The consolidated financial statements include the financial statements of the Bank, its subsidiaries and those of a special purpose company.

Below are the main balances of the companies forming part of Grupo Continental as of June 30, 2012 and December 31, 2011:

	In millions of Nuevos Soles					
	Assets		Liabilities		Equity	
Entity	**June 30, 2012**	**December 31, 2011**	**June 30, 2012**	**December 31, 2011**	**June 30, 2012**	**December 31, 2011**
BBVA Banco Continental S.A.	47,328	42,254	43,740	38,549	3,588	3,705
Continental Bolsa - Sociedad Agente de Bolsa S.A.	45	44	13	14	32	30
BBVA Asset Management Continental S.A. Sociedad Administradora de Fondos	45	48	6	9	39	39
Continental Sociedad Titulizadora S.A.	2	2	-	-	2	2
Inmuebles and Recuperaciones Continental S.A.	21	25	13	8	8	17
Continental DPR Finance Company	1,683	1,129	1,683	1,129	-	-

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting principles and practices as of June 30, 2012 remain unchanged with respect to those in the audit report issued on February 10, 2012 by Beltrán, Gris y Asociados S. Civil de R.L., representatives of Deloitte, for the years ended December 31, 2011 and 2010.

3. FUNDS AVAILABLE

As of June 30, 2012, funds available include approximately US$ 2,475.2 million and S/. 2,441.4 million (US$ 2,214.2 million and S/. 1,832.7 million as of December 31, 2011) which represent legal reserves that Peruvian entities must maintain as a guarantee of third party deposits. These funds are deposited in the bank's vaults and at the Peruvian Central Bank (hereinafter BCRP for its Spanish acronym).

As of June 30, 2012 and December 31, 2011, legal reserves in local and foreign currencies were subject to a legal minimum of 9%. Total obligations subject to legal reserve requirements (hereinafter TOSE for its Spanish acronym) in local and foreign currency according to the regulations in effect as of June 30, 2012 are subject to a statutory rate of 14.9990% and 41.1367% in local and foreign currency, respectively. These rates are calculated based on the April 2012 TOSE. As of December 31, 2011, they are subject to a statutory rate of 13.0245% and 37.31% in local and foreign currency, respectively. These rates are based on the February 2011 TOSE. Excess deposits are subject to an additional reserve requirement of 30% and 55% in local and foreign currency, respectively. As of December 31, 2011, the additional reserve requirement was 25% and 55% in local and foreign currency, respectively. As of June 30, 2012, debt to international financial institutions and financial organizations in foreign currency with a maturity of less than three years are subject to a special rate of 60%. As of December 31, 2011, debt to international financial institutions and financial organizations in foreign currency with a maturity of less than two years were subject to the special rate of 60%.

The legal minimum reserve funds are not interest-bearing. The legal additional reserve amount in foreign currency accrues interest at an annual nominal rate established by the BCRP. For the six months ended June 30, 2012, interest income on reserves amounted to S/. 15.4 million (S/. 20.8 million for the year ended December 31, 2011), and were included in "Interest from deposits in financial institutions", in the statement of income. According to existing legislation, legal reserves cannot be seized.

As of June 30, 2012, cash and due from banks included restricted funds of S/. 1.2 million (S/. 1.2 million as of December 31, 2011) required in connection with legal proceedings against the Bank and to guarantee any potential liabilities generated by such lawsuits.

4. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS, AVAILABLE-FOR-SALE INVESTMENTS AND HELD TO MATURITY INVESTMENTS, NET

Investments in securities have been classified by Grupo Continental as follows:

	June 30, 2012	December 31, 2011
	S/. 000	S/. 000
Investments at fair value through profit and loss	131,874	84,598
Available-for-sale investments (Note 12 (c))	4,433,473	2,071,277
Held to Maturity Investments	436,193	431,279
	5,001,540	**2,587,154**

Investments in securities according to the type of financial instrument were as follows:

	June 30, 2012	December 31, 2011
Investments at fair value through profit and loss	S/. 000	S/. 000
Mutual Funds (a)	39,440	43,461
Peruvian Treasury Bonds (b)	38,052	24,694
US Treasury Bonds (c)	54,382	10,903
Local Stock	-	5,540
	131,874	84,598
Available-for-sale investments		
BCRP Certificates of Deposits (d)	3,674,966	1,421,368
Peruvian Treasury Bonds (b)	663,912	580,946
Peruvian Global Treasury Bonds (e)	27,914	24,736
US Treasury Bonds (c)	2,719	-
Foreign stock	17,104	12,979
Local stock (f)	46,832	31,192
Other Investments	26	56
	4,433,473	2,071,277
Held-to-Maturity Investments		
Peruvian Treasury Bonds (b)	436,193	431,279

(a) As of June 30, 2012 and December 31, 2011, mutual fund investments related to interests in several mutual funds managed by BBVA Asset Management Continental S.A. Sociedad Administradora de Fondos.

(b) Peruvian Treasury Bonds are issued by the Peruvian government. As of June 30, 2012, such bonds bore interest at annual rates ranging between 1.00% and 6.10% (between 1.00% and 6.55% as of December 31, 2011) in local currency, and 6.57% in foreign currency (between 5.14% and 6.57% as of December 31, 2011), with maturities up to February 2042. (February 2042 as of December 31, 2011).

(c) US Treasury Bonds generated yields at an annual interest rate of 1.64% as of June 30, 2012 (1.94% as of December 31, 2011) in foreign currency, with maturities in May 2022 (November 2021 as of December 31, 2011).

(d) BCRP certificates of deposits are trading securities with maturities due within one year acquired in public auctions or secondary markets, based on prices offered by the financial institutions. As of June 30, 2012, the annual interest rates on local currency ranged between 4.07% and 4.20% (between 3.95% and 4.24% as of December 31, 2011).

(e) Peruvian Treasury Global Bonds, issued by the Peruvian Government, bearing interest between 2.52% and 4.53% in foreign currency as of June 30, 2012 (4.88% as of December 31, 2011), with maturities up to November 2050. (November 2033 as of December 31, 2011).

(f) As of June 30, 2011, local stock included shares listed on the Lima Stock Exchange Securities (BVL) with a total value of S/. S/. 33.3 million (S/. 19.8 million as of December 31, 2011).

5. LOANS, NET

a) The balances included:

	June 30, 2012		December 31, 2011	
	S/. 000	**%**	**S/. 000**	**%**
Direct Credits:				
Loans	11,539,316	39%	11,023,578	38%
Mortgages	6,526,763	20%	5,842,095	20%
Leasing	4,735,491	16%	4,601,173	16%
Consumer	2,997,804	9%	2,766,925	10%
Foreign trade	2,208,948	8%	2,375,187	8%
Discounted Notes	919,833	3%	968,416	3%
Others	3,183,069	10%	2,939,218	10%
	32,111,224	**105%**	**30,516,592**	**105%**
Plus: Accrued Interest	276,581	1%	226,464	1%
	32,387,805	**106%**	**30,743,056**	**106%**
Less: Deferred income from leasing transactions	(540,557)	-2%	(544,133)	-2%
	31,847,248	**104%**	**30,198,923**	**104%**
Deferred income from loans	(27,937)	0%	(26,964)	0%
Allowance for loan losses	(1,360,641)	-4%	(1,249,934)	-4%
	30,458,670	**100%**	**28,922,025**	**100%**
Indirect Loans (Note 16)	**9,339,739**		**8,687,388**	

Secured Loans are collateralized with guarantees granted by customers, principally including mortgages, deposits, letters of guarantee, warrants and finance leasing operations, which as of June 30, 2012 and December 31, 2011 amounted to S/. 25,679 million and S/. 23,836 million, respectively.

As of June 30, 2012, part of the loan portfolio of Fondo Mi Vivienda – Mi Hogar was the guarantee of due to Banks to Fondo Mivivienda up to approximately S/. 392.2 million (S/. 336.1 million as of December 31, 2011) (See Note 10).

As of June 30, 2012 and December 31, 2011, the average annual interest rates for the Bank's main products were as follows:

	June 30, 2012		December 31, 2011	
	Loans in		Loans in	
	S/.	US$	S/.	US$
	%	%	%	%
Loans and discounts	9.48	7.59	9.34	7.35
Mortgage	9.81	8.81	9.85	8.98
Consumer	23.42	15.76	23.40	16.20

b) Below are loan portfolio balances by segment categories in accordance with the classification under SBS Resolution No. 11356-2008 as of June 30, 2012 and December 31, 2011:

	June 30, 2012		December 31, 2011	
	S/. 000	%	S/. 000	%
Medium businesses	8,627,120	27%	8,207,285	27%
Mortgages	6,605,448	20%	5,913,334	19%
Large businesses	6,481,925	20%	6,425,048	21%
Corporate	4,728,263	15%	4,537,883	15%
Consumer	3,125,177	10%	2,873,116	9%
Small businesses	1,552,544	4%	1,403,849	5%
Micro businesses	313,216	1%	230,918	1%
Stock brokers	236,090	1%	393,293	1%
Public sector entities	210,220	1%	293,693	1%
Financial institutions	202,119	1%	190,555	1%
Other	29,102	0%	47,618	0%
	32,111,224	**100%**	**30,516,592**	**100%**

c) As of June 30, 2012 and December 31, 2011, the Bank's loan portfolio was distributed in the following economic sectors:

	June 30, 2012		December 31, 2011	
	S/. 000	%	S/. 000	%
Mortgage and consumer	9,730,625	30%	8,786,449	29%
Manufacturing	5,638,758	18%	5,577,385	18%
Commerce	5,447,345	17%	5,190,967	17%
Real estate	2,331,345	7%	2,363,157	8%
Transportation, storage and communications	2,232,618	7%	2,115,384	7%
Utilities	1,286,633	4%	857,404	3%
Agriculture and livestock	949,620	3%	860,912	3%
Construction	838,053	3%	966,620	3%
Hotels and restaurants	714,906	2%	627,120	2%
Mining	695,545	2%	883,776	3%
Other	2,245,776	7%	2,287,418	7%
	32,111,224	**100%**	**30,516,592**	**100%**

d) The change in allowances for loan losses as of June 30, 2012 and December 31, 2011, was as follows:

	June 30, 2012	December 31, 2011
	S/. 000	S/. 000
Balances as of January 1	1,249,934	1,049,352
Provisions	559,609	763,613
Recoveries and reversals	(351,823)	(443,836)
Write-offs	-	(2,051)
Sale of portfolio	(93,426)	(102,942)
Foreign exchange differences and other adjustments	(3,653)	(14,202)
	1,360,641	**1,249,934**

Management believes that the level of allowances for loan losses is adequate to cover potential loan losses as of the date of the balance sheet. As of June 30, 2012, the general provision of loan portfolio of S/. 867.6 million (S/.815.1 million as of December 31, 2011), includes a pro-cyclical provision of S/.137 million (S/. 129.7 million as of December 31, 2011).

In the six months ended June 30, 2012, Grupo Continental had entered into agreements to sell certain loans and the related rights over that portfolio, of approximately S/. 80.5 million (S/.301.4 million for the year ended December 31, 2011). Proceeds from these sales of S/. 4.9 million (S/. 23.7 million as of December 31, 2011) were recognized as “Other income and expenses, net” in the consolidated statements of income.

6. PROPERTY, FURNITURE AND EQUIPMENT, NET

This item comprises the following:

	Land	Building and Facilities	Furniture and Equipment	Vehicles	Facilities Leasehold improvements	Work in Progress	Units to received	Total
	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000	S/. 000
Cost:								
Balance as of January 1, 2011	91,647	445,803	198,959	4,562	79,678	21,745	155	842,549
Additions	6,788	36,633	86,813	-	14,214	72,574	16,174	233,196
Disposal	-	-	(4)	-	-	-	-	(4)
Adjustments or other	1,858	16,395	(1,013)	(178)	7,302	(29,149)	(8,598)	(13,383)
Balance as of December 31, 2011	100,293	498,831	284,755	4,384	101,194	65,170	7,731	1,062,358
Additions	1,527	8,742	23,728	555	4,245	25,104	2,065	65,966
Disposal	-	-	(14)	-	-	-	-	(14)
Adjustments or other	-	8,483	(3,359)	-	12,771	(21,081)	(2,267)	(5,453)
Balance as of June 30, 2012	101,820	516,056	305,110	4,939	118,210	69,193	7,529	1,122,857
Accumulated Depreciation :								
Balance as of January 1, 2011	-	278,056	96,522	2,604	18,281	-	-	395,463
Additions	-	22,883	33,523	789	8,510	-	-	65,705
Disposal	-	-	(4)	-	-	-	-	(4)
Adjustments or other	-	467	(2,164)	(170)	(539)	-	-	(2,406)
Balance as of December 31, 2011	-	301,406	127,877	3,223	26,252	-	-	458,758
Additions	-	12,876	15,279	351	5,154	-	-	33,660
Disposal	-	-	(14)	-	-	-	-	(14)
Adjustments or other	-	(78)	(2,171)	-	(4)	-	-	(2,253)
Balance as of June 30, 2012	-	314,204	140,971	3,574	31,402	-	-	490,151
Net Cost:								
Balance as of June 30, 2012	101,820	201,852	164,139	1,365	86,808	69,193	7,529	632,706
As of December 31, 2011	100,293	197,425	156,878	1,161	74,942	65,170	7,731	603,600

7. OTHER ASSETS AND LIABILITIES

	June 30, 2012	December 31, 2011
	S/. 000	**S/. 000**
Current Assets		
Accounts Receivable (a)	540,718	463,919
Assets seized and recovered through legal actions, net	15,332	15,773
Other Assets (b)	547,525	553,816
	1,103,575	1,033,508
Current Liabilities		
Accounts Payable (c)	688,269	667,709
Provisions (d)	501,030	458,949
Other Liabilities	140,144	36,638
	1,329,443	1,163,296

(a) Accounts receivable mainly included accounts receivable from derivatives (see Note 16), which, as of June 30, 2012, amounted to S/. 526.2 million (S/. 446.2 million as of December 31, 2011).

(b) Other Assets mainly included value added tax credits, which, as of June 30, 2012, amounted to S/. 346.7 million (S/. 353.4 million as of December 31, 2011), S/. 78 million of deferred charges (S/.64.3 as of December 31, 2011) and S/. 62.7 million corresponding to income tax payments on account (S/.86.8 million as of December 31, 2011), plus intangible assets of S/.11.08 million (S/.8.2 million as of December 31, 2011).

(c) Accounts payable as of June 30, 2012 mainly included payments owed to suppliers, of S/. 239.2 million (S/. 195.3 million as of December 31, 2011) and accounts payable from derivatives (see Note 16), for S/. 379 million (S/. 326.1 million as of December 31, 2011).

(d) As of June 30, 2012, the Bank had various pending litigation matters, as well as other proceedings related to its business activities. Grupo Continental believes no additional provisions are needed with respect to pending litigation. Therefore, we have not considered a higher provision than the one recorded for these contingencies and processes in “Other liabilities” on the consolidated balance sheet necessary. This provision amounted to S/. 210.4 million (S/. 207.5 million as of December 31, 2011).

8. OBLIGATIONS TO THE PUBLIC AND DEPOSITS FROM FINANCIAL INSTITUTIONS

As of June 30, 2012 and December 31, 2011, deposits and obligations were classified as follows:

	June 30, 2012	December 31, 2011
	S/. 000	**S/. 000**
Demand deposits	8,920,146	8,888,960
Savings deposits	7,708,954	7,115,244
Time deposits	14,532,903	13,999,076
Other obligations	134,165	145,065
Accrued interest payable	82,049	37,092
Total Obligations to the Public	**31,378,217**	**30,185,437**
Deposits from financial institutions	545,144	307,034
Total obligations to the public and deposits from financial institutions	**31,923,361**	**30,492,471**

Interest rates are set by Grupo Continental based on prevailing market rates.

9. INTERBANK FUNDS

Interbank assets as of June 30, 2012 and December 31, 2011 had current maturities (July 2012 and January 2012, respectively), bearing interest at an average annual interest rate of 0.50% in foreign currency (0.25% in foreign currency as of December 31, 2011). These credits are unsecured.

Interbank liabilities as of June 30, 2012 and December 31, 2011 had current maturities (July 2012 and January 2012, respectively), bearing interest at an average annual interest rate of 4.25% in local currency (4.25% as of December 31, 2011) and 0.50% in foreign currency (0.25% as of December 31, 2011). These liabilities are unsecured.

10. DUE TO BANKS AND CORRESPONDENTS

	June 30, 2012	December 31, 2011
	S/. 000	**S/. 000**
Foreign financial institutions (a)	5,251,605	2,545,968
International financial organizations (b)	1,140,644	1,287,790
Private Loan Agreement (c)	507,490	539,200
Programa Mi Vivienda - Mi Hogar (My House – My Home Program) (d)	392,232	336,126
Corporación Financiera de Desarrollo – COFIDE	29,370	30,000
Accrued interest payable	72,944	31,119
	7,394,285	**4,770,203**

Loan agreements signed with certain foreign financial institutions and international financial organizations include covenants that require compliance with certain financial ratios and other specific conditions. As of June 30, 2012 and December 31, 2011, Grupo Continental's Management believes it is in compliance with these covenants.

(a) Foreign financial institutions

As of June 30, 2012, the loans with foreign financial institutions bore interest based on market rates between 1% and 7.4% (between 1% and 7.4% as of December 31, 2011). Details are as follows:

Name of Creditor	**Balance as of 30.06.12**		**Balance as of 31.12.11**		**Due Dates**
	US$ 000	**S/. 000**	**US$ 000**	**S/. 000**	
Goldman Sachs Bank (i)	498,570	1,331,680	-	-	January 2017
Deutsche Bank (ii)	373,279	997,028	366,077	986,944	November 2020
Credit Suisse (iii)	200,000	534,200	200,000	539,200	October 2040
JP Morgan Chase Bank	120,000	320,520	-	-	July and August 2012
Syndicated Loan (iv)	100,000	267,100	100,000	269,600	October 2012
Standard Chartered	94,041	251,184	58,000	156,368	July 2012, October 2013 and May 2014
Wells Fargo Bank	80,131	214,031	110,000	296,560	August, September 2012 and October 2013
Citibank NA	70,000	186,970	-	-	August 2012
Commerzbank AG	70,000	186,970			December 2012
DEG Deutsche Investitions (v)	57,500	153,583	60,000	161,760	October 2017 and June 2018
Sumitomo Bank	55,000	146,905			September 2012
China Development Bank	50,000	133,550	50,000	134,800	December 2016
Bank of Nova Scotia	49,000	130,879	-	-	July and August 2012
Bank of America	45,000	120,195	-	-	August 2012
Toronto Dominion Bank	39,000	104,169	-	-	July 2012 and April 2014
Bank of Montreal	25,000	66,775	-	-	March 2014
Commercebank NA	25,000	66,775	-	-	May 2014
Bank of New York	10,000	26,710	-	-	September 2012
Other	4,635	12,381	273	736	July 2012
	1,966,156	**5,251,605**	**944,350**	**2,545,968**	

(i) In January 2012, the Bank entered into a loan for the nominal amount of US$ 500 million, with a fixed rate of 5.75% due January 2017. The payment of principal is due in full at maturity. Likewise, on the same date the bank entered into a contract for an interest rate swap (hereinafter IRS - see Note 16-a) for which as of June 30, 2012, the Bank had recorded profits of S/. 4 million, corresponding to the changes in its fair value, which are recorded under the item "Earnings from Hedging Transactions" of the statement of income.

(ii) Corresponds to a loan for the nominal amount of US$ 350 million, with a fixed rate of 5.5% due in November 2020, recorded at fair value. This loan is hedged by an IRS (see Note 16 (a)). As of June 30, 2012, the Bank had recorded a loss of S/. 18 million, corresponding to the changes in its fair value, which are recorded under the item “Gains from Hedging Transactions” item, of the statement of income (as of December 31, 2011, S/. 109.1 million was recorded as loss).

(iii) Corresponds to subordinated debt approved by the SBS, which is considered part of TIER 1 Regulatory Capital to the limit permitted by applicable law.

(iv) In September 2010, the Bank entered into a syndicated loan for US$ 100 million with the participation of the following foreign banking institutions: Standard Chartered Bank, Wells Fargo Bank, Banco de Chile, Bank of Taiwan, Banca Monte Dei Paschi di Siena S.p.A and Mizuho Corporate Bank Ltd. The applicable rate is Libor plus a spread. The term of the loan is 25 months with settlement of principal at maturity. Interest will be paid every six months.

(v) Corresponds to subordinated debt for US$ 30 million approved by the SBS. It is considered part of TIER 2 Regulatory Capital.

(b) International Financial Organizations

Debts to international financial organizations accrued interest at international market rates between 1.5% and 6.4% as of June 30, 2012 (1.5% and 6.4% as of December 31, 2011). These loans are unsecured.

Name of Creditor	**Balances as of June 30, 2012**		**Balances as of December, 31 2011**		**Due Dates**
	US$ 000	**S/. 000**	**US$ 000**	**S/. 000**	
Inter-American Development Bank - IDB (i)	170,000	454,070	275,000	741,400	February 2014 / 2017 / 2019 and August 2015
Internacional Finance Corporation - IFC	82,047	219,149	112,667	303,750	December 2012 / 2018
Corporación Andina de Fomento – CAF	50,000	133,550	50,000	134,800	December 2012
Inter-American Investment Corporation –IIC	40,000	106,840	40,000	107,840	June 2013 /August 2014
Banco Latinoamericano de Exportación	85,000	227,035	-	-	July 2012
	427,047	**1,140,644**	**477,667**	**1,287,790**	

(i) Includes two subordinated loans for an amount of US$ 50 million, approved by the SBS and is considered as part of TIER 2 Regulatory Capital.

(c) Private Loan Agreement

As of June 30, 2012, due to banks and correspondents included a private loan agreement (Note 16-b) for a total of US$ 190 million.

(d) Programa Mi Vivienda – Mi Hogar (My Housing – My Home Program)

Resources obtained through a loan from the social housing program "Mi Vivienda" in local currency were S/. 342.9 million and foreign currency were US$ 11.2 million. This loan amortizes through July 2032 and accrues interest at an effective annual rate of 7.75% on the foreign currency portion and 6.25% plus the Constant Adjustment Index (hereinafter VAC for its Spanish acronym) on the local currency portion.

The obligation to the Fondo Mi Vivienda – Mi Hogar of S/. 392.2 million as of June 30, 2012 (S/. 336.1 million as of December 31, 2011) was collateralized by a portion of the mortgage loan portfolio up to that amount (see Note 5). Loans include specific agreements on use of proceeds, financial conditions that the borrower must comply with, and administrative terms.

11. SECURITIES, BONDS AND OUTSTANDING OBLIGATIONS

As of June 30, 2012 and December 31, 2011, this category includes the following:

	June 30, 2012	December 31, 2011
	S/. 000	**S/. 000**
Notes (debt instruments) – Notes 16-a and 16-b	1,095,110	539,200
Corporate Bonds	1,003,329	830,761
Subordinated Bonds	461,835	459,866
Leasing Bonds	136,775	137,400
Accrued expenses payable	21,203	18,632
	2,718,252	**1,985,859**

The following are details of issued bonds as of June 30, 2012 and December 31, 2011:

Program	Authorized Amount	Issuance	Series	Currency	Original Disbursed Amount	Balance as of 30.06.12	Balance as of 31.12.11	Maturity Date
						S/. 000	S/. 000	
Corporate Bonds								
Second	USD 50 million or S/. 160 million	First	A	PEN	70,000	70,000	70,000	October 2012
		First	B	PEN	23,000	23,000	23,000	March 2013
		First	C	PEN	30,000	30,000	30,000	April 2013
		First	D	PEN	17,000	17,000	17,000	May 2013
Third	USD 100 million or S/. 315 million	First	A	PEN	40,000	40,000	40,000	December 2012
		Second	A	PEN	40,000	-	40,000	March 2012
		Third	A	USD	9,969	26,627	26,876	September 2012
		Fourth	A	USD	8,533	22,792	23,005	September 2014
		Sixth	A	USD	30,000	80,130	80,880	October 2012
		Seventh	Sole	PEN	60,000	60,000	60,000	May 2018
Fourth	USD 100 million	First	Sole	PEN	40,000	40,000	40,000	August 2020
		Second	A	PEN	80,000	80,000	80,000	August 2020
		Third	A	PEN	100,000	100,000	100,000	August 2018
Fifth	USD 250 million	First	A	PEN	50,000	50,000	50,000	December 2016
		Second	A	PEN	150,000	150,000	150,000	December 2026
		Fifth	Sole	PEN	200,000	213,780	-	October 2019
						1,003,329	**830,761**	
Subordinated Bonds								
First	USD 50 million or S/. 158.30 million	First	A	PEN	40,000	39,710	39,793	May 2022
		Second	A	USD	20,000	53,841	53,661	May 2027
		Third	A	PEN	55,000	64,502	64,453	June 2032
Second	USD 100 million	First	A	USD	20,000	52,665	53,920	September 2017
		Second	A	PEN	50,000	58,442	57,384	November 2032
		Third	A	USD	20,000	53,420	53,920	February 2028
		Fourth	Sole	PEN	45,000	50,758	49,840	July 2023
		Fifth	Sole	PEN	50,000	55,670	54,663	September 2023
		Sixth	A	PEN	30,000	32,827	32,232	December 2033
						461,835	**459,866**	
Lease Bonds								
First	USD 200 million	First	A	USD	25,000	66,775	67,400	April 2016
		Second	A	PEN	30,000	30,000	30,000	September 2014
		Third	A	PEN	40,000	40,000	40,000	November 2014
						136,775	**137,400**	
Notes								
	USD 250 million	First	2008-A	USD	250,000	467,425	539,200	December 2015
	USD 235 million	Third	2012-A, 2012-B, 2012-C and 2012-D	USD	235,000	627,685	-	June 2017 and June 2022
						1,095,110	**539,200**	
						2,697,049	**1,967,227**	

Corporate bonds are unsecured and bore annual interest at rates between 5.8% and 7.9% for local currency as of June 30, 2012 and December 31, 2011 and between 6.2% and 6.4% for foreign currency as of June 30, 2012 and December 31, 2011.

The S/. 200 million corporate bond is hedged by a Cross Currency Swap – CCS – (note 16-a). As of June 30, 2012 the Bank recorded S/. 14 million in losses, relating to the variation in the fair value of this financial obligation which is included in the “Gains from Hedging Transactions” item, of the statement of income.

Subordinated bonds were issued in accordance with General Law requirements and with annual interest rates between 5.9% and the VAC plus a spread, in local currency, and between Libor plus a spread and 6.5 % in foreign currency.

Leasing bonds are secured by the same assets financed by the Bank with interest at a nominal rate of 6.3% for local currency and 7.2% for foreign currency.

12. SHAREHOLDERS' EQUITY

(a) Capital Stock

As of June 30, 2012 and December 31, 2011, the authorized, issued and fully paid capital stock of the Bank consisted of 1,944,231,963 outstanding common shares with a face value of One (1) Nuevo Sol per share. Currently pending registration are 282,240,810 common shares relating to capitalization of accumulated results.

The Bank's General Shareholders' Annual Meetings held on March 29, 2012 and March 31, 2011, resolved to increase capital through the capitalization of retained earnings by S/. 282.2 million and S/. 100.8 million, respectively, through capitalization of accumulated results.

The Bank's common stock is listed on the Lima Stock Exchange (BVL). As of June 30, 2012 and December 31, 2011, the stock market quotation value of the Bank's stock was S/. 6 and S/. 5.51 per share, respectively, with a trading frequency of 100% in both years.

The number of shareholders and the ownership structure were as follows:

Percentage of Individual Interest (%)	Number of Shareholders	Total Interest
Up to 1	8,341	7.76%
1.01 to 5	-	0.00%
80.01 to 100	1	92.24%
	8,342	100.00%

(b) Legal reserve

Pursuant to applicable law, all Peruvian banks must create and maintain a legal reserve. Each year, a Peruvian bank must allocate 10% of its net income to its legal reserve until the legal reserve is equal to 35% of its paid-in capital stock.

The General Shareholders' Annual Meetings held on March 29, 2012 and March 31, 2011 approved an allocation to the legal reserve of the equivalent of 10% of net income for the 2011 fiscal period (S/. 112.9 million) and for the fiscal 2010 period (S/. 100.7 million), respectively.

(c) Retained earnings

At the General Shareholders' Annual Meetings held on March 29, 2012 and March 31, 2011, the Bank agreed to distribute dividends of S/. 733.8 and S/. 805.8 million, respectively.

Dividends distributed to shareholders other than domiciled legal entities, are subject to income tax at a rate of 4.1% which must be withheld by the Bank.

Retained earnings include S/. 33.1 million of unrealized gain of the available-for-sale investments

(S/. 19.3 million as of December 31, 2011), and S/. 3 million corresponding to unrealized gains of held to maturity investments (S/. 3 million as of December 31, 2011).

The General Shareholders' Annual Meetings held on March 29, 2012 and March 31, 2011, approved the capitalization of retained earnings S/. 282.2 million and S/. 100.8 million, respectively.

On June 28, 2012, in exercise of the power conferred upon it by the Shareholders' Annual Meeting held on March 29, 2012, and pursuant to the provisions of Article 184, Item A) Paragraph 2, of the General Law, the Board of Directors unanimously resolved to capitalize 2011 fiscal year profits, amounting to S/. 400 million. This commitment will be formalized in the next shareholders' meeting.

13. REGULATORY CAPITAL AND LEGAL LIMITS

According to the General Law, the regulatory capital amount cannot be less than 10% of credit, market and operational risk average weighted assets and contingent loans. As of June 30, 2012, the Bank used the standard method for calculating the regulatory capital requirement for credit risk.

As of June 30, 2012, the Bank's regulatory capital calculated pursuant to SBS regulations was S/. 4,875 million (S/. 4,043 million as of December 31, 2011). This amount is used to calculate certain limits and restrictions applicable to all financial entities in Peru. We believe such limits and restrictions are fully met by the Bank.

Credit, market and operational risk average weighted assets calculated in accordance with applicable regulations amount to S/. 34,950 million as of June 30, 2012 (S/. 32,455 million as of December 31, 2011).

As of June 30, 2012 and December 31, 2011, the Bank´s capital adequacy ratio was 13.95% and 12.46%, respectively.

14. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per common share was calculated by dividing net income for the period attributable to common shareholders, by the weighted average of the number of outstanding common shares during the period. Since there are no potential diluting common shares, i.e., financial instruments or other agreements which grant rights to obtain common shares, the diluted earnings per common share is equal to the basic earnings per common share.

The basic and diluted earnings per common share are as follows:

	Number of Shares	
	June 30, 2012	December 31, 2011
Outstanding at the beginning of the year	1,944.2	1,843.4
Capitalization of earnings	282.3	383.0
Outstanding at the end of the period	2,226.5	2,226.5
Net Income for the period (in thousands of Peruvian Nuevos Soles)	603,600	529,989
Basic and diluted earnings per share	0.27	0.24

15. **TRANSACTIONS WITH RELATED PARTIES**

As of June 30, 2012 and December 31, 2011, Grupo Continental had granted loans, provided and requested banking services, maintained correspondent relationships, carried out transactions using derivative financial instruments recorded at face value and performed other transactions with related companies, whose effects in the financial statements are outlined below:

	June 30, 2012	December 31, 2011
	S/. 000	S/. 000
Assets -		
Cash and due from banks	51,826	47,727
Loans, net	96	4,174
Other assets	151,342	122,082
Liabilities -		
Deposits and obligations to the public	325,343	106,657
Obligations	11,098	-
Other Liabilities	167,202	140,327
Contingent and off-balance sheet accounts		
Contingent accounts	4,994,441	4,029,834
Off-balance sheet accounts	1,696,620	1,826,948

Transactions of Grupo Continental with related parties have been carried out in the normal course of operations and in conditions that could have been granted to third parties.

The transactions carried out with related parties, included in the consolidated statement of income for the periods ended June 30, 2012 and June 30, 2011 were the following:

	June 30, 2012	June 30, 2011
	S/. 000	S/. 000
Financial income	7	17
Financial expenses	(4,283)	(4,067)

Other income(expenses), net	(26,407)	(29,691)

Loans to employees

As of June 30, 2012 and December 31, 2011, we extended credit to certain Directors, executives and employees of Grupo Continental in accordance with applicable law, which regulates and establishes certain limits on transactions with directors, executives and employees of banks in Peru. As of June 30, 2012 and December 31, 2011, direct loans to employees, directors, executives and key staff amounted to S/. 294.8 million and S/. 265.7 million, respectively.

In addition, for the six months ended June 30, 2012, compensation paid to key staff and per diem allowances for the Board of Directors totaled S/. 4.8 million (S/. 4.4 million as of June 30, 2011).

16. CONTINGENT AND OFF-BALANCE SHEET ACCOUNTS

a) Derivative financial instruments

The Bank enters into forward agreements for the purchase and sale of foreign currency, interest rate swaps (IRS) and cross currency swaps (CCS). As of June 30, 2012 and December 31, 2011, the outstanding equivalent amounts in Nuevos Soles and the fair value of the derivative financial instruments were as follows:

	June 30, 2012		
	Nominal Value	**Assets**	**Liabilities**
	S/. 000	S/. 000	S/. 000
Trading Derivatives			
Currency forwards	7,604,576	58,381	96,262
Options	2,218,965	45,943	45,944
CCS-Cross Currency Swaps	4,025,901	261,441	104,688
Interest Rate Swaps	3,476,827	31,913	132,112
Hedging Derivatives			
Cross currency swap (ii)	201,508	3,617	-
Interest rate swap (i)	2,457,320	124,912	-
	19,985,097	**526,207**	**379,006**

	December 31, 2011		
	Nominal Value	**Assets**	**Liabilities**
	S/. 000	S/. 000	S/. 000
Trading Derivatives			
Currency forwards	5,721,589	55,937	54,083
Options	2,420,116	65,796	65,796
CCS-Cross Currency Swaps	4,024,176	218,756	69,250
Interest Rate Swaps	4,090,065	32,974	137,000
Hedging Derivatives			
Interest rate swap (i)	943,600	72,697	-

17,199,546	**446,160**	**326,129**

(i) As of June 30, 2012, the Bank had entered into interest rate swaps - IRS - for S/. 2,457 million worth of hedging for interest rates related to financing obtained. By means of the IRS, the Bank obtains a fixed interest rate in US Dollars and pays a variable interest rate in the same currency. As of June 30, 2012, the total variation of the fair value of the IRS, totaled S/. 48 million (profit), which is recorded under the “Earnings from Hedging Transactions” line item in the statement of income (as of December 31, 2011, the fair value amounted to a S/. 118.7 million profit).

(ii) As of June 30, 2012, the Bank had entered into a CCS to hedge the reasonable value of the bonds issued, at a nominal value of S/. 200 million. Through the CCS, the Bank converts its issue from fixed-rate local currency to variable-rate US Dollars. As of June 30, 2012, the fair value of the CCS was S/. 3 million (profit), which is recorded under the “Earnings from Hedging Transactions” line item in the statement of income.

b) Other creditors

As of December 31, 2008, Continental DPR Finance Company, a special purpose company incorporated in the Cayman Islands, issued notes through a private placement (debt instruments) which residual value as of June 30, 2012 was US$ 175 million. These notes mature on December 15, 2015, and they have quarterly coupons, which take a two-year grace period into account. These debt instruments accrue interest at Libor plus a spread (see Note 11).

As of April 30, 2010, Continental DPR Finance Company, entered into a loan through a private contract, which residual value as of June 30, 2012 amounted to US$ 190 million (Series 2010-A). This series expires on March 15, 2017, with quarterly coupons with a 2-year grace period. The aforementioned loan accrues interest at Libor plus a spread (see Note 10).

On June 26, 2012, Continental DPR Finance Company placed an issue via a private notes issue (debt instruments) for US$ 235 million. This note issue has two maturities: (i) US$ 125 million maturing on June 15, 2017; and (ii) US$ 110 million, maturing on June 15, 2022. All notes have quarterly coupons, include two-year grace periods and accrue interest at Libor plus a spread, except for part of the 10-year issue for US$ 70 million, which was issued at a fixed rate (Note 11).

Both the 2008 and the 2012 issues related to the notes placed by Continental DPR Finance Company as well as the 2010 debt balance, are secured by the sale made by the Bank to Continental DPR Finance Company, of the present and future flows generated by customer electronic payment orders (Diversified Payments Rights - DPRs) forwarded to the Bank through SWIFT (Society for Worldwide Interbank Financial Telecommunications Network). This sale, which was conducted only once, took place on December 31, 2008.

The operative documents for the issuance of the notes include covenants requiring compliance by the Bank with certain financial ratios and other specific conditions related to transferred flows. Grupo Continental management believes it was in compliance with such conditions as of June 30, 2012.

17. FINANCIAL INCOME

Financial income for the first six months of 2012 increased by 26% compared to the first six months of 2011, mainly due to higher interest income received from the loan portfolio and income from exchange differences.

18. FINANCIAL EXPENSES

Financial expenses for the first six months of 2012 increased by 44% compared to the first six months of 2011. The categories mainly explaining the variation are deposits and loans with foreign banks and financial organizations and losses in financial derivatives used in trading.

19. OTHER INCOME (EXPENSES)

During the first six months of 2012, income from financial services increased by 7% compared to the first six months of 2011 due to greater income from contingent operations (letters of guarantee), credit card fees, mutual fund administration fees and other income.

20. ADMINISTRATIVE EXPENSES

In the first six months of 2012, administrative expenses increased by 15% compared to the first six months of 2011. This category includes personnel expenses (salaries, additional benefits, bonuses, social contributions, length of service compensation, vacation and other staff- related expenses) and overhead (expenses such as computer services, transportation of funds, taxes, advertising and promotion, insurance, general services, security, surveillance and others).

21. SUBSEQUENT EVENTS

We are not aware of any subsequent events, occurring between the closing date of these financial statements to the date of this report, which have not been disclosed therein or could significantly affect the financial statements, except that:

On July 5, 2012, the Bank placed the sixth issue of the “Fifth Corporate Bonds Program of BBVA Banco Continental”, Series A, in the amount of USD 54 million, for a four-year term, at a fixed rate. The principal of such bonds is due in full at maturity and interest is payable on a semi-annual basis. The interest rate of the sixth issue is 4.6875%.