

CREDICORP LTD
Form 6-K
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

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

For the month May 2012

CREDICORP LTD.

(Exact name of registrant as specified in its charter)

Clarendon House

Church Street

Hamilton HM 11 Bermuda

(Address of principal executive office)

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

Form 20-F Form 40-F

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

Yes No

CREDICORP LTD.

First Quarter 2012 Results

Lima, Peru, May 09, 2012 - Credicorp (NYSE:BAP) announced today its unaudited results for the first quarter of 2012. These results are reported on a consolidated basis in accordance with IFRS in nominal U.S. Dollars.

HIGHLIGHTS

- Credicorp started the year 2012 with strong income generation following solid portfolio growth, and reached US\$ 189 million in net earnings for 1Q12, repeating the record net earnings of last quarter, which in turn reflect an ROAE of 22%.
- These numbers are particularly significant given continued adversity and volatility in the international markets and sustained local political noise, and reveal the strength of the Peruvian and leading Andean economies.
- Despite the seasonal slowdown in the first quarters of each year loan growth continued its dynamic pace with the total loan book at the end of the 1Q12 at US\$ 18.1 billion, representing a 3.7% increase over the previous Q.
- Consequently, NII expansion reached 4.8% revealing stable margins with NIM at 5.1%. However, provisions remained high as past due loans showed an increase of 17 bps in the ratio, a result of not only the stronger expansion in the lower sector/higher risk assets as anticipated but also repetitive delays in the approval process for charge-offs.
- Non financial income also evolved strongly and expanded 6% QoQ, with fee income sustaining the very high / seasonally boosted level of 4Q11, and increased income from FX commissions and sale of securities.
- The insurance business however showed a weaker Q with several severe claims in the P&C business, triggered by the seasonality (rainy season) in the first months of each year and an isolated fire event. Therefore, despite a sound 6.2% expansion in net earned premiums, higher claims led to a 28% decrease in premium income net of claims.
- Also in line with the seasonality of our commercial business, OpEx dropped 3.3% this 1Q, a contraction mainly concentrated in the administrative expenses. In this context, the efficiency ratio improved again, reporting 40.7% for this Q vs. 44.9% in 4Q11.
- Therefore, the continued expansion of already strong income generation and the lower costs this Q absorbed the high level of provisions required and the increase in claims in the insurance business. This led to an excellent

expansion of operating income which was up 14.7% for the Q and offset the Q's lower translation gains and higher income taxes.

- The local currency continued to appreciate though at a slower pace; this caused translation gains to fall by half QoQ and pushed up taxes by 25.1%. In this context, this Q reported flat earnings.
- This 1Q12, BCP reported US\$166.6 million contribution to Credicorp to top last Q's contribution, which was the highest quarterly net result of the year. This excellent result was mainly attributable to strong loan growth, particularly in the retail segment, which led to a 5.9% expansion in NII that together with lower costs, helped absorb the high level of provisions and led to an 18.4% increase in operating income. However, lower translations gains and higher taxes pushed expansion down to only 3.5% in the bottom line, which is nevertheless a superb result. In this context, ROAE this 1Q12 was fairly stable at 29.2% and the efficiency ratio improved also to 47.3%.
- BCP Bolivia's performance dropped due to provision requirements and higher OpEx and resulted in a 32% decrease in its contribution while Edyficar had an excellent Q with strong portfolio growth (+7.8% QoQ) and even stronger NII expansion (+9.8%). However, but due to lower translations gains and higher taxes, Edyficar reported a 4.8% increase in its contribution to Credicorp with US\$ 7.7 million.
- ASB's contribution to Credicorp this 1Q12 was up 26.1% to US\$ 11.6 million. This was mainly the result of gains on sales of securities and lower provisions given that core earnings generation remained stable due to more stable markets this 1Q.
- As indicated above, PGA's performance was weaker this 1Q as its contribution to Credicorp dropped to only US\$ 4.8 million. This was the result of a series of significant claims that led to a combined ratio of 126% for the P&C business. Though above expectations for the Q, analyzed in a long-term horizon, claims for P&C are in line with expectations for both occurrence and severity and the level of risk retention is aligned with the group's strategy to diversify its portfolio. Therefore, though a bad quarter from a claims concentration perspective, underwriting results on the long run should fall within PGA's projected numbers for the year.
- Prima's performance was strong this 1Q with growth of 3.6% for an equivalent of US\$ 9.2 million, which reflects an ROAE of 26.1%. This is in line with strong economic activity due to growth of 6% p.a. and Prima's good commercial results, which allow it to continue leading the market for new contributions to the system.
- Overall and despite the uncertain market environment throughout the year, Credicorp posted excellent results once again this 1Q12, with results that reveal an ROAE of 22%, NIM of 5.1%, efficiency of 40.7% and a PDL ratio of 1.66% with coverage of 188%.

I. Credicorp Ltd.

Overview

Credicorp reported net earnings for 1Q12 of US\$ 189.1 million, maintaining its record level of earnings from the previous Q and topping the earnings of the same period of last year by 8%. This result reflects an ROAE of 22% and clearly confirms the positive growth trend observed in previous quarters and years. BCP's performance continues to reflect the strength of the Peruvian economy, which surprised the markets with its 6% estimated GDP growth for 1Q12. This expansion is particularly significant given the adversity and volatility that prevails in the international markets and continuing internal political noise.

Loan growth of 3.7% for the Q is certainly evidence of the continued activity in our markets which has surpassed initial expectations. As anticipated, the retail lines continue to drive growth, posting an annualized average growth rate of 22.4% in this 1Q12 that in some cases reached 38%, shifting the portfolio mix (with retail up 1% this Q to 48% of the total loan book) and the mix within each product towards the higher risk/higher margin portfolios. Therefore, net interest income grows at a stronger pace of 4.8% QoQ and BCP's NIM for the loan book increased 6 bps from 7.97% to 8.03%, while total NIM remained stable at 5.1% for the Q.

Provisions this Q were kept at a high level reflecting the fact that loan book expansion is concentrated in lower segments with higher risk and higher PDL expectations. Thus, provisions reached a similar level to last quarter's reaching US\$ 69.6 million. An analysis of the credit quality of the portfolio shows an expected increase in delinquencies, which is in line with the parameters of the targeted groups and reflects a conscious move into lower income sectors. Therefore, the PDL ratio shifted from 1.49% to 1.66%, a move of 17 bps that was directly linked to the evolution in the retail portfolio, some seasonality and lower charge-offs. This ratio however, continues to be extremely low particularly if we consider only 90 day-delinquencies as is customary in regional banking practice. From this perspective, the ratio is only 1.16% given that we have just begun to move into the higher risk sector and will continue to do so as the market grows.

Non financial income expansion was also strong in 1Q reaching 6% QoQ. After very high fee income growth of 6.4% in 4Q11, any further expansion is relevant as was the 0.7% further growth in fees. It was the treasury desk, however, that drove non-financial income expansion through higher income from sales of securities while the FX-commissions expanded 6.6% in the Q.

The insurance business had a clearly weaker Q given an increase in net claims that is primarily attributable to sever claims in the P&C business, which rose considerably due to a seasonal peak (rainy season). This led to a 25% drop in income from premiums net of claims. Premium performance in and of itself was good, showing expansion of 6.2% for the Q.

OpEx dropped 3.3% after the year-end peak as expected given the typical seasonal expense patterns. This contraction was concentrated in administrative costs, which in 4Q11 accumulated year-end weighted marketing and advisory expenses. Branch expansion however will continue to pressure the cost line, but will also become more evident towards the second half of the year. In line with this evolution, the efficiency ratio improved for the Q, reporting 40.7% vs. 44.9% for 4Q11.

Despite lower results for the insurance business in 1Q and the sustained level of provisions, lower expenses reported this Q resulted in a 14.7% improvement in operating income for the 1Q12, reaching US\$ 239.7 million.

Nevertheless a significantly lower translation gain, which was an unusually high quarterly result (and accumulated a revaluation of actually 2 Qs) and a corresponding increase in tax provisions in local accounting, were responsible for the flat bottom line result compared to the previous quarter after having reported significantly stronger operating income. In fact, 1Q12 results reveal an ROAE of 22%, NIM of 5.1%, NIM for the loan book only of 8.03%, efficiency of 40.7%, a PDL ratio of 1.66% with coverage of 1.88 to 1.

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Credicorp Ltd. US\$ 000	Quarter			Change %			
	1Q12	4Q11	1Q11	QoQ	YoY		
Net Interest income	372,252	355,290	310,072	4.8 %	20.1 %		
Net provisions for loan losses	(69,639)	(70,447)	(41,517)	-1.1 %	67.7 %		
Non financial income	242,693	228,947	205,774	6.0 %	17.9 %		
Insurance premiums and claims	32,022	44,414	50,146	-27.9%	-36.1 %		
Operating expenses (1)	(337,625)	(349,159)	(286,320)	-3.3 %	17.9 %		
Operating income (2)	239,703	209,046	238,155	14.7 %	0.6 %		
Core operating income	239,703	209,046	225,218	14.7 %	6.4 %		
Non core operating income (3)	-	-	12,937	-	-100.0 %		
Translation results	13,185	31,433	1,023	-58.1%	1188.4%		
Income taxes	(60,073)	(48,021)	(60,676)	25.1 %	-1.0 %		
Net income	192,814	192,458	178,503	0.2 %	8.0 %		
Minority Interest	3,702	3,277	3,478	12.9 %	6.4 %		
Net income attributed to Credicorp	189,113	189,180	175,025	0.0 %	8.0 %		
Net income/share (US\$)	2.37	2.37	2.19	0.0 %	8.0 %		
Total loans	18,094,523	17,442,766	14,677,095	3.7 %	23.3 %		
Deposits and obligations	21,181,704	18,987,734	18,078,816	11.6 %	17.2 %		
Net shareholders' equity	3,493,753	3,375,742	2,800,590	3.5 %	24.8 %		
Net interest margin	5.1	% 5.2	% 4.9		%		
Efficiency ratio	40.7	% 44.9	% 40.1		%		
Return on average shareholders' equity	22.0	% 23.4	% 24.7		%		
PDL ratio	1.66	% 1.49	% 1.56		%		
NPL ratio	2.21	% 2.03	% 2.09		%		
Coverage of PDLs	188.0	% 200.5	% 189.5		%		
Coverage of NPLs	141.0	% 146.6	% 141.6		%		
Employees	22,863	22,276	19,908				

(1) Employees' profit sharing is registered in Salaries and Employees Benefits since 1Q11 due to local regulator's decision.

(2) Income before translation results and income taxes.

(3) Includes non core operating income from net gain on sales of securities.

Credicorp – The Sum of Its Parts

Credicorp's 1Q12 results were once again in line with management's expectations. The loan growth reported in the whole financial sector is remarkable given the environment, both international (with stubborn uncertainties) and local (continued political noise) and reflects the local and regional economic dynamics that are making the Andean region the world's new hot spot for business. In this context, the retail business seems to maintain its own very strong dynamic, and the strategies to increase bank-penetration are fueling this growth. These strategies imply lowering the thresholds for granting loans. This constitutes a delicate process to which we are dedicating significant resources and time to carefully monitor the situation and fine-tune our models accordingly. We feel confident about the process and believe it is crucial to a healthy and profitable retail business and will lead to larger margins to sustain the higher provisions required. But the Andean region offers also other highly profitable business expansion opportunities, which

we have quickly identified and are in the process of implementing through the announced acquisitions of 2 leading investment banking operations, each a leader in its market. These acquisitions, coupled with our local operations, will allow us to develop a top regional investment banking firm. As such, we are confident that Credicorp is taking the lead in a business that will also contribute to the corporation's growth story.

In 1Q12, BCP reported net earnings 3.6% above its 4Q11 result- which was its best ever quarterly result in the banking business- posting US\$170.6 million in earnings and a contribution to Credicorp of US\$166.6 million, which represents a superb 30% increase from last year. This excellent result was attributable to continued robust loan growth of +3.8% that was led primarily by Retail Banking, whose portfolio grew 5.6% for the Q, and is also reflected in the increase of BCP's NIM on loans, which rose from 7.97% to 8.03%. In this context, NII was up 5.9% QoQ and in conjunction with sustained non financial income and a drop in expenses -which normalized after the year-end peak- resulted in a level of income generation that more than offset the high provisions required for retail expansion. This ultimately led to a very strong improvement in operating income, which was up 18.4%. However, translation gains this Q reflected only a modest revaluation of the currency and together with higher taxes due to higher income; regardless, BCP still reported a very strong bottom line with US\$ 170.6 million net earnings. This result reflects a sound 29.2% ROAE, an ROAA of 2.4% and an efficiency ratio of 47.3%.

Earnings contribution US\$ 000	Quarter			Change %	
	1Q12	4Q11	1Q11	QoQ	YoY
Banco de Crédito BCP(1)	166,602	161,007	127,958	3.5 %	30.2 %
BCB	5,420	7,966	5,148	-32.0%	5.3 %
Edyficar	7,733	7,376	5,834	4.8 %	32.6 %
Pacifico Grupo Asegurador	4,823	11,945	15,325	-59.6%	-68.5 %
Atlantic Security Bank	11,552	9,162	12,991	26.1 %	-11.1 %
Prima	9,166	8,854	8,091	3.5 %	13.3 %
Credicorp Ltd. (2)	(2,499)	(1,388)	2,129	80.1 %	-217.4%
Others (3)	(532)	(400)	8,531	32.8 %	-106.2%
Net income attributable to Credicorp	189,113	189,180	175,025	0.0 %	8.0 %

(1) Includes Banco de Crédito de Bolivia and Edyficar.

(2) Includes taxes on BCP's and PGA's dividends, and other expenses at the holding company level.

(3) Includes Grupo Crédito excluding Prima (Servicorp and Emisiones BCP Latam), others of Atlantic Security Holding Corporation and others of Credicorp Ltd.

BCP Bolivia reported net income of US\$ 5.5 million, which indicates a contraction of 32% QoQ. This was due primarily to higher provisions for the portfolio due to a seasonal factor related to festivities held in the country in the early months of the year; an increase in operating expenses (+8.1%) after generic provisions were reclassified as other provisions; and a drop in non-financial income (-7.3%) due to a contraction in gains on foreign exchange transactions, drafts and transfers. BCP Bolivia's ROAE in 1Q12 was 19.3%, which falls below the 30.4% reported in 4Q11 and the 22.3% posted in 1Q11.

Financiera Edyficar had an excellent result this 1Q12 with NII growing 9.8%, surpassing loan book growth of 7.8% and revealing some margin expansion. Further, this excellent growth was accompanied by a mere 6.6% increase in provisioning requirements, which led to an excellent operating income result that was 32.7% higher QoQ. This more than compensated for lower translation gains and higher taxes, which resulted in a 5% increase in Edyficar's contribution to US\$ 7.7 million. In this context, ROAE was 43.6% this quarter, which is equivalent to an ROAE of 25.7% if we consolidate figures and include goodwill stemming from the acquisition.

At Pacifico Grupo Asegurador (PGA), the 60% lower contribution to Credicorp's bottom line is directly related to a seasonal increase in P&C claims. The majority of these claims are related to the rainy season and resulted in retained claims of US\$ 4.7 million. Additionally, this business line was hit by a single large fire at the warehouse of the Ministry of Education, which accounted for another US\$ 5.9 million in retained claims. This unusually large level of claims led to a combined ratio for P&C and Health of 114.4% and a subsequently lower contribution to the group. The life business, though also hit by some important claims, performed well given that financial income offset costs, while the health business reported improved underwriting results and continues to invest in its vertical integration project according to plan. In general, premiums grew 6.2% for the quarter revealing also a 19.2% YoY increase, in line with the high growth rates expected for this business.

Atlantic Security Bank (ASB) reported a 26.1% stronger contribution to Credicorp this 1Q with US\$ 11.6 million, continuing its excellent performance of previous Qs. Though this time ASB's gross income was stable and reflected a decrease in volatility in the international securities markets, the significant increase in net results stems from capital gains on sale of securities; a move to realize some gains given favorable market conditions; and lower provisions (compared to last Q's provisions for impairments on portfolio). Consequently, ROAE was up to 25.8% from 20.3% in 4Q11.

Prima AFP's net income in 1Q12 was US\$ 9.2 million, which is 3.6% higher than the US\$ 8.9 million reported in 4Q11. This good earnings growth is attributable to an increase in commissions and a substantive decline in expenses associated with premiums for disability, survivor and burial insurance in our affiliates' portfolio. In 1Q12, unlike 4Q11, no provisions were set aside for projects to improve operating efficiency. In this context, *Prima AFP's* operating income increased 16.7% QoQ. A comparison of net income in 1Q12 with 1Q11's figure for the same concept reveals growth of 13.3% YoY, which was due to solid expansion in our client base in an environment of sustained economic growth. This success was also achieved through strict control and monitoring of expenses and efforts to enhance operating efficiencies.

Consequently, return on average equity (ROAE) in 1Q12 reached 26.1%, which represents an increase over last quarter's result (23.2%) and tops the profitability reported in 1Q11 (22.4%). In this scenario, PRIMA maintained its leadership in terms of RAM, collections volume and funds under management.

Credicorp Ltd's line includes mainly provisions for tax retention on dividends paid to Credicorp and interest on dividends as well as interest on investments in specific Peruvian companies. The increase this quarter is due primarily to a move to set aside more provisions for income tax withholding in anticipation of expected total earnings growth, and lower dividend income in the Q.

The *Others* account encompasses the holding's different companies, including Grupo Crédito, which controls the start-up operations such as Tarjeta Naranja.

Overall, the results of the Credicorp group continue to reflect the growth opportunity of the Peruvian market and the company's ability to capture this growth while maintaining risks well under control, which is the key to sustainable and profitable growth.

II. Banco de Crédito del Perú Consolidated

Summary 1Q12

BCP's results this quarter reveal excellent performance with net income of US\$ 170.6 million; a figure that represents a 3.5% increase QoQ that led to solid ROAE and ROAA levels of 29.2% and 2.4%, respectively.

The outstanding evolution of the banking business this Q was primarily attributable to:

- i) A +5.9% increase in net interest income (NII) due to 3.8% and 3.4% growth in total loans and average daily balances, respectively, which was led by Retail Banking; and
- ii) A 4.6% drop in operating expenses, which was attributable mainly to the fact that administrative expenses leveled off after seasonal effects that these registered at the end of the year.

Operating income totaled US\$ 214.1 million, which represents growth of 18.4% QoQ and 20.6% YoY. BCP's excellent income generation this quarter offset the decline in translation gains, which contracted 58.5% due to less appreciation of the Nuevo Sol against the US Dollar 1Q (+1.08%) in comparison to the 2.78% appreciation reported in 4Q11, as well as, an increase in taxes in local accounting due to higher earnings this Q.

The YoY comparison also reveals favorable +30.1% YoY growth in net income due to:

- i) Significant +23.4% YoY growth in NII, which was mainly attributable to 20.7% and 20.8% growth in gross loans and average daily balances, respectively;
- ii) Higher non-financial income (+25%) due to an increase in fees for banking services, gains on foreign exchange transactions and gains on sales of securities; and
- iii) Higher translation gains, which totaled US\$ 11.4 million in comparison to the US\$ 1.3 million generated in 1Q11, when the exchange rate was relatively stable (the Nuevo Sol only appreciated 0.2% against the US Dollar).

All of the aforementioned helped offset the 67.7% YoY increase in provisions for loan losses as well as the 18.4% increase YoY in operating expenses.

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Banco de Credito and Subsidiaries US\$ 000	Quarter			Change %	
	1Q12	4Q11	1Q11	QoQ	YoY
Net financial income	342,499	323,393	277,515	5.9 %	23.4 %
Total provisions for loan losses	(69,842)	(70,490)	(41,654)	-0.9 %	67.7 %
Non financial income	198,699	197,610	158,919	0.6 %	25.0 %
Operating expenses (1)	(257,249)	(269,604)	(217,244)	-4.6 %	18.4 %
Operating income (2)	214,107	180,909	177,536	18.4 %	20.6 %
Core operating income	214,107	180,909	177,536	18.4 %	20.6 %
Non core operating income (3)	-	-	-	-	-
Translation results	11,414	27,498	1,250	-58.5 %	813.1 %
Income taxes	(54,654)	(43,151)	(47,462)	26.7 %	15.2 %
Net income	170,619	164,782	131,095	3.5 %	30.1 %
Net income / share (US\$)	0.067	0.064	0.051	3.6 %	30.0 %
Total loans	17,570,093	16,934,911	14,553,244	3.8 %	20.7 %
Deposits and obligations	19,969,835	17,835,960	17,130,841	12.0 %	16.6 %
Net shareholders' equity	2,337,052	2,341,409	1,920,109	-0.2 %	21.7 %
Net financial margin	5.2 %	5.3 %	4.7 %		
Efficiency ratio	47.3 %	52.2 %	47.7 %		
Return on average equity	29.2 %	29.4 %	26.8 %		
PDL ratio	1.70 %	1.53 %	1.57 %		
Coverage ratio of PDLs	188.1 %	200.8 %	189.7 %		
BIS ratio	15.4 %	14.5 %	13.7 %		
Branches	346	342	332		
Agentes BCP	5,081	4,674	3,816		
ATMs	1,559	1,485	1,219		
Employees	18,993	18,616	16,456		

(1) Employees' profit sharing is registered in salaries and employees benefits since 1Q11 due to local regulator's decision.

(2) Income before translation results and income taxes.

(3) Includes non core operating income from net gain on sales of securities.

The excellent evolution of the banking business is reflected in the significant growth of +4.5% QoQ and 21.6% YoY reported in core income, which was led by growth of 5.9% QoQ and 23.4% YoY in NII. Although fee income and net gains on foreign exchange transactions remained at the excellent levels reported last quarter, their YoY evolution reveals solid growth of 16.4% and 25.8%, respectively.

Core income US\$ 000	Quarter			Change %	
	1Q12	4Q11	1Q11	QoQ	YoY
Net interest and dividend income	342,499	323,393	277,515	5.9 %	23.4 %
Fee income, net	141,985	140,896	122,025	0.8 %	16.4 %
Net gain on foreign exchange transactions	39,330	37,021	31,275	6.2 %	25.8 %
Core income	523,814	501,310	430,815	4.5 %	21.6 %

Operating expenses posted a decline of 4.6% QoQ. This was primarily due to the fact that administrative expenses normalized following year-end seasonal effects, which translated into a 15.4% drop QoQ that offset the slight 1% increase in employee salaries and benefits. The 18.4% increase YoY in operating expenses is in line with growth in the Retail Banking, which reflects, in part, an increase in the number of employees and reveals the impact of the Nuevo Sol appreciation (5.3% appreciation of the Nuevo Sol YoY) given that salaries and employee benefits are denominated in local currency.

The aforementioned led to an efficiency ratio of 47.3%, which fell below the 52.2% reported in 4Q11 and was slightly lower than 1Q11's result of 47.7%. This was thanks to efforts in different areas to improve operating efficiency, which have been particularly successful if we consider that over the last year BCP has grown its network of distribution channels considerably (going from 5,367 points of access at the end of 1Q11 to 6,986 at the end of 1Q12) and has increased its staff (from 16,456 to 18, 993 employees).

During 1Q12, total assets reported significant growth of 11.1% QoQ and 14.3% YoY mainly as a result of the 44.4% QoQ and 42.9% YoY increase in securities available for sale due to a larger stock of certificates of deposit (CDs) from the Central Bank (BCR) as well as an increase in total loans of 3.6% QoQ and 20.4% YoY. It is important to point out that loan growth was led by dynamism in the Retail Banking business, where average daily balances grew 5.6% QoQ and 33.4% YoY. This quarterly growth is significant if we consider the seasonality in the first quarters of every year when financing from the previous year's Christmas campaign comes due. The excellent evolution of loans led NIM on loans to increase slightly from 7.97% in 4Q11 to 8.03% in 1Q12, which is significantly higher than the 7.62% reported in 1Q11. A real stronger improvement in NIM on loans was however hidden by higher funding costs that resulted from the larger investments in BCR CD's as explained further in the next section. This strategy is more evident in the NIM on interest earning assets which fell slightly, going from 5.3% in 4Q11 to 5.2% in 1Q12. Liabilities rose 12.2% QoQ and 13.7% YoY due primarily to growth of 12% QoQ and 16.6% YoY in deposits. Growth in time deposits was particularly noteworthy (+33.7% QoQ and +10.4% YoY) and aimed to capture funds to invest in BCR's CDs. In the quarterly evolution, the 12.6% increase in due to banks and correspondents was in line with an increase in foreign trade while the YoY analysis reveals significant 14.4% growth in bonds and subordinated debt. The aforementioned led to a slight increase in the funding cost, which went from 2.14% in 4Q11 to 2.18% in 1Q12, which was due primarily to the fact that the share of time deposits- which imply higher costs- in total funding increased (21% at the end of 1Q12 vs. 18% at the end of 4Q11).

In terms of portfolio quality, the past due ratio increased 17 bps to reach 1.70%. This was the result not only of an increase in Retail Banking's share of total loans following the significant business expansion, but also an effect of our entrance into lower-income segments, which entails higher risk but also offers higher margins, as is evident in the increase in NIM on loans observed throughout 2011. Additionally, it is important to highlight the smaller volume of charge-offs in comparison to 4Q11's level due delays resulting from a more stringent internal approval process, which also explains a large portion (around 8%) of the QoQ increase in the portfolio quality ratios.

II.1 Interest-earning assets

Interest-earning assets increased 12.1% QoQ and 14.9% YoY, which was reflected primarily in growth in securities available for sales and an increase in current loans.

Interest earning assets US\$ 000	Quarter			Change %	
	1Q12	4Q11	1Q11	QoQ	YoY
BCRP and other banks	5,394,307	4,553,358	6,229,907	18.5 %	-13.4 %
Interbank funds	3,750	5,786	16,783	-35.2 %	-77.7 %
Trading securities	90,268	75,611	99,492	19.4 %	-9.3 %
Securities available for sale	5,020,347	3,476,430	3,512,171	44.4 %	42.9 %
Current loans	17,270,696				