





Annual Report 2012



Statement GRI Application Level Check

GRI hereby states that MIBANCO, BANCO DE LA MICROEMPRESA S.A. has presented its report "ANNUAL REPORT 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 18 March 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because MIBANCO, BANCO DE LA MICROEMPRESA S.A. has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

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INFORME DE REVISION INDEPENDIENTE DE LA MEMORIA DE SOSTENIBILIDAD 2012 DE MIBANCO, BANCO DE LA MICROEMPRESA S.A.

A la Gerencia General de Mibanco, Banco de la Microempresa S.A.:

Hemos llevado a cabo la revisión de la Memoria de Sostenibilidad 2012 de Mibanco, Banco de la Microempresa S.A. (en adelante, Mibanco). Su preparación es responsabilidad exclusiva de Mibanco.

Alcance del trabajo

La revisión de la Memoria de Sostenibilidad 2012 (en adelante "la Memoria") de Mibanco se ha realizado de acuerdo con el alcance solicitado por la Compañía.

Las revisiones han consistido en:

- La adecuación de la estructura y contenido de la Memoria a lo señalado en la Guía para la Elaboración de Memorias de Sostenibilidad de Global Reporting Initiative (GRI) versión 3.1.
- Los datos correspondientes a los indicadores centrales y adicionales relacionados con las dimensiones económica, ambiental y social establecidas en la Guía de Elaboración de Memorias de Sostenibilidad de Global Reporting Institute (GRI) versión 3.1.

La preparación de la Memoria adjunta, así como el contenido de la misma, es responsabilidad de la gerencia de Activo Social de Mibanco, quien también es responsable de definir, adaptar y mantener los sistemas de gestión y control interno de los que se obtiene la información. Nuestra responsabilidad es emitir un informe independiente, basado en los procedimientos aplicados en nuestra revisión.

Criterios

Hemos llevado a cabo nuestro trabajo de revisión de acuerdo con las Normas Internacionales de Compromisos de Aseguramiento, que no son auditoría financiera o revisiones de información financiera histórica (*International Standards on Assurance Engagements other than Audits or Reviews of*

Historical Financial Information) – ISAE 3000, por sus siglas en inglés – emitidas por la Junta de Normas Internacionales de Auditoría y Aseguramiento (*International Auditing and Assurance Standard Board*), aplicables para la realización de revisiones con un alcance de aseguramiento limitado.

Procedimientos realizados

Nuestro trabajo de revisión ha consistido en la aplicación de ciertos procedimientos analíticos y pruebas de revisión por muestreo que se describen a continuación:

1. Entrevistas con los responsables del área de Activo Social de Mibanco y una selección de directivos y personal clave de las unidades involucradas en la preparación de la Memoria. El propósito fue conocer y revisar cómo los objetivos y políticas de sostenibilidad corporativa son considerados, puestos en práctica e integrados en la estrategia de Mibanco.
2. Revisión de los principales procesos y sistemas a través de los cuales Mibanco establece sus compromisos con sus grupos de interés, así como la relevancia e integridad de la información incluida en la Memoria.
3. Revisión de la adecuación de estructura y contenidos de la memoria a lo señalado en la Guía para la Elaboración de Memorias de Sostenibilidad de GRI versión 3.1.
4. Comprobación, en base a selecciones muestrales de la información cuantitativa de los indicadores incluidos en la Memoria y su adecuada compilación a partir de los datos suministrados por las fuentes de información. Las pruebas de revisión se han definido a efectos de proporcionar los niveles de aseguramiento indicados en el apartado "Criterios" de este informe.

El alcance de esta revisión es sustancialmente inferior al de un trabajo de seguridad razonable. Por tanto, la seguridad proporcionada es también menor. El presente informe en ningún

caso puede entenderse como un informe de auditoría.

Independencia

Hemos realizado nuestro trabajo de acuerdo con las normas de independencia requeridas por el código ético de la International Federation of Accountants (IFAC)

Conclusiones

Como resultado de nuestra revisión de la Memoria y con el alcance anteriormente descrito, concluimos que:

- No se ha puesto de manifiesto ningún aspecto que nos haga creer que la Memoria de Sostenibilidad 2012 de Mibanco no ha sido preparada según la Guía para la elaboración de Memorias de Sostenibilidad de Global Reporting Initiative (G 3.1) en su nivel de aplicación A+, tal y conforme se indica en el mismo.
- No se ha puesto de manifiesto ningún aspecto que nos haga creer que el resto de la información e indicadores del Informe, contenga errores significativos.

Medina, Zaldívar, Paredes & Asociados
Sociedad Civil de Responsabilidad Limitada



Fernando Núñez
Socio

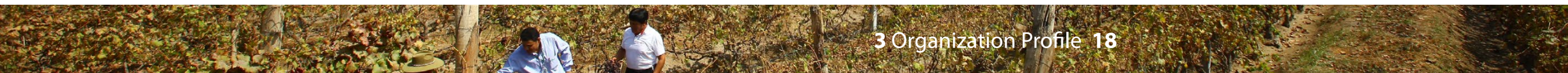
Lima, abril de 2013



1 Statement of Responsibility 10



2 Letter from the Chairman of the Board of Directors to Shareholders 12



3 Organization Profile 18



4 Corporate Governance 36



5 Social, Environmental and Economic Performance 56



6 Experience and History 156



7 Financial Statements 144



8 Global Reporting Initiative (GRI) 208



9 Branch Locations 224

Edith Pineda, Business Advisor, Cusco branch
Gregorio Arroyo, Business line: agriculture and leasing of farm machinery

This document contains trustworthy and sufficient information about the business of Mibanco, Banco de la Microempresa S.A. during the year 2012. Notwithstanding the responsibility of the issuer, the undersigned take full responsibility for its content, pursuant to the applicable legal provisions in force.

H. Santa María
Hugo Santa María Guzmán
Chairman of the Board of Directors

CMO
Carlos Morante Ormeño
General Manager

Lima, March 21, 2013



Statement of Responsibility



Gustavo Lozano Bardales, Advisor Ucayali branch

Letter from the
Chairman of the
Board of Directors to
Shareholders

2



We aspire to maintain our position as the country's leading microfinance institution

Hugo Santa María, Chairman of the Board of Directors

LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS TO SHAREHOLDERS

Dear Shareholders:

The year 2012 has been one of transition for Mibanco. At the Board level, I had the honor of taking Óscar River's place as Chairman when he retired from his position after 12 years of service. Óscar contributed to the process of creating the Bank and he dedicated himself to making it the recognized, leading institution that it is today. On the other hand, Mariana Rodríguez returned as Director. This new Board, like others before it, supports Mibanco's mission and its commitment to the progress of the men and women of Peru's microenterprises. We aspire to maintain our position as the country's leading microfinance institution and to contribute to Peru's development through our activities.

At the level of the management team, Carlos Morante, a distinguished professional with nearly 20 years experience in banking, assumed the position of General Manager with the challenge of leading the Organization in a quickly changing and intensely competitive market. Carlos has taken the institutional values and culture of the Bank, born of the history and experience of Grupo ACP, and made them his own.

The year 2012 was a good one for the Peruvian economy. The GDP rose 6.3% - the highest rate in South America - and inflation was under 3%. For the most part, these results are due to strong internal demand and a better-than-expected international environment.

Meanwhile, consumer and investor confidence rose significantly last year, which, in combination with a strong boost in public spending, enabled internal demand to increase 7.6%. It is important to note that fiscal accounts closed with a surplus of 2% of the GDP and that international reserves approached US\$ 64 billion, equivalent to nearly 20 months of imports.

In the international sphere, the monetary stimuli implemented by advanced economies had little impact on economic activity, though they did reduce the risk of a financial crisis and increase the flow of liquidity to emerging economies with strong economic outlooks, such as Peru. The country received capital inflows from abroad equivalent to 10% of its GDP over the year, which contributed to an appreciation in the exchange rate and historically good financing conditions.

In this context, I want to stress some of Mibanco's achievements in different realms of activity. First, the international rating agency Standard & Poor's confirmed Mibanco's long-term credit rating, preserving it at BBB. With this rating, the Institution maintains investment grade, the highest grade obtained in Peru. Likewise, the Smart Campaign, a global initiative to incorporate more rigorous client protection principles in the micro-finance industry, recognized Mibanco for the excellence of its Code of Ethics. Finally, the rating agency specialized in social performance, Planet Rating, awarded the Bank 4 points (on a scale of 0 – 5+), one of the highest ratings among 50 microfinance institutions evaluated worldwide. At the local level, a significant accomplishment has been the award received by Mibanco at the 17th annual "Creatividad Empresarial" ("Business Creativity") competition organized by the Universidad Peruana de Ciencias Aplicadas (UPC). The innovative program to attract new microenterprise clients, called "Miamigo," was awarded under the category "Banking, Financial and Insurance Services." These achievements make us proud and provoke recognition of the effort put forth by our employees.

In terms of financial results, Mibanco maintained its leadership in the field of microfinance. Gross placements at the close of 2012 totaled 4.7 billion soles, which represents 85.1% of total assets. Our assets and portfolio quality have required special attention, which has led us to further strengthen our comprehensive approach to risk management. Miban-

co closed the period with a delinquency rate of 4.48% and a significant 152.5% provisioning on the delinquent and legal collections portfolios. Our total assets reached a balance of S/. 5.6 billion in December 2012, an increase of 6.9% compared to the close of the previous year.

On the other hand, total liabilities increased to S/. 4.9 billion, which corresponds to a 7.07% increase from 2011. Deposits from the public (S/. 3.6 billion) remained stable compared to 2011, representing 73.3% of liabilities. It is important to note that the number of liabilities clients exceeded 325,000 individuals, meaning that during 2012 this figure increased by nearly 40%, which reflects the public's confidence in the soundness of Mibanco.

It is worth emphasizing that during the year Mibanco increased its leadership in the expansion of bank usage, reaching a level of 24.26%. This figure reflects the fact that one out of every four Peruvians who accesses the formal financial system for the first time does so through Mibanco. Solidarity groups, a channel composed of 68% women clients, play a fundamental role in this effort, having enabled us to expand bank usage to 53,197 individuals over the course of 2012. At the close of the year, we had nearly 855,000 clients, which reflects the results of this effort and seals Mibanco's position as the microfinance entity with the greatest number of clients.

With the goal of awarding loans to micro- and small-enterprise business owners, Mibanco received a variety of loans from specialized microfinance funds, multilateral organizations, financial institutions and foreign governmental entities over the year. This capital came from the InterAmerican Investment Corporation (IIC), the Microfinance Enhancement Facility (MEF), KCD Mikrofanz-Fonds (KCD Microfinance Fund), ResponsAbility SICAV, Credit Suisse Microfinance Fund Management Company, Prepar-

co and Banco de la Nación, among others. The contributions of these institutions with which Mibanco shares its mission and principles include social and environmental clauses as requirements to award funding.

Mibanco believes that financial inclusion should be accompanied by additional services in order to support clients in the sustainable administration of their businesses. For this, we have free training programs and financial education, such as the "Diploma en Microempresa" (Microenterprise Certificate Program) and the project "Fortalecimiento de la capacidad empresarial de la mujer en Perú" "Strengthening Women Entrepreneurship in Peru", which is carried out with the Australian Agency for International Development (AusAID), the Goldman Sachs Foundation and Thunderbird School of Global Management. Mibanco also offers micro- and small-business owners business and legal consultancy services free of charge through the programs Miconsultor and Microjusticia, initiatives that are developed with prestigious national and international institutions.

Before closing I would like to mention that as in previous years, the current Annual Report has been developed according to the general principles of the Global Reporting Initiative (GRI). This year, we are proud to have achieved an A+ application level, which reinforces our commitment to quality and transparency in the development of this report. The guidelines allow us to show our stakeholders our integral performance, advances towards financial inclusion through the offer of products designed to meet the needs of our clients, and training programs to promote better use of their money. Likewise, they take into account the fact that we attend to the needs of our employees, to whom we provide opportunities for professional development. Finally, they imply greater efficiency in the use of natural resources to reduce the environmental impact of our operations.

To conclude, I want to thank the wide range of organizations and people who have made Mibanco's growth possible. Our shareholders, for their trust and support; the Board and Management, for their permanent contributions to strategy design and decision making; our employees, for being a key component of the development of our Organization; and our entrepreneur clients, who are the country's driving force and whose daily hard work intensifies our commitment to them.



Hugo Santa María Guzmán
Chairman of the Board of Directors

Héctor Pezo Chuquipiondo, Advisor Pinto II branch
Lucio Serrano Limache, Business line: crops (pomegranate, Italian grapevines)



Organization
Profile

3



A. NAME OF THE ORGANIZATION

Mibanco, Banco de la Microempresa S.A. was Peru's first private bank for micro and small businesses and was established in the city of Lima on March 2, 1998, by public deed executed before Ricardo Fernandini Barreda, Attorney at Law and Notary Public.

The company is registered under Item N° 11020316 of the Registro de Personas Jurídicas de los Registros Públicos de Lima (Register of Legal Entities in the Lima Public Registry). The Superintendencia de Banca, Seguros y AFP (Superintendence of Banking, Insurance and Pension Fund Administration Companies or SBS) authorized its operation through Resolution No. 356-98, dated April 7, 1998.

Mibanco began operating on May 4, 1998 in Lima, based on the experience of Acción Comunitaria del Perú (now Grupo ACP Inversiones y Desarrollo), a non-profit civil organization that has operated for 41 years in the micro- and small-enterprise sector with excellent international prestige and continuous, quality communication with national and international banks and multilateral and bilateral organizations. Mibanco's growth and success are derived from Grupo ACP's strength in Peru and throughout the rest of Latin America.

Corporate Objective
Banking company.

Uniform Industrial Classification of all Economic Activities (CIU): 6519.

Company Life
Perpetual.

Types of Stock

Class A Voting Shares

Shareholding	Number of Shareholders	Share
Less than 1%	12	1.32%
From 1% to 5%	5	15.48%
From 5% to 10%	3	21.06%
Greater than 10%	1	57.36%
Total	21	95.22%

Class B Non-Voting Shares

Shareholding	Number of Shareholders	Share
Less than 1%	6	1.45%
From 1% to 5%	1	3.33%
Total	7	4.78%

Patricia Eyzaguirre Soto, Head of Service Banking. Branch: Tacna

Mibanco begins operating in Lima in May 1998.

B. LOCATION OF OUR HEADQUARTERS

MIBANCO, Banco de la Microempresa S.A.
Headquarters Address: Av. Domingo Orué No. 165, Surquillo, Lima.
Telephone: (511) 513-8000 / Fax: (511) 513-8155
E-mail: mibanco@mibanco.com.pe
Web site: www.mibanco.com.pe

C. BOARD OF DIRECTORS

Hugo Santa María Guzmán / Chairman of the Board of Directors
Luis Felipe Derteano Marie / Vice Chairman of the Board of Directors

DIRECTORS

Roberto Dañino Zapata
Alfredo Llosa Barber
Juan Otero Steinhart
Luis Ovalle Gates
Miguel Pinasco Limas
Michael Edward Schlein
Mariana Rodríguez Risco

ACTING DIRECTORS

Fernando Arias Vargas
Esteban Andrés Altschul
Enrique Ferraro

D. BOARD OF DIRECTORS EXECUTIVE COMMITTEE

The Executive Committee is a decision-making body for the administrative management of the company. It consists of five members appointed by the Board, and holds at least two ordinary sessions per month. The following directors were elected for the 2012 – 2013 period:

Óscar Rivera Rivera – Chairman (until 3.15.2012)
Hugo Santa María Guzmán (after 3.15.2012)
Luis Felipe Derteano Marie
Alfredo Llosa Barber
Juan Otero Steinhart
Luis Ovalle Gates
José Castillo Deza – Secretary (until 4.2.2012)
Carlos Morante Ormeño – Secretary (after 4.2.2012)



DIRECTORES



Luis Felipe Derteano Marie

With Mibanco since its inception in May 1998

President of the Board of Governors of Grupo ACP, Lima, Peru. Chairman of the Board of Directors of Grupo ACP Corp. S.A.A., Lima, Peru. Vice Chairman of the Board of Directors of Mibanco, Banco de la Microempresa S.A., Lima, Peru. Director of Protecta S.A. Compañía de Seguros, Lima, Peru. President of the Board of Governors of Acción Comunitaria del Perú, Lima, Peru. Chairman of the Board of Directors of Tiggres S.A., Lima, Peru. Director of Forjadores de Negocios, S.A. de C.V., S.O.F.O.M., E.N.R., Mexico City, Mexico. Vice Chairman of the Board of Directors of Banco Solidario S.A., La Paz, Bolivia. Chairman of the Board of Directors of Microfinanzas del Uruguay S.A., Montevideo, Uruguay. Director of Empresa Social S.A.), Buenos Aires, Argentina. Director of Sociedad de Ahorro y Crédito Apoyo Integral S.A., San Salvador, El Salvador. Vice Chairman of the Board of Directors of Apoyo Integral Guatemala, Guatemala City, Guatemala. Director of Conecta2 S.A., San Salvador, El Salvador. Second Vice Chairman of the Board of Directors of Financiera El Comercio SAECA, Asunción, Paraguay. Chairman of the Board of Directors of Unifinsa Sociedad Financiera. Business Excellence Award 2010 granted by América Economía magazine, chosen as one of 19 protagonists of change in the field of business in Latin America. Cofounder of Alianza Mundial de Banca basada en Valores (Global



Alliance for Banking on Values – GABV) and representative of Grupo ACP and Mibanco, Banco de la Microempresa S.A. Member of the First Board of Governors of the Child Finance Initiative and representative of Grupo ACP and GABV.

EDUCATION: Economics Studies, Programa Académico de Ciencias Sociales – Universidad Nacional Agraria La Molina, Lima, Peru. Graduate of the Programa de Magíster en Economía Agraria – Universidad Católica de Chile, Santiago de Chile, Chile.

Hugo Santa María Guzmán

With Mibanco since November 2007

Chairman of the Board of Directors of Mibanco, Banco de la Microempresa S.A., Lima, Peru. Member of the Board of Governors of Grupo ACP Inversiones y Desarrollo, Lima Peru. Director of Aprenda S.A., Lima, Peru. Director of Grupo ACP Corp S.A.A., Lima, Peru. Partner - Manager of Economic Studies – Chief Economist of APOYO Consultoría, Lima, Perú S.A.C., Lima, Peru. Director of APOYO Comunicación Corporativa, Lima, Peru. Director of Compañía Graña & Montero, Lima, Peru.

EDUCATION: B.A. in Economics – Universidad del Pacífico, Lima, Peru. Masters and Doctorate in Economics – Washington University, St. Louis, U.S.A.



Roberto Dañino Zapata

With Mibanco since March 2007

Director of Mibanco. Vice Chairman of the Board of Directors of Hochschule Minig PLC, London, England. Chairman of the Board of Directors of Fosfatos del Pacífico S.A., Lima, Peru. Director of Cementos Pacasmayo, Goldfields Inc. (South Africa), Goldfields La Cima, ACCION International (U.S.A.), CARE Peru, Results for Development, (U.S.A.). Former Senior Vice President and Legal Advisor of the World Bank and Secretary General of CIADI, Washington D.C., U.S.A. Former Prime Minister of Peru and Peruvian Ambassador to the United States of America. Former partner of Wilmer, Cutler & Pickering, Washington, D.C., U.S.A.

EDUCATION: Law – Harvard University Law School, U.S.A. and Pontificia Universidad Católica del Perú, Lima, Peru.



Alfredo Llosa Barber

With Mibanco since March 2001

Vice President of the Board of Governors of Grupo ACP, Lima, Peru. Vice Chairman of the Board of Directors of Grupo ACP Corp. S.A.A., Lima, Peru. Director of Mibanco, Banco de la Microempresa S.A., Lima, Peru. Chairman of the Board of Directors of Conecta Centro de Contacto S.A., Lima, Peru. Director of Protecta S.A., Compañía de Seguros, Lima, Peru. Vice President of the Board of Governors of Acción Comunitaria del Perú, Lima, Peru. Vice Chairman of the Board of Directors of Tiggres S.A., Lima, Peru. Acting Director of Forjadores de Negocios, S.A. de C.V., S.O.F.O.M., E.N.R., Mexico City, Mexico. Director of Banco Solidario S.A., La Paz, Bolivia. Director of Microfinanzas del Uruguay S.A., Montevideo, Uruguay. Director of Conecta2 S.A., San Salvador, El Salvador. Vice Chairman of the Board of Directors of Unifinsa Sociedad Financiera, Ambato, Ecuador. Chairman of the Board of Directors of Gamesa, Arequipa, Peru. Chairman of the Board of Directors of Fundades, Lima, Peru.

EDUCATION: Business Administration – Georgetown University, Washington D.C., U.S.A. Masters in Latin American Studies with a concentration in development. Economics – Georgetown University, Washington D.C., U.S.A. Programa de Alta Dirección PAD (Executive Management Program) – Universidad de Piura, Lima, Peru. Strategic Leadership for Microfinance – Harvard University Business School – Boston, MA, U.S.A.

Luis Ovalle Gates

With Mibanco since March 2009

General Manager of Grupo ACP, Lima, Peru. General Manager of Grupo ACP Corp S.A.A., Lima, Peru. Director of Mibanco, Banco de la Microempresa S.A., Lima, Peru. President of the Administrative Council of Forjadores de Negocios S.A. S.O.F.O.M. E.N.R., Mexico City, Mexico. General Manager of Acción Comunitaria del Perú, Lima, Peru. Director of Tiggres S.A., Lima, Peru. Director of Microfinanzas del Uruguay S.A., Montevideo, Uruguay. Director of Sociedad de Ahorro y Crédito Apoyo Integral, San Salvador, El Salvador. Acting Director of Conecta2, San Salvador, El Salvador. Director of Apoyo Integral Guatemala, Guatemala City, Guatemala. Director of Unifinsa Sociedad Financiera, Ambato, Ecuador.

EDUCATION: Accounting – Universidad San Martín de Porras, Lima, Peru. Programa de Alta Dirección y Continuidad (Executive Management and Continuity Program) – Universidad de Piura, Lima, Peru.



Juan Otero Steinhart

With Mibanco since November 2003

Director of Mibanco. Director of Forjadores de Negocios, S.A. de C.V., S.O.F.O.M., E.N.R., Mexico City, Mexico.



◀ **Miguel Pinasco Limas**
With Mibanco since 1999

Director of Mibanco. Executive Director of Solidaridad Sacerdotal Santa Rosa, Lima, Peru. Member of the Economic Council of the Conferencia Episcopal Peruana.

EDUCATION: Mechanical and electrical engineering – Universidad Nacional de Ingeniería, Lima, Peru. Graduate Studies in Business and Financial Administration – Universidad del Pacífico, Lima, Peru. Programa de Alta Gerencia del INCAE (INCAE Executive Management Program) Nicaragua. Programa de Alta Dirección PAD (Executive Management Program) – Universidad de Piura, Lima, Peru.



Mariana Rodríguez Risco ▲
With Mibanco since March 2012

Director of Mibanco, Lima, Peru. Member of the Board of Governors of Grupo ACP, Lima, Peru. Member of the Board of Governors of Acción Comunitaria del Perú, Lima, Peru. Director of Grupo ACP Corp S.A.A., Lima, Peru. Chairman of the Board of Directors of CSC InnovAcción, Lima, Peru. President & CEO Laureate Perú, responsible for the operations of Universidad Peruana de Ciencias Aplicadas, Universidad Privada del Norte, Instituto Cibertec and Instituto Tecnológico del Norte. Former President and General Manager of Universidad Peruana de Ciencias Aplicadas UPC, and cofounder in 1994. Former General Manager of Cibertec Instituto Superior Tecnológico and cofounder in 1983. Chief of Projects of Novoa Ingenieros, Lima, Peru from 1981-1982.

EDUCATION: B.A. in Civil Engineering Sciences, University of Missouri-Rolla (Missouri, 1980), Graduated Magna Cum Laude, GPA 3.5. MBA from Boston University School of Management (Boston, 1989), Graduated Suma Cum Laude, GPA 3.9.



◀ **Fernando Arias Vargas**
With Mibanco since March 2007

Acting Director of Mibanco. Member of the Board of Governors of Grupo ACP, Lima, Peru. Member of the Board of Governors of Acción Comunitaria del Perú, Lima, Peru. Chairman of the Board of Directors of Aprenda, Lima, Peru. Acting Director of Forjadores de Negocios S.A., Mexico City, Mexico. Director of Grupo ACP S.A.A., Lima, Peru. Chairman of the Board of Directors of Minera Andina de Exploraciones S.A.A., Lima, Peru. Chairman of the Board of Directors of Peruana de Energía S.A.A., Lima, Peru. Associate of the Instituto de Ingenieros de Minas del Perú, Lima, Peru. Director of Inmobiliaria EFIA S.A., Lima, Peru. Chairman of the Board of Directors of Renovables de los Andes SAC, Lima, Peru.

EDUCATION: Mining engineering – Michigan Technological University, U.S.A.

Michael Edward Schlein ▶
With Mibanco since March 2010

Director of Mibanco. Acting Director of Bancosol, La Paz, Bolivia. President and Executive Director of ACCION, Boston, MA, U.S.A. Former President of Citigroup International Franchise Management, New York, U.S.A. Former Counsel to the Chairman, U.S. Securities and Exchange Commission, Washington D.C., U.S.A. Former Chief of the Finance and Economic Affairs Team of the Mayor's Office of New York, U.S.A. Former Director of Finance for the presidential campaign of Mr. Dukakis in New York, U.S.A. Formerly associated with Smith Barney, New York, U.S.A. Former Director of Citibank NA, U.S.A.; Bank Handlowy, Poland; Citibank Korea, Inc.; Junta de Gobernadores de la EMEA; the Citi Foundation; Wildcat Service Corporation and New York Cares, U.S.A. Member of the Council on Foreign Relations, U.S.A.

EDUCATION: Masters in Political and Economic Science - Phi Beta Kappa - Massachusetts Institute of Technology, U.S.A. London School of Economics, London, England.



Esteban Andrés Altschul ▶
With Mibanco since March 2010

Chief Operating Officer of ACCION International, Boston, MA, U.S.A. Various positions held with the International Finance Corporation between 1991 and 2008, including: Human Resources Director, Corporate Programs Manager, Chief Investment Officer and Team Leader for Eastern and Southern Europe, and Investment Officer for Latin America

EDUCATION: Masters in International Economics – Georgetown University, Washington D.C., U.S.A. Undergraduate studies in International Business Diplomacy, graduated Magna Cum Laude and Phi Beta Kappa – Georgetown University, Washington D.C., U.S.A. Executive Education and Management Training Program – Harvard University, Boston, MA, U.S.A. Leadership Training Programs – Dialogos Inc., Boston, MA, U.S.A.



◀ **Enrique Ferraro**
With Mibanco since December 2004

Acting Director of Mibanco
Vice President of Banco Solidario, Quito, Ecuador
Chairman of the Board of Directors of Bancosol, La Paz, Bolivia
Strategy and investments consultant

EDUCATION: Masters in Business Administration – Universidad Nacional de Buenos Aires, Argentina.

E. MANAGEMENT



◀ Carlos Morante Ormeño
General Manager



Fernando Balbuena Favarato ▲
Manager, Marketing Division



Roberto Gonzales Peralta ▲
Manager, Operations and Processes Division



Leonel Henríquez Cartagena ▲
Manager, Risk Division



Adriana Chávez Bellido ▲
Manager, Controlling and Finances
Division



▲ Antonio Di Paola Lamas
Manager, Commercial Division



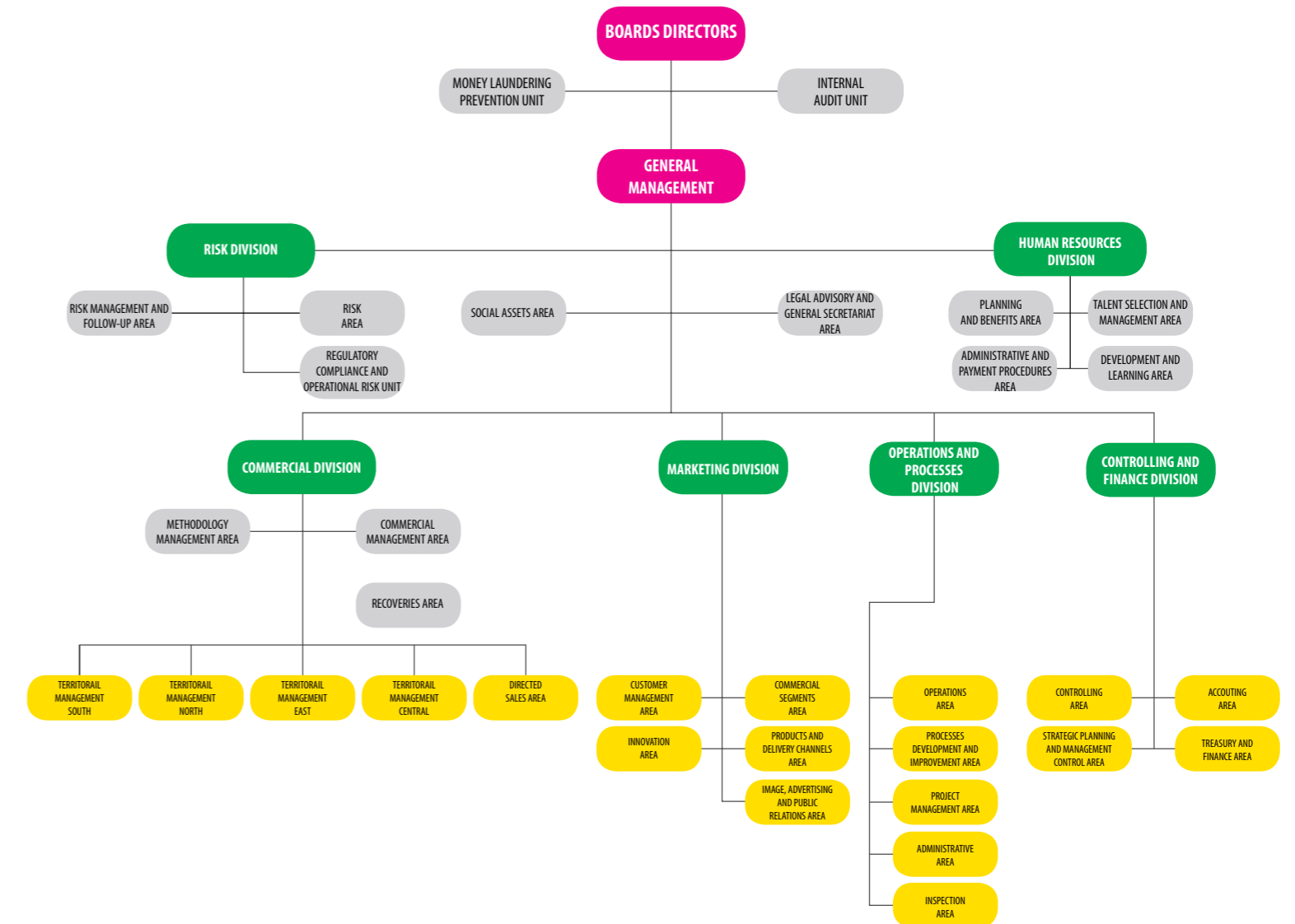
◀ Mónica Ortiz Artola
Manager, Human Resources
Division

The Board is composed of 7 Directors and 3 Acting Directors.

GERENCIAS DE ÁREA

Carolina Benavides Piaggio	Manager, Social Assets Division
Luz María Boza Llosa	Manager, Risk Area
Ana Bruckmann Corvera	Manager, Microenterprise and Entrepreneurial Banking Area
Rossana Chasseloup López	Manager, Legal Consultancy and General Secretariat Area
Antonio Chumacero Sánchez	Manager, Risk Administration and Follow-up Area
Zenobia Córdova Paz	Manager, Innovation Area
José Delgado Contreras	Manager, Recoveries Area
Eduardo Franco Águila	Manager, Operations Area
María del Pilar Martínez Rubio	Accountant General
Juan Manuel Morgan Ochoa	Territorial Administration Manager – South Zone
Guillermo Nevado Rioja	Manager, Methodology Management Area
Enrique Orezzoli Moreno	Territorial Administration Manager – North Zone
Jessica Pacheco Lengua	Territorial Administration Manager
Ramiro Postigo Castro	Manager, Treasury and Finance Area
Dante Torres Martínez	General Auditor
Francisco Vargas Peralta	Manager, Planning and Business Intelligence Area
María Luz Zegarra Seminario	Manager, Business Segments Area

F. ORGANIZATION CHART



We provide opportunities for progress and access to the financial system with a social commitment.



Gino Cervantes Vega, Manager of Tacna branch

G. VISION, MISSION AND VALUES

OUR VISION

To be a leader and benchmark among banking institutions with a strong social commitment, where people feel proud to form part of Mibanco's community of clients and employees.

OUR MISSION

We provide opportunities for progress and access to the financial system with a social commitment.

OUR VALUES

HONESTY. We work with moral integrity and professional ethics, carrying out transparent management and providing clear and accurate information, thereby generating trust.

COMMITMENT. We are convinced that we need to give the best of ourselves, and we become involved with and participate actively in the development and fulfillment of our mission and vision.

EFFICIENCY. We manage our resources optimally, continuously improving processes and productivity to achieve greater competitiveness and sustainability over time.

RESPECT. We fully recognize and appreciate the value of the individual, with a sense of equity and justice, in an atmosphere of harmony, freedom of opinion and equal opportunity.

INNOVATION. With the active participation of clients, employees and managing directors, we

promote the generation of original and creative ideas that may be applied to generate substantial and successful change.

QUALITY. We develop our activities and projects effectively and we consistently exceed our management standards, ensuring we meet the rising expectations of our internal and external clients to guarantee our competitiveness, leadership and image in the market.

H. CAPITAL STOCK

Subscribed and paid-in capital stock registered under the electronic docket of the Lima Public Registry reached S/. 408,663,351.00, represented by 408,663,351 shares with a par value of S/. 1.00 each.

At the Annual General Shareholders Meeting on March 15, 2012, as a result of the capitalization of unrestricted retained earnings, it was unanimously decided to increase Mibanco's share capital as of December 31, 2011, for up to the amount of S/. 65,653,538.00 through the issuance of up to 65,653,538 new shares with a par value of S/. 1.00 each, according to the following breakdown:

Class of Share	Number of Shares
Clase A	62'303,964
Clase B	3'349,574

As a result of the capital increase, the 5th Article of Mibanco's Bylaws was amended to read as follows:

5th ARTICLE. Subscribed capital stock equals S/. 408,663,351.00 (four hundred eight million six hundred sixty-three thousand three hundred fifty-one and 0/100 nuevos soles), represented by a total of 408,663,351 fully subscribed and paid-in shares with a par value of S/. 1.00 each, classified into two classes, Class A and Class B, all nominative, indivisible and freely transferrable as per the following:

Class "A" shares with voting rights: Represents S/. 387,813,777.00 (three hundred eighty seven million eight hundred thirteen thousand seven hundred seventy-seven and 0/100 nuevos soles) of capital, represented by 387,813,777 fully subscribed and paid-in voting shares with a par value of S/. 1.00 (one nuevo sol) each.

Class "B" preferred shares without voting rights: Represents S/. 20,849,574.00 (twenty million eight hundred forty-nine thousand five hundred seventy-four and 0/100 nuevos soles) represented by 20,849,574 fully subscribed and paid-in non-voting preferred shares with a par value of S/. 1.00 (one nuevo sol) each.

We are convinced that we need to give the best of ourselves, and we become involved with and participate actively in the development and fulfillment of our mission and vision.

Peruvians account for 65.95% of our shareholders.

I. SHAREHOLDING STRUCTURE

Based on Mibanco's subscribed and paid-in capital stock registered under the electronic docket of the Lima Public Registry, the bank has the following shareholding structure:

SHAREHOLDERS AT DECEMBER 31, 2012 – CLASS A AND B SHARES

Shareholders	Share	Headquarters
Grupo ACP Inversiones y Desarrollo	60.68%	Perú
ACCION Investments in Microfinance	9.36%	Caiman Islands
International Finance Corporation	6.50%	U.S.A.
ACCION International	6.33%	U.S.A.
Stichting Hivos – Triodos Fonds	4.75%	Netherlands
StichtingTriodos – Doen	4.75%	Netherlands
La Positiva Vida Seguros y Reaseguros S.A.	3.49%	Perú
Triodos Fair Share Fund (Fondo Mutuo)	1.64%	Netherlands
La Positiva Seguros y Reaseguros S.A.	1.19%	Perú
Triodos Sicav II- Triodos Microfinance	0.72%	Netherlands
Transacciones Especiales S.A.	0.13%	Perú
Transacciones Financieras S.A.	0.01%	Perú
Other investors	0.45%	Perú



Gilmar Ruiz Loaiza, Branch Manager, José Luis Quispe Quispe, Gilmart Galiano Ramos, Business Advisor. Branch: Central Cusco

Marisol Meza Jesús, Business Advisor. Branch: El Agustino
Dominga Cuadros Moreno, Business line: sale of soft drinks and beverages



The unit was reorganized and a new model for review was established

A. CORPORATE GOVERNANCE

The principles and norms of good corporate governance by which Mibanco abides are designed to ensure the correct functioning of the institution and are laid out in the Code of Ethics and Transparency that guides all of the Organization's actions. They are complemented by a range of solid values and guidelines that contribute to reinforcing the trust and confidence of shareholders and all stakeholders.

Mibanco does not receive any financial assistance from governments.

MIBANCO'S CORPORATE GOVERNANCE SYSTEM

This system is founded on five categories laid out in the governance matrix:

- 1° **Shareholders' rights.** The rights of Mibanco's shareholders are essential and irrevocable and are protected in a transparent manner to strictly comply with a clear and fair dividends policy.
- 2° **Equal treatment of shareholders.** All of Mibanco's shareholders enjoy equal rights, and independent directors carry out their functions in a way that guarantees impartiality and integrity in the case of a conflict of interest.
- 3° **Responsibilities of the Board of Directors.** Mibanco's Board of Directors plays a fundamental role in making strategic decisions for the institution's sound functioning, supervising management activities and ad-

vocating for shareholders' rights. It holds regular periodic meetings and the powers and functions of its committees are clearly established.

- 4° **Communication and Information Transparency.** Transparency is a basic requirement for the sound functioning of a business, and Mibanco permanently reinforces transparency by providing regular, accurate and truthful information to management, shareholders and stakeholders so they can make informed and reasonable decisions. Likewise, the Bank disseminates legal, operating and financial information that enables consistent, balanced action on the part of the Board of Directors and its Executive Committee.

- 5° **Good business practices.** They are a coherent set of effective, innovative actions (techniques, methods, processes, and actions) to help solve problems and foster development in different fields. Simultaneously, the practices promote the respect and support necessary to enable clients, employees, suppliers and the community at large to satisfy their needs. Mibanco continuously seeks to maintain quality relationships with its stakeholders.

In addition to complying with national regulations, Mibanco operates under the codes of ethics and principles of renowned international institutions like the Global Reporting Initiative (GRI) and the U.N. Global Compact, among others.

STAKEHOLDERS:

Clients; employees; shareholders and the Board; investors; regulatory and fiscal institutions; suppliers; opinion makers and the media; national associations, networks, universities, and trade and professional organizations; international networks and associations.

MIBANCO CORPORATE GOVERNANCE



The Board of Directors is responsible for defining Mibanco's long-term strategies and policies, which are implemented by top management. The Board is Mibanco's highest decision-making body. The Chairman of the Board does not occupy an executive position.

The Board is composed of 12 members as reflected in the table below. They are elected through processes established by the Bank, and their remuneration is agreed upon at the Annual General Shareholders Meeting. Members must have solid backgrounds in business administration though they do not necessarily have to be trained in social and environmental topics.

Directors	Number
Dependents	10
Independent	2
Total	12

It is important to note that to date no specific policies apply to voting on environmental or social issues and that the Board does not evaluate these topics since no procedures are yet in place to assess the Bank's performance in these matters (FS12). However, Mibanco does track its core business activities such as the expansion of bank usage, portfolio activities and customer training. Furthermore, there are a number of communication channels through which shareholders and employees can share their recommendations.

In terms of the environment, Mibanco abides by regulations that restrict lending to busines-

ses whose activities have a negative impact on the environment. These limitations take the form of exclusion lists and are enforced by the Credit Committee, a team responsible for evaluating credit risk and awarding grades of limited, medium and high risk.

It is worth mentioning that Mibanco plans to continue to care for its environment with products that promote sustainable activities, and in 2013 it hopes to implement an environmental impact management system (EC2, SO1). It should be emphasized that Mibanco does not carry out activities in areas where endangered species have their habitats and might be negatively affected by its operations.

PROCEDURES TO PREVENT CONFLICTS OF INTEREST

Mibanco's policies state that all employees and executives of the organization must familiarize themselves with the regulations that govern their functions and responsibilities and comply with the procedures established by the Board for preventing conflicts of interest, as put forth by the Corporate Governance Matrix, the Committee for the Settlement of Conflicts of Interest and the Code of Conduct and Ethics.

In the event of noncompliance with a regulation or a breach of the rules laid out in the Code of Ethics, the matter must first be reported to an immediate supervisor or to the person designated by the Human Resources department.

The Code also establishes that if an employee wishes to engage in activities that are not of a philanthropic nature and which involve teaching or are different in nature from those ca-

ried out by the institution, prior authorization from a superior must be obtained.

Likewise, the Code explicitly prohibits the institution's employees and executives from engaging in any counseling or advisory relationship with any other financial institution, person or company having a direct or indirect relationship with the Bank, unless specifically authorized. The codes establish the following with respect to this issue:

- The relationship of Mibanco's executives and employees with different suppliers, employees and/or correspondents will be objective and impartial, and pursue the best interest of the organization.
- No employee shall accept gifts from customers, suppliers, employees or correspondents, personally or through a third party, unless authorized by a superior.

B. COMPREHENSIVE RISK MANAGEMENT

Risk management generates value for clients as well as for employees and shareholders:

- Clients:** Their financing needs are met according to the characteristics of their businesses and their payment capacities, which strengthens the future development of their businesses and families.
- Employees:** Their actions are guided, focused and made more efficient.
- Shareholders:** The economic benefits they generate for the institution ensu-

re its future sustainability and boost its growth, which creates greater opportunities to provide financing as part of its social mission.

Mibanco's comprehensive risk management involves the entire Organization, from the Board, which defines basic policies, to diverse specialized committees, top management, area managements, and the Institution's employees in general.

Risk management is carried out under guidelines defined by the Board. A Risk Committee composed of five Directors, the General Manager and the managers of the Commercial, Finance, and Risk Divisions (among others) meets on a monthly basis. Complementarily, specialized committees have been established to handle each of the different types of risk identified in the comprehensive risk management regulations (operational, information security, continuity, strategic and reputational).

The Bank has a specialized division to manage and control risk, which operates at each of the levels identified in the comprehensive risk management guidelines and has global responsibility (all risks, all products, throughout the whole country).

This management is carried out in the following manner:

- Establish risk policies and procedures that are approved by the Board of Directors and the Bank's diverse decision-making bodies and which form the regulatory framework that governs the institution's risk activities and processes.

- Apply a system of risk follow-up and control in which compliance with regulations is verified and necessary policy adjustments are made.

From 2012 on, management of critical suppliers ("strategic partners") is also included in order to achieve a comprehensive risk process that contributes increasingly to the value of the company.

CREDIT RISK MANAGEMENT

Credit risk management is comprised of a three-step process: admission, follow-up and recovery.

A. Admission of Risks:

During 2012, Mibanco implemented a series of actions to strengthen its credit admission management, among which the following should be noted:

- The modification of the commercial structure of the branches with the creation of teams called "commercial cells," comprised of groups of six to eight business advisors under the supervision of a head of credit, who are responsible for coordinating all the credit activities of the team and are at the core of credit resolution. Each branch may have two or three heads of credit depending on its size.
- The creation of the management team for Methodology Management with the objective of ensuring the correct application of methodology, technology, policies, regulations, credit procedures and commercial management, and of identi-

fying, preventing, and correcting possible deviations in application. This area seeks to guarantee the sustainability and continuity of the business model over time. Its main functions include:

- Accompany business advisors in the field
- Generate plans of action
- Disseminate best business practices at the national level
- Propose changes and adjustments to methodologies
- Provide feedback to the Commercial Area and to key areas of the Bank

- The culmination of the creation of a new structure for the Risks Admission Unit, responsible for the resolution of issues related to larger operations. This change entails a structure that mirrors that of the Commercial Area, with analysts assigned to different regions/territories. This has enabled the number of requests presented to the unit to grow by 104% and has decreased attention time by 50%.
- The permanent monitoring of the Bank's diverse policies and their correct application, which has enabled adjustments to be made in order to improve credit admission quality. The use of scoring has been reinforced through a much more extensive application due to their high predictive power.

Solid values and guidelines that contribute to reinforcing the trust and confidence

New scoring models are being developed for portfolio admission and follow-up that implement segmentations based on their relevance according to the indicators being evaluated.



Luis Escudero Vásquez, Accounting Analyst; Jeanpierre Ortega Munaiilla, Accounting Analyst.

B. Risk administration and follow-up:

Follow-up is of great importance to the credit process as it allows for early warnings of possible deviations in desired levels of risk. Thus, the Administration and Follow-up Area has the following units:

Follow-up and Models Unit

This unit is responsible for portfolio-level analysis. It seeks to improve risk management through analysis of the indicators of the different segments reviewed to improve credit policies, management of products and campaigns, and more.

Likewise, this team is in charge of monthly reports that contain information on delinquency, both at the stock level and at the level of new disbursements (loan vintage), which it shares with the commercial network.

New scoring models are being developed for portfolio admission and follow-up that implement segmentations based on their relevance according to the indicators being evaluated.

Credit Controlling Unit

This unit complements portfolio analysis with follow-up in the field, and its objective is to identify and quantify risk niches, measure the quality of credit evaluation by business advisors and identify opportunities for improvement to ensure adequate credit evaluation and follow-up. For this, it supervises credit management in branches and validates the flow of credit awards as well and post-disbursement situations.

In the last quarter of the year, the unit was reorganized and a new model for review was established that incorporates new measurement variables (according to the level of risk and growth of the portfolio), a new supervision workflow and a risk grade for each business advisor, such that follow-up and action are differentiated between and developed according to the level of risk identified.

Portfolio Classification Unit

This unit maintains a permanent classification of debtors in the credit portfolio, according to the criteria laid out in SBS Resolution N°11356-2008, "Reglamento para la Evaluación y Clasificación del Deudor y la Exigencia de Provisiones" ("Regulations for the Evaluation and Classification of Debtors and Provisioning Requirements"). The economic and financial situation is taken into consideration in the case of the non-retail portfolio, and for the retail portfolio, payment capacity based on fulfilled obligations with the Bank and the financial system are taken into account.

CREDIT PORTFOLIO STRUCTURE AS OF DECEMBER 31, 2012

Expressed in thousands of nuevos soles.

Classification	Total Debt S/.	% Portfolio	Total provisions S/.
Normal	4,195,109	88.60%	61,970
Potential Problems	223,826	4.73%	10,706
Substandard	83,494	1.76%	20,137
Doubtful	103,787	2.19%	60,515
Loss	128,631	2.72%	125,029
Total	4,734,848	100%	278,358

MARKET RISK MANAGEMENT

Mibanco is exposed to market risk when taking positions in financial instruments with its trading portfolio and when managing its balance sheet structure, which involves administering projected investments and financial income and maintaining liquid resources at levels adequate for the Bank's business strategy and capital/wealth OR equity objectives / objetivos patrimoniales.

The Assets and Liabilities Committee (ALCO), comprised of top management, provides strategic guidelines for the administration of the Bank's financial risk, permanently monitors market exposure and reports to the Risk Committee on its main agreements.

In terms of risk management for the trading portfolio, the goal is to control investments so that they do not exceed maximum tolerable risk levels. For this, follow-up is carried out daily on operations, the effects of market changes on positions, measurement of the level of accepted market risk, regulatory capital consumption, and the analysis of risk/return on equity.

The main measurement indicator is Value at Risk (VaR), defined as the estimated maximum potential loss based on historical data on the evolution of risk factors. To homogenize the measurement of the global risk of the trading portfolio, parametric VaR methodology is used to give greater weight to more recent observations, using a 1-day period to measure possible losses since all open positions

Historical validation tests and analyses of their impact on results are carried out regularly.

are highly liquid. Aside from verifying precision in risk monitoring, historical validation tests and analyses of their impact on results are carried out regularly.

Balance sheet risk management involves liquidity risk and interest rate risk and seeks to monitor the possible effects of changes in the maturity and repricing profiles of the main balance sheet components on the Bank's financial strategy in diverse scenarios.

- **Exchange Rate Risk**
The types of activities carried out by the Bank allow it to progressively reduce exchange rate risk, and positions in foreign currencies were practically netted at the close of 2012.

The inherent exchange rate risk associated with trading between the sol and dollar was higher on average for the first half of 2012, and then became more moderate in the context of severe depreciation of the dollar.

- **Interest Rate Risk**
The Bank has tools to control and analyze this type of risk, the most important being the measurement of predicted financial margin sensitivity and changes in equity/net worth value (valores patrimoniales) in the case of changes in the main balance sheet components or variations in interest rate curves. The Bank implements financial measures according to its financial strategy.

This risk has been properly administered in 2012, with Profit at Risk (PaR)

standing below the regulatory limit¹ even though the supervising entity implemented a change in methodology in the month of November.

- **Liquidity Risk**
The Bank oversees liquidity risk by following up on indicators (limits), and with scenarios and contingency plans for potential deviations in projected liquidity due to internal or market factors. For this, balance sheet sensitivity is analyzed under scenarios of assets and liabilities settlement, taking into account residual maturity terms and timing gaps for different time periods. These simulations allow us to maintain a minimum level of liquid assets for liquidity sufficiency evaluations, and guarantee the ability to face the forecasted scenarios.

In 2012, the bank met established regulatory liquidity ratio limits² and demonstrated adequate capacity to respond to short-term financial commitments, as shown in the following table:

Liquidity Ratio	2009	2010	2011	2012
National Currency	19.27%	19.46%	25.25%	24.66%
Foreign Currency	39.42%	28.26%	39.51%	33.01%

The Bank has managed capital requirements for risk pursuant to the New Capital Accord (Basel II), and in order to promote sound structural risk management practices, in 2012 it implemented a platform for administering assets and liabilities in preparation for the adoption of the Basel III guidelines and regulatory standards.¹

- **Sovereign Risk**
The Bank was not exposed to this type of risk during the year of 2012.

¹ "A global regulatory framework for more resilient banks and banking systems" and "International framework for liquidity risk measurement, standards and monitoring."



Giovana Sullca Londoñe y Florencio Sullca Cconovilca.
Business line: vegetables and tubers –processed potato.
Branch: Ventanilla

The Bank accomplished its plan for information assets risk treatment.

OPERATIONAL RISK MANAGEMENT

In 2012, operational risk management focused on the implementation of improved methodologies for administering risk and on the improvement of risk appetite and risk tolerance definitions associated with the business lines in which the Bank operates. The coverage of self-evaluation workshops in processes risks was expanded and special follow-up was conducted on action plans for mitigating identified risks. Likewise, the management of incidents, loss, risk indicators and risk coordinator participation was strengthened. Finally, incentive programs and training and awareness workshops were implemented across the branch network.

The main operational risk management actions that Mibanco carried out in 2012 were:

1. Active participation of business units and support units at the headquarters and across the branch network.
2. Continuous development of risk evaluation process with self-evaluation workshops on Mibanco's main processes, new products and significant changes, as well as on critical suppliers, and the evaluation of controls and the implementation of action plans for mitigating risks classified as high or extreme.
3. Identification, analysis and recording of loss events due to operational risk and definition of action plans for handling events that exceed the defined internal threshold.
4. Promotion of awareness about operational risk culture through a virtual Operational Risk Management course for all employees and a course for Operational Risk Coordinators specifically. Likewise, the annual plan to visit branch offices was developed, with 33 branch visits being planned and training sessions and practical workshops on risk evaluation being carried out.
5. Use and updating of the technology tool "Accelerate Analyser," which facilitates operational risk management for all of Mibanco's organizational units through the control and monitoring of identified risks.
6. Periodic monitoring of identified operational risks, taking into account risk indicators that allow for the detection of significant variations and the generation of action plans.
7. Periodic review and optimization of consolidation and reporting mechanisms for operational risk management, which are presented to the Operational Risk Administration Committee, the Risk Committee and the Board of Directors.
8. Development of a specialized training plan for operational risk personnel on concepts, policies and methods relevant to operational risk management.

INFORMATION SECURITY MANAGEMENT

During the year 2012, in line with the information security policies of the Bank, internal procedures, and the country's regulations and laws, continuous improvement on the Information Security Management System (abbreviated SGSI based on its Spanish name) was begun. It involved the implementation of an adequate system for managing information security incidents that is not

only reactive but also preventative, improving logical security management, communications and operations, as well as security management in acquiring, developing and maintaining the systems. Employees are now more committed and initiatives to improve certain controls have been implemented; furthermore, a commitment to information security among our critical suppliers is being achieved. The Bank accomplished its plan for information assets risk treatment during the year, has implemented a clean desks review throughout its entire branch network, and has begun to develop security controls for mobile devices. Mibanco's goal is to drive its SGSI towards excellence such that it can compete with those of country's largest financial companies.

In 2012, Mibanco was distinguished by its participation as a member of the Association of Banks in a discussion group designed to promote awareness about information security among all bank general managers. The discussion group was held in October at AS-BANC, in August at national events organized by CYBERSECURITY BANK, and in November at SEGURINFO 2012. In this way, the Bank strengthens its commitment to information security topics.

STRATEGIC RISK COMMITTEE

The Strategic Risk Committee (abbreviated CRE for its Spanish name) is headed by the Controlling and Finances Manager and is in charge of implementing, developing, and reviewing the Bank's strategic risk administration methodology. It updates records of strategic risks and presents analyses of relevant risks that could lead the Bank to deviate from the fulfillment

Mibanco's goal is to drive its SGSI towards excellence such that it can compete with those of country's largest financial companies.

Janet Estrada Naranjo,
Alternative Delivery Channels
Assistant; Susana Romero
Sotelo, Miami Channel
Assistant



Mibanco pursued its plan for the massification of risk culture both inside and outside the Organization, participating actively in all forums related to the topic.



Miguel Loayza Rojas, Senior Information Security Analyst; José Vargas Narvaez, Manager of Territorial Credit Admissions

of its strategic objectives according to the framework of the Integrated Risk Committee.

Under the current method, strategic risks are identified and registered in a matrix that categorizes them based on two dimensions: impact and probability. From this, action plans are formed to carry out the respective treatment in a way that facilitates the monitoring and control of the main strategic risks. The CRE meets on a quarterly basis as well as when circumstances require it.

REPUTATIONAL RISK MANAGEMENT

Mibanco's framework for managing reputational risk includes a methodology for measuring possible risks that might impact its reputation and image, which consists of carrying out plans of action to prevent and mitigate these risks and forming a committee responsible for approving policies and guidelines for adequate reputational risk management.

BUSINESS CONTINUITY MANAGEMENT

During 2012, Mibanco redesigned its methodology for managing business continuity based on provisions and recommendations issued by the Superintendencia de

Banca, Seguros y AFP (Superintendencia of Banking, Insurance and Pension Fund Administration Companies or SBS) and internationally recognized best practices. This allowed it to strengthen its Business Continuity Management System and provided it with tools to respond to incidents that might affect the normal development of the Bank's activities.

Mibanco's main business continuity management actions included:

- The development of a decentralized business continuity management that involves the active participation of all business units and of Mibanco's top management.
- The development of the first contingency simulation carried out in a real environment, which used the main contingency system with real information and provided satisfactory service to the Bank's clients through all channels.
- The development and application of business continuity tests and exercises to guarantee preparation and adequate response time in contingency situations that could affect the Bank's activities.
- These practices have helped Mibanco to strengthen its continuous improvement program for business continuity topics, which includes annual reviews by the Internal Auditing team.

REGULATIONS COMPLIANCE MANAGEMENT

Beginning on February 1, 2012, pursuant to

SBS Resolution N° 8754-2011, Modificación de la Gestión Integral de Riesgos (Comprehensive Risk Management Modifications), Mibanco implemented a Regulations Compliance Unit in order to promote adequate compliance with regulations that apply to the Bank, both internally and externally.

During 2012, Mibanco's main actions related to regulations compliance management were:

- Adaptation to the main SBS requirements, which include naming a Regulations Compliance Officer, approving policies and procedural manuals, developing the annual work plan and issuing periodic reports to Management and the Board of Directors.
- Design and application of a work method that involves the use of regulations databases, the incorporation of the concept of compliance risk into the Bank's comprehensive risk management system, the monitoring of compliance with new regulations, monitoring of compliance with deadlines for turning in regulatory reports, the review of internal regulations, internal consultancy on regulatory issues, participation in the development of new products and the improvement of processes, and evaluation of the internal and external regulatory system.
- Awareness and training on the concepts and scope of regulatory compliance among the Bank's employees.
- Integration of activities into areas related to compliance management, such as

Legal Consultancy, Operational Risk, and Regulations Management.

ADAPTATION TO THE NEW CAPITAL ACCORD (BASEL II)

The bank calculates its capital requirements for risk based on the regulatory guidelines provided by the SBS, which refer to Pillar 1² of the New Capital Accord³. Likewise, the supervising entity has introduced Pillar II, related to the evaluation of regulatory capital adequacy and the inclusion of additional risk requirements not addressed in Pillar I. Mibanco has a capital base that allows it not only to meet regulatory requirements but also to have a reasonable surplus for its operations.

Mibanco pursued its plan for the massification of risk culture both inside and outside the Organization, participating actively in all forums related to the topic. Currently, it applies the Alternative Standardized Approach (ASA) to calculate minimum capital requirements for operational risk, having received renewed authorization from the SBS to do so for a period of 19 months beginning in January of 2012.

² Harmonization of minimum capital risk requirements.

³ Basel II: International Convergence of Capital Measurement and Capital Standards: A Revised Framework. June 2004.

For the third consecutive year in 2012 the project “Fortalecimiento de la capacidad empresarial de la mujer en el Perú” (“Strengthening Women Entrepreneurship in Peru”) benefitted more than 29,000 small and micro enterprise businesswomen.

C. MAIN NATIONAL AND INTERNATIONAL ASSOCIATIONS THAT MIBANCO BELONGS TO OR SUPPORTS

ASSOCIATION OF BANKS OF PERU (ASBANC).

This association represents the banks and financial companies operating in Peru and cooperates with national authorities in analyzing financial system issues for efficient and modern development.

ASSOCIATION OF MICROFINANCE INSTITUTIONS OF PERU (ASOMIF). The association brings together members of the Association of Rural Banks of Peru and the Association of Edpymes (Entities for the Development of Small Firms), with the aim of promoting joint actions to support their operational development for the benefit of persons who require their services and who generally are not served by traditional banking.

DUTCH CHAMBER OF COMMERCE OF PERU. This organization represents member companies before the Peruvian and Dutch authorities to promote their business interests.

LATIN AMERICAN BANKING FEDERATION (FELABAN). Through their respective associations in 19 countries throughout the subcontinent, this organization brings together more than five hundred banks and financial institutions throughout Latin America. It encourages and facilitates contacts and an understanding of the direct relationships between the region’s financial institutions, regardless of each country’s domestic policies.

ACCIÓN INTERNATIONAL NETWORK

A network made up of several of the most renowned microfinance institutions in the world. Together, these institutions work to strengthen each other and the microfinance sector as a whole. The network’s mission is to work together to integrate microfinance institutions into their respective national financial systems. Additionally, network members share experiences and best practices on issues relevant to the microfinance industry.

WOMEN’S WORLD BANKING (WWB)

This organization, focused on the development of micro-businesses and the empowerment of women, has had a profound impact on the lives of women worldwide. It has also helped to increase the sensitivity of the men who hold the reins of banking and government. However, WWB’s greatest achievement is the success of the women entrepreneurs who have received the organization’s assistance.

MICROFINANCE NETWORK (MFN)

This association brings together leading microfinance institutions worldwide. Its members include 33 MFIs from 28 countries who share ideas and experiences and propose innovative solutions to the challenges they face in achieving continued growth and further progress. MFN members seek to be role models in the microfinance industry.

GLOBAL ALLIANCE FOR BANKING ON VALUES (GABV)

An independent network of banks whose financial activities promote sustainable development for the environment and for people who are not served by traditional banking.

D. RECOGNITIONS, AWARDS AND DISTINCTIONS FOR BEST PRACTICES IN SOCIAL, ENVIRONMENTAL AND ECONOMIC PERFORMANCE

This year, Mibanco accomplished important social and service quality goals that reinforce our commitment to our mission. The Bank obtained a rating of 4 from Planet Rating, a prestigious international rating agency that specializes in microfinance. While the rating represents a downgrade compared to the previous year (from 4+ to 4), the reasons for this change were mainly external and include an increase in personnel turnover in the microfinance sector and a competitive environment with the potential to affect portfolio quality. Nonetheless, we maintain a clear focus on financial inclusion and achieving significant social change.

Additionally, the Global Compact rated Mibanco’s Communication on Progress (COP) as advanced. The Global Compact is a voluntary initiative through which companies commit to aligning their strategies and operations with 10 universally accepted principles in four areas: human rights, labor standards, environment and anti-corruption. COP involves reporting to stakeholders on the company’s progress

towards applying the 10 principles to its business activities.

On the other hand, for the third consecutive year in 2012 the project “Fortalecimiento de la capacidad empresarial de la mujer en el Perú” (“Strengthening Women Entrepreneurship in Peru”) benefitted more than 29,000 small and micro enterprise businesswomen. The project has reached 47,000 women in Lima, Arequipa, Cajamarca, Puno, and other important Peruvian cities since it began.

In May, Mibanco was recognized as a “Great modern brand of Peru 2011” by the Effie Awards Marketing Hall of Fame.⁴ This distinction recognizes the Institution’s effective communication, which, along with strategy and creativity, contributes to making Mibanco the bank that serves the micro- and small-enterprise segment.

E. STAKEHOLDER PARTICIPATION

Mibanco strengthens its ties with its stakeholders and promotes quality relationships by maintaining a permanent dialogue and exchange of information to better understand their expectations, needs, perceptions and suggestions regarding the bank’s operations and performance.

In 2012, the bank worked with representatives from each group to identify and build on previous year achievements. These activities complement the regular communication channels

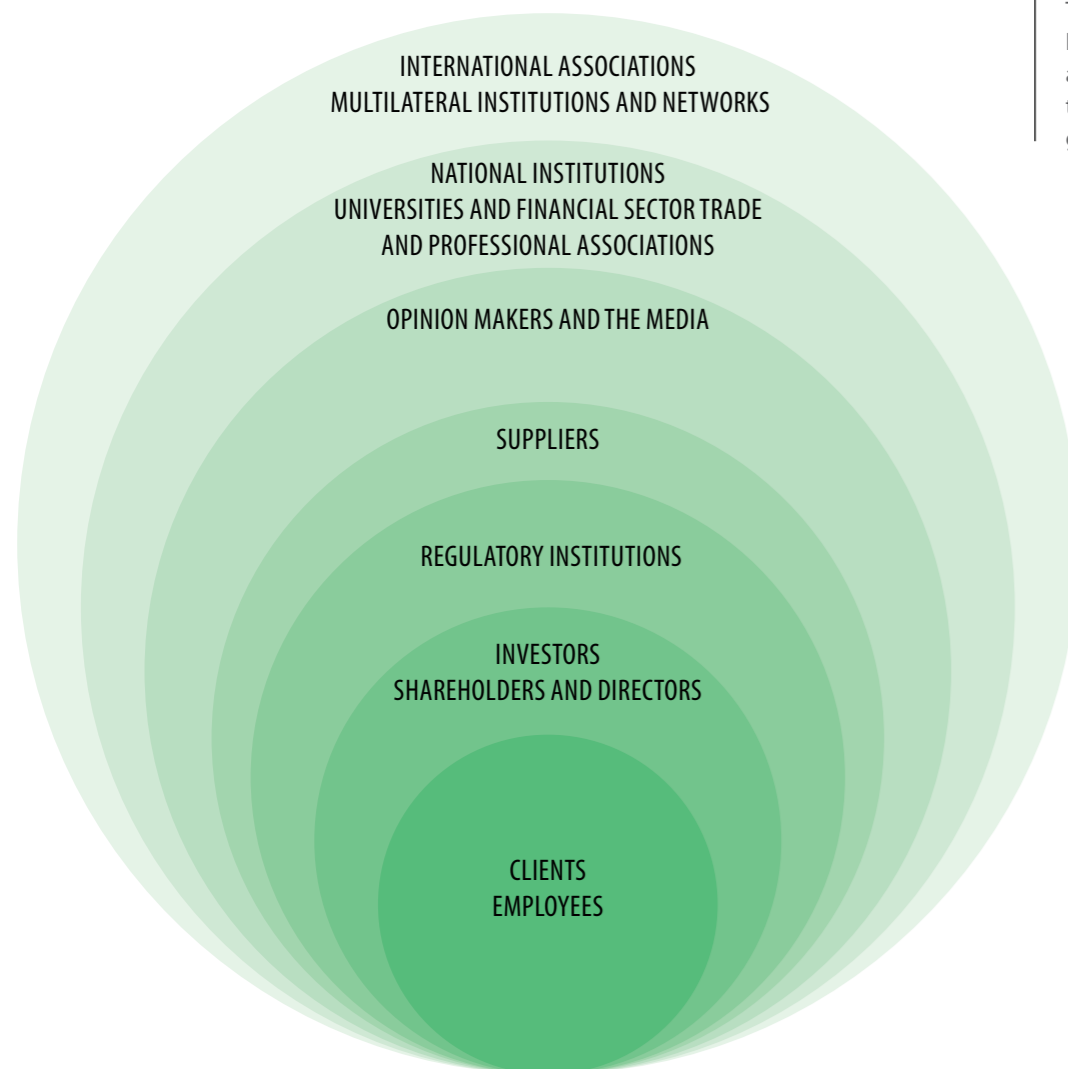
and exchange of ideas in each area.

The Bank has identified the following stakeholders. The chart reflects their level of influence on the fulfillment of the bank’s mission and triple bottom line-based management strategies.

⁴ Awards created in 1968 by the Advertising Effectiveness Awards New York American Marketing Association.

STAKEHOLDERS BY LEVEL OF INFLUENCE

STAKEHOLDERS BY LEVEL OF INFLUENCE



Transparency and credibility are two of the most essential values in Mibanco's relationship with its stakeholders as they strengthen ties and commitments, thereby increasing trust in the institution.

The information shown in the following table has been collected mainly through personal and group interviews that identified priority issues relevant to each of the stakeholder groups.



Ángel Luis Brito Cashu. Business line: fruit trade. Branch: Pucallpa

PARTICIPACIÓN DE LOS GRUPOS DE INTERÉS

Grupo de Interés	Bases		Enfoques para su Inclusión		Tipo de relación / comunicación	Aspectos surgidos de la Interacción	
	Identificación y Selección	Canal de Comunicación	Respuesta del banco (ubicación dentro del informe)	Frecuencia de participación			
CLIENTES	Selección de una muestra representativa para entrevistas orientadas a conocer temas prioritarios, expectativas y percepciones.	<ul style="list-style-type: none"> Red de agencias. Calidad y Servicios al cliente. Gerencia de Activo Social. 	Grupo que en mayor medida influye o puede verse afectado por las actividades de la organización y a quienes les debe el éxito alcanzado. Criterios: Influencia (mayor), Proximidad, Dependencia y responsabilidad.	1 vez por año se realizan estudios que permiten a Mibanco identificar las necesidades, el posicionamiento de Mibanco y la satisfacción de los clientes.	Mibanco consulta a sus grupos de interés cuáles son los aspectos que debe analizar para fundamentar las decisiones internas en relación con su comportamiento ambiental y socialmente responsable. Mibanco pregunta y los grupos de interés responden.	<ul style="list-style-type: none"> Mejora de productos. Claridad en la información. Acceso al crédito. Programas de capacitación. Mayor compromiso social. 	
COLABORADORES		<ul style="list-style-type: none"> Portal del empleado. Correo Electrónico Interno. Comités de salud y seguridad. 		1 encuesta de clima laboral (por año).			
ACCIONISTAS / DIRECTORES		<ul style="list-style-type: none"> Representación en órganos de gobierno. Gerencia General. Gerencia de Activos Social. 		Reuniones cuatrimestrales donde se trata asuntos de desempeño económico, social y ambiental.			
INVERSORES		<ul style="list-style-type: none"> Gerencia General. Gerencia de Marketing. Gerencia de Riesgos. Red de Agencias. 		Visitas de evaluación e informe anual de compromisos asumidos.			
INSTITUCIONES REGULADORAS (CONASEV, SBS, BCR) Y FISCALIZADORAS (INDECOPI, ASPEC, SUNAT, MINTRA)		<ul style="list-style-type: none"> Comités de Adquisición, visitas frecuentes y evaluación para mejoras a próximos convenios. 		Regiones 4 veces por año.			
PROVEEDORES (INCLUYE CANALES ALTERNATIVOS Y PROVEEDORES DE SERVICIOS NO FINANCIEROS)		<ul style="list-style-type: none"> Asociaciones a las que está adscrito Internacional, Alianza Global para la Perú, Asociación de Instituciones de Mibanco (Asociación de Bancos del Microfinanzas del Perú, Red Acción Banca en Valores, etc.). Red de agencias. 		Grupo que contribuye a una imagen exterior positiva. Criterios: Responsabilidad, Influencia (menor)			Entrevistas 1 vez por año.
LIDERES DE OPINION Y MEDIOS DE COMUNICACIÓN		<ul style="list-style-type: none"> Participación en foros y reuniones para la evaluación de trabajo conjunto. 		Grupo con el que se puede establecer alianzas para mejorar el acceso al crédito de minorías o grupos desfavorecidos			Reuniones 1 vez cada 6 meses
INSTITUCIONES NACIONALES, UNIVERSIDADES Y GREMIOS FINANCIEROS (ASBANC, ASOMIF, ETC.)		<ul style="list-style-type: none"> Red de agencias. Asociaciones a las que está adscrito Mibanco (Asociación de Bancos del Perú, Asociación de Instituciones de Microfinanzas del Perú, Red Acción Internacional, Alianza Global para la Banca en Valores, etc.). 		Grupo que contribuye a una imagen exterior positiva. Criterios: Responsabilidad, Influencia (menor)			Mibanco participa en reuniones anuales de las redes. Informes anuales o apoyo en envío de información sobre temas de interés para cada red, asociación u organismo.
REDES, ASOCIACIONES INTERNACIONALES E INSTITUCIONES MULTILATERALES (BID, BM, PNUD, UE, ETC.)	Identificación de 3 representantes de cada grupo y formulación de encuestas sobre su percepción y expectativa acerca de la organización.				Mibanco informa a sus grupos de los aspectos que les preocupan.	<ul style="list-style-type: none"> Políticas de selección. Ampliación de la cobertura geográfica de nuestros servicios. Gestión del riesgo de sobreendeudamiento de clientes. Difusión de Reportes de Triple Sostenibilidad. 	

INFLUENCIA

BIDIRECCIONAL

UNIDIRECCIONAL

Edgar Pando Mayta, Head of Credit, Cusco branch
Cristian Tupayachi, Business line: restaurant



Social, Environmental
And Economic
Performance 5

We grew 6.9% over the previous year.

Mibanco is characterized by its responsible management in relation to its shareholders, clients, employees and the community in general. Its actions, based on a triple bottom line of social, economic and environmental profitability, are oriented towards striking a balance between our business interests and stakeholders' expectations of our institution.

Mibanco's institutional mission addresses the social aspect of its reason for its existence, which entails providing financial services to segments of the population that do not have access to the formal financial system. Furthermore, Mibanco seeks to contribute to the progress of thousands of Peruvians through its activities, which constitutes a solid commitment to the society in which it operates.

The Bank's relationship with stakeholders – clients, above all – has become increasingly stronger over the years, and it has allowed the Institution to provide access to the financial system to a greater number of micro- and small-business owners with products and services that reflect the Bank's social commitment.

On the other hand, the Bank abides by Global Reporting Initiative (GRI) guidelines that set parameters for preparing sustainability reports and which have guided us in preparing our 2012 annual report. As in previous years, the report has been reviewed and the contents verified to ensure they comply with the maximum level of GRI application.

It should be added that all of Mibanco's activities align with a permanent and serious

commitment to corporate social responsibility (CSR), with the aim of continuing to promote financial inclusion, an adequate use of resources and a strong performance from employees and customers through their professional and personal development.

A. OUR ECONOMIC PERFORMANCE

"Mibanco maintained its leadership in the field of microfinance. Gross placements at the close of 2012 totaled 4.73 billion soles, which represents 85.1% of total assets. Our assets and portfolio quality have required special attention, which has led us to further strengthen our comprehensive approach to risk management. Mibanco closed the period with a delinquency rate of 4.48% and a significant 152.5% provisioning on the delinquent and legal collections portfolios. Our total assets reached a balance of S/. 5.56 billion in December 2012, an increase of 6.9% compared to the close of the previous year." - **Hugo Santa María – Chairman of the Board of Directors (DMA)**

I. THE PERUVIAN ECONOMY IN 2012

During 2012, the Peruvian economy demonstrated solid 6.29% growth (6.36% as of December 2011).

On the other hand, inflation closed at 2.65% after having been above the target range (3% +/-1%) established by the Banco Central de Reserva (Central Reserve Bank of Peru or BCRP) for several months. This behavior is attributable mainly to strong internal demand and external shocks that increased food and oil prices.

Reserves reached US\$ 63.99 billion, equal to 33% of the GDP.

A. CHANGES IN GDP

The GDP, affected by increased internal demand attributable mainly to increased public spending, grew 6.29% in 2012 and is expected to grow another 6.2% by the end of 2013, according to the BCRP's December 2012 Inflation Report.

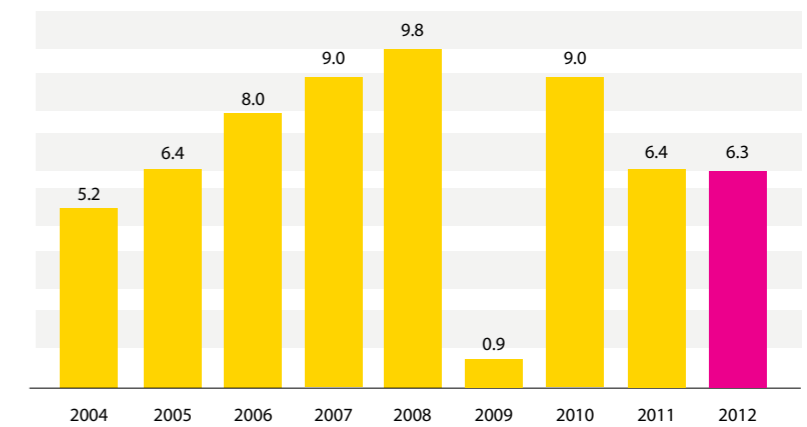
The sector that demonstrated the greatest movement during 2012 was the construction sector, which grew 15.17%, followed by the finance and insurance sector, which grew 10.35%.

B. CHANGES IN INFLATION

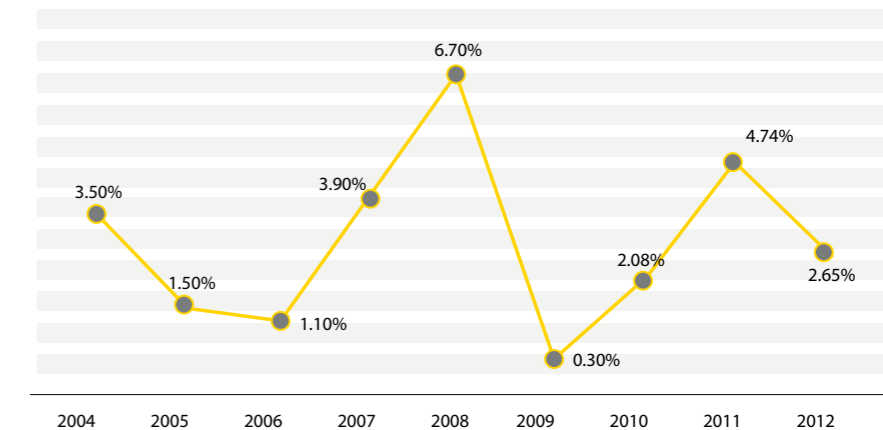
Consumer prices rose 2.65% in 2012, a less dramatic increase than the 4.74% recorded for the previous year and similar to 2010's 2.08% increase.

According to the Instituto Nacional de Estadística e Informática (National Institute of Statistics and Information Technology or INEI), food and beverage (4.05%) and teaching and culture (2.94%) were the sectors that demonstrated the greatest price increases during the period.

CHANGES IN GDP (%)



CHANGES IN INFLATION 2004 – 2012 (%)





Luis Cadillo Arévalo,
Business line: leather confection.
Branch: Villa El Salvador

The solid foundations of the local economy and the inflow of capital from abroad due to the expansive monetary policies of the United States and Europe contributed significantly to the 5.4% appreciation of the sol in 2012.

The past year was also characterized by heavy participation of the BCRP in the foreign currency market, where it bought dollars to counter the depreciation of the exchange rate. A total of US\$ 13.86 billion was purchased and US\$ 676 million was sold, resulting in net dollar purchases of US\$ 13.18 billion.

C. BANKING SYSTEM PERFORMANCE

As of December 2012, banking system loan placements totaled S/. 142.8 billion, which represents 13.2% growth from December 2011.

Despite the increase in recorded placements and a 15.9% increase in financial income, earnings decreased due to a 34.6% increase in spending on provisions for uncollectible accounts and 13.8% increase in administrative expenses. Earnings for the period totaled S/. 4.6 billion.

The banking system default rate rose 0.27% from December 2011, reaching 1.77%.

Finally, return on equity was 22.4%, below the rate reported at the close of 2011 (24.5%). Likewise, return on assets (ROA) reached 2.2%, slightly below the 2011 rate (2.3%).

II. FORECASTS FOR 2013

Taking into account the Inflation Report of the BCRP, the GDP is expected to grow approximately 6.2% in 2013, driven by a significant increase in internal demand attributable mainly

to increased public spending. The construction sector is expected to continue to contribute heavily to the growth of the economy.

Inflation is predicted to remain within the target range though it could be affected in the short-term by food and oil prices.

According to economic analysts, at year's end the exchange rate is expected to be approximately S/. 2.50 per U.S. dollar, due to the inflow of foreign currency resulting from a highly liquid international market. Likewise, monetary authorities are expected to continue with a strict regulation of required cash reserves in order to control excess liquidity.

In terms of the BCRP established interest rate, no short-term movements are foreseen due to the absence of demand-side pressures, and the GDP is expected to reach its potential during 2013.

International-level risks include the possibility that China will impose inflationary pressures and obligate planned fiscal and monetary initiatives to slow, thereby reducing economic growth. In terms of the U.S., the topic of a "debt ceiling" is still unresolved, which could generate a certain amount of volatility in February and March, and during the time the issue is being resolved. It is important to note that this economy has been injecting about US\$ 85 billion per month as part of its monetary easing, seeking to reach an unemployment rate of 6.5% and to have an impact on the sector real de la economía.

Finally, the Eurozone has demonstrated a certain amount of stability in the medium term,

Of that, 13% was due to an increase in Mibanco's loan placements



Kate Santivañez León, Purchasing Supervisor; Patricia del Carpio López, Warehouse and Purchasing Manager

with a slight decrease in GDP (0.1%) at the close of 2012. After fears about the need to bail out the Spanish economy subsided and Greece was given sufficient funding to face its debts, the focus has been on continuing with fiscal adjustments and controlling price levels.

III. MANAGEMENT ANALYSIS 2012

A. CHANGES IN BUSINESS

In 2012, the microfinance lending sector continued to grow over the previous year due to strong competition to finance the micro- and small-enterprise (MSE) segment. Placements grew 5.2%, from S/. 8.60 to S/. 9.95 billion, and delinquency rose 4.1% in December 2011, reaching 4.4% at December 2012.

This year has been a period of change for Mibanco, both at the organization level and in terms of its business model. Increased spending resulted from large investments in human capital, aimed mainly at strengthening the productive process.

On the other hand, Mibanco achieved 13.0% growth in loan placements as of December 2012, with a ROE of 11.0% and a ROA of 1.3%.

B. MARKET SHARE

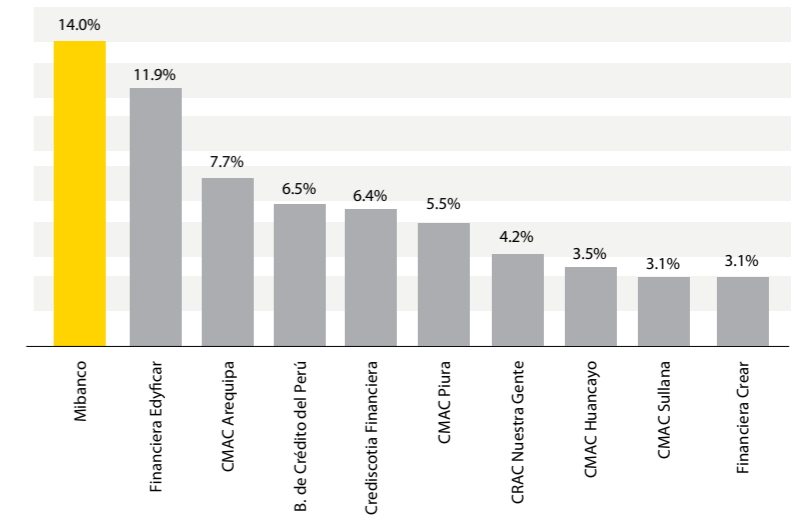
Mibanco maintained its leadership in the microenterprise sector during the year. It was the financial institution with the greatest number of loan placements for this segment according to the SBS, and recorded a market share of 14.0% (S/. 1.265 billion) in microenterprise loans.

Furthermore, the Organization maintained its leadership in the microenterprise sector in terms of the number of clients served, with 18.7% market share (370,139 microenterprise clients) in respect to the financial system.

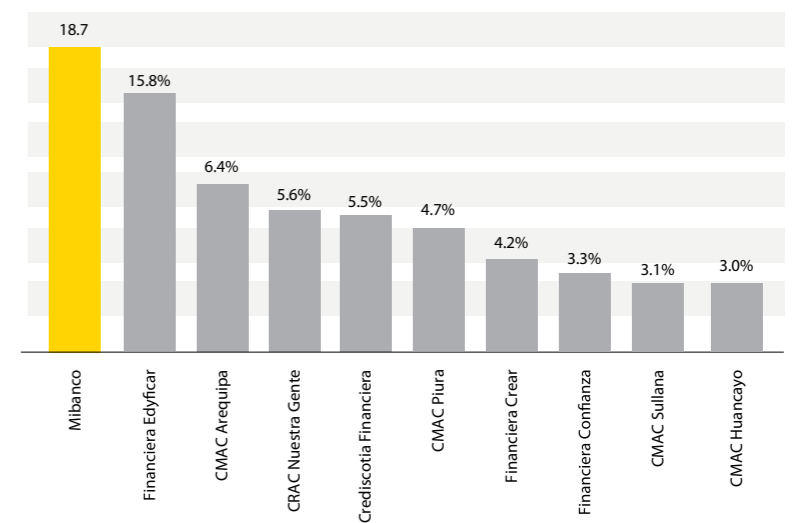
C. COMPARATIVE ANNUAL RESULTS

Mibanco's effort and dedication, along with its successful business model that aims to meet the needs of micro and small businesses, has enabled the Institution to maintain its leading position in Peru's microfinance sector. This is reflected in the chart below, which shows our portfolio distribution, with the micro- and small-enterprise sector accounting for over 90% of loans, and 95% of the total portfolio belonging to the independent sector of the Peruvian economy.

MARKET SHARE FOR MICROENTERPRISE LOAN PLACEMENTS TOTAL FOR THE FINANCIAL SYSTEM – DEC 2012



MARKET SHARE FOR MICROENTERPRISE CLIENTS TOTAL FOR THE FINANCIAL SYSTEM – DEC 2012



Our total assets reached a balance of S/. 5.56 billion (US\$ 2.18 billion)

PORTFOLIO BY SBS SEGMENT - DECEMBER 2012

Segment	Number of Loans	%
Microenterprise	394,207	69.8%
Small enterprise	116,429	20.6%
Other	54,454	9.6%
Total	565,090	100.0%

PORTFOLIO BY CREDIT SEGMENT - DECEMBER 2012

Segment	Number of Loans	%
Dependent	16,743	3.0%
Independent	546,463	96.7%
Other	1,884	0.3%
Total	565,090	100.0%

As of December 2012, our total assets reached a balance of S/. 5.56 billion (US\$ 2.18 billion), which represents 6.9% growth in respect to 2011 year's end. This result is due primarily to an increase in gross placements, which reached a balance of S/. 4.73 billion (US\$ 1.86 billion), representing 85.1% of our total assets.

In line with previous annual trends, the greatest number of loan placements was made to the trade sector (55.5%), followed by services (30.7%) and production and manufacturing (13.4%).

PORTFOLIO BY ECONOMIC ACTIVITY DECEMBER 2012

Sector	Balance (S/.)	%
Trade	2,626,569,400	55.5%
Services	1,454,622,450	30.7%
Production and manufacturing	635,785,284	13.4%
Undeclared	15,134,502	0.3%
Total	4,732,111,636	100%

COMPARATIVE ANNUAL RESULTS

Comparative Annual Results	2011	2012
Total number of assets clients	435,157	504,549
Number of loans awarded	620,763	670,419
Average disbursement amount	S/. 7,482	S/. 7,418
Gross placements (in millions)	S/. 4,186.8	S/. 4,732.1
Total disbursed (in millions)	S/. 4,644.5	S/. 4,973.3
Net earnings (in millions)	S/. 109.4	S/. 68.3
Past due portfolio / Gross placements	3.66%	4.48%
Accounting exchange rate*	S/. 2.696	S/. 2.550
Total number of liabilities clients	233,308	325,068
Total number of clients	668,465	854,543

* Source: SBS

Mibanco's financial income increased to S/. 1.0537 billion

D. ASSET QUALITY

As of December 2012, Mibanco recorded a delinquency rate (past due portfolio / gross loans) of 4.48%, a higher figure than the 3.66% recorded in 2011 due to fierce competition in the financial sector, which has undergone rapid growth in recent years and could lead to overindebtedness and high default rates. Despite strong competition, Mibanco managed to maintain a delinquency rate of 3.23% for its microenterprise loans, below the average rate for the financial system (4.37%) as of December 2012. The impaired loan portfolio ratio was 7.29% (the sum of the overdue portfolio and refinanced and restructured loans) while the coverage ratio (reserves / overdue portfolio) was 152.5%.

E. LIABILITIES AND OBLIGATIONS

Mibanco's funding needs are covered by deposits from the public and institutional investors, active participation in the capital market, direct local and foreign debt lines, and partial capitalization of earnings.

As of December 2012, total liabilities reached S/. 4.92 billion (US\$ 1.93 billion), a 7.1% increase compared to the previous year.

Deposits from the public (S/. 3.61 billion or US\$ 1.42 billion) represent 73.3% of liabilities, an increase of 0.13% over the previous year. Furthermore, the number of liabilities clients rose from 233,308 in 2011 to 325,068 clients in 2012, demonstrating 43.5% growth.

Debt (S/. 690.1 million or US\$ 270.6 million) accounts for 14.0% of liabilities, as a result of policies to diversify funding sources and the use of credit lines granted by local and foreign institutions.

F. SOLVENCY AND CAPITAL ADEQUACY

At the close of 2012, Mibanco's effective equity reached S/. 704.6 million, a figure greater than that recorded for the close of 2011 by 11.1%, which contributed to a capital adequacy ratio⁵ of 13.93% (the ratio was 14.57% at December 2011). Likewise, the Bank continued to calculate minimum capital risk requirements according to SBS regulations¹, and during the year is sought to optimize its risk-weighted assets in order to prepare for a demanding regulatory environment during the next years. Mibanco also has funding sources that allow it to improve its effective equity, including a subordinated bond program for up to S/. 150 million available for issue to the local capital market.

G. RESULTS OF OPERATIONS

Mibanco aumentó sus ingresos financieros a S/. 1,053.7 (97.5% provienen de la cartera de créditos), es decir, un incremento de 6.7% con respecto al 2011. Al final del ejercicio 2012 los gastos financieros fueron de S/. 221.5 millones (US\$ 86.9 millones), y representaron el 21.0% del total de ingresos financieros.

Mibanco's financial income increased to S/. 1,053.7 (97.5% from the loan portfolio), an increase of 6.7% compared to 2011. At the end of the 2012 period, financial expenses totaled S/. 221.5 million (US\$ 86.9 million), which represented 21.0% of total financial income.

Net earnings as of December 2012 were S/. 68.3 million (US\$ 26.8 million).

⁵ Defined as effective equity / sum of risk-weighted assets.

⁶ Minimum regulatory limit = 10%.

The changes implemented in 2012 entailed large investments in administrative costs necessary for the application of the new business model, which is reflected in the results for the period; ROE reached 11.05% and ROA 1.28%.

H. RISK RATINGS

Mibanco maintained its category "A" financial strength rating awarded by Pacific Credit Rating (PCR) and Class & Asociados. Long-term deposits (over one year) were rated "AA" by Class & Asociados, and short-term deposits were classified as "Category I" by PCR, and received a rating of 1 from Class & Asociados.

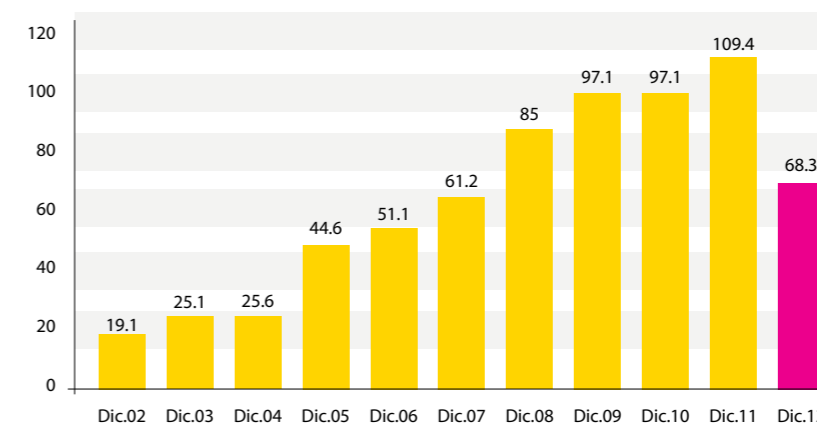
The international rating agency Standard & Poor's preserved Mibanco's long-term credit rating at "BBB" investment grade in 2012 and upgraded its Outlook from stable to positive.

Mibanco is the first bank specializing in micro-finance to reach the same rating level as the Peruvian sovereign debt and the largest commercial banks in the financial sector.

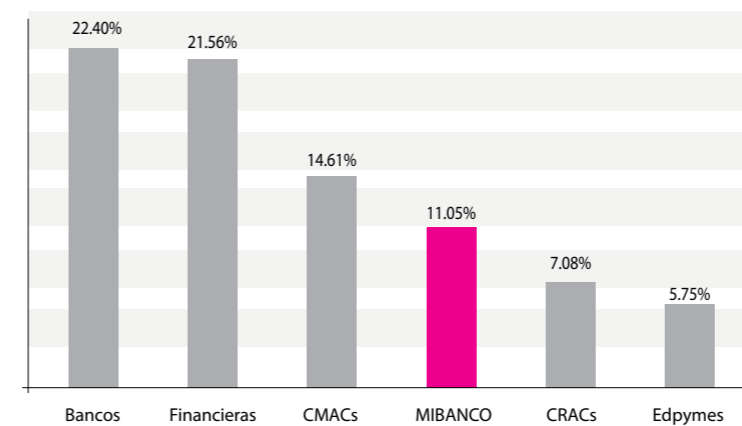
Below are the definitions of each classification awarded to Mibanco for financial strength, long-term deposits and short-term deposits.

Class A companies: are solvent companies of exceptional intrinsic financial strength, with a good position in the system, complete coverage for present risks and the ability to manage future risks.

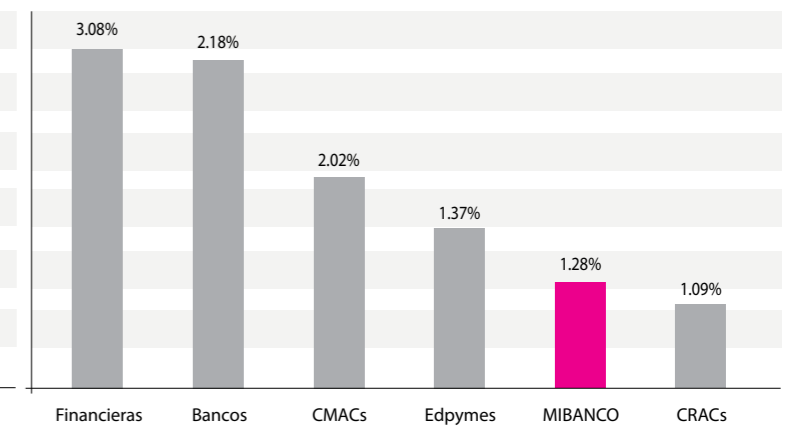
NET EARNINGS (MILLIONS OF S/.)



RETURN ON EQUITY
Dec. 12



RETURN ON ASSETS
Dec. 12



Class AA companies: have a very high ability to pay back principal and interest in established time periods under agreed terms, and would not be significantly affected by possible changes in issuer, the industry in which they operate, or the economy.

Category I companies: demonstrate the highest quality levels, low probability of default under the agreed terms, and excellent repayment capacity even in the most unfavorable predicted economic scenarios.

I. CAPITAL AND SECURITIES MARKETS

At the close of 2012, the following programs were actively registered with the Registro Público del Mercado de Valores de la Superintendencia del Mercado de Valores (Securities Market Public Register of the Superintendence of the Securities Market):

Third Program of Negotiable Certificates of Deposit

- Up to S/. 300 million or the equivalent in U.S. dollars

Third Program of Corporate Bonds for Public Offering

- Up to S/. 400 million or the equivalent in U.S. dollars

First Program of Subordinated Bonds for Public Offering

- Up to S/. 150 million or the equivalent in U.S. dollars

These programs contribute to meeting our short, medium, and long-term financing needs for the next years, respectively. They also enable us to continue strengthening Mibanco's

presence in the local capital market.

CAPITAL MARKET

During the 2012 period, Mibanco made four issuances in the local capital market for a total of S/. 248.8 million.

The main participants in the auctions were pension fund administration companies (abbreviated AFP for their name in Spanish), mutual funds, State companies, insurance companies and individuals, among others, and the level of demand was twice that of the offer.

THIRD CORPORATE BONDS PROGRAM

Mibanco's Third Corporate Bonds Program received a "AA" rating from the risk rating agencies Pacific Credit Rating and Class & Asociados.

The four aforementioned issuances were part of this program, the last of which was made in December of 2012 for the amount of S/. 100 million, which represents the largest individual transaction carried out by Mibanco in the capital market.

The 2012 issuances were for terms of three to five years, the latest maturity being for December of 2017.

FIRST SUBORDINATED BOND PROGRAM

Mibanco's First Subordinated Bond Program received an "AA-" rating from Pacific Credit Rating and Class & Asociados.

During 2012, authorization from the Superintendencia del Mercado de Valores (Superintendence of the Securities Market) was renewed until December 2014. No issuances were made under this program in 2012.

ISSUANCE OF UNSECURED SENIOR BONDS IN THE INTERNATIONAL MARKET

In a session held by the Board of Directors on May 17, 2012, the issuance of bonds in the international market was unanimously approved, for up to US\$ 400 million or the equivalent in other currencies, for a period of no greater than 10 years, with the possibility of placing a portion locally. Furthermore, General Manager Carlos Morante Ormeño and Finance and Treasury Manager Ramiro Postigo Castro were authorized to individually define additional terms, characteristics and conditions for the issuance and placement of such bonds, including but not limited to factors such as markets, currencies, amounts, terms, structurers, placers, lawyers and issuance and placement methods, among others.

In this context, in December 2012 the Assets and Liabilities Committee approved the issuance of bonds in the international market for up to US\$ 200 million, for a term of five years.

SECURITIES MARKET

The tables below show the prices of Mibanco's stock and financial instruments for 2012.

Mibanco's Third Corporate Bonds Program received a "AA" rating from the risk rating agencies Pacific Credit Rating and Class & Asociados.



Susan Contreras Méndez, Credit Audit Supervisor; Ángel Guzmán Gonzáles, Senior Auditor



Dominga Grajeda de Zúñiga, Business line: artisan crafts.
Branch: Central Cusco

VARIABLE-INCOME

ISIN Code	Mnemonic	Year-Month	Quotations				Average Price S/.
			Opening S/.	Close S/.	Maximum S/.	Minimum S/.	
PEP 133001003	MIBANC1	2012-01	3.37	3.37	3.37	3.37	3.37
PEP 133001003	MIBANC1	2012-02	3.38	3.38	3.38	3.38	3.38
PEP 133001003	MIBANC1	2012-03	-	-	-	-	-
PEP 133001003	MIBANC1	2012-04	-	-	-	-	-
PEP 133001003	MIBANC1	2012-05	3.45	3.45	3.45	3.45	3.45
PEP 133001003	MIBANC1	2012-06	-	-	-	-	-
PEP 133001102	MIBANAC1 (*)	2012-07	-	-	-	-	-
PEP 133001102	MIBANAC1	2012-08	-	-	-	-	-
PEP 133001102	MIBANAC1	2012-09	-	-	-	-	-
PEP 133001102	MIBANAC1	2012-10	-	-	-	-	-
PEP 133001102	MIBANAC1	2012-11	-	-	-	-	-
PEP 133001102	MIBANAC1	2012-12	-	-	-	-	-
PEP 133004205	MIBANBP1	2012-06	-	-	-	-	-
PEP 133004205	MIBANBP1	2012-07	-	-	-	-	-
PEP 133004205	MIBANBP1	2012-08	-	-	-	-	-
PEP 133004205	MIBANBP1	2012-09	-	-	-	-	-
PEP 133004205	MIBANBP1	2012-10	-	-	-	-	-
PEP 133004205	MIBANBP1	2012-11	-	-	-	-	-
PEP 133004205	MIBANBP1	2012-12	-	-	-	-	-

(*) As of July 13, 2012, common shares (MIBANC1) changed classes to Class A shares, with their ISIN codes and mnemonics being modified accordingly (now PEP133001102 and MIBANAC1).

Source: Lima Stock Exchange

FIXED-INCOME

ISIN Code	Mnemonic	Year-Month	Quotations				Average Price%
			Opening %	Close%	Maximum %	Minimum %	
PEP13300Q299	MIBAN3CD1B	2012-02	98.06	98.06	98.06	98.06	98.06
PEP13300M066	MIBAN2BC3A	2012-04	100.50	100.50	100.50	100.50	100.50
PEP13300M082	MIBAN3BC2A	2012-06	101.06	101.06	101.06	101.06	101.06
PEP13300Q323	MIBAN3CD1E	2012-06	98.05	98.05	98.05	98.05	98.05
PEP13300M082	MIBAN3BC2A	2012-07	100.75	100.75	100.75	100.75	100.75
PEP13300M082	MIBAN3BC2A	2012-08	100.21	100.21	100.21	100.21	100.21
PEP13300M108	MIBAN3BC1B	2012-09	101.06	101.06	101.06	101.06	101.06
PEP13300M082	MIBAN3BC2A	2012-09	100.52	100.52	100.52	100.52	100.52

Source: Lima Stock Exchange

MAIN TRANSACTIONS IN 2012

During 2012, Mibanco received loans from foreign institutions such as the Microfinance Enhancement Facility (MEF), a specialized micro-finance fund headquartered in Luxembourg, which awarded US\$ 8 million in funding for three years. Similarly, the Inter-American Investment Corporation (IIC) awarded Mibanco US\$ 8.5 million for five years.

Additionally, ResponsAbility granted the Bank a total of US\$ 30 million (the equivalent in nuevos soles) in loans through its administrated funds, intended to finance its microenterprise lending.

Mibanco also obtained financing from new funding suppliers, including KCD Mikrofinanz-Fonds (KCD Microfinance Fund) in Luxembourg and Discount Bank Latin America in Uruguay

(a subsidiary of Israel Discount Bank), which awarded US\$ 5 million and US\$ 3 million, respectively.

In terms of financing from local suppliers, it is worth mentioning Banco de la Nación, an institution that awarded Mibanco loans for a total of S/. 100 million in 2012 to promote the growth of its microenterprise-lending portfolio.

Finally, PROPARCO, a French financial and development institution, awarded Mibanco a loan of € 10 million, half of which was disbursed in nuevos soles and half in U.S. dollars.

This funding provides an opportunity to increase the expansion of bank usage and to reduce the gaps that exist in access to formal financing, in line with Mibanco's mission to foster both financial and social inclusion, thereby promoting development for micro- and small-enterprise business owners.

J. FUNDING SOURCES

Mibanco has structured and diversified its

funding sources to expand its loan portfolio. They include mainly public deposits (64.9%), short- and long-term debt with foreign institutions and international financial organizations (12.4%), participation in the capital market (4.5%), financial system deposits (2.8%) and other sources (3.9%). All this has enabled Mibanco to properly manage the firm's liabilities, build a solid capital base, and improve financial efficiency. It should be underscored that Mibanco receives no financial support from any government.

Finally, it should be mentioned that in 2012 earnings were capitalized for a total of S/. 10.9 million.

Funding Sources, December 2012	Balance S/.	%
Deposits from the public	3,608,517,634	64.9%
Debt	690,099,413	12.4%
Equity	642,201,530	11.5%
Financial system deposits	155,954,888	2.8%
Outstanding securities	248,800,000	4.5%
Other	216,307,828	3.9%
Total	5,561,881,293	100%

IV. DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED BY THE ORGANIZATION

The previous information on the Bank's economic performance is guided by our comprehensive sustainability policy. To accomplish our performance objectives, we consider it relevant to report the economic value we generate and distribute, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments, as detailed in the following table.

Mibanco has structured and diversified its funding sources to expand its loan portfolio.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED BY THE ORGANIZATION

Componente	2010 Thousands of soles	2011 Thousands of soles	2012 Thousands of soles
Financial income	936,827	987,869	1,053,692
Financial expenses	165,657	206,242	221,521
Employee and Board compensation	236,237	279,242	344,040
Interest on deposits by financial system companies and international financial organizations	5,285	9,573	9,509
Interest on debts and obligations with the country's financial system	14,764	13,293	5,728
Interest on debts and obligations with the foreign financial system and international financial organizations	34,974	32,185	33,663
Legal income distribution	43,591	42,562	28,162
Net Profit/Loss	97,143	109,423	68,311
Reserves	48,167	57,881	68,823
Donations made	251	91	177

V. MARKET PRESENCE

The table below shows the value of our portfolio for each business line, by urban and rural areas, respectively, and by sector.

PORTFOLIO BY ORIGIN - DECEMBER 2012

	PLACEMENTS S/. millions	%	NUMBER OF LOANS	%
URBAN	4,562	96.4%	438,062	77.5%
RURAL	170	3.6%	127,028	22.5%
TOTAL	4,732	100.0%	565,090	100.0%



Guilber Condori García. Business line: crops (olives). Branch: Pinto II

We trained 21,000 business women.

Mibanco's products and services are innovative and customized, and they comply with ethical and sustainability criteria. An example is rural loans, which totaled S/. 147 million in placements with 127,000 outstanding loans.

VI. INDIRECT ECONOMIC IMPACT

Mibanco's leadership is the main indicator of our economic impact on micro and small enterprises. More than 504,000 credit clients are proof that our organization is committed to providing opportunities for progress through innovation, the creation of new products and a presence in both urban and rural areas.

Undoubtedly, this impact on small and microbusinesses – the bank's target market – contributed to the growth of the Peruvian economy, which led South America with 6.3% growth in 2012.

It is also relevant to mention for this line of indicators that over 117,000 clients have access to credit through solidarity groups, a system designed for people living in poverty and exclusion who cannot provide collateral or guarantees for their loans.

VII. CLIENT TRAINING PROGRAMS

In line with the social mission that led to its creation 15 years ago, Mibanco invests part of its earnings in educational and training programs for micro- and small-business people each year.

The 2012 period was no exception. A variety of programs were developed, each with its own specific objectives but all designed to strengthen the skills of the men and women of Peru's micro and small businesses.

With these programs, Mibanco managed to reach over 23,000 business people during the year.

Strengthening Women Entrepreneurship in Peru.

This project, which began in January 2010 and will end at the end of 2013, aims to increase the income of small- and micro-enterprise businesswomen through business management training and access to credit. The project is co-financed by the Multilateral Investment Fund (FOMIN), the Inter-American Development Bank (IDB), the Australian government, Grupo ACP, The Thunderbird School of Global Management and Goldman Sachs Foundation. In 2012 alone we trained over 21,000 women entrepreneurs through three initiatives carried out as part of this project: El Gran Salto (The Great Leap), Crecer Mi Negocio (Grow My Business) and 10,000 Women.

- DIME Rural.** As in previous years since its inception in 1998, Mibanco continues to design new editions of the Diploma en Microempresa (Microenterprise Certificate Program or DIME) in collaboration with APRENDA and Grupo ACP. DIME is a financial education program designed for micro entrepreneurs in rural areas. During 2012, the following programs were carried out: "Construyendo el éxito de mi empresa" ("Building My Business's Success"), "Emprendimiento, creación y gestión de panaderías" ("Design, Creation and Management of Bakeries"), and "Creando juntos" ("Growing Together"). These initiatives trained micro- and small-business owners and young entrepreneurs, enabling Mibanco to reach over 2,000 individuals, largely from the interior regions

of Peru. Two of the programs addressed specific technical topics related to the baked goods sector, while the content of the third program focused on strengthening participants knowledge regarding the definition of goals and objectives, the identification of opportunities, financial organization and client service.

- Miconsultor:** Mibanco cares about the sustained and sustainable growth of the country's micro and small enterprises. For this reason, in alliance with several Peruvian universities, it implements the program Miconsultor in which students earning business and administration-related degrees who are in their last years of college offer personalized, free consultancy to microbusiness owners at their homes or places of business. Thus, they transmit part of their knowledge to the bank's clients, and meanwhile they benefit from the experience in the field. This interaction is mutually enriching: students have the opportunity to apply their knowledge and learn about the reality of the Peruvian microenterprise, and at the same time clients share their experiences, strengthen their businesses and establish concrete plans for the future.

Mibanco believes that access to knowledge is essential for the development of any individual, and that training and financial education constitute a fundamental complement to access to capital. By providing tools that contribute to the knowledge and business development of microenterprise men and women, the Institution also helps to improve the quality of life of those individuals and their families.

NÚMERO DE BENEFICIADOS POR PROGRAMA DE CAPACITACIÓN GRATUITO

Program		Objetives	Beneficiaries			
			2010	2011	2012	
Strengthening Women Entrepreneurship in Peru	The Great Leap	Help businesswomen identify factors that will contribute to the improvement and growth of their businesses.	Microenterprise businesswomen	18,058	28,764	21,002
	Grow My Business	Training and promotional sessions for women participants of The Great Leap specifically.	Microenterprise businesswomen	-	-	126
	10,000 Women program	Provide small and medium enterprise businesswomen with access to advanced training in the spheres of business and international networks.	Small and medium enterprise businesswomen	30	256	264
Banking Entrepreneurial Meeting for Graduate Clients		Help participants improve management of their businesses. Expand their knowledge of products' functions for better use.	Micro- and small-enterprise business owners, "graduate" clients	530	-	-
Mass events		Generate a high level of motivation among attendants through leadership, success and strategic planning topics.	Micro- and small-enterprise business owners	7,500	-	-
Dime Rural		Help participants come to recognize themselves as business owners and identify opportunities to make their businesses grow.	Micro- and small-enterprise business owners, clients of the Rural Credit product.	3,801	12,632	2,126
Miconsultor		Promote sustained growth of micro and small enterprises with customized consultancy in business management.	Micro- and small-enterprise business owners	-	141	219

* "Graduate clients" are those who already have a favorable credit history with Mibanco and who have the potential to grow.

Having enabled us to expand bank usage to 53,197 individuals over the course of 2012

During 2012, over 152,000 loans awarded by Mibanco contributed directly to improving the living conditions of people below the poverty line



Clients Isabel Sánchez Barbarán and Isabel Franchine Bardales with their advisors Joselin Garay Soto and José Torres Ojanama. Business line: artisan crafts. Branch: Pucallpa

Mibanco has continued to support the dissemination of short financial literacy and financial education videos, which are shown on a closed circuit at the 118 Mibanco branches across the nation (FS16). The following shorts were shown in 2012:

Produced by	Video content	Objective
Mibanco	Mibanco ATM network: Safety tips for ATM use – 1	* Avoid misuse of products and services.
	Mibanco ATM network: Safety tips for ATM use – 2	* Improve ability to use products and services.
Somos Empresa	The Great Leap: Invitation for clients to participate in free training sessions	
ACCION International	Constructor Financiero (Financial Constructor): Instructive video on family finances	* Financial training * Financial resource management and organization * Improve clients' levels of knowledge in financial topics
	Informative video on the office of client protection in financial services	* Education regarding indebtedness, social exclusion, and other financial risks.
Superintendence of Banking and Insurance (SBS)	Instructive video on banking and financial terms	

enabled us to expand bank usage to 53,197 individuals over the course of 2012. At the close of the year, we had nearly 855,000 clients, which reflects the results of this effort and seals Mibanco's position as the microfinance entity with the greatest number of clients." **Hugo Santa María – Presidente del Directorio (DMA).**

Mibanco's soundness and leadership in the market are founded on its commitment to provide opportunities for progress to microenterprise business owners through its presence in urban and rural areas, and with the creation of new, innovative products.

During 2012, over 152,000 loans awarded by Mibanco contributed directly to improving the living conditions of people below the poverty line. The financial products have been designed taking into account the characteristics and needs of these clients, relying on the use of more flexible credit methodologies than those that require traditional guarantees. At the same time, the insurance linked to each loan reduces risk for clients who depend on a single economic activity.

Based on this experience, Mibanco plans to intensify efforts to keep the loyalty of its clients from the bottom of the pyramid and to help them develop, which constitutes a clear contribution to poverty reduction.

Mibanco's shareholders promote and fully support the social focus of all the products in our various lines of business.

It is important to note that Mibanco's social approach is directly linked to the

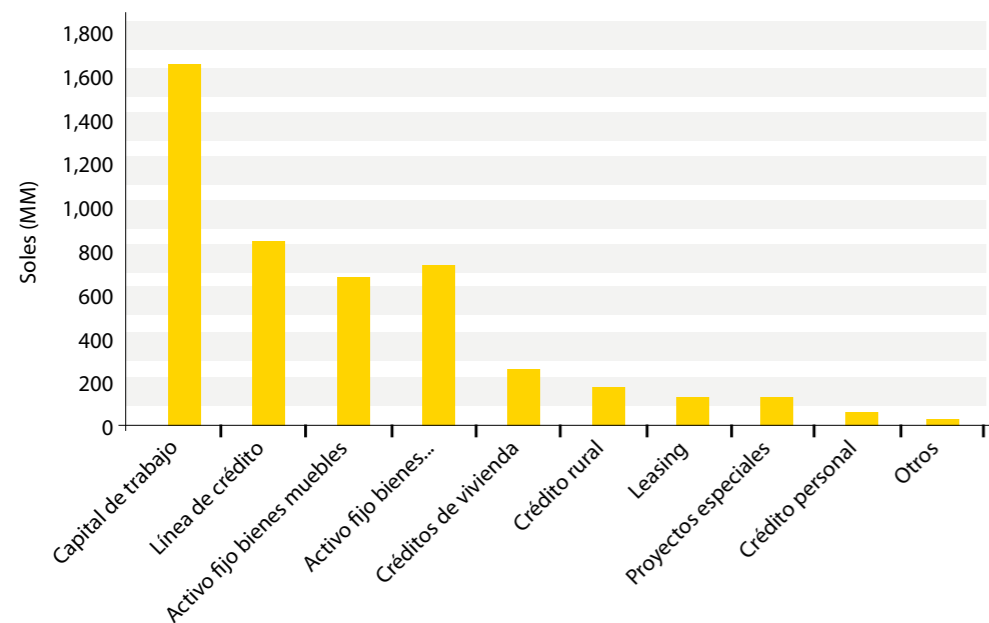
B. OUR SOCIAL PERFORMANCE

"During 2012 Mibanco increased its leadership in the expansion of bank usage, reaching a level of 24.26%. This figure reflects the fact that

one out of every four Peruvians who accesses the formal financial system for the first time does so through Mibanco. Solidarity groups, a channel composed of 68% women clients, play a fundamental role in this effort, having

Opportunities for progress to excluded and low-economic resource segments of the population

organization's mission to provide growth alternatives for entrepreneurs of micro and small enterprises and low-income people, thus directly contributing to financial inclusion. Its aspirations are reflected in the fact that over 90% of our more than 500,000 clients belong to the small and micro business sector. Correspondingly, Mibanco invests in awarding credit to its customers through a variety of customized loan products, as described in the following table.



I. LEADERS IN THE EXPANSION OF BANK USAGE

Since its inception, Mibanco has focused its efforts on serving micro- and small-business entrepreneurs with the goal of including an increasing number of entrepreneurs in the formal banking system, promoting their development, and improving the standards of living of their employees and families.

Mibanco has maintained its leadership position in the expansion of bank usage over the course of its 14 years of institutional life due to its unyielding effort and drive, which translate into the possibility of providing, through our work, opportunities for progress to excluded and low-economic resource segments of the population. It is through the expansion of bank usage that Mibanco accomplishes the specific mission with which it was founded. Thus, in 2012, of the 369,091 people who joined the financial system for the first time through a microenterprise credit, 24.3% (89,529 individuals) did so through Mibanco.

EXPANSION IN BANK USAGE – MICROENTERPRISE - FINANCIAL SYSTEM

	2010		2011		2012	
	Clients	%	Clients	%	Clients	%
Financial System Total	327,594	100.0%	363,687	100.0%	369,091	100.0%
1 B. Mibanco	62,030	18.9%	66,905	18.4%	89,529	24.3%
2 F. Edyficar	46,284	14.1%	55,433	15.2%	53,998	14.6%
3 CRAC Nuestra Gente	23,766	7.3%	33,189	9.1%	27,828	7.5%
4 B. Credito	9,822	3.0%	19,434	5.3%	21,512	5.8%
5 CMAC Arequipa	17,475	5.3%	17,097	4.7%	18,795	5.1%
6 F. CrediScotia	10,803	3.3%	15,102	4.2%	16,783	4.5%
7 F. Confianza	15,923	4.9%	18,120	5.0%	15,972	4.3%
8 F. CREAM	9,774	3.0%	11,058	3.0%	13,821	3.7%
9 CMAC Piura	15,980	4.9%	19,020	5.2%	13,166	3.6%
10 CMAC Trujillo	10,058	3.1%	9,740	2.7%	9,655	2.6%
11 EDPYME Raiz	8,878	2.7%	9,435	2.6%	8,946	2.4%
12 CMAC Huancayo	10,204	3.1%	11,702	3.2%	8,302	2.2%
13 CMAC Cusco	7,935	2.4%	6,412	1.8%	7,853	2.1%
14 CRAC Los Andes	3,735	1.1%	5,704	1.6%	6,262	1.7%
15 CMAC Tacna	6,906	2.1%	5,981	1.6%	6,053	1.6%
16 Other entities (37)	72,795	22.2%	64,468	17.7%	56,250	15.2%

Mibanco's product portfolio is designed to cover the financing needs for working capital and fixed assets of micro and small enterprises. Mibanco offers its entrepreneur clients loans of as little as S/. 300 to promote their financial inclusion based on its own credit methodology. In this way, the Bank provides access to financial services to people who are not served by traditional banks. Clients from the bottom of the pyramid (loans up to S/. 5,000) normally have monthly sales of under S/. 3,800 and average loans of S/. 1,800.

In 2012, the Institution recorded 33% growth in its rural loans with respect to 2011, reaching over 127,000 loans awarded. This result reflects the social commitment of Mibanco, which seeks to bring an increasing number of Peruvians into the financial system and to support the growth and development of microenterprises through an offering designed to suit emerging financial needs. Mibanco does not lend to corporations.

II. OUR CLIENTS

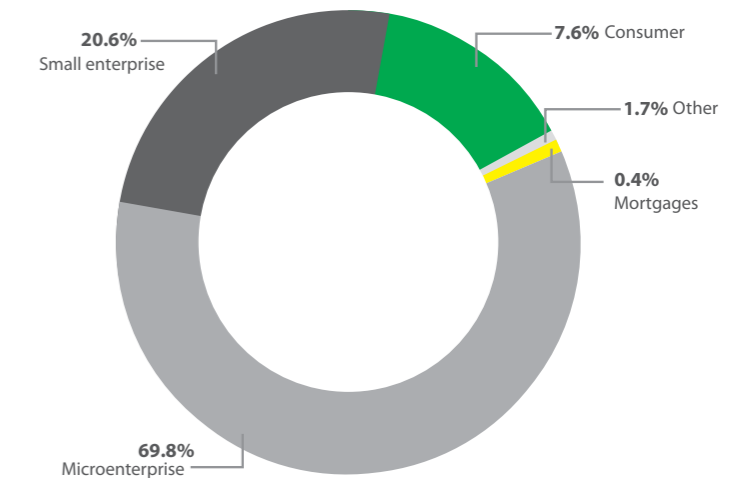
Mibanco operates in 21 of Peru's 25 regions. The current distribution of our customers across the country is presented in the following table.

Region	Number of Clients	Distribution (%)
Amazonas	2,289	0.5%
Áncash	14,089	2.8%
Apurímac	14	0.0%
Arequipa	21,858	4.3%
Ayacucho	4,029	0.8%
Cajamarca	9,300	1.8%
Callao	14,796	2.9%
Cusco	13,882	2.8%
Huancavelica	481	0.1%
Huánuco	7,286	1.4%
Ica	19,339	3.8%
Junín	26,862	5.3%
La Libertad	40,559	8.0%
Lambayeque	30,620	6.1%
Lima	185,559	36.8%
Loreto	13,017	2.6%
Madre de Dios	4,007	0.8%
Moquegua	3,809	0.8%
Pasco	1,426	0.3%
Piura	21,849	4.3%
Puno	16,268	3.2%
San Martín	16,994	3.4%
Tacna	15,183	3.0%
Tumbes	11,097	2.2%
Ucayali	9,936	2.0%
Total	504,549	100.0%

Furthermore, the loans that Mibanco grants cover all types of credit, giving higher priority to the needs of micro and small enterprises.

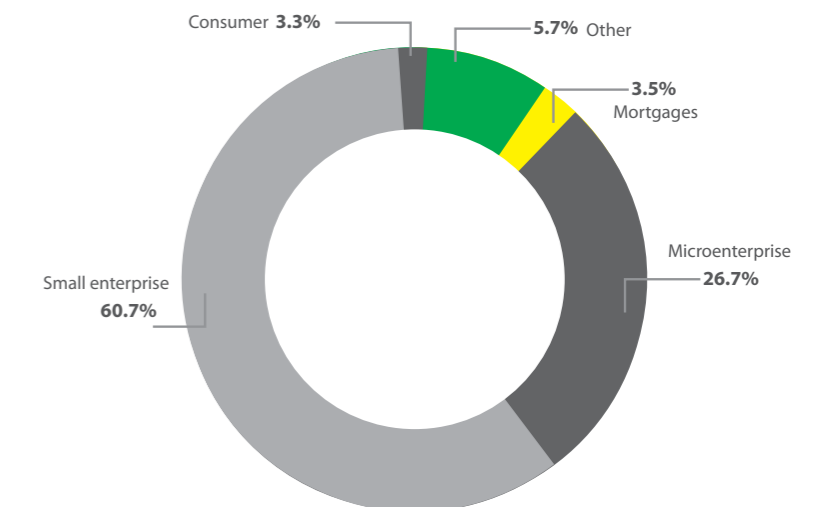
NUMBER OF TRANSACTIONS BY CATEGORY* (%)

SBS Category	Number of transactions	Distribution (%)
Consumer	42,766	7.6%
Other	9,411	1.7%
Mortgages	2,277	0.4%
Microenterprise	394,207	69.8%
Small enterprise	116,429	20.6%
Total	565,090	100.0%



BALANCE BY SBS CATEGORY* (%)

SBS Category	Balance (S/.)	Distribution (%)
Consumer	156,826,514	3.3%
Others	269,310,337	5.7%
Mortgages	166,737,337	3.5%
Microenterprise	1,265,153,782	26.7%
Small enterprise	2,874,083,667	60.7%
Total	4,732,111,636	100.0%



* Superintendencia de Banca, Seguros y AFP.

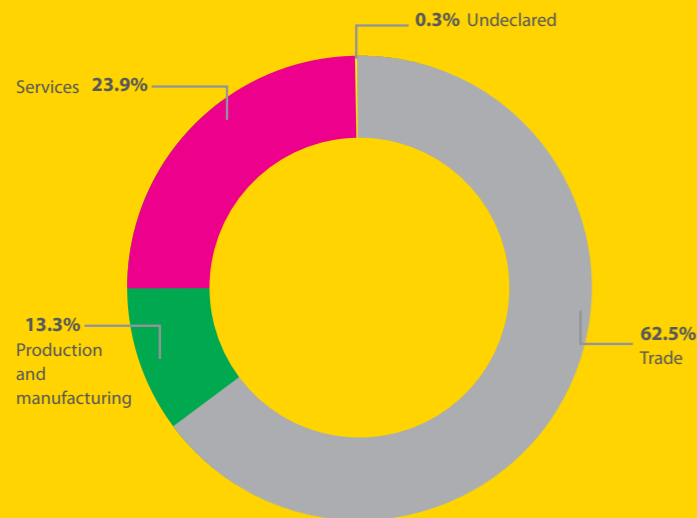
62.5% en comercio, 23.9% en servicios y 13.3% en producción

Our portfolio distribution in terms of balance and clients is shown below, by economic sector.

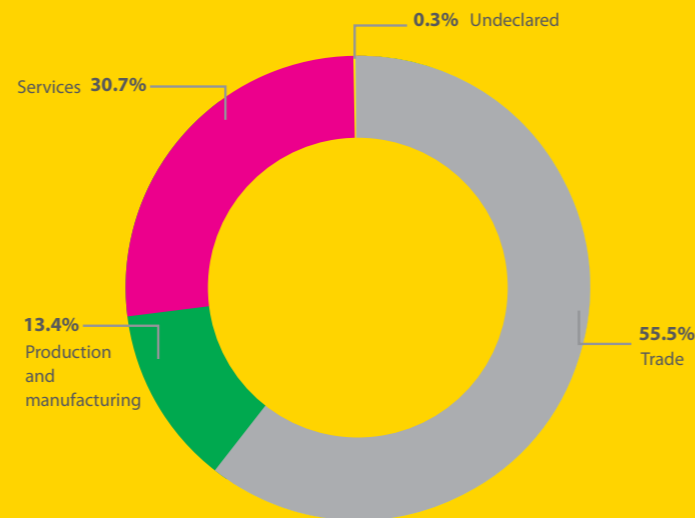
PORTFOLIO DISTRIBUTION BY ECONOMIC SECTOR

Sector	Number of clients	Distribution (%)	Balance (millions S/.)	Distribution (%)
Trade	315,386	62.5%	2,627	25.5%
Production and manufacturing	66,971	13.3%	636	13.4%
Services	120,513	23.9%	1,455	30.7%
Undeclared	1,679	0.3%	15	0.3%
Total	504,549	100%	4,732	100%

CLIENT DISTRIBUTION BY PRODUCTIVE ACTIVITY (%)



PORTOFOLIO DISTRIBUTION BY PRODUCTIVE ACTIVITY (%)



Gloria Carhuapoma Garro. Business line: prepared foods – sale of boiled eggs. Branch: Ventanilla

BUSINESS LINE BY REGION

Type of debt	Lima		Other regions		Total	
	Clients	Balance (millions S/.)	Clients	Balance (millions S/.)	Clients	Balance (millions S/.)
Microenterprise	122,281	558	247,858	707	370,139	1,265
Small enterprise	40,783	1,353	54,627	1,521	95,410	2,874
Others	26,907	376	18,774	217	45,681	593
Total	189,971	2,287	321,259	2,445	511,230	4,732

BUSINESS LINE BY SECTOR*

Type of debt	Trade		Production and manufacturing		Services		Undeclared		Total	
	Clients	Balance (millions S/.)	Clients	Balance (millions S/.)	Clients	Balance (millions S/.)	Clients	Balance (millions S/.)	Clients	Balance (millions S/.)
Microenterprise	234,879	703	52,529	190	81,693	369	1,038	3	370,139	1,265
Small enterprise	51,704	1,588	13,011	400	30,158	875	537	11	95,410	2,874
Others	32,791	336	2,011	46	10,767	210	112	1	45,681	593
Total	319,374	2,627	67,551	636	122,618	1,455	1,687	15	511,230	4,732

*Sector by SBS Category.

LÍNEA DE NEGOCIO POR SECTOR

Types of Mibanco Loans according to Consolidated Credit Report December 2012								
Sector	Micro enterprise	Small enterprise	Medium enterprise	Large enterprise	Corporate	Consumer	Mortgages	Total
Trade	703,130	1,587,676	104,840	12,517	4,230	109,849	104,328	2,626,569
Production and manufacturing	190,156	400,075	19,867		1,149	8,042	16,496	635,785
Services	369,249	875,161	82,003	40,800	2,947	38,766	45,696	1,454,622
Undeclared	2,619	11,171	958			169	218	15,135
Total	1,265,154	2,874,084	207,668	53,317	8,326	156,827	166,737	4,732,112
Distribution (%)	27%	61%	4%	1%	0%	3%	4%	100%

*Reporte Crediticio Consolidado



Francesca Villamonte Fernández, Executive Advisor.
Branch: Central Cusco

MONETARY VALUE OF PRODUCTS AND SERVICES

Products*	Product Scope	Monto en S/.
Working Capital Loans	<ul style="list-style-type: none"> Diverse types of short-term loans to finance inventory purchases, production processes and the provision of services Finances client investments in fixed movable assets 	2.550.665.686
Créditos Bienes Muebles	<ul style="list-style-type: none"> Loans with and without mortgage guarantees to purchase, improve, expand, construct and remodel commercial premises Facilitates transactions and immediate availability of cash 	667.236.333
Créditos Bienes Inmuebles	<ul style="list-style-type: none"> Individual or solidarity group: Designed for tradesmen, production and manufacturing workers and providers of services to the community in the most remote areas of the country Provides important benefits to users through education to foster responsible and safe consumer habits 	963.056.616
Personal Credit	<ul style="list-style-type: none"> Specially designed products to support clients in community associations in improving their urban environments. By financing projects for electricity, running water, plumbing, roads and sidewalks we accomplish the objectives we set out when we launched this product: For our clients to be able to live in a safe, healthy environment with access to all basic services 	65.799.568
Others Products	<ul style="list-style-type: none"> For personal needs: provides loans for the purchase of products and services vital to daily life. We also offer unrestricted personal loans that can be used as desired 	485.353.433
Total		4.732.111.636

All products in the small and microenterprise business lines include debtor's life insurance and multi-risk insurance.

Mibanco provides permanent consultancy services to its clients, which ensures they will be provided with the products necessary for the growth of their businesses and the improvement of the quality of life of their families.



Severino Godofredo Morales García, Business line: crops (olives). Branch: Pinto II

MICRO AND SMALL ENTERPRISES IN PERU

In 2012, the growth of the global economy reached 3.2%⁹, with the European crisis and slow recuperation of the American economy maintaining its deceleration. The Latin American market has behaved similarly, closing the year with 3.0% growth compared to the 4.5% of the previous year. Nonetheless, a slight recovery is expected in 2013, with 3.5% growth predicted for the global economy and 3.6% predicted for Latin America. Even in this context, the Peruvian economy grew over 6.0%¹⁰ in 2012, which, despite being lower than the 2011 rate of 6.9%, positions it as one of the soundest economies in the region. The decrease compared to 2011 was due primarily to a reduction in exportation, but increased internal demand, strong public spending and private investment have countered this, and 6.2% growth is predicted for the year 2013.

One of the main sectors responsible for Peru's growth in recent years is the micro- and small-enterprise (MSE) sector. Currently, there are over six million MSEs in Peru (formal and informal),¹¹ which make up 98.1% of Peru's total companies¹¹ and are estimated to represent 45% of the GDP and 80.3% of the country's economically active population¹¹ (EAP).

MSEs have become the major generators of employment. During the period from 2004 to 2011, they generated an average of 84% of the jobs in the business sector.¹¹ In 2011, MSEs were responsible for providing over nine million jobs nationwide.

⁹ Information as of 2012, BCRP - Banco Central de Reserva del Perú (Central Reserve Bank of Peru)

¹⁰ Information as of 2011, INEI - Encuesta Nacional de Hogares Sobre Condiciones de Vida y Pobreza (INEI National Household Survey on Living Conditions and Poverty)

¹¹ Information as of December 2012, SBS - Superintendencia de Banca, Seguros y AFP (Superintendencia of Banking, Insurance and Pension Fund Administration Companies): Microenterprise, loans for less than S/.20,000; small enterprise, loans from S/.20,000 to S/.300,000.

The sustained growth of the sector requires that financial services adapt to the new needs of businesses. These needs can be grouped in three general categories: consultancy, products and services, and experience. With its business model, Mibanco has managed to successfully develop each of these areas.

This growth has also led the socioeconomic structure to go from that of a pyramid to that of a rhombus, which signals the emergence of a growing middle class. Today's new structure requires banks to provide products and services adapted to new needs, such as independent housing, quality education, and security in terms of health care, unemployment and the aging population.

With its business model, Mibanco has worked for over 14 years to develop and improve its products, positioning the Bank as a leader in the microenterprise segment and making it the institution with the greatest number of first-time financial system clients. Mibanco's excellent service and the consultancy it provides to its clients contribute to Peru's development and foster responsible growth and formalization of the segment.

THE MICROFINANCE OFFER IN PERU

During 2012,² financial system loans increased by 12.95%, which has caused placement balances to close at the following amounts, ac-

ording to SBS credit-type classifications¹²: Microenterprise loans, S/. 9.0 billion; small enterprise loans, S/. 20.9 billion; medium enterprise loans, S/. 28.9 billion; large-enterprise loans, S/. 25.4 billion; corporate loans, S/. 22.3 billion; consumer loans, S/. 31.7 billion; and mortgages, S/. 24.4 billion. A total of S/.162.6 billion in loans was disbursed by the end of 2012.

According to this classification, Mibanco maintains its leadership in the microenterprise segment with a portfolio of S/.1.26 billion,¹² and is among the leaders in the small enterprise segment with a portfolio of S/. 2.87 billion.

Competition within the SME segment continues to be fierce, with 55 entities recorded as having awarded micro- and small-enterprise loans by December 2012,¹² which represents an increase of two entities in respect to December of the previous year. Loan balances increased at a rate slightly above that of traditional banks, achieving 14.34% growth compared to 13.87% among specialized entities such as savings and loan associations, micro- and small-enterprise development entities (abbreviated EDPYMES for their name in Spanish) and financing institutions.

These figures attest to the great interest traditional banks are taking in the segment, which, in many cases, have had to acquire entities with experience in this segment to form financial groups that are able to win a portion of the

market. This has undoubtedly generated benefits, expanding the offer of products, services and channels to the segment.

For Mibanco, it is important to foster the growth of the sector. Nonetheless, this growth must occur responsibly without causing over-indebtedness. For this reason, Mibanco provides permanent consultancy services to its clients, which ensures they will be provided with the products necessary for the growth of their businesses and the improvement of the quality of life of their families.

III. PRODUCTS AND SERVICES

"A significant accomplishment has been the award received by Mibanco at the 17th "Creatividad Empresarial" ("Business Creativity") competition organized by the Universidad Peruana de Ciencias Aplicadas (UPC). The innovative program to attract new microenterprise clients, called "Miamiigo," was awarded under the category "Banking, Financial and Insurance Services." Likewise, the Smart Campaign, a global initiative to incorporate more rigorous client protection principles in the microfinance industry, recognized Mibanco for the excellence of its Code of Ethics." **Hugo Santa María – Chairman of the Board of Directors (DMA).**

Since its inception in 1998, Mibanco has brought banking closer to micro- and small-business entrepreneurs through business advisors specially trained to accompany our clients on their path to development and growth. This

¹² Information as of December 2012, SBS - Superintendencia de Banca, Seguros y AFP (Superintendencia of Banking, Insurance and Pension Fund Administration Companies): Microenterprise, loans for less than S/.20,000; small enterprise, loans from S/.20,000 to S/.300,000.

Mibanco has 286 access points in the country's poorest regions.

service sets the Bank apart and has enabled it to identify the needs of Peruvian entrepreneurs and design a variety of products and services tailored to meet their financing requirements.

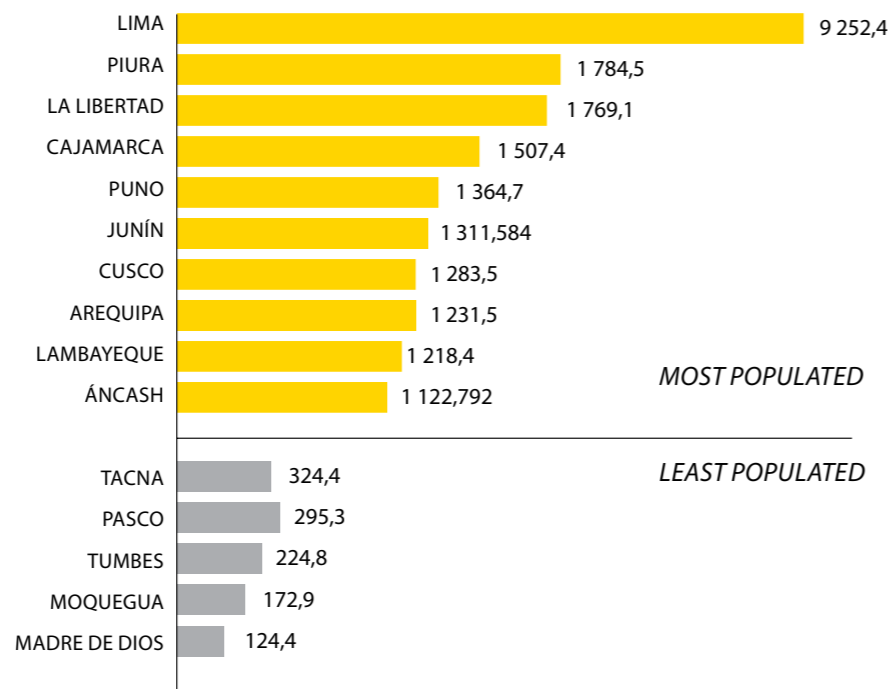
In line with the social commitment with which it was founded, Mibanco is committed to providing financial access to Peruvians with low resources, which implies the challenge of providing access to the financial system in areas traditionally characterized as being remote, with a low population density and a lack of economic resources.

Source: Instituto Nacional de Estadística e Informática (National Institute of Statistics and Information Technology - INEI) 2012. Población estimada por año calendario según regiones (Estimated population per calendar year by region).

Similarly, the Bank is present in the regions that have the highest poverty rates, such as Apurímac, Huánuco, Ayacucho and Puno where it has 35, 59, 56 y 97 access points, respectively.

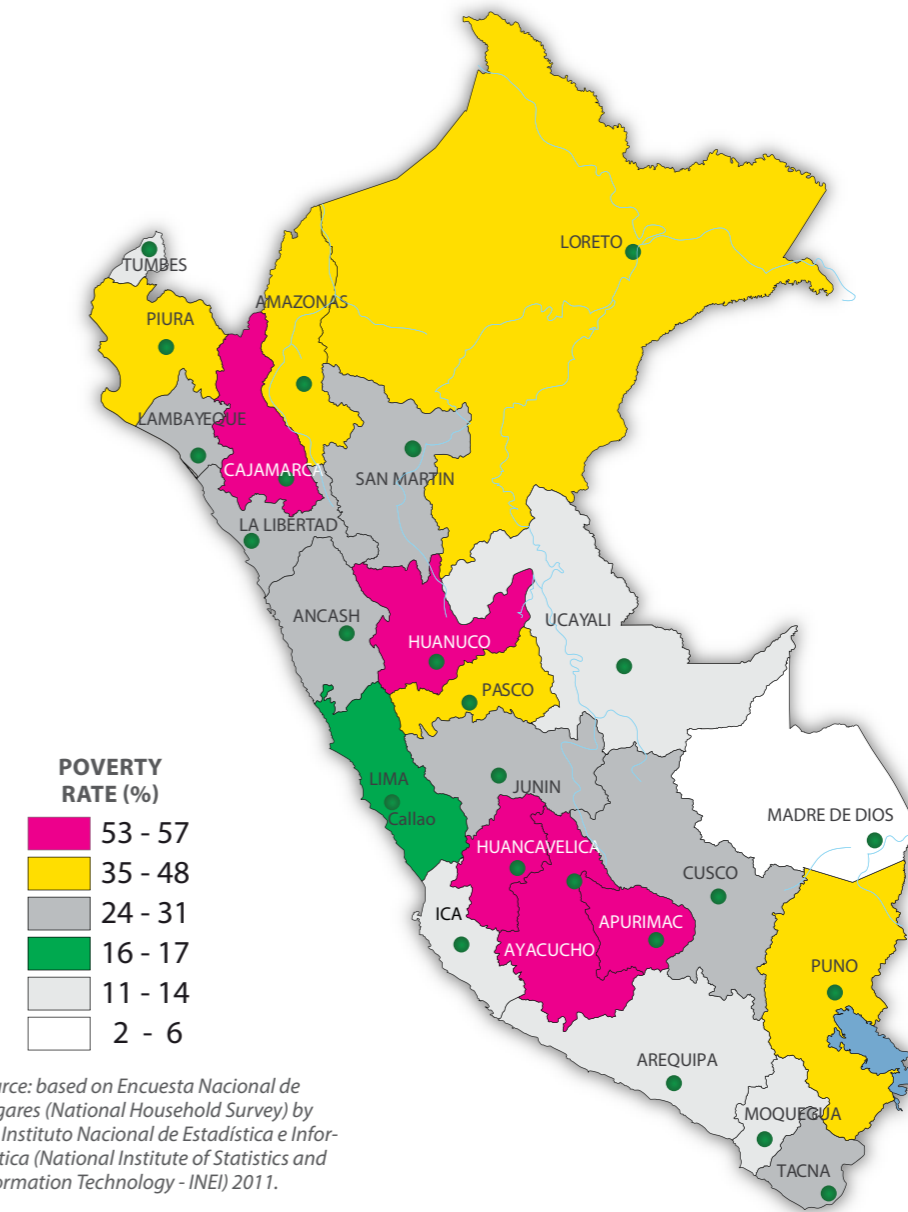
It is also worth emphasizing Mibanco's presence in the country's poorest regions, Apurímac, Ayacucho, Cajamarca, Huancavelica and Huánuco, where it has 286 access points (Apurímac: 35; Ayacucho: 56; Cajamarca: 105; Huancavelica: 31; and Huánuco: 59).

PERU: MOST AND LEAST POPULATED REGIONS, 2011 (THOUSANDS OF INHABITANTS)



Fuente: Instituto Nacional de Estadística Informática (INEI) 2012, Población estimada por años calendario según regiones.

PERU: REGIONS BY POVERTY RATE, 2011



Source: based on Encuesta Nacional de Hogares (National Household Survey) by the Instituto Nacional de Estadística e Informática (National Institute of Statistics and Information Technology - INEI) 2011.

Mibanco has 118 branch offices.

The table below shows Mibanco's national presence and its service channels by region. Access points are detailed for each channel Mibanco offers to its clients, either independently or in collaboration with other institutions with which it has agreements.

Geographic region	Branches	Mibanco ATMs	BBVA ATMs	BN ATMs	Interbank ATMs	BN branches (Correspondent banking)	Kasnet correspondent agents	Multifácil Hermes	Multiagencias Prosegur	Western Union	Total service points
Lima	58	49	864	290	1527	92	415	78	12	405	3790
Amazonas	0	0	0	14	0	12	3	0	0	2	31
Áncash	3	3	28	29	35	34	2	9	0	22	165
Apurímac	0	0	0	12	5	11	2	0	0	5	35
Arequipa	7	6	53	24	89	25	74	0	1	30	309
Ayacucho	1	1	3	18	13	17	0	0	0	3	56
Cajamarca	2	0	16	28	20	32	25	0	0	13	136
Cusco	4	2	27	38	84	21	24	0	0	16	216
Huancavelica	0	0	1	9	2	13	0	0	0	6	31
Huánuco	1	0	10	17	8	14	0	0	0	9	59
Ica	4	1	36	22	93	7	30	0	0	8	201
Junín	7	6	28	32	57	21	66	3	0	26	246
La Libertad	8	3	61	37	130	29	53	0	1	40	362
Lambayeque	4	4	42	36	81	25	42	0	1	12	247
Loreto	1	1	20	22	40	13	3	0	1	6	107
Madre De Dios	1	1	3	4	8	5	0	0	0	6	28
Moquegua	1	1	3	8	9	7	1	0	0	6	36
Pasco	0	0	8	8	2	11	6	0	0	1	36
Piura	5	2	36	27	104	33	30	0	1	10	248
Puno	3	1	6	17	28	22	11	0	0	9	97
San Martín	3	2	11	24	16	15	39	0	0	6	116
Tacna	3	3	12	8	26	8	4	0	0	10	74
Tumbes	1	1	8	8	8	4	6	0	0	3	39
Ucayali	1	1	14	11	18	7	25	0	0	6	83
Total	118	88	1290	743	2403	478	861	90	17	660	6748

Source: ASBANC: Estadísticas / Medios de pago/ informe A (Statistics / Payment methods / Report A)

In 2012, Mibanco's total number of access points increased compared to the year before.

	Branches	Mibanco ATMs	BBVA ATMs	ATM BN	ATM Interbank	BN branches (Correspondent banking)	Kasnet correspondent agents	Multifácil Hermes	Multiagencias Prosegur	Western Union
2011	117	86	1012	659	1711	464	719	58	10	-
2012	118	88	1290	743	2403	478	861	90	17	660

Source: Compiled by authors

Mibanco's efforts to promote access to credit are characterized by simple mechanisms to ensure an easy and transparent process. The work of loan advisors is essential for this. Their efficient work and thorough assessment of clients and contexts enables the bank to award loans with only minimal requirements.

As previously mentioned, Mibanco's products are customized to meet the needs of its target market, micro- and small-enterprise owners who have difficulty accessing traditional banking services, and comply with ethical and sustainability conditions. An example of this is rural loans, with a portfolio now exceeding S/. 170 million and 127,000 outstanding loans. Over 92% of this loan portfolio is composed of clients who are members of solidarity groups. It is important to note that with this product Mibanco is able to reach geographical regions characterized by poverty and social and financial exclusion.

Mibanco provides opportunities for credit access to people facing the challenges of illiteracy, in relation to which it should be emphasized that during 2012 it awarded loans to over 12,000 illiterate individuals and received the trust of nearly 5,000 illiterate persons who have savings accounts with the Bank. On the other hand, the presence of business advisors who speak several languages like Quechua, Aymara and Amazon languages makes it possible to bring more Peruvians to Mibanco.

POLICIES WITH SPECIFIC ENVIRONMENTAL AND SOCIAL COMPONENTS APPLIED TO BUSINESS LINES

Productos (*)	Number of clients	Policies	
		Social	Environmental
Working Capital Loans	400.481	<ul style="list-style-type: none"> Innovative, flexible products aimed at financing profitable businesses, which allow business owners to generate enough income to repay the loan and improve their families' quality of life 	Our credit policy includes credit regulations designed to protect the environment and the health of our clients. These include restrictions on financing activities that damage or destroy ecosystems or involve the production and/or trade of ozone-depleting substances subject to gradual elimination or international control, among others.
Créditos Bienes Muebles	40.343	<ul style="list-style-type: none"> Products that give access to credit without requiring guarantees 	
Créditos Bienes Inmuebles	50.175	<ul style="list-style-type: none"> Directed mainly toward micro- and small-enterprise business owners 	
Personal Credit	31.798	<ul style="list-style-type: none"> System based on the trust and potential of individuals 	
Other Productos	11.351	<ul style="list-style-type: none"> System that brings the client closer to the bank by offering financial services through more than 1500 loan advisors Insurance offer that protects the titleholder in the case of the death of a spouse; coverage for accidental death and/or sudden abandonment of family, etc. 	
Total clients with outstanding loans*	504.549		

(*) Clients with more than one product are listed repeatedly.

Mibanco's business is to serve the microenterprise segment. To do so, we continuously develop, evaluate and innovate our financial products and services to meet the needs of this segment. We constantly introduce innovative technologies that place us at the forefront of our industry and allow us to meet ever-higher standards of institutional security and customer protection.

We enforce procedures to certify the quality of our products and services, governed by procedure No. 486 of our internal regulatory

system, which describes a methodology based on documentation designed by and for Mibanco according to the organization's specific characteristics. In this way, Mibanco strives to verify compliance with the specifications and requirements of a given product or service, in order to increase confidence in the products and reduce the business process risks they may entail.

The following table shows the stages of the design and implementation of new products and services.

	Yes	No	Comments
Product concept development	√		
R&D	√		
Certification	√		
Development and launch	√		
Marketing and promotion	√		
Storage, distribution and supply	√		Applies to distribution only
After-sale service	√		
Disposal, reuse or recycling		√	NA

LOAN SYSTEM

Mibanco offers its customers quick and easy access to credit. Our highly qualified personnel ensure adequate research and excellent service throughout the entire credit process.

For Businesses

Mibanco has developed a diverse portfolio of

products that enable it to meet the different financing needs of SMEs, such as:

- Working Capital: loans to purchase merchandise, inputs, raw materials and more.
- Personal Property Loans: products designed to finance investments in movable assets.
- Rural Credit: loans designed for trades-

men, production and manufacturing workers and providers of services to the community in the most remote areas of the country.

For Commercial Premises

With Milocal, Mibanco offers loans with and without mortgage guarantees to purchase, improve, expand, construct and remodel commercial premises. In this way, it satisfies client needs and expectations for the development of their businesses.

Similarly, MSE business owners who have the option of forming trade associations to transform their current businesses into galleries and shopping centers of greater magnitude can access the Special Projects product to help them improve their competitiveness, offer more and better services, and obtain better terms and increased value for their property. All of this results in employment generation for people with the fewest resources.

For Housing

Micasa is a product that offers Peruvian families the opportunity to improve their housing conditions, whether through expanding, building, improving, remodeling or finishing with construction. This type of loan covers 100% of the project, paying for both labor and materials, and does not require a mortgage guarantee. To date, over 180,000 loans have been awarded to improve the quality of life of more Peruvian families.

On the other hand, the Habilitación Urbana product supports clients in community associations in improving their urban environments. By financing projects for electricity,



Geny Ruiz Ruiz, Business Advisor. Branch: Villa María del Triunfo

running water, plumbing, roads and sidewalks, Mibanco ensures that its clients have safe, healthy environments with access to all basic services.

For Personal Needs

Mibanco also offers financing to cover the needs and personal interests of its clients beyond those related to their businesses. It offers unrestricted personal loans that can be used as desired, as well as Mibanco Visa credit cards that can be used to make purchases at over 53,000 sales points.

SAVINGS SYSTEM

Mibanco's offer is mainly directed at the independent segment (micro and small enterprises), to whom it provides the best savings alternatives and fixed-term deposits. Nonetheless, its products are also of interest to the dependent segment, driven mainly by the goal of obtaining the greatest value for their investment.

In 2012, Mibanco's savings products portfolio was complemented by the Cuenta Segura (Safe Account), a savings product designed for the rural independent segment, especially women. This savings account offers accidental death and burial insurance as long as a minimum monthly balance of approximately S/. 500.00 or US\$ 180 is maintained and active at the time of the disaster. This product complements the Cuenta Negocios (Business Account), designed for independent customers who conduct daily business transactions, and the Cuenta Full Ahorro (Full Savings Account), which pays one of the best interest rates

(3.25% annual effective rate in soles) and targets both independent and dependent customers who want to save without the rigidity of a fixed-term deposit. These products allow for orderly and efficient money management through a variety of service channels.

We also offer fixed-term deposits and Severance Pay Accounts (abbreviated CTS for its name in Spanish) that are excellent options for increasing the value of money, and which are, in fact, the more profitable alternatives offered by A and A+ rated banks.

Special Projects and More

In 2012 we developed 24 projects with commercial associations, serving more than 1,340 customers with over S/. 156 million. As part of our commitment, we support our customers through helping them to complete their projects by providing legal, administrative, and financial support.

Currently, the bank is designing and evaluating product and service options for environmental care and protection, in line with the institution's environmental performance focus and triple bottom line commitment.

CHANNELS AND SERVICE

Mibanco strives to make a variety of banking channels and services available to micro- and small-enterprise owners, helping them to pay electricity, water and telephone bills, make national and international transfers, make transfers to other bank accounts nationwide and receive letters of guarantee. The Bank has signed agreements with important international

remittance companies that operate worldwide, including Money Gram, La Caixa, Ría, Alante, Giro Express and Guiñazu Transfer, which allows clients to receive money from family members in any country.

Likewise, the Bank offers foreign currency trading with preferential conditions for our customers and automatic payment systems for loan and insurance payments.

Currently, Mibanco is designing and evaluating products and services tailored to meet its clients' needs, with the goal of providing more benefits and incorporating more and more Peruvians into the financial system..

Miamigo Program

The Miamigo program is a successful channel for attracting clients, which has been recognized for Business Creativity 2012 under the category of "Banking, Financial and Insurance Services." It attracted 49% of new clients in 2012, (109,443) and 64% of Mibanco's total first-time financial system clients (61,682). Currently, we have 22,335 customers who actively refer their friends and acquaintances to Mibanco.

Insurance

Mibanco has prepared insurance plans tailored to the needs of its customers, which are accessible to a great number of people and are linked to loans. Additionally, there are optional insurance plans that can be purchased at network branches nationwide. Insurance is designed and managed based on the following social criteria:

Mibanco addressed 3,040 claims, benefiting 2,378 customers

Low cost	Within most people's budget, generates profitability that allows for business sustainability.
Limited coverage	Simplifies comprehension of benefits and their characteristics.
Minimum exclusions	Generates trust in the segment that normally distrusts fine print.
Easy sign-up process	In line with the nature of the insurance and the Bank's operations.
Simple benefit claim process	Beneficiaries are not affected negatively by large investments in time and money, reinforcing their trust in insurance as a protection tool.

- ✓ Depending on the amount borrowed, **debtor's life insurance** covers the initial loan amount or the unpaid balance in case of death, total and permanent disability, sudden abandonment of the family, severe burns and hospitalization due to accidents suffered by the loan holder.
- ✓ **Debtor's spouse life insurance** covers loan holders in the event of death of a spouse. This insurance is vital for SME clients since in most cases both spouses work and the possible absence of one of them could have an adverse impact on the business, on the client's ability to meet commitments to the bank and on the family's well being.
- ✓ **Accident insurance** offers Mibanco customers coverage for accidental death and sudden abandonment of the family for a small fee. This product is provided in four different plans to suit each customer's payment capacity.
- ✓ **Multi-risk insurance**, an already-familiar product in the financial market, is intended to protect borrowers in the case of floods, fires, earthquakes and other disasters, preventing them from falling into insolvency should those events occur.
- ✓ **SOAT** covers the risk of death or injury due to traffic accidents, both for occupants of motor vehicles and for pedestrians involved in traffic accidents.
- ✓ **Burial insurance** offers compensation to ensure dignified funeral services.
- ✓ **Credit card protection** for both Mibanco cards and credit cards from other banks allows clients to use their cards with confidence under several different protection plans.

- ✓ **Business protection** covers client merchandise, equipment and machinery.
- ✓ **Accident and burial Insurance – Cuenta Segura (Safe Account)** is offered free of charge to clients who have a Segura savings account and maintain a minimum monthly balance of S/. 500 or US\$ 180.

Over the course of 2012, Mibanco continued to strengthen its position as an institution dedicated to providing insurance for microenterprises. As a result, it wrote over 250,000 voluntary insurance policies.

Type of insurance	Number sold		
	2010	2011	2012
Accident insurance	171,254	73,880	82,427
Burial insurance	21,565	72,517	80,872
Debtor's spouse life insurance	72,398	49,036	43,005
SOAT	25,663	33,281	29,987
Card protection	922	6,350	10,462
Business protection	-	421	100
Safe account	-	-	3,522
Total	291,772	235,485	250,375

Of these, 163,299 (65.2%) were accident and burial insurance policies, while debtor's spouse life insurance policy sales reached 43,005 policies (17.2%) and credit card insurance sales reached 10,462 policies (4.2%). It is worth mentioning that the 504,549 clients with outstanding loans all have debtor's life insurance.

Finally, it should be noted that in 2012 Mibanco addressed 1,040 claims, benefiting 2,378 customers and paying over S/. 5,785,538 in compensation (PR1).

Over the course of 2012, Mibanco continued to strengthen its position as an institution dedicated to providing insurance for microenterprises. As a result, it wrote over 250,000 voluntary insurance policies.

As of 2012, the level of general satisfaction with the bank was 89%

Mibanco provides clear, sufficient and timely information, especially about the prices, terms and conditions of its products, so that its clients can comprehend and make informed and responsible decisions regarding any given transaction they might enter into

QUALITY MANAGEMENT

Mibanco constantly strives to improve its quality management. For this reason, it has launched various initiatives to continuously improve its processes, the characteristics of its innovative products, the benefits of its service channels and its client retention and loyalty indicators. In general, it seeks to implement initiatives that directly impact its clients' perceptions of its service. Concurrently, and with the goal of aligning the entire Organization with the effort to achieve world-class quality management, it continues to carry out self assessments based on the Malcolm Baldrige performance excellence model, which enables the identification of a series of actions for improvement.

Excellence in Service

Mibanco's philosophy and commitment to inclusion require it to put forth an extraordinary effort to provide service of outstanding quality. To achieve this, it implements various actions to monitor the quality of its service, continuously provide training workshops to employees, adapt infrastructure and equipment to its target segment, and provide a variety of products, channels and services to ensure that it meets and exceeds the expectations of its clients.

Internally, Mibanco has developed a quality management model that allows it to monitor and implement improvements in different areas of the Institution, enabling it to orient its work toward the satisfaction and loyalty of micro- and small-enterprise clients and become a benchmark financial institution for the segment. This, in turn, contributes to the sustainability of the Company.

Mibanco's Service Quality Indicators

Mibanco has implemented a continuous monitoring system to ensure that service quality meets the expectations of its clients. The system involves the constant review and improvement of service quality evaluation techniques. In the year 2012, it also included monitoring at the interaction level to ensure that service is personalized and contributes to building client loyalty.

The service quality components that the bank uses to continually improve the services it provides through its various customer service channels are:

- **Agility:** To respond to client needs in a timely fashion.
- **Affability:** So that clients perceive customer service as warm, willing and interested.
- **Advisory support:** So that clients can make the best possible choice of product and/or service among those offered by the Bank.
- **Accountability:** For the Bank to honor its commitments to its customers.

Mibanco carries out a biennial analysis to identify what expectations it is meeting and what opportunities exist for improvement in terms of products and/or services. It also engages in market research to gain knowledge regarding satisfaction levels among clients and former clients.

EVOLUCIÓN ANUAL DE LOS INDICADORES DE CALIDAD

Indicador	2006	2007	2008	2009	2010	2011	2012
Client satisfaction (35)	77%	76.5%	89%	94%	87% *	87%	87%
Compliance with standards (36)	57%	70.0%	90%	94%	91% *	93%	90%
Service Quality Index (37)	67%	73%	90%	94%	89% *	90%	89%
Multibank Mystery Client (38)	60%	67.2%	73%	74%	75%	-	-
Client satisfaction - Correspondent Agent (39)	-	-	-	-	79%	78%	-
Client satisfaction - Mibanco ATMs (40)	-	-	-	-	73%	77%	-
Client satisfaction - Homebanking (41)	-	-	-	-	74%	75%	-
Overall satisfaction with Mibanco (42)	-	-	-	-	90%	91%	89%

(35).(36). Source: Grupo Macro - New measurement methods and variables are incorporated starting in 2010.

(37). Source: Grupo Macro - This indicator is the average of indicators 35 and 36 on the service received from employees throughout the network of branches.

(38). Source: Ipsos Apoyo - Variables related to service at service counter and platform

(39).(40).(41).(42). Source: Grupo Macro - Indicators incorporated in 2010.

CONTINUOUS IMPROVEMENT MANAGEMENT

Mibanco's efforts are focused on the satisfaction of its target segment, which implies a direct commitment to excellence in service within a program of permanent innovation and continuous improvement of its products and processes. This is a priority within the Bank's strategic plan.

These projects are developed by multidisciplinary teams composed of employees from different areas of the Bank, with a focus on achieving operational efficiency, sound practices, and especially satisfaction of the needs of the Organization's internal and external clients.

During 2012, the Continuous Improvement Management Methodology has been optimized for a more dynamic application; likewise, indicators have been established to control the implementation of improved processes with the goal of solidifying the changes implemented in each area.

INNOVATION

In line with its strategy to increase its competitiveness, Mibanco has an iterative innovation process whose mission is to strengthen the Bank's capacity for innovation, generating new business models and contributing knowledge that allows for the discovery of opportunities in the market and/or the management of future risks. As a result of the first process of innovation, led

by Grupo ACP, Mibanco launched pilots aimed at exploring new markets, such as youth and rural areas. Both projects align with competition and financial inclusion goals and involve profitable products and efficient channels for reaching clients.

CLIENT PROTECTION AND INFORMATION TRANSPARENCY

Mibanco's approach to customer protection consists of establishing and consolidating banking relationships based on trust and ethical and transparent management. Thus, it provides clear, truthful and accurate information. It discourages excess debt and does not provide clients with misleading or difficult-to-understand product information.

The Code of Ethics, based on our Corporate Governance system, includes clauses and principles that ensure that the work of the organization's employees is aligned with the interests of customers. Thus, we offer financial products and services appropriate for their needs and their socioeconomic condition. We also develop new financial products and services in response to our customer feedback and, if necessary, modify product characteristics in order to better adapt them to client needs.

In compliance with information transparency and consumer protection, Mibanco provides clear, sufficient and timely information, especially about the prices, terms and conditions of its products, so that its clients can comprehend and make informed and responsible decisions regarding any given transaction they might enter into.

- Information about interest rates, prices and conditions applying to products and services is disseminated continuously, in simple terms and legible font size, through different channels like the website, banking over the telephone, and branches nationwide.
- The Bank has an automated system to respond to requests and complaints at all of its branches, enabling timely responses to inquiries, questions, doubts, complaints and requests from customers and users.
- The Bank wants its clients to understand its products and services, so contracts are written in simple, comprehensible language and legible font size.
- Permanent training programs are in place for employees, particularly for those whose duties involve direct contact with external clients.
- All products and services are clearly regulated under existing internal regulations (definition, conditions, features, parameters, etc.), as are the responsibilities applicable to each of the areas or actors involved in the sale and after sale process of each product or service offered.

Given the nature of Mibanco's clients (individuals and microenterprise owners), all the products (loans, deposits and insurance) and financial services the Bank offers are accompanied by adequate security measures, including electronic records of customer signatures, daily limits on ATM withdrawals, identification requirements to make withdrawals, and additional procedures that ensure the verification of client identifies, among other measures.

Mibanco strictly enforces compliance with laws and regulations regarding transparency of information, customer service and consumer protection. For this, it seeks to adapt its internal policies and procedures in an efficient and timely manner to meet those standards, and applies best practices of the financial system.

Likewise, the Bank complies with the Código de Ética Publicitaria (Code of Advertising Standards), which is affiliated with the Consejo Nacional de Autorregulación Publicitaria (National Advertising Self-Regulation Council or CONAR), an organization that oversees the application of basic principles of advertising such as legality, decency, truthfulness and loyalty for the benefit

of consumers and fair market competition.

As an Institution that abides by the legal norms governing the communication and advertising of products (loans, deposits, insurance) and financial services, Mibanco operates under a series of laws and regulations, which are detailed below:

1. Código de Protección y Defensa del Consumidor, Ley N° 29571 (Consumer Protection and Defense Code, Law No. 29571)
2. Ley de Represión de la Competencia Desleal, Decreto Legislativo N° 1044 (Repression of Unfair Competition Law, Legislative Decree No. 1044)
3. Ley Complementaria a la Ley de Protección al Consumidor en Materia de Servicios Financieros, Ley N° 28587 (Complementary Law to the Law of Consumer Protection in Financial Services, Law No. 28587)
4. Reglamento de Transparencia de Información y Disposiciones Aplicables a la Contratación con Usuarios del Sistema Financiero, Resolución SBS N° 1765-2005 (Information Transparency Regulations and Provisions Applicable to Contracts with Financial System Users, SBS Resolution No. 1765-2005)
5. Reglamento de Promociones Comerciales y Rifas con Fines Comerciales, Decreto Supremo N° 006-2000-INT (Regulations on Commercial Promotions and Raffles, Supreme Decree No. 006-2000-INT)

Mibanco ensures that the design of its releases and/or advertisements comply with the provisions and scope of the aforementioned codes and legal standards.

Because of the nature of its business, no cases have been reported of failure of the Bank's products and services to comply with mandatory or voluntary customer health and safety regulations.

In 2012, 13 complaints related to consumer protection were recorded and confirmed by the Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual (National Institute for the Defense of Competition and the Protection of Intellectual Property or INDECOPI), for which Mibanco paid between S/. 3,650 and S/. 25,550 in fines.

No incidents or complaints of an administrative and/or civil nature were reported as a result of incompliance with regulations or voluntary codes regarding the information and labels of Mibanco's products and services during 2012, nor did the Bank receive any complaints relating to breaches of legal norms or voluntary codes that resulted in warnings.

It should be noted, on the other hand, that in 2012 there were 10 complaints against the Bank that resulted in minor sanctions by INDECOPI, which involved incompliance with laws and regulations and were resolved with warnings (non-monetary sanctions).

No incidents or complaints of acts related to monopolistic practices or actions against free competition were reported during the year of 2012.

Finally, the Bank has not been sanctioned or fined for breach of environmental regulations.

Mibanco does not participate in or promote lobbying activities to influence government po-

Mibanco provides clear, sufficient and timely information, especially about the prices, terms and conditions of its products, so that its clients can comprehend and make informed and responsible decisions regarding any given transaction they might enter into



More than 3,500 ATMs nationwide

Mibanco does not participate in or promote lobbying activities to influence government policymaking

licymaking (SO5), nor does it provide financial or in-kind contributions to political parties or related institutions, as previously mentioned.

IV. BRANCH NETWORK

Mibanco seeks to serve a progressively larger number of MSE business people, for which it has a total of 118 branches across the country, 58 in Lima and 60 in other cities, which enable it to provide its clients with profitable and safe alternatives for their savings, deposits, surplus and borrowing needs.

During 2012, the Institution increased its number of correspondent agents significantly, reaching a figure of more than 1600 nationwide. This increase of over 100 agents since 2011 enables Mibanco to expand its coverage and offer varied options for loan payment and other account transactions.

Mibanco also serves its clients through more than 90 Multifácil Hermes agencies and 17 Prosegur Multiagencias ("Multiagencias"), thanks to agreements with both companies. These centers allow clients to carry out financial transactions like loan payments, make queries and more, and they have longer weekday hours than branches and are open on weekends.

It should be mentioned that in August over five hundred new Western Union Service Payment correspondent agents were integrated into Mibanco's network, extending the Bank's coverage and facilitating loan payments and deposits for clients with establishments located close to their homes and workplaces.

Thanks to the two agreements Mibanco has signed with four ATM networks, it now has more than 3,500 ATMs nationwide, with a presence in departments that do not have a bank branch. Thus, it can now serve its customers through one of the largest and most comprehensive ATM networks to provide safe, simple and timely service. These ATMs are located at the offices of some of the country's largest banks and in public places outside of bank branches in all major cities, and even in remote areas, placing Mibanco's coverage among the best in Peru.

In this way, Mibanco achieves its goal of getting closer to its customers across the country by creating access points near them and offering quality service that meets their needs.

V. OUR CONTROL MECHANISMS

a. Audits

In order to strengthen the validation process of sound institutional behavior, in 2012 the Internal Auditing Unit carried out an assessment of 25 critical and non-critical processes through the application of a risk-based audit methodology. A leading international consultancy group provided advisory support for the audit, which obtained a general productivity rate of 106% compared to the number of planned activities.

Additionally, the Bank continued to train auditing personnel in specialized topics to ensure the quality and efficiency of processes evaluations.

The following table shows activities in core processes, systems, and branches. The latter two components covered credit, operating and administrative aspects.

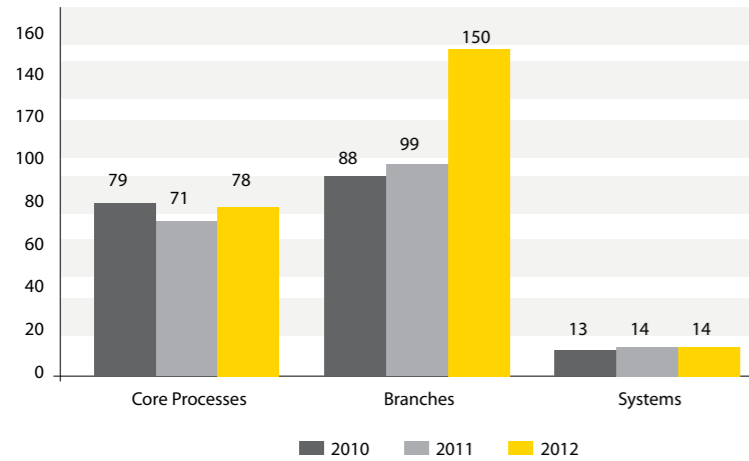
		2010	2011	2012
Core Processes	Number of Activities	79	71	78
	Man Hours	6,720	6,480	7400
	Percentage of Total Hours	27%	36%	29%
Branches	Number of Activities	88	99	150
	Man Hours	8,640	7,568	13,880
	Percentage of Total Hours	60%	42%	55%
Systems	Number of Activities	13	14	14
	Man Hours	3,360	3,984	3,920
	Percentage of Total Hours	13%	22%	16%
Total	Number of Activities	180	184	242
	Man Hours	18,720	18,032	25,200
	Percentage of Total Hours	100%	100%	100%



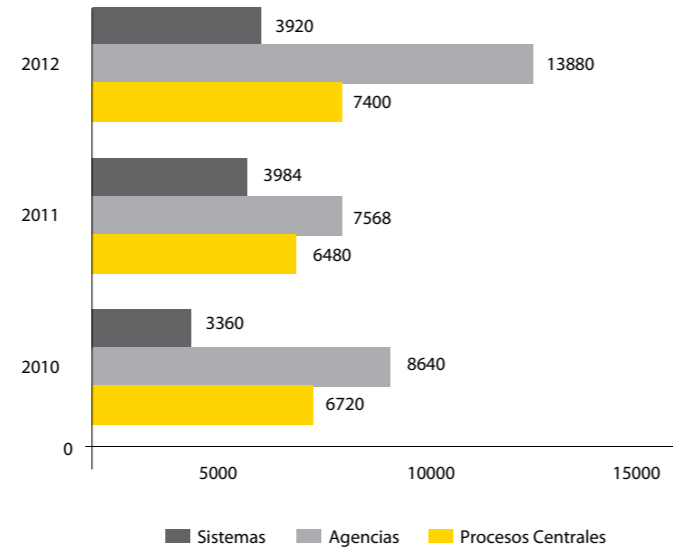
Gaby Aguilera Carlin de Abrella, Senior Business Advisor

All manuals are available in print and on the Bank's intranet

EVOLUTION OF INTERNAL AUDIT ACTIVITIES



EVOLUTION OF INTERNAL AUDIT MAN HOURS



As of 2012, the Internal Auditing Unit incorporated credit review components into the assessment it carries out at branches, which address operating and administrative factors (FS9). The number of branches visited per year is shown below.

AGENCIAS VISITADAS POR LA UNIDAD DE AUDITORÍA INTERNA

	2010	2011	2012
Total number of branches visited	85 (a)	90 (a)	98 (b)
Coverage	0.78	0.77	0.83
Total number of bank branches	109	117	118

(a) Operating and administrative factors
(b) Operating, administrative and credit factors

Additionally, the Credit Review Unit (until June 2012) of the Risk Management and Follow-up Area annually reviews a sample of loans disbursed by the branches. As of October 2012, the unit was restructured and renamed "Credit Controlling Unit" and began to carry out visits more focused on advisor portfolios in the regions that have the highest risk rates. Thus, the figures below correspond to two different stages.

- Until June 2012 as Credit Review: 29 branches supervised.
- From October 2012 on, as Credit Controlling: advisors from 13 branch offices supervised.

	2010	2011	2012
Total branches reviewed for credit aspects	60	83	42
Coverage	0.55	0.72	0.36
Number of bank branches	109	117	118

Not only business advisors but also branch managers, regional heads, heads of credit and regional heads of credit include environmental and social conditions in their risk analyses. They ensure compliance with regulations and verify the quality of credit evaluations, which are carried out under the Bank's regulatory framework for awarding loans and the policies manual.

b. Fraud Prevention

Mibanco has a process for reporting questionable behavior that is designed to facilitate the timely report of and investigation into illicit or fraudulent activities detected by employees or others that have contact with Mibanco. The process involves recording all reported complaints and investigating each of them until the case is resolved, using established security mechanisms to guarantee the anonymity of the reporter and the confidentiality of the content of the complaint.

The most sensitive issues are addressed by the Bank following the Code of Conduct and Ethics, Internal Policies, Internal Regulations and the Money Laundering Manual. Appropriate decisions are made based on these documents.

At present, all manuals are available in print and on the Bank's intranet. Fully automated claims handling processes enable a smooth flow of information. Furthermore, Mibanco has a system for recording incidents involving a breach of laws, internal regulations or codes of conduct that allows it to issue necessary recommendations to mitigate detected risks.

VI. OUR EMPLOYEES

"The current Annual Report has been developed according to the general principles of the Global Reporting Initiative (GRI). These guidelines [...] take into account the fact that we attend to the needs of our employees, to whom we provide opportunities for professional development." - **Hugo Santa María – Chairman of the Board of Directors (DMA)**

Aware of the fundamental role of our employees and the need to continuously improve their skills, in

2012 the Human Resources Area accomplished the design and execution of action plans containing a range of measures aligned with the Bank's strategies and social commitment.

The most sensitive issues are addressed by the Bank following the Code of Conduct and Ethics, Internal Policies, Internal Regulations and the Money Laundering Manual

A total of 4,419 employees by position type



Flor de María Canales Carayhua, Head of Commercial Credit, Carla Giraldo Carbajal, Executive Advisor Branch: Cusco Centro

Demographic Information

At December 31, 2012 Mibanco had a total of 4,419 employees. Almost 90% of them worked in core business areas, while the rest of them worked in supporting areas.

Region and Position Type

EMPLOYEES BY GEOGRAPHIC REGION

Region	Number of employees	
	2012	2011
Áncash	97	76
Arequipa	207	164
Ayacucho	42	30
Cajamarca	77	50
Callao	130	114
Cusco	126	96
Huánuco	41	32
Ica	120	94
Junín	234	157
La Libertad	253	192
Lambayeque	161	117
Lima	2223	1865
Loreto	62	46
Madre de Dios	34	26
Moquegua	29	25
Piura	154	140
Puno	108	85
San Martín	112	83
Tacna	113	74
Tumbes	44	37
Ucayali	52	41
Total	4419	3544

EMPLOYEES BY POSITION TYPE

Type of position	Number of employees		
	2012	2011	2010
Full-time	4,398	3,528	3,469
Part-time	21	16	79
Total	4,419	3,544	3,548

Type of Contract

Mibanco fosters long-term relationships with its employees, generating growth and mutual benefits. All employees have an employment contract as required by Peruvian law.

EMPLOYEES BY CONTRACT TYPE

Type of contract	Number of employees		
	2012	2011	2010
Indefinite contract	2,750	2,445	2,407
Fixed-term contract	1,669	1,099	1,141
Total	4,419	3,544	3,548

At December 31, 2012 Mibanco had a total of 4,419 employees. Almost 90% of them worked in core business areas, while the rest of them worked in supporting areas.

EMPLOYEES BY CONTRACT TYPE AND REGION

Region	2012			2011		
	Indefinite Contract	Fixed-term Contract	General Total	Indefinite Contract	Fixed-term Contract	General Total
ÁNCASH	55	42	97	48	28	76
AREQUIPA	116	91	207	105	59	164
AYACUCHO	22	20	42	20	10	30
CAJAMARCA	43	34	77	30	20	50
CALLAO	72	58	130	73	41	114
CUSCO	74	52	126	68	28	96
HUÁNUCO	22	19	41	21	11	32
ICA	72	48	120	66	28	94
JUNÍN	135	99	234	102	55	157
LA LIBERTAD	168	85	253	142	50	192
LAMBAYEQUE	102	59	161	83	34	117
LIMA	1481	742	2223	1333	532	1865
LORETO	36	26	62	30	16	46
MADRE DE DIOS	18	16	34	18	8	26
MOQUEGUA	16	13	29	17	8	25
PIURA	73	81	154	71	69	140
PUNO	61	47	108	54	31	85
SAN MARTÍN	61	51	112	55	28	83
TACNA	65	48	113	56	18	74
TUMBES	25	19	44	23	14	37
UCAYALI	33	19	52	30	11	41
Total	2750	1669	4419	2445	1099	3544

Gender and Age

Mibanco abides by the principle of respect for gender diversity and recognizes the value it adds, which contributes to achieving the Company's objectives.

EMPLOYEES BY GENDER

Gender	Number of Employees			Proportion (%)		
	2012	2011	2010	2012	2011	2010
Female	1,959	1,644	1,668	44.33%	46.39%	47.01%
Male	2,460	1,900	1,880	55.67%	53.61%	52.99%
Total	4,419	3,544	3,548	100%	100%	100%

EMPLOYEES BY LOCATION AND GENDER

Location	Number of Employees			Proportion (%)		
	2012	2011	2010	2012	2011	2010
Lima y Callao	2,353	1,979	2,014	53.25%	52.48%	56.00%
Others regions	2,066	1,565	1,534	46.75%	47.52%	44.00%
Total	4,419	3,544	3,548	100%	100%	100%

Mibanco abides by the principle of respect for gender diversity and recognizes the value it adds, which contributes to achieving the Company's objectives.

EMPLOYEES BY REGION AND POSITION CATEGORY

Region	2012			2011		
	Female	Male	Total	Female	Male	Total
ÁNCASH	43	54	97	34	42	76
AREQUIPA	82	125	207	70	94	164
AYACUCHO	14	28	42	9	21	30
CAJAMARCA	23	54	77	19	31	50
CALLAO	57	73	130	49	65	114
CUSCO	58	68	126	44	52	96
HUÁNUCO	17	24	41	13	19	32
ICA	63	57	120	56	38	94
JUNÍN	116	118	234	71	86	157
LA LIBERTAD	109	144	253	86	106	192
LAMBAYEQUE	56	105	161	42	75	117
LIMA	1012	1211	2223	911	954	1865
LORETO	20	42	62	17	29	46
MADRE DE DIOS	15	19	34	9	17	26
MOQUEGUA	15	14	29	11	14	25
PIURA	67	87	154	61	79	140
PUNO	61	47	108	46	39	85
SAN MARTÍN	42	70	112	26	57	83
TACNA	51	62	113	38	36	74
TUMBES	16	28	44	12	25	37
UCAYALI	22	30	52	20	21	41
Employees by gender and region	1,959	2,460	4,419	1,644	1,900	3,544

At Mibanco, gender, age, cultural origin and ethnicity in no way define employee pay scales. Under the principle of equity, salaries are determined according to each person's contribution to and responsibilities in the Organization.

EMPLOYEE DISTRIBUTION BY GENDER AND AGE GROUP

Region	2012				
	Staff Managers	Heads of Staff	Otros puestos de red	Other Network positions	Total employees
Áncash	0	0	97	0	97
Arequipa	0	0	205	2	207
Ayacucho	0	0	42	0	42
Cajamarca	0	0	77	0	77
Callao	0	0	130	0	130
Cusco	0	0	126	0	126
Huánuco	0	0	41	0	41
Ica	0	0	119	1	120
Junín	0	0	233	1	234
La Libertad	0	0	251	2	253
Lambayeque	0	0	158	3	161
Lima	27	61	1,711	424	2,223
Loreto	0	0	62	0	62
Madre de Dios	0	0	34	0	34
Moquegua	0	0	29	0	29
Piura	0	0	153	1	154
Puno	0	0	107	1	108
San Martín	0	0	112	0	112
Tacna	0	0	112	1	113
Tumbes	0	0	44	0	44
Ucayali	0	0	51	1	52
TOTAL	27	61	3,894	437	4,419

The average age of the bank's employees is 32 years.

EMPLOYEES BY REGION AND POSITION CATEGORY

Region	2011				
	Gerente de staff	Jefe de staff	Otros puestos de red	Otros puestos de staff	Total colaboradores
ÁNCASH	0	0	76	0	76
AREQUIPA	1	0	163	0	164
AYACUCHO	0	0	30	0	30
CAJAMARCA	0	0	50	0	50
CALLAO	0	0	114	0	114
CUSCO	0	0	96	0	96
HUÁNUCO	0	0	32	0	32
ICA	0	0	94	0	94
JUNÍN	0	0	157	0	157
LA LIBERTAD	1	0	191	0	192
LAMBAYEQUE	0	0	117	0	117
LIMA	18	55	1,443	349	1,865
LORETO	0	0	46	0	46
MADRE DE DIOS	0	0	26	0	26
MOQUEGUA	0	0	25	0	25
PIURA	0	0	140	0	140
PUNO	0	0	85	0	85
SAN MARTÍN	0	0	83	0	83
TACNA	0	0	74	0	74
TUMBES	0	0	37	0	37
UCAYALI	0	0	41	0	41
TOTAL	20	55	3,120	349	3,544

EMPLOYEE DISTRIBUTION BY GENDER AND AGE GROUP

Age group	Year 2012			Year 2011			Year 2010		
	F	M	TOTAL	F	M	TOTAL	F	M	TOTAL
18 - 25	387	301	688	274	176	450	345	178	523
26 - 30	671	687	1,358	634	510	1,144	681	588	1,269
31 - 35	570	697	1,267	473	585	1,058	428	535	963
36 - 40	225	428	653	184	354	538	160	328	488
41 - 45	70	219	289	48	172	220	45	141	186
Más de 45	36	128	164	31	103	134	31	88	119
Total	1,959	2,460	4,419	1,644	1,900	3,544	1,690	1,858	3,548

At the close of 2012, the Bank's employees averaged 32 years of age. 46% were under the age of 30, which reflects the fact that the Bank provides employment opportunities to young professionals and technical workers from different regions of the country.

It is important to stress how valuable employees are to institutions like Mibanco that foster equal opportunities for men and women.

During 2012, the percentage of women who held management positions was 37%

GENDER DIVERSITY AT MIBANCO BY POSITION CATEGORY

Category	Female (%)			Male (%)		
	2012	2011	2010	2012	2011	2010
Staff Managers	37%	35%	35%	63%	65%	65%
Line Managers	33%	35%	35%	67%	65%	65%
Other branch positions	43%	46%	47%	57%	54%	53%
Other staff positions	54%	56%	56%	46%	44%	44%
Total	44%	46%	46%	56%	54%	54%



Grupo GSA Los Lirios.
Branch: Pinto II.

EMPLOYEES BY REGION AND POSITION CATEGORY

Region	2012	2011	2010
Áncash	97	76	85
Arequipa	207	164	147
Ayacucho	42	30	25
Callao	130	114	120
Cajamarca	77	50	58
Cusco	126	96	82
Huánuco	41	32	30
Ica	120	94	85
Junín	234	157	153
La Libertad	253	192	223
Lambayeque	161	117	110
Lima	2,223	1,865	1,891
Loreto	62	46	44
Madre de Dios	34	26	27
Moquegua	29	25	27
Piura	154	140	116
Puno	108	85	92
San Martín	112	83	92
Tacna	113	74	69
Tumbes	44	37	31
Ucayali	52	41	41
Total	4,419	3,544	3,548



Josefin Garay Soto, Executive Advisor, Branch: Pucallpa.

The average time that an employee stays with the Company is three years. The figures reflect the fact that 48% of employees have not yet worked with Mibanco for two years, and 77% have not yet reached five years of service with the Bank.

DISTRIBUTION OF EMPLOYEES BY YEARS OF SERVICE

Years of Service	Number of Employees			Proportion (%)		
	2012	2011	2010	2012	2011	2010
0 - 2 años	2,119	1,612	1,525	48%	45%	43%
2 - 5 años	1,298	1,088	1,384	29%	31%	39%
5 - 10 años	824	692	497	19%	20%	14%
10 years or more	178	152	142	4%	4%	4%
Total	4,419	3,544	3,548	100%	100%	100%

ANNUAL TURNOVER BY GENDER

Sex	Turnover rate		
	2012	2011	2010
Female	31.20%	22.23%	19.05%
Male	41.36%	23.87%	16.27%

Note: Turnover equals number of departures / average number of employees for the period

ANNUAL TURNOVER BY GEOGRAPHIC REGION

Region	2012	2011
ÁNCASH	39.08%	27.16%
AREQUIPA	52.69%	25.00%
AYACUCHO	36.11%	39.29%
CAJAMARCA	31.25%	33.33%
CALLAO	35.25%	23.08%
CUSCO	36.94%	11.24%
HUÁNUCO	37.84%	16.13%
ICA	40.19%	18.89%
JUNÍN	36.22%	22.58%
LA LIBERTAD	38.12%	30.77%
LAMBAYEQUE	28.06%	16.67%
LIMA	34.00%	21.78%
LORETO	33.33%	20.00%
MADRE DE DIOS	23.33%	40.74%
MOQUEGUA	25.93%	19.23%
PIURA	66.67%	45.31%
PUNO	37.11%	22.47%
SAN MARTÍN	33.67%	21.59%
TACNA	41.49%	16.67%
TUMBES	31.71%	20.59%
UCAYALI	36.17%	4.88%

ANNUAL TURNOVER BY AGE GROUP

Age	2012
18 - 25	69.24%
26 - 30	42.45%
31 - 35	27.52%
36 - 40	23.15%
41 - 45	21.18%
Over 45	18.12%

EMPLOYEE DEPARTURES BY REGION AND AGE GROUP ¹³

Region	18 - 25	26 - 30	31 - 35	36 - 40	41 - 45	Más de 45	Total Departures
Áncash	5	11	10	7	1	0	34
Arequipa	23	34	24	9	5	3	98
Ayacucho	3	5	4	1	0	0	13
Cajamarca	4	10	5	1	0	0	20
Callao	15	16	4	2	3	3	43
Cusco	8	15	11	5	2	0	41
Huánuco	2	7	4	0	0	1	14
Ica	10	18	10	4	0	1	43
Junín	18	26	15	8	4	0	71
La Libertad	18	30	25	6	4	2	85
Lambayeque	10	15	11	2	1	0	39
Lima	205	254	129	66	26	15	695
Loreto	5	5	4	3	1	0	18
Madre de Dios	2	3	0	1	1	0	7
Moquegua	1	3	2	1	0	0	7
Piura	20	39	26	10	2	1	98
Puno	12	12	9	2	1	0	36
San Martín	9	13	7	3	1	0	33
Tacna	12	6	17	2	1	1	39
Tumbes	4	3	2	3	1	0	13
Ucayali	8	6	1	2	0	0	17
Total	394	531	320	138	54	27	1464

EMPLOYEE DEPARTURES BY REGION AND GENDER

Region	18 - 25	26 - 30	31 - 35	36 - 40	41 - 45	Más de 45	Total Departures
Áncash	5	11	2	1	2	1	22
Arequipa	4	18	9	1	5	2	39
Ayacucho	2	3	4		1	1	11
Cajamarca	3	4	8	3			18
Callao	5	13	3	4	2		27
Cusco	2	3		2	3		10
Huánuco		2	1	1		1	5
Ica	5	3	6	2		1	17
Junín	8	11	11	4		1	35
La Libertad	9	19	18	9	6	3	64
Lambayeque	2	4	7	3	2	1	19
Lima	104	146	85	45	18	11	409
Loreto	1	1	2	4	1		9
Madre de Dios	4	3	1	3			11
Moquegua	3		2				5
Piura	10	21	15	10	1	1	58
Puno	4	7	7	1	1		20
San Martín	2	9	4	4			19
Tacna	4	2	4	2			12
Tumbes	1	4	1	1			7
Ucayali	1		1				2
Total	179	284	191	100	42	23	819

¹³ There were 23 employees that left Mibanco to join other Grupo ACP companies; they are not included in this report.



Lorena Quezada Zaragoza, Capital Market and Debt Analyst.

CESE DE COLABORADORES POR REGIÓN Y POR GÉNERO¹⁴

Región	2012			2011		
	Gender		Total departures	Gender		Total departures
	Female	Male		Female	Male	
Áncash	14	20	34	11	11	22
Arequipa	48	50	98	19	20	39
Ayacucho	4	9	13	6	5	11
Cajamarca	6	14	20	8	10	18
Callao	10	33	43	17	10	27
Cusco	20	21	41	4	6	10
Huánuco	2	12	14		5	5
Ica	17	26	43	10	7	17
Junín	19	52	71	14	21	35
La Libertad	26	59	85	30	34	64
Lambayeque	12	27	39	11	8	19
Lima	283	412	695	181	228	409
Loreto	11	7	18	4	5	9
Madre de Dios	3	4	7	3	8	11
Moquegua	3	4	7	2	3	5
Piura	36	62	98	16	42	58
Puno	17	19	36	13	7	20
San Martín	7	26	33	6	13	19
Tacna	14	25	39	4	8	12
Tumbes	3	10	13	5	2	7
Ucayali	7	10	17	1	1	2
Total	562	902	1,464	365	454	819

¹⁴ There were 23 employees that left Mibanco to join other Grupo ACP companies; they are not included in this report.

NEW HIRES BY REGION AND AGE GROUP

Hires 2012							
Region	18 - 25	26 - 30	31 - 35	36 - 40	41 - 45	Más de 45	Total contrataciones
Áncash	13	20	11	6	1	0	51
Arequipa	36	43	41	12	4	1	137
Ayacucho	3	10	5	1	0	0	19
Cajamarca	14	22	11	2	0	0	49
Callao	25	17	13	4	3	1	63
Cusco	19	25	13	6	4	1	68
Huánuco	6	8	4	4	0	0	22
Ica	19	26	10	3	1	2	61
Junín	40	52	16	4	0	0	112
La Libertad	33	47	30	16	8	5	139
Lambayeque	20	28	12	8	1	0	69
Lima	488	378	194	81	43	20	1,204
Loreto	12	9	8	2	0	0	31
Madre de Dios	9	1	1	1	0	1	13
Moquegua	3	6	0	4	0	0	13
Piura	24	38	26	7	1	0	96
Puno	26	17	14	1	0	1	59
San Martín	12	18	10	5	1	0	46
Tacna	25	12	17	6	1	0	61
Tumbes	3	9	6	2	0	1	21
Ucayali	10	14	4	0	0	0	28
Total	840	800	446	175	68	33	2,362

NEW HIRES BY REGION AND GENDER

Hires 2012			
Region	Female	Male	Total
Áncash	20	31	51
Arequipa	61	76	137
Ayacucho	6	13	19
Cajamarca	13	36	49
Callao	24	39	63
Cusco	33	35	68
Huánuco	7	15	22
Ica	22	39	61
Junín	51	61	112
La Libertad	48	91	139
Lambayeque	18	51	69
Lima	445	759	1,204
Loreto	11	20	31
Madre de Dios	7	6	13
Moquegua	7	6	13
Piura	35	61	96
Puno	34	25	59
San Martín	19	27	46
Tacna	22	39	61
Tumbes	7	14	21
Ucayali	11	17	28
Employees by region and gender	901	1,461	2,362

NEW HIRES WITH DEPARTURES DURING THE YEAR OF ENTRY BY AGE GROUP AND REGION

Hires / Departures 2012							
Region	18 - 25	26 - 30	31 - 35	36 - 40	41 - 45	Más de 45	Total ceses
Áncash	1	4	3	1			9
Arequipa	18	14	16	2	1		51
Ayacucho	1	3	2				6
Cajamarca	3	3	2				8
Callao	11	6	3	2	1		23
Cusco	5	10	5	1	1		22
Huánuco	2	2	1				5
Ica	8	9	3				20
Junín	9	10	4	2			25
La Libertad	15	13	7			2	37
Lambayeque	10	8	2	1			21
Lima	170	115	35	20	10	5	355
Loreto	4	1	1	1			7
Madre de Dios	2	1					3
Moquegua	1	1		1			3
Piura	7	19	13	2	1		42
Puno	10	5	1				16
San Martín	5	6	3	1			15
Tacna	10	3	4	1			18
Tumbes		1	1	1			3
Ucayali	6	3	1				10
Total	298	237	107	36	14	7	699

NEW HIRES WITH DEPARTURES DURING THE YEAR OF ENTRY BY GENDER AND REGION

Hires / Departures 2012			
Region	Female	Male	Total
Áncash	3	6	9
Arequipa	25	26	51
Ayacucho	0	6	6
Cajamarca	2	6	8
Callao	3	20	23
Cusco	11	11	22
Huánuco	1	4	5
Ica	7	13	20
Junín	9	16	25
La Libertad	11	26	37
Lambayeque	5	16	21
Lima	117	238	355
Loreto	4	3	7
Madre de Dios	3	0	3
Moquegua	1	2	3
Piura	14	28	42
Puno	5	11	16
San Martín	3	12	15
Tacna	5	13	18
Tumbes	0	3	3
Ucayali	4	6	10
Employees by gender and region	233	466	699

RATE OF NEW EMPLOYEE HIRES AND TOTAL DEPARTURES FOR THE PERIOD, BY GENDER

Sex	2012		Rate
	Hires	Departures	
Female	901	562	62.38%
Male	1,461	902	61.74%
Total	2,362	1,464	61.98%

RATE OF NEW EMPLOYEE HIRES AND TOTAL DEPARTURES FOR THE PERIOD, BY AGE GROUP

Age	2012		Rate
	Hires	Departures	
18 - 25	840	394	46.90%
26 - 30	800	531	66.38%
31 - 35	446	320	71.75%
36 - 40	175	138	78.86%
41 - 45	68	54	79.41%
Más de 45	33	27	81.82%
Total Departures	2,362	1,464	61.98%

RATE OF NEW EMPLOYEE HIRES AND TOTAL DEPARTURES FOR THE PERIOD, BY REGION

Region	2012		Rate
	Hires	Departures	
Áncash	51	34	66.67%
Arequipa	137	98	71.53%
Ayacucho	19	13	68.42%
Callao	63	43	68.25%
Cajamarca	49	20	40.82%
Cusco	68	41	60.29%
Huánuco	22	14	63.64%
Ica	61	43	70.49%
Junín	112	71	63.39%
La Libertad	139	85	61.15%
Lambayeque	69	39	56.52%
Lima	1,204	695	57.72%
Loreto	31	18	58.06%
Madre de Dios	13	7	53.85%
Moquegua	13	7	53.85%
Piura	96	98	102.08%
Puno	59	36	61.02%
San Martín	46	33	71.74%
Tacna	61	39	63.93%
Tumbes	21	13	61.90%
Ucayali	28	17	60.71%
Total Employees	2,362	1,464	61.98%

We promoted 1,072 employees

At Mibanco, 100% of employees are represented on the Health and Safety Committee, charged with coordinating and overseeing occupational health and safety. This team, which reports to the General Management, consists of three employee representatives and three members of management.

The committee's decisions impact headquarter and branch office management.

Mibanco is convinced of the importance of having a staff of motivated, dedicated and satisfied employees. They provide the foundation from which the Organization is able to work towards its mission and goals and are therefore essential for its success. In this context, our human resources management is reflected in our daily activities through the excellent treatment, benefits, and equal opportunities we provide to our employees as we seek to promote quality relationships with the Company.

Mibanco does not currently have a union or similar organizations, which explains why no collective bargaining agreement currently exists (HR5, LA4, LA5). Nonetheless, the bank seeks to maintain contact and permanent dialogue with employees to guarantee well-being and equity in the institution.

Recruitment and Hiring

Mibanco's specialized selection process aims at recruiting individuals who have the skills required for the position, the potential to grow and pursue a career within the institution, and who show strong values aligned with the Bank's culture.

Our priority is to fill vacancies internally and encourage the professional development of our employees. If this is not possible, we try to provide jobs to local people in order to contribute to regional development wherever we operate. Nonetheless, our selection process is also open to non-local national and foreign candidates.

In 2012 we hired 2,632 new employees nationwide, and 1,072 employees received promotions.

Equal Opportunity

Mibanco enforces clear and ethical policies on equal rights and opportunities for our employees, in the framework of national and international law. These policies are contained in guidelines and provisions in force at the Bank, including the Reglamento Interno de Trabajo (Internal Work Regulations), Código de Conducta y Ética (Code of Conduct and Ethics), and Procedimiento de Reclutamiento y Selección (Recruitment and Selection Procedure). We firmly oppose all forms of discrimination and forced labor and promote equal opportunities to create an adequate working environment.

Training for Employees

Our various training and skill building programs are intended to foster the personal and professional growth of our employees. On-site activities are complemented by our virtual campus (e-learning platform), which facilitates access to courses and important information.

Training Programs

Mibanco has training programs through which it strives to enhance its employees' technical knowledge, organizational skills and social-

mission abilities according to the Bank's business model.

At the close of 2012, the average amount

of time spent on training per employee was 116.25 hours. This includes training programs for new employees that joined the Organization.

TRAINING BY POSITION CATEGORY

Position Category	Training Hours						Hours Per Capita					
	2012			2011			2012			2011		
	F	M	Total	F	M	Total	F	M	Total	F	M	TOTAL
Staff Managers	358	867	1,224	247	606	853	35.75	50.99	45.34	32.08	42.38	38.77
Heads of Staff	1,188	2,475	3,663	1,197	2,543	3,740	59.40	60.36	60.05	59.74	66.99	64.48
Other Branch Positions	208,805	282,832	491,638	96,037	127,305	223,342	123.48	128.39	126.26	68.18	75.89	72.37
Other Staff Positions	9,599	7,563	17,162	5,444	4,454	9,898	40.33	38.01	39.27	25.91	26.53	26.19
Total Training Hours	219,950	293,737	513,687	102,925	134,908	237,833	112.28	119.41	116.25	62.53	71.08	67.11

TRAINING BY BUSINESS CATEGORY

Distribution by Category	Training Hours						Hours Per Capita					
	2012			2011			2012			2011		
	F	M	Total	F	M	Total	F	M	2011	F	M	2011
Business (branches)	172,845	264,415	437,260	79,661	114,439	194,100	139.73	137.72	138.50	76.82	84.71	81.28
Service Banking (branches)	35,395	17,929	53,324	16,376	12,866	29,242	77.96	63.35	72.35	35.45	54.52	41.89
Staff	11,709	11,394	23,103	6,888	7,603	14,491	43.69	44.33	44.01	46.86	24.45	31.64
Total Training Hours	219,950	293,737	513,687	102,925	134,908	237,833	112.28	119.41	116.25	62.53	71.08	67.11

Some of these programs are covered at 100%

Refresher Programs

Mibanco continuously carries out refresher programs to inform and educate its employees about changes in policies, techniques and procedures at the Bank.

Likewise, all employees are regularly trained on the policies contained in the Code of Conduct and Ethics, and on national and international law, including regulations and procedures regarding corruption, money laundering and terrorism financing.

Specialization Programs

Specialization programs are designed to strengthen and enhance the professionalism and technical and personal skills of our employees through courses in different technical areas.

Some of these programs are paid for completely by the company; otherwise, they are financed with loans that have preferential (reduced) interest rates.

We have also signed agreements with prestigious educational institutions to update and consolidate our employees' knowledge through professionalization and graduate studies at schools like ESAN, CENTRUM and LANGROW (the latter specializing in language training). Thus, we aim at improving their performance on the job and their opportunities for professional advancement within the company.

Furthermore, Mibanco grants study abroad leave, allowing time off for the duration of the studies and maintaining a policy that reserves employees' positions until their return.

Leadership Programs

To build stronger management and leadership skills, the Bank carried out two initiatives in collaboration with Newfield consulting firm: a Leadership Workshop for Regional Managers and a Team Management Workshop. A Leadership, Communication and Motivation program was also carried out, in collaboration with DHM Consultants, and targeted 40 branch managers (33% of the total group as of the end of 2012).

In late 2012, Mibanco initiated Proyecto Liderazgo (Project Leadership) with the goal of establishing a "Mibanco leader" profile and generating development plans for each of its leaders. In this way, the Bank hopes to have a positive impact on its work environment, making its leaders the foundation of the effort to apply its strategic objectives.

Organizational Development

Mibanco's philosophy is based on social commitment and guides its management towards providing opportunities for progress and access to the financial system to people who have traditionally been excluded from the system. In this context, human capital development through continuous employee training is a priority for the Bank. It contributes to allowing an increasing number of individuals to access the benefits of the financial system through the Bank's products, both in rural and urban areas.

Mibanco's social commitment is present in all of its processes, beginning with the orientation that new employees receive when they join the Organization. This stage helps new employees to adapt and integrate into the Institution and instills in them the Bank's mission and values,

as well as the triple bottom line objectives.

Likewise, the Bank has a system for continually updating the descriptions of its job positions and organizational structure. Changes in positions and responsibilities depend on adjustments to cover vacancies created by internal turnover and/or organizational growth, and are communicated with anticipation (the amount of time depends on the characteristics of the particular process) to ensure adequate adaptation on the part of personnel and the Company.

In addition, we conduct a performance evaluation once a year in order to identify our employee's level of organizational competence and ensure that their skills are aligned with the goals, vision and mission of the Bank. The information we obtain enables us to develop strategies to create or strengthen certain abilities compatible with the bank's principles.

In that sense, our training programs, which have a social focus, help employees recognize the cultural and socioeconomic characteristics of customers so they can offer them the products that are most appropriate for their realities and provide them with timely and relevant consultancy. This helps clients, even those living in remote geographical locations, to develop their businesses and improve their living conditions.

The Methodology Management Area, on the other hand, seeks to guarantee the standardization and correct application of credit methodologies by identifying, preventing and correcting possible deviations and by identifying opportunities to improve advisor



Sandra Collantes Torres, Head of Commercial Credit, and Ángel Huatuco Rivera. Business line: wholesale of groceries. Branch: Villa El Salvador

The work environment survey revealed 74% satisfaction.

performance, knowledge and skills. New business personnel recruited for the branches are trained through a tutoring system where the most experienced loan officers are responsible for teaching new hires and answering their questions.

Employees are also trained in diverse customer care topics in order to ensure excellent service, something that comprises not only the sale of the Bank's products but also the service necessary to make sure the investment is successful, both for the client and for Mibanco.

Performance Management

While all Mibanco employees are evaluated starting on their first day of work, it is only from their sixth month on that they participate formally in performance evaluations. Thus, the people who currently qualify to participate in the evaluation for this period are those who joined the Organization before June 30, 2012.

In 2012, 87% of employees were evaluated, compared to 86% in 2011.

Detail	2012	2011	2010
Number of Mibanco employees	4,419	3,544	3,548
Number of employees qualified for Performance Evaluation	3,856	3,032	3,153

The formal performance evaluation for 2012 will be carried out in January of 2012.

Migente Recognition Program

This program awards employees for work that aligns with Mibanco's philosophy and is intended to promote behavior that expresses the Organization's values. It is divided into two components.

Outstanding Results

This component recognizes employees who exceed individual and branch goals and objectives for a particular period. En 2012, 143 individuals were recognized under this category.

Outstanding Attitudes

This component recognizes the practical application of Mibanco's philosophy through employee behaviors and/or attitudes, as well as innovative proposals and continuous improvements that can be implemented by the Organization. In 2012, five individuals were recognized under this category.

Finally, for both Outstanding Results and Outstanding Attitudes a subcategory called "Nominations" exists to recognize people who have had exceptional attitudes and/or results during half the period. Of

the 143 employees recognized for Outstanding Results, 43 were nominated. Three out of the five individuals recognized for Outstanding Attitudes were nominated.

Work Environment

Mibanco attaches great importance to creating a work environment that fosters the development and creative potential of its employees. For this reason, it uses the tools offered by Great Place to Work to measure its environment. A 64% level of satisfaction was reported for the years 2010 and 2011, and once again in 2012.¹⁴ Furthermore, in 2012 a follow-up survey was carried out by the consultancy firm Hay Group, in which Mibanco obtained results similar to those in 2011.

These results have enabled the Bank to identify the aspects that its employees most value, and those that require improvement. Subsequently, action plans are developed to enhance strengths and overcome weaknesses for the improvement of the Institution's work environment.

Mibanco has implemented a methodology that allows it to monitor performance both at an institutional level and at the level of each management and/or area to contribute to achieving its objectives for work environment improvement.

The adequate management of our work environment, which involves promoting equal op-

portunities, benefits, development, and good relationships between employees and the Bank, is essential to fulfilling Mibanco's mission

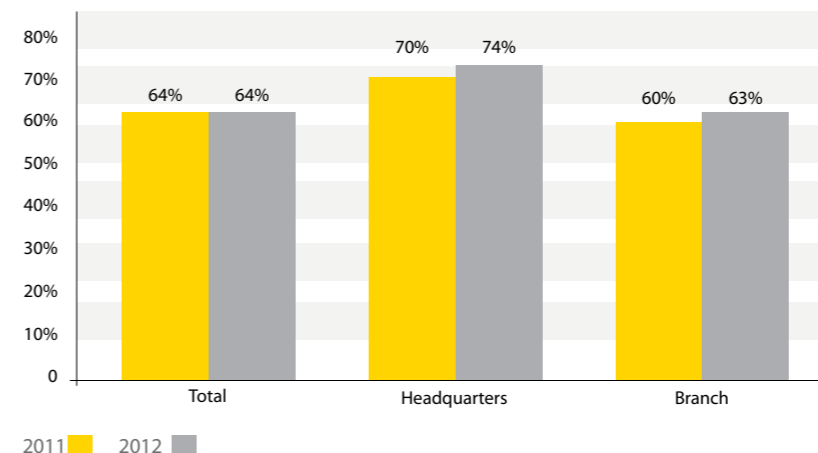
and objectives, as is having a motivated and committed team. The Company does not have unions or similar organizations.

improving its work environment and accomplishing its objectives.

One of its first actions was to organize the communications that employees receive by email into categories such as Mibanco Communications, Business Communications, Quality and Service, Commercial Factory, and more. Currently, communication regarding business developments is consolidated in the Semanario Comercial (Commercial Weekly), a document compiled and disseminated by the Commercial Division.

Additionally, the Bank modernized the presentation and design of the Nuestras Voces (Our Voices) magazine, the Boletín de Desempeño Organizacional (Organizational Performance Bulletin), and communications issued through the Mibanco Communications suggestions box. Mibanco seeks to strengthen its culture with the new, updated and dynamic image of these channels.

COMPARATIVE RESULTS MIBANCO WORK ENVIRONMENT 2011-2012



Internal communications

Mibanco believes that direct dialogue and adequate internal communication foster employee participation in and commitment to striving to accomplish the Institution's strategic objectives by generating a sense of belonging and identification with the institutional culture.

The internal communication service of the Human Resources Division is responsible for managing communication through large-scale

channels with a focus on its internal clients. It disseminates relevant institutional and area-level information in line with the guidelines, culture and philosophy of the Institution.

Mibanco has a variety of channels through which it facilitates internal communication.

In line with its strategic objectives and internal communications policies, in 2012 Mibanco improved its internal communication as part of

¹⁴ In 2012, the Human Resources Division carried out a survey among Mibanco employees.

Mibanco offers a complete social benefits program

Publications

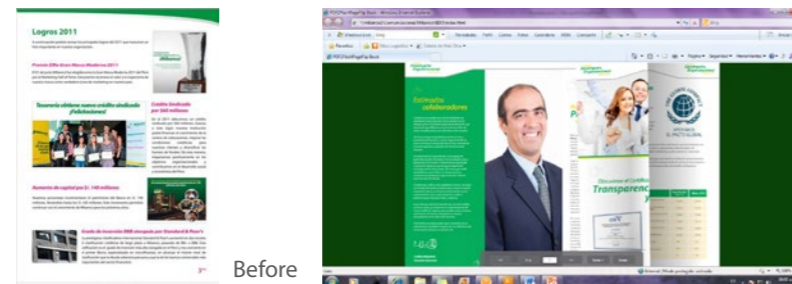
Cover of Nuestras Voces (Our Voices) Magazine



Inside



Boletín de Desempeño Organizacional (Organizational Performance Bulletin)



Comunicaciones Mibanco
Buzón de Sugerencias (Mibanco Communications - Suggestions Box)



Health and Benefits

Mibanco's employees are the indisputable drivers of the Bank's success. Thus, Mibanco offers a complete social benefits program and mandatorily maintains full compliance with all established legal provisions. Benefits include the following:

- **Health Insurance.** All employees are provided with this benefit. They have the

choice of public health insurance (EsSalud) or private insurance with Entidad Prestadora de Salud (EPS). For EPS, Mibanco covers 80% of the cost of the premium and each individual pays the remaining 20%. This option is offered in order to provide a health service that is comprehensive and accessible for everyone that works with the Company.

- **Life Insurance (Vida Ley).** This insurance covers employees in the case of accidental or natural death during the duration of their employment contract. It is provided to employees who have been with the Company for four years, as required by law. Managers, Heads, Supervisors and branch leaders enjoy this benefit as soon as they join the Bank.

- **Vacation time of 30 calendar days per year,** coordinated with immediate supervisors.

- **Two yearly bonuses equivalent to one month's salary, awarded in July and December.** For employees who receive variable pay in addition to their salary, bonuses also include the estimated average of variable wages earned.

- **Family allowance, to which employees with children under 18 years of age are entitled,** and which is equivalent to 10% of the minimum legal wage. Families with children of legal age continue to receive this benefit until they finish school.

- **Transportation is provided for employees** who must visit clients in the field.

- **Severance pay (abbreviated CTS for its name in Spanish),** a benefit designed to support employees and their families when an employee leaves a position. It is equivalent to unemployment insurance.

- **Overtime.** Remuneration for extraordinary volunteer work or overtime.
- **Retirement plans according to the laws in force.** Employees have the choice of a private pension fund (AFP) or a public fund administered by the Oficina de Normalización Previsional (Office of Normalization of Preventative Measures or ONP). Contributions vary according to the entity selected.

All Mibanco employees are covered by retirement plans.

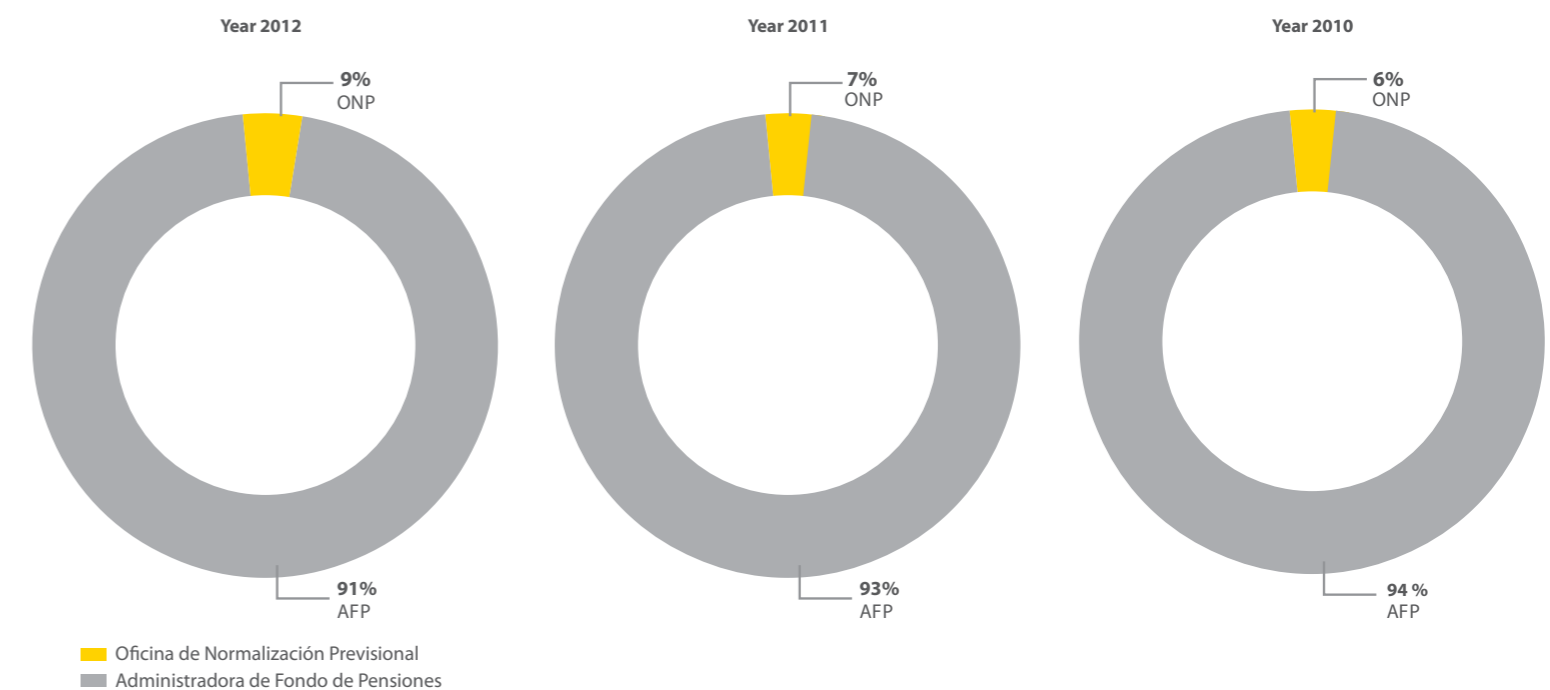
These benefits are designed for all of Mibanco's employees, without regard to differences in their employment contracts or work schedules.

BENEFITS FOR PART-TIME AND FULL-TIME EMPLOYEES

	Benefits	Description	Employees	
			Part-time	Full-time
LEGAL	Health insurance	EsSalud: Attention in public hospitals for the insured. EPS: private entity providing attention in clinics nationwide.	✓	✓
	Vida Ley	Insurance required by law to protect against the accidental or natural death of the holder. Valid for life of employment contract.	✓	✓
	Vacation time	By law, 30 days of physical rest are required per work year.	✓	✓
	Bonuses	Equivalent to one month's salary, awarded in July and December.	✓	✓
	Family allowance	Employees with children under 18 years of age are entitled to this allowance, equivalent to 10% of the minimum legal wage.	✓	✓
	Severance Pay	Unemployment provision equivalent to 50% of salary, awarded in May and November.	✓	✓
	Overtime	Remuneration for extraordinary volunteer work or overtime.	✓	✓
	Profit sharing	Employees subject to the private activity labor regime who work for companies that generate 3rd category income through their activities have the right to a share of the company's profits.	✓	✓
	Retirement plans	Choice of private pension fund (AFP) or public system (ONP). Contributions vary according to the entity selected.	✓	✓
	VOLUNTARY	Bereavement benefit	Economic support for employees who experience the death of an immediate family member (father, mother, children, spouse).	✓
Year-end bonus		Awarded to all employees at Christmas, may be monetary or in kind.	✓	✓

Retirement plans cover 100% of Mibanco employees.

DISTRIBUTION OF EMPLOYEES BY PENSION SYSTEM



Maternity and Paternity

In 2012, 285 employees had children (154 women and 131 men). Of these, 154 women and 88 men used their maternity/paternity leave.

The 43 employees who did not take their paternity leave did so for the following reasons, on an objective basis: 10 were using vacation time during the birth of their child, 2 were on medical leave, and 31 did not report their marriage or cohabitation status in a timely fashion. By law, these factors cancel entitlement to maternity/paternity benefits.

After leave, all employees return to their normal duties.

Health Programs

In order to care for the health of its employees and their families, Mibanco carries out annual vaccination campaigns against hepatitis A and B, influenza, measles, rubella chicken pox, and pneumonia, among others. Additionally, the Bank organizes courses, workshops, programs and the release of preventative health newsletters.

Mibanco carries out annual vaccination campaigns against hepatitis A and B, influenza, measles, rubella chicken pox, and pneumonia, among others.

We comply 100% with Minimum Living Wage by location

RECIPIENTS OF HEALTH PROGRAMS

Year 2012

Program recipients	Education / Training	Consultancy	Risk Prevention / Control	Treatment
Employees	✓	✓	✓	✓
Employee families	✓	✓	✓	✓
Community members				

Year 2011

Program recipients	Education / Training	Consultancy	Risk Prevention / Control	Treatment
Employees	✓	✓	✓	✓
Employee families	✓	✓	✓	✓
Community members				

Year 2010

Program recipients	Education / Training	Consultancy	Risk Prevention / Control	Treatment
Employees	✓	✓	✓	✓
Employee families	✓	✓	✓	✓
Community members				

The program Misalud is a benefit provided to employees nationwide that provides medical check-ups at the work place, saving time that would be spent going to doctor appointments. Check-ups consist of medical consultations, laboratory tests and dental and vision exams for the early detection of sicknesses or other health risks. The results of all examinations are provided to each employee directly.

There were eight accidents and no work-related illnesses recorded among employees in carrying out their duties in 2012. There have been no fatalities.

Starting in 2013, occupational medical centers will be put in place to identify the number of cases of absence from work due to work-related illnesses.

It should be noted that Mibanco's health programs align with its strategies and efforts to motivate its employees, ensuring complete physical and mental capacity, a condition that not only influences the Company's management but also the well being of the employees and their families.

It should also be noted that no health-related activities are carried out as a result of collective agreements, since, as was previously mentioned, no unions exist at Mibanco.

Recreation and camaraderie

We consider it important to provide opportunities for interaction and sharing with employees' families, reflecting our institutional spirit.

To do this, we organize annual sports tournaments in Lima and interior regions of the coun-

try, and promote participation in Asbanc sports competitions. Likewise, a recreation summer vacation program has been developed for employees' children ages 3 to 16. Additionally, the program "Conociendo mi Perú en familia" (Getting to Know My Peru as a Family) provides employees with a space for interaction with their families and colleagues. In December we celebrate an end-of-the-year party, as well as a children's Christmas, which has become a tradition at Mibanco and brings together a large number of employees and their children.

Planning and Compensation

Mibanco is a potential source of employment in all the areas where it operates. The position

with the lowest salary in the company earns the minimum living wage established by law (S/. 750.00). Currently, 10.4% of all employees earn this income (21 part-time Service Banking representatives, 207 Recoveries representatives, and 233 Commercial representatives).

In the case of part-time Service Banking representatives, it is important to note that they work less than 48 hours per week (the requirement to qualify for minimum wage). On the other hand, Recoveries and Commercial representatives have a basic minimum wage salary but their commissions increase their monthly income to an amount exceeding minimum wage.

We consider it important to provide opportunities for interaction and sharing with employees' families, reflecting our institutional spirit.

COMPLIANCE WITH MINIMUM LIVING WAGE BY LOCATION

YEAR 2012

Location	% Mibanco minimum wage	% Legal minimum wage
Lima	100%	100%
Other cities	100%	100%

YEAR 2011

Location	% Mibanco minimum wage	% Legal minimum wage
Lima	100%	100%
Other cities	100%	100%

During 2012, Mibanco's contracts with its suppliers and contractors continued to include clauses binding them to respect the rights of their workers and not engage in activities involving any form of child labor



Gilberto Rodas Cervantes, Client Supervisor; Blanca Lostaunau Calderón, Product Supervisor

YEAR 2010

Location	% Mibanco minimum wage	% Legal minimum wage
Lima	127%	100%
Other cities	127%	100%

We ensure that pay structures are within the national market average, seeking to achieve internal equity and external wage competitiveness. Thus, wages are determined by each individual's contribution and responsibilities.

VII. OUR SUPPLIERS

All Mibanco suppliers and contractors abide by the regulations in force regarding safety, occupational health and environmental protection. In assessing suppliers and contractors, no specific human rights criteria are taken into consideration. However, we deal with formal businesses recognized for their history and policies on social performance.

During 2012, Mibanco's contracts with its suppliers and contractors continued to include clauses binding them to respect the rights of their workers and not engage in activities involving any form of child labor.

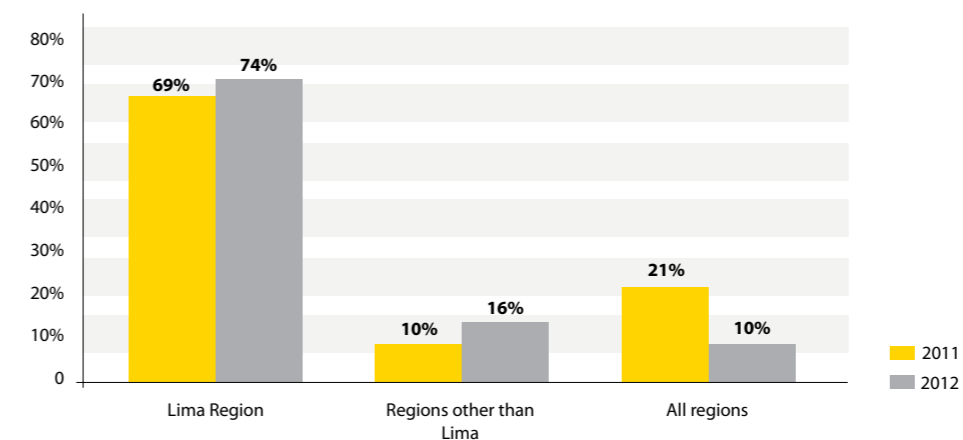
COVERAGE OF OUR SUPPLIERS:

To the extent possible, Mibanco prioritizes contracting suppliers who operate at a national level yet hire locally throughout the country. Thus, it supports local development in the areas where its branches operate and reduces operating costs. The term "local" refers any region where a Mibanco branch operates.

In 2012, supplier coverage was as follows: 74% were from the Lima region, 16% were from regions outside of Lima, and 10% were suppliers with national scope.

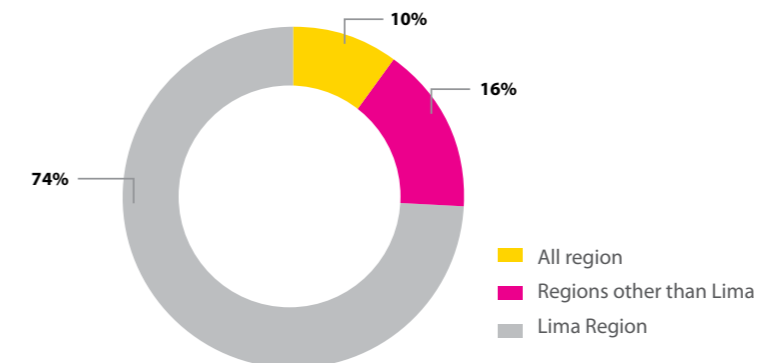
- As a result, 74% of purchases are made from suppliers in the Lima region and 26% of purchases are made from other regions, including those providing nationwide coverage.

SUPPLIER COVERAGE



During 2013 we will continue working to improve processes and actions related to supplier relations, as these efforts contribute to the Bank's corporate objectives.

SUPPLIER COVERAGE



VIII. CONTRIBUTIONS TO OUR COMMUNITY

Mibanco believes that financial inclusion should be accompanied by additional services in order to support clients in the sustainable administration of their businesses. For this, we provide free training programs and financial education, such as the "Diploma en Microempresa" (Microenterprise Certificate Program) and the project "Fortalecimiento de la capacidad empresarial de la mujer en Perú" ("Strengthening Women Entrepreneurship in Peru"), which is carried out with the Australian Agency for International Development (AusAID), the Goldman Sachs Foundation and Thunderbird School of Global Management. Mibanco also offers micro- and small-business owners business and legal consultancy services free of charge through the programs Miconsultor and Microjusticia, initiatives that are developed with prestigious national and international institutions. - **Hugo Santa María** - Chairman of the Board of Directors (DMA)

Over the course of 2012, Mibanco launched a variety of initiatives directed towards micro- and small-enterprise owners and its extended community.

With the goal of awarding loans to micro- and small-enterprise business owners, Mibanco received a variety of loans from specialized microfinance funds, multilateral organizations, financial institutions and foreign governmental entities over the year. This capital came from the InterAmerican Investment Corporation (IIC), the Microfinance Enhancement Facility (MEF), KCD Mikrofinanz-Fonds (KCD Microfinance Fund), ResponsAbility SI-

US\$ 7,435,000 to develop its business training program

It should be emphasized that Mibanco believes financial inclusion should be accompanied by additional services in order to support clients in the sustainable administration of their businesses and obtain triple bottom line profitability.

CAV, Credit Suisse Microfinance Fund Management Company, Proparco and Banco de la Nación, among others.

The loans have a positive impact on local economies because they offer credit to markets excluded from traditional banking. Thus, they promote social inclusion, align with the Bank's mission and social commitment, and result in Mibanco's sustained leadership in the expansion of bank usage in Peru.

It should be emphasized that Mibanco believes financial inclusion should be accompanied by additional services in order to support clients in the sustainable administration of their businesses and obtain triple bottom line profitability. Thus, the Bank has training programs that often take the form of collaborative initiatives with prestigious foreign institutions.

In this context, Mibanco continues to honor its commitment to invest US\$ 7,435,000 to develop its business training program "Fortalecimiento de la capacidad empresarial de las mujeres en Perú" ("Strengthening Women Entrepreneurship in Peru"), designed to contribute to the success of the businesses of women micro- and small-business owners. This agreement, signed in 2009 by Mibanco, the Australian Agency for International Development (AusAID), the Multilateral Investment Fund of the Inter-American Development Bank (IADB), the Goldman Sachs Foundation and Thunderbird School of Global Management, has benefited more than 68,000 Peruvian women entrepreneurs nationwide as of the close of 2012.

Additionally, many of Mibanco's counterparties share its mission and principles, so financing provided by these institutions includes social and environmental clauses as requirements to award funding. These include, for example, clauses that exclude the financing of activities that harm the environment, imply the relocation of native or indigenous communities out of their usual environment, or violate human rights, among other considerations.

As in previous years, Mibanco has contributed to initiatives in the community, particularly among vulnerable populations. For this, it donated S/. 13,777 in supplies to victims of natural disasters in Iquitos, Cusco, Ambo and Haiti, and for disasters such as the fire that occurred in Villa El Salvador.

Mibanco has also contributed S/. 85,201 to activities designed to promote the development of microenterprises, such as: the Feria de la Microempresa (Microenterprise Fair) organized by Universidad del Pacífico; the Premio Mujer Rural Emprendedora (Rural Women Entrepreneur Award); the international conference "Poder, la mujer como motor del crecimiento e inclusión social" ("Power, women as a motor for growth and social inclusion"); and activities organized by the Ministro de Desarrollo e Inclusión Social (Ministry of Development and Social Inclusion or MIDIS). Mibanco supports other social and cultural development initiatives through institutions like Instituto Invertir (Invest Institute), Amigos de la Policía (Friends of the Police), and Ayudar es Vivir (To Help is to Live), among others.



Recci Taco Maquito, Business line: footwear. Branch: Ventanilla

Institution / Program	2009 S/.	2010 S/.	2011 S/.	2012 S/.
Training program for micro- and small-business owners	2,878,322	2,913,098	2,798,000	1,730,188
Community social support (Villa María del Triunfo, Nueva Esperanza, Barranca and Asociación Las Siervas de Nuestra Señora de Fátima).	20,309	17,954	58,640	-
Support for natural disaster reconstruction (Haití, Cusco, Ambo) and other disasters (Villa El Salvador fire).	-	56,105	-	-
Donation of supplies to victims of natural disasters (Iquitos).				13,777
Support for social assistance institutions and cultural events - Instituto Invertir, Charla Magistral de Muhammad Yunus, 2006 Nobel Peace Prize, Amigos de la Policía, Ayuda es Vivir, Evento Candela Fuerza y Pasión, Nuevos Héroes Peruanos.	28,769	176,572	29,232	-
National Rural Woman Entrepreneur Award, Universidad del Pacífico Microenterprise Fair, Universidad del Pacífico "Social Weekend," international conference "Poder, la mujer como motor de crecimiento e inclusión social" ("Power, women as a motor for growth and social inclusion")				85,201
Promotion and communication of social activities	-	-	3,125	-
Total	2,927,400	3,163,729	2,888,997	1,829,166

It is important to mention that interaction with different institutions has enabled the incorporation of policies to mitigate environmental and social risk in financing arrangements. These include excluded activities that affect the environment, violate human rights or involve the relocation of native or indigenous communities out of their usual environment.

Mibanco will fulfill its commitment to the community and to micro- and small-enterprise business people throughout 2013.

IX. HUMAN RIGHTS

Respect for human rights is a fundamental principal espoused in Mibanco's mission, its

institutional culture, its ongoing employee training, and the relationship between employees, clients and suppliers.

Mibanco has a clear and ethical policy on equal rights and opportunities for employees, which corresponds to national and international laws and is laid out in the institution's current regu-

lations. Mibanco also opposes all forms of discrimination and promotes equal opportunities with its regulations, such as its Reglamento Interno de Trabajo, Código de Conducta y Ética, and Procedimiento de Reclutamiento y Selección (Internal Work Regulations, Code of Conduct and Ethics, and Recruiting and Selection Procedure, respectively).

As mentioned in the "Our Employees" section, Mibanco takes care to constantly train its personnel. Out of the more than 513,000 hours of training delivered during the 2012 period, programs that directly or indirectly relate to human rights have been identified and categorized into the following three groups: human rights, social commitment, and client relations.

The latter two address the importance of human rights as an indispensable aspect of creating positive relations with our clients, employees and environment in the long term. Below are the number of training hours dedicated to virtual or onsite courses that fall within these three categories.

Number of Employees	Ene.	Feb.	Mar.	Abr.	May.	Jun.	Jul.	Ago.	Sep.	Oct.	Nov.	Dic.	Total
Human Rights	252	384	346	404	426	283	4,415	4,067	103	34	48	113	10,875
Social Commitment	-	-	-	-	-	2,926	1,112	-	-	-	-	-	4,038
Client Relations	-	273	245	148	601	2,937	1	27	2,395	246	184	139	7,196
Total													22,109

Total Hours	Ene.	Feb.	Mar.	Abr.	May.	Jun.	Jul.	Ago.	Sep.	Oct.	Nov.	Dic.	Total
Human Rights	1,512	1,444	2,076	2,424	2,556	1,698	5,175	4,652	618	204	288	678	23,325
Social Commitment	-	-	-	-	-	2,926	1,112	-	-	-	-	-	4,038
Client Relations	-	409	1,604	992	1,001	2,937	16	23	2,395	1,230	1,472	1,052	13,132
Total													40,495

In line with the above, it is important to note that, with the goal of promoting an accurate understanding of human rights and the rights of native and indigenous communities, Mibanco designed initiatives related to the topic and directed towards the employees. The virtual course "Nuestros clientes, nuestra misión: su desarrollo" ("Our clients, our mission: Their development") was created to strengthen the internalization of the mission, values, and social commitment that have informed Mibanco's institutional activity since its creation. Induction courses for new employees also incorporate basic information about respect for diversity and access to credit as a tool to overcome exclusion. Throughout 2012, there have been no documented incidents of violations of the rights of native and indigenous communities.

In terms of our suppliers, beginning in 2011, a measure was instituted by which all contracts signed between Mibanco and its suppliers and contractors include clauses that obligate them not to violate the rights of their workers and to not use child labor. It is worth noting that since 2011 the Security Area of Mibanco (responsible for coordinating supervision and monitoring of order and security for employees, clients and other visitors to the bank's headquarters and branches in collaboration with specialized companies) promotes among these companies the inclusion of training courses, discussion groups and workshops related to human rights topics for their employees.

Mibanco opposes all forms of child labor. None of its activities encourage this practice and its hiring policies (laid out in its internal regulations and belonging to the frame of national regulations on fostering employment and education and training at work, and international regulations like ILO Conventions 138 and 182) align with this precept. All employees are of legal age (18 years).

It is worth noting that in 2012 there have been no documented incidents of discrimination related to the financial services provided by Mibanco or to human rights.

Likewise, there have been no incidents of discrimination toward our employees¹⁶.

None of Mibanco's activities make use of forced or non-consensual labor, either in the main office or in its branches across the country. The company's policies comply with the Peruvian legal framework and international norms on the subject.

It must be pointed out that formal human rights evaluations are not conducted at Mibanco, because the Bank's activities do not generate significant negative impacts related to this topic.

Mibanco and its principal shareholders and investors share a sincere concern for upholding human rights. The following chart details the investment agreements that include

clauses excluding the funding of activities that jeopardize human rights or the environment and/or that imply the relocation of native or indigenous communities from their environments.

HUMAN RIGHTS CONSIDERATIONS

Contrasts Signed	Objective	Clause	Detail	Life	
				Start	End
IDB	Two tracks: (a) one to finance microbusiness activities in Peru through Milocal and Miequipo products, of which at least 75% must be loans to women or businesses owned by women in Peru, and b) two disbursements to finance working capital for microbusiness owners in Peru.	Exhibit H /Part A /Number 11.	No activities are financed if they do not comply with fundamental worker rights (especially related to forced labor and child labor).	Ago-10	May-15
FMO SENIOR	Any loan granted to a borrower under the FMO agreement shall be used by the borrower solely to expand his/her loan portfolio by granting sub-loans to his/her clients.	Excluded activities	No financing of activities that imply the relocation of indigenous peoples out of their habitual environment.	May-10	Abr-15
FMO SUBORDINATED	For any type of loans.	Excluded activities	No financing of activities that imply the relocation of indigenous peoples out of their habitual environment.	Mar-10	Mar-20
IFC	To expand Mibanco's micro, small and medium-sized business loan portfolio.	Exclusion list	No financing of production or activities that imply dangerous forced labor, exploitation or child labor, nor which compromise the land property of indigenous peoples without their written consent.	Nov-11	Nov-16
IIC	To finance eligible businesses and eligible projects.	Polluting sectors and excluded activities list	No financing of production or activities that imply dangerous forced labor, exploitation or child labor, nor which compromise the land property of indigenous peoples without their written consent.	Oct-11	Sep-16
MEF	To finance microbusiness activities in Peru through working capital loans.	Microfinance exclusion list	No financing of production or activities that imply dangerous forced labor, exploitation or child labor, nor which compromise the land property of indigenous peoples without their written consent.	Feb-12	Feb-15
PROPARCO	To finance micro- and small-business owners and low-income sectors of the population, who have limited access to traditional banking services.	Activities exclusion list	No financing of production or activities that imply forced labor, exploitation or child labor, or which compromise cultural patrimony.	Nov-12	Nov-19

IFC: International Finance Corporation
 IIC: Inter-American Investment Corporation
 MEF: Microfinance Enhancement Facility

¹⁶ Here, "incident" refers to any occurrence (complaint or claim) with evidence. In 2012, there was a complaint regarding issues of discrimination but which lacked proof. Despite this, it was resolved satisfactorily for both parties.



Eda Pelaez del Águila, Executive Advisor, and José Torres Ojanama, Senior Advisor. Branch: Tarma.

X. SOCIAL ENVIRONMENT

Mibanco's wager for success and the fulfillment of its institutional objectives cannot be disconnected from a serious commitment to the development of the environment in which it operates. The growth of the Organization is only sustainable if it results in the people's progress, the progress of Peruvian entrepreneurs.

Being a leading institution in the microfinance market constitutes Mibanco's main indicator of economic impact on the micro and small businesses. It has more than 505,000 clients with outstanding loans that guarantee the Organization's commitment to providing opportunities for progress through innovation, the creation of new products, and its presence in both urban and rural zones.

It must be noted that small and micro businesses, Mibanco's target market, contribute significantly to the dynamic Peruvian economy, which grew by 6.3% in 2012, placing it among the leaders for South America.

At the same time, it is worth emphasizing that over 117,000 clients have access to credit through solidarity groups, a system designed in light of the lack of real guarantees available to populations living in conditions of poverty and exclusion.

Corporate social responsibility implies an ethical commitment on the part of all of Mibanco's members. For this reason, both business partners and employees are evaluated to verify their ethical and moral suitability. Likewise, they agree to policies on workplace conduct and confidentiality of privileged information.

In 2012, Mibanco continued to ensure compliance with its established policies and procedures through programs designed to evaluate the activities of the business units. These programs

include analysis and investigation of risks related to corruption and internal and external fraud. The following table shows the level of coverage reached in the years 2010, 2011 and 2012.

	2010	2011	2012
Number of business units reviewed	17	85	45
Coverage	0.15	0.72	0.38
Number of Bank branches	109	117	118

Another factor on which we pride ourselves and that demonstrates our strong commitment to our social mission are the financial products that Mibanco offers, which have allowed us to reach more than five thousand clients facing language barriers (who speak languages or dialects other than Spanish as their native language).

Mibanco is in an early phase of the use of the Progress out of Poverty Index (PPI) social change indicator. The PPI is a simple-to-use tool that consists of a ten-question survey administered by business advisors, which makes it possible to calculate the probability that a person is living below the poverty line. Use of this tool began in 2011 in six branch offices across the country, and the results from that year allowed for the establishment of a baseline.

In 2012, a second study was conducted with new clients and clients who had taken the survey the previous year. This second study, conducted in the same branch offices, allowed for the identification of changes in the clients' living conditions, whether positive or negative.

In the third phase of this project, in 2013, not only a quantitative but also a in-depth qualitative study will be conducted, allowing Mibanco to identify the factors that influenced the documented changes in clients' living conditions.

No incidents or complaints of acts related to monopolistic practices or actions against free competition were reported during the year of 2012.

The SBS determined that Mibanco has a compliance rate of **86.93%**

Mibanco does not support political parties or related institutions through financial or in-kind contributions.

In 2012, there have been no documented incidents related to client communications or advertising involving a breach of legal regulations that led to an official warning. Likewise, there were also no incidents resulting from the breach of voluntary codes.

Furthermore, the Superintendencia de Banca, Seguros y AFP (Superintendence of Banking, Insurance and Pension Fund Administration Companies or SBS), the highest supervisory authority and regulator of financial institutions, conducted five verification visits to various Mibanco branches located in different regions of Peru during the first semester of 2012.

This supervisory action is intended to measure compliance with information transparency regulations and user services, oriented toward customer service offices and the level of personnel training on SBS Resolution N° 1765-2005 and SBS Circular G-146-2009. The aspects evaluated relate to the advertising of products (loans, deposits, insurance) and financial services offered through pamphlets and posters.

The SBS determined that Mibanco has a compliance rate of 86.93%, ranking fourth among 43 banking entities (Communication N° 42766-2012-SBS dated 11/12/2012). The SBS did not provide any observation related to the content of the informational pamphlets or to client communications.

Bank secrecy and the protection of personal information are also essential for Mibanco, as it seeks to strictly comply with all legal provisions in force. Therefore, client information is only provided to third parties in cases where regulations require it.

Confidentiality of information constitutes one of the principles of the Code of Conduct and Ethics and is obligatory for all employees, as stipulated in the contract (clause nine) that each person signs upon beginning to work with the Institution. This and other provisions established by the Bank's internal procedures are made known to the clients through the fifteenth clause of the loan contract.

Mibanco has the tools, security measures, and controls necessary to prevent information leakage.

Additionally, 60 cases of departures associated with potential internal fraud were reported to the Operational Risk Area, which relate to dismissals, trial periods, contract expirations and resignations. In cases of dismissal, it is important to note that in every case there was sufficient proof and evidence of serious acts or faults for which lesser sanctions would have been inappropriate.

According to the national labor laws in force, Mibanco has the authority to apply disciplinary sanctions among employees in cases of non-compliance or fault in the performance of their tasks. The sanctions will vary depending on the seriousness of the issue and can take the form

of warnings, suspensions, or, in the case of serious faults codified by law, dismissal, as long as there is sufficient reason and proof.

All employees receive continuous training on the policies and procedures in the Code of Conduct and Ethics and on national and international regulations. Training on anti-corruption, money laundering, and terrorism funding policies and procedures is generally carried out once a year. Employees who have direct contact with clients and who report to the Compliance Officer receive two trainings per year due to the nature of their functions.

The induction program for new employees also includes content related to topics such as the prevention of money laundering and terrorism funding.

XI. VALUE ADDED OF MIBANCO'S ACTIVITIES

The following table shows the value added of Mibanco's activities in economic terms, including gross wages, taxes, benefits, etc., which contribute to the country's GDP. The information is expressed in millions of nuevos soles and is compared with 2011 and 2010 data.

Valor añadido generado	2009 (S/. millions)	2010 (S/. millions)	2011 (S/. millions)	2012 (S/. millions)
1 Net Earnings	97.1	97.1	109.4	68.3
2 Taxes	45.7	43.6	42.6	28.2
3 Provisions and Amortization	27.7	30.5	27.3	26.6
4 Personnel and Board Expenses	208.7	255.7	279.2	344
Value Added Generated (1+2+3+4)	379.2	426.9	458.5	467.1

In 2012, Mibanco's total economic value added was S/.467,097,179, a substantial increase compared 2011 that can be attributed to growth in operations.

C. OUR ENVIRONMENTAL PERFORMANCE

"With the goal of awarding loans to micro- and small-enterprise business owners, Mibanco received a variety of loans from specialized microfinance funds, multilateral organizations, financial institutions and foreign governmental entities, institutions with which Mibanco shares its mission and principles. These agreements include social and environmental clauses as requirements to award funding. - **Hugo Santa María – Chairman of the Board of Directors (DMA)**

Mibanco is committed to the environment and biodiversity and complies with environmental regulations. Thus, it has not received any sanctions or fines for a breach of such regulations.

In addition, given the nature of the Institution's activities, it does not create a negative impact on local communities where its branches operate, for which reason no preventative measures have been taken in this regard.

In terms of the Company's environmental impact, an eco-efficiency plan has been implemented

to promote good habits among employees for the efficient use of resources like electricity, water, paper and the separation of recyclables and solid waste. Likewise, during 2012 actions have been taken to control water and electricity consumption, including investment in equipment to contribute to the conservation of these resources.

Item description	Investment (S/.)
Motion lights	6,023
Air conditioner timer	24,220
Automatic faucets	39,128
Water dispensers	89,840
Total estimated investment in 2012	159,211

Mibanco ha reciclado y donado un total de **2,671 kg** en papel, carbón y plástico.

Additionally, periodic messages to promote awareness are communicated using the intranet portal, publications in the institutional magazine, emails, branch indicators, etc. The bank hopes to see positive changes in its economy and in its waste management environmental performance indicators by the end of 2013.

Policies and procedures related to the assessment and protection of business lines against environmental risks are established by the Risk Division, and prohibit the financing of activities that harm the environment and/or biodiversity (exclusion list). Thus, all credit subjects must commit to:

- Store and dispose of solid waste adequately, in collaboration with the municipal government or a waste collection company.
- Reduce and/or clean up gas emissions (smoke, smells, gases and more) by implementing filters and other technical measures.
- Reduce and/or clean up wastewaters in collaboration with local companies that provide water and plumbing services.
- Protect the health of their employees with safety and hygiene equipment at work (gloves, uniforms, masks, etc.).
- Develop additional measures for environmental care and the wellbeing of the communities where the business's activities take place.

Business advisors, branch managers, regional

managers and heads of credit evaluate and control environmental risks along with business needs, while the Business Area is in charge of implementing credit procedures.

It is worth mentioning that all credit proposals are based on the correct application of the Normativa de Otorgamiento de Crédito (Regulations for Awarding Credit) and the Manual de Políticas (Policies Manual), and are evaluated and revised by a credit committee. There is a scoring system used for this analysis, which rates the proposal and suggests approval strategies. Through strict compliance with regulations, Mibanco reinforces a balance between social, environmental and economic factors that is essential for the development of the country and constitutes a door to new opportunities for growth.

I. MATERIALS

Due to the nature of Mibanco's business, it acquires goods for consumption and not for processing. Therefore, we give particular attention to the purchase of printing paper.

During 2012 we used 121,586 kg of paper (10% less than the previous year), with an annual average consumption per employee of 27.74 kg (27% less than the previous year). These favorable results were possible thanks to the implementation of awareness initiatives and measure to standardize printing processes (double-sided printing being the preferred option) and the control of paper orders in branch offices.

Year	Printing papel (kg)	Average per employee (kg)
2009	143,391	53.31
2010	139,464	39.30
2011	135,065	38.11
2012	121,586	27.74

* There were a total of 4383 employees in 2012.¹⁷

Solid waste management has been carried out with Ciudad Saludable, an institution that promotes the social and economic inclusion of microenterprise owners dedicated to recycling activities in order to guarantee responsible, sustainable waste management. During 2012, Mibanco recycled and donated a total of 2,671 kg of paper, cardboard and plastic.

In 2013, we hope to expand the program across our branches for an even greater contribution to environmental protection and the improvement of living conditions of business owners who recycle.

Product	Kg recycled
Cardboard	105
Paper	2,561
Plastic	5

Similarly, 2,561 kg of printing paper were recycled (2% of the total consumed).

Year	Printing paper consumed (kg)	Recycled printing paper Kg	% Printing paper recycled
2010	139,464	4,425	3%
2011	135,065	4,486	3%
2012	121,586	2,561	2%

*There were a total of 4383 employees in 2012.

Concurrently, Mibanco seeks to develop new environmental initiatives. One relates to the management of alkaline batteries, which are highly contaminating, polluting over 3,000 liters of water¹ and taking over 1000 years to break down. Despite being considered a type of dangerous waste – batteries are made of heavy substances like mercury, cadmium and lead, among others – batteries are not currently recycled. Thus, in 2013 the Bank plans to switch from conventional to rechargeable batteries to further environmental protection.

With these actions, Mibanco joins a variety of institutions in the effort to preserve the environment and generate awareness about the role we all play in improving the quality of life of future generations.

II. ENERGY

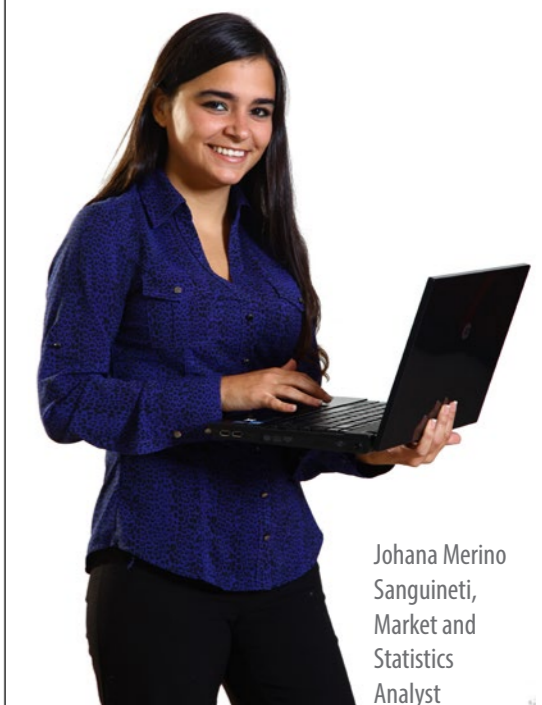
Energy plays a vital role in the development of Mibanco's activities; therefore, it seeks to implement measures to promote energy conservation, minimizing its environmental impact and reducing its expenses as much as possible. In 2012, eight new branch offices were added to Mibanco's network of branches; despite this, the Bank consumed 28,135 GJ of electricity (19% less than the previous year), equivalent to 6.44 GJ per employee² (34% less than the previous year).

¹⁷ Los indicadores de consumo de la sección Desempeño Ambiental se han calculado en base al promedio de colaboradores de Mibanco durante el período 2012, siendo esta cifra 4383

¹⁸ Estimated pollution from the use of one alkaline battery.

¹⁹ This indicator (EN4) measures the Institution's primary energy source consumption. To calculate it, consumption of electricity, heating and cooling, steam, nuclear energy, and other forms of imported energy were considered.

During 2012, Mibanco recycled and donated a total of 2,671 kg of paper, cardboard and plastic



Johana Merino Sanguinetti, Market and Statistics Analyst

Year	Electricity (GJ)	Number of employees	Electricity consumed per employee (GJ)
2009	27,954	2,715	10.30
2010	31,193	3,548	8.79
2011	34,819	3,544	9.83
2012	28,135	4,383	6.44

*Information is based on electricity bills from branches in and outside of Lima and calculated based on average consumption in GJ at branch offices and staff offices (main and business).

Furthermore, total direct fuel consumption was reduced to 19,671 GJ²⁰ (18% less than consumption in 2011). This was the result of a gradual decrease in the number of motorcycles the Bank uses, though it should be noted that additional motorcycles will be acquired in 2013 for use by advisors, which is expected to produce an increase in this figure.

year	Direct energy (GJ)	Direct energy per employee
2010	22,412	6.3
2011	24,061	6.8
2012	19,671	4.5

*There were a total of 4383 employees in 2012.

No agreement and/or product currently exists for the use of renewable energy or the incorporation of energy consumption reduction measures in Mibanco's business activities.

Over the course of 2012 and due to the importance of caring for the environment, Mibanco launched awareness initiatives as part of its "Onda Verde" ("Green Wave") campaign, in which the fo-

20 Las fuentes para la obtención del indicador de consumo directo de energía son la energía primaria directa adquirida más la energía primaria directa producida.

- Para la energía primaria directa adquirida:
- Fuentes de energía no renovables tales como: Carbón, Gas natural y combustibles destilados.
- Fuentes de energía renovables: biocombustibles, etanol e hidrogeno
- Para la energía primaria directa producida:
- Es la cantidad de energía primaria obtenida por la organización por medio de la producción, extracción, recolección o conversión.

En Mibanco, para obtener el indicador de consumo directo de energía, solo se considera como fuente de energía la que proviene de combustibles (gasolina)



llowing announcement was disseminated:

Energy consumption has a large impact on Mibanco's expenses, representing 34% of its maintenance budget. Thus, one of the Bank's goals year after year is to use this resource as efficiently as possible.

The reduction in energy consumption per employee in 2012 was due to the following actions:

- Conventional lighting was replaced with LED lighting in the bathrooms and general management area of the Business headquarters.
- The hours during which illuminated signs are turned on was reduced at offices na-

tionwide. The current schedule is from 6:30 p.m. to 9:30 p.m.

- Timers were installed for the air conditioners in Lima offices.

In 2013 Mibanco plans to continue with its efforts to conserve electricity through the ins-

tallation of devices to measure consumption on each floor of the main office, the evaluation of new lighting alternatives and the control of monthly consumption levels at branch offices.

Furthermore, Mibanco will continue with the Onda Verde campaign, promoting the participa-

tion of all its employees in environmental protection activities and the efficient use of resources.

III. WATER

Water conservation is very important to Mibanco. As the efficient use of this resource is considered fundamental, a variety of measures have been adopted to achieve it.

Withdrawal information	2012	2011	2010	2009
Consumption through conventional distribution channels (public supply service)	64,390	64,393	55,796	43,438
Water consumption per employee (m3/employee)	14.69	18.17	15.73	16.00
Water consumption per employee per day (liters)*	57	70	60	62
Variation in water consumption	-19%	16%	-2%	n.d

*Based on 260 working days per year.

In 2012, 64,390 m3 of water were consumed, and average consumption per employee was 14.7 m3 (19% less than the previous year). Taking this into account, the Bank implemented a series of actions to increase responsible water use and achieve maximum efficiency in consumption, including the following:

- Water dispensers were installed at the headquarters and all branches in and outside of Lima.
- Automatic faucets were installed at all Lima offices.

Furthermore, the Bank disseminated the following announcement to promote awareness:



In 2013 Mibanco foresees installing automatic faucets at branches outside of Lima and taking other conservation actions at its offices across the country.

The water Mibanco uses comes from a public supply, and therefore does not generate an impact on water sources. Mibanco does not use recycled or reused water at its headquarters or at any of its 118 branch offices.

IV. GREENHOUSE GAS EMISSIONS

Mibanco is aware of the environmental problems associated with the emission of greenhouse gases. The consequences are evident from the climate change we are experiencing worldwide.

Mibanco requires consistent, responsible behavior from its suppliers

To address this issue, measures were taken to reduce levels of CO₂ emissions during 2012. The Bank achieved emissions levels of 2,248 tons of CO₂ from the use of trucks, motor-

cycles, and airplane trips for business operations and 2,111 tons of CO₂ from electric energy consumption.

GREENHOUSE GAS EMISSIONS (TONS OF CO₂)

Detail	2010	2011	2012
CO ₂ emissions from electricity consumption (indirect)	2,339	2,611	2,111
CO ₂ emissions from fuel consumption (direct)	Trucks	10	8
	Motorcycles	1,634	1,484
CO ₂ emissions from air travel (indirect)	924	772	793
Total CO₂ Emissions	4,907	4,876	4,359

*The CEROC₂ tool (conversion page) was used for the calculations associated with this indicator.

Two main projects were carried out in 2013 to achieve a reduction in CO₂ emissions:

- The installation of video conference rooms: with the goal of reducing transportation time (land and air) and optimizing the use of employee time, we will invest in six video conference rooms in branches in Miraflores, Cusco, Huancayo, Hermelinda, Moshoqueque, Castilla and in our headquarters.
- The acquisition of a new fleet of motorcycles that will allow us to renovate the old one and have more reliable transportation, which contributes to being able to carry out new commercial strategies and to increased productivity among advisors, heads of credit, and collections personnel.

V. SUPPLIER MANAGEMENT

Due to procurement policies oriented towards buying in bulk, in 2012 the number of Mibanco suppliers (those billing over S/. 100,000 annually) decreased to 2,647, a 26% reduction from the previous year. With these policies, the Bank seeks to generate savings and establish long-term relationships with suppliers who provide services and products according to operating, technical and economic requirements. This applies to each of the Bank's acquisition processes, including both tendering processes and special requirements.

It is worth mentioning that in all procurement processes Mibanco requires consistent, responsible behavior from its suppliers. Procedure N° 273, "Evaluación, Registro y Mantenimiento de Proveedores" ("Provider Evaluation, Registration and Maintenance") establishes that the Organization will preferentially procure services and/or products from businesses and organizations that demonstrably comply with the principles of best corporate governance and/or social responsibility practices.

In this context, Mibanco carried out the following actions in 2012:

- It incentivized the use of electronic auctions for acquisition processes, within the framework of its corporate and social responsibility principles and with a clear focus on transparency. By doing so it aims to access the best suppliers and ensure the best prices in the market, the availability of products, the lowest possible purchase process costs, the elimination of intermediaries, and maximum efficiency in the use of resources, among other benefits. In this context, 51 electronic auctions were carried out in 2012, and 15 price estimates were obtained over an electronic platform for acquiring goods and services.
- It encouraged payment by account transfer. Here, it should be noted that due to a change in the system used throughout the Bank (ERP), the issuance of checks increased during the first months of the year, rising 3% in respect to the previous year.

	2010	2011	2012	Variation (%)
Checks Issued	5,010	4,070	4,212	3%

- A process for the official approval of suppliers was implemented with the goal of maintaining an updated record. Factors for evaluation include financial, commercial, social responsibility, and environmental policies information, among others. During 2012, 137 of the Bank's critical suppliers were officially approved.
- Procurement processes were optimized and proposals for improvement were implemented among new suppliers of Mibanco's main support services, such as dispatch and messaging, telephone switchboard, storage, general transportation, maintenance and infrastructure, among others. This enables the Bank to maintain competitive service according to its requirements.

In 2013, a major guideline for renovating contracts for general transportation services and vehicle purchases is being considered that would require all units to have a sound ecological performance. This and other actions will be developed over the course of 2013 to contribute to the achievement of institutional objectives. This and other actions will be carried out over the course of 2013 to pursue Mibanco's institutional objectives.

Wilson Mendoza Aranzamendi, Senior Executive Advisor. Branch: Pinto I
Celso Mamani Condori, Business line: sale of vegetables and tubers



Experience
and History

6

We work with over 24 businesses.

A. OUR SHAREHOLDERS



Grupo ACP is a not-for-profit organization and Mibanco's majority shareholder, with more than 44 years of experience promoting entrepreneurs and owners of micro and small businesses.

Grupo ACP is a Latin American corporation headquartered in Peru. It pursues a social mission and operates with business efficiency, and defines poverty as a set of exclusions. The Grupo has created a specialized company to face each kind of exclusion through the offer of a specific microfinance tool: micro-insurance, education and training, communication, dignified housing, technology and markets. Together these instruments make up an essential toolkit for the development of those who are at the base of the socio-economic pyramid. For this purpose, Grupo ACP has created a platform of 24 companies in 10 Latin American countries: Argentina, Bolivia, Brazil, Ecuador, El Salvador, Guatemala, Mexico, Paraguay, Peru and Uruguay. Each one of these companies aims at a triple social, environmental and financial bottom line.



A company that carries out securities trading activities and invests in other companies.

MICROFINANCE



A leading microfinance bank whose mission is to provide opportunities for progress and access to the financial system with a social commitment. Today it has more than 750,000 clients and over 115 branches nationwide. Mibanco is exceptional for its rapid growth and exemplary work in the expansion of bank usage in the country, especially in rural areas and peripheral urban areas.



Forjadores provides loans to micro- and small-business owners and entrepreneurs, and mainly makes community and group loans. It is headquartered in Mexico City and has offices in numerous Mexican cities. Forjadores is authorized to become a multibank holding company / universal bank / full-service financial firm. una institución de banca múltiple.



Microfin provides financial services and loans to Uruguayan micro- and small-business owners and entrepreneurs to help them meet their needs, and thereby contributes to mainstreaming excluded segments into the formal financial system.



An institution that is a pioneer and leader in the Argentine microfinance market, whose mission is to generate and strengthen credit relationships with working people to grow together through productive housing and multi-purpose lending.



A financial company owned and supervised by the Superintendencia de Bancos y Seguros del Ecuador (Superintendence of Banks and Insurance of Ecuador) that has been operating for over 18 years and is present in the cities of Ambato, Quito and Latacunga. It is the leading financial institution in the central region of Ecuador.

ALLIANCES



The most important civil organization in Northeastern Brazil, CEAPE MARANHÃO is devoted to including people traditionally excluded from conventional credit sources in the financial system and to promoting the socioeconomic development of microenterprises. It has more than 26,000 active clients and has awarded over US\$ 350 million in loans to over 430,000 businesses.

SHAREHOLDING



A specialized microfinance institution that in 1992 became the first commercial bank in the world to focus on the lower socioeconomic segments of society. Today its loan portfolio is equal to approximately 3% of the Bolivian GDP and it offers a wide array of products and services, always aimed at its segment.



A savings and loan company regulated by the Superintendencia del Sistema Financiero and the Instituto de Garantía de Depósitos (Superintendence of the Financial System and Institute of Deposit Guarantees, respectively). This company is a leader in the microfinance market in El Salvador, with over 35,000 clients, 29 branches, and more than 200 payment points.



A company specialized in microfinance and dedicated to the sustainable development of its clients. It offers quality financial products and agile, customized and timely service to clients in urban and rural areas.



A leading financial entity that is internationally recognized for its work in rural and agricultural microfinance. Established 36 years ago, it is the oldest entity in the Paraguayan financial system with 25 years of experience in micro lending, which accounts for 70% of its total portfolio. It is the financial entity with the most service centers in the country, with 53 branches and 250 licensed agents covering more than two hundred localities and serving over 105,000 clients.

MICROINSURANCE



A company that offers life insurance, general insurance, and reinsurance, largely to micro- and small-business owners, entrepreneurs and their families through the design and implementation of simple, easily accessible policies. Protecta began operating in February 2008 and currently has over 1,800,000 active insurance policies nationwide. It has been awarded "A" and "A-" financial strength ratings with positive outlooks by PCR and Class & Associates, respectively.



This insurance brokerage company is a leader in micro insurance and insurance consultancy

and offers both mass-level and general business plans. Its years of experience and its negotiation capacity guarantee competitive rates and premiums for its clients.

EDUCATION AND TRAINING



A company that specializes in giving entrepreneurs and micro business owners access to information. In initiatives it develops on its own and with other organizations, Aprenda designs and carries out business development projects that promote entrepreneurialism, strengthen microenterprises and contribute to value chain development in order to improve the quality of life of entrepreneurs and micro business owners.

COMMUNICATIONS



A company that designs and executes relationship and positioning strategies with micro and small businesses and entrepreneurs in Peru and Latin America through the production of contents for the mass media (TV and radio programs and publications) and the creation of spaces for direct interaction through which to promote a culture of entrepreneurial success.

HOUSING AND INFRASTRUCTURE



Vivencia is a real estate and infrastructure development company dedicated to water and sanitation, electrification and dignified housing projects for micro- and small-business owners, entrepreneurs and their families.

SHAREHOLDING



Panecons manufactures and sells panels for concrete walls, prepared under the Italian M2 system. These panels are used for roofs, walls, staircases and partitions for general construction. The system is very flexible and its sturdy panels produce safe, comfortable and affordable constructions.

MARKETS



Tiggres provides comprehensive web-based e-commerce solutions for micro- and small-business entrepreneurs. Tiggres's platform lets

companies sell their products on the Internet, reaching millions of potential buyers all over Peru. It features several payment plans for buyers and logistics solutions for companies.

CONSUMPTION

SHAREHOLDING



A company specialized in the retail and financing of household appliances, electronics and personal transportation that helps to improve the quality of life of low income families in Paraguay.

CORPORATE SERVICES



This relational marketing company has five primary functions: portfolio generation, customer service, promotion, sales and collections. It operates mainly through a cutting-edge call center and has specialized personnel, both domestic and foreign.



The first company specialized in supplying collection management support services through field visits and telephone calls for

financing institutions that target micro and small businesses.



The Centro de Servicios Compartidos (Shared Services Center) is responsible for supplying Grupo ACP companies with consistent, standardized information technology, process engineering, accounting, personnel recruitment and administration, social well-being, procurement, and general administration services. It is the strategic technological hub and back office for developing and expanding the operations of Grupo ACP companies.



This entity is charged with developing new projects for Grupo ACP. It invites investors to start creative alliances to promote the progress of micro- and small-enterprise owners and entrepreneurs and identifies new investment opportunities.



A company dedicated to administering private investment funds for entities that support micro and small enterprises. It also provides consulting, technical assistance, and administration services, among others, to its target investment sectors.

(*) FIS Empresa Social S.A.

(**) Acción Comunitaria del Perú

ACCION INTERNATIONAL (ACCION) (USA)

ACCION International is a not-for-profit organization dedicated to building a financially inclusive world by giving people the financial tools necessary to improve their quality of life. A global pioneer in microfinance, ACCION International was founded in 1961 as a community development organization and awarded its first microloan in Brazil in 1973.

Since its inception, ACCION has helped form 63 microfinance institutions in 31 countries across Africa, Asia, Latin America and the United States, who now serve millions of clients. Acción's U.S. Network is the largest microfinance network in the United States and has provided loans and training to hundreds of thousands of clients.

ACCION promotes the development of microfinance institutions with the potential to be sustainable and profitable. Through a model that combines management services and technical assistance with investment and corporate governance, ACCION helps microfinance institutions become independent of donor funding and capable of attracting deposits and achieving financial stability. Likewise, ACCION is expanding the borders of financial inclusion beyond financial institutions through technological investment and support and innovative, sustainable business models aimed at expanding financial services and financial inclusion for people at the bottom of the economic pyramid. Finally, ACCION provides leadership in the microfinance industry through the Center for Financial Inclusion, the "Smart Campaign" for customer protection, seminars, workshops, and publications.

ACCION is proud of its pioneering role in creating an industry that is now considered a global phenomenon. However, ACCION is aware its work is not over, and it continues striving to use its more than 50 years of experience to create an inclusive financial world. For more information, please visit www.accion.org

LA POSITIVA SEGUROS Y REASEGUROS S.A. (PERU)

Founded in 1937, La Positiva has over 75 years of experience in the market. It is dedicated to general insurance activities and protects more than four million insured persons nationwide. It has applied a variety of strategies over its years of operation and has investments in different South American countries, making it one of the principal and most distinguished Peruvian insurance companies.

LA POSITIVA VIDA SEGUROS Y REASEGUROS S.A. (PERU)

A subsidiary of La Positiva Seguros y Reaseguros, this company provides life insurance with a focus on retirement insurance. It has grown significantly in the seven years since it was established, well above the average for the insurance market in Peru, and has acquired a noteworthy market share. Today, its professional management and commitment to high-quality service earn the trust of more clients everyday, reinforcing its commitment to its thousands of insured customers.

TRANSACCIONES FINANCIERAS S.A. (PERU)

This subsidiary of La Positiva Vida Seguros y Reaseguros was founded in the year 2000 and is dedicated to real estate and securities investing.

TRANSACCIONES ESPECIALES S.A. (PERÚ)

This company, founded in 1993, was the vehicle for La Positiva Seguros's shareholding in Profuturo AFP from inception until 2010. Today, this Grupo Asegurador La Positiva company is dedicated to all types of real estate and securities trading.

TRIODOS-DOEN / HIVOS-TRIODOS FONDOS / TRIODOS FAIR SHARE FUND / TRIODOS SICAV II – TRIODOS MICROFINANCE FUND

Triodos Investment Management manages the four Triodos microfinance funds Triodos-Doen, Hivos-Triodos Fondos, Triodos Fair Share Fund and Triodos Sicav II – Triodos Microfinance Fund. As a shareholder of microfinance companies, its funds have a three-dimensional approach that seeks a sustainable balance between people, the planet and commercial benefits. The objective of these funds is to establish long-term relationships based on transparency, equity, and a mutual commitment to improving lives and taking care of our planet.

The four Triodos microfinance funds operate in 45 countries, hold stock in 18 leading microfinance banks other than Mibanco, and grant funding to 99 microfinance entities worldwide. At the end of 2012, Triodos Investment Management held a total of € 450 million in microfinance assets.

Triodos Investment Management is part of Triodos Bank, an independent bank with branches in the Netherlands, Belgium, the United Kingdom, Spain and Germany that only funds companies and initiatives that, besides being

profitable, improve people's quality of life and respect nature. (www.triodos.com)

INTERNATIONAL FINANCE CORPORATION (IFC)

The International Finance Corporation (IFC), a member of the World Bank, is the largest global development institution dedicated exclusively to the private sector in developing countries. It creates opportunities for people to escape poverty and improve their living conditions. To do so, it helps countries achieve sustainable growth by financing investments, supplying advisory services to companies and governments, and mobilizing capital in international financial markets.

The IFC's three lines of activity (investment, advisory and asset-management services) are mutually complementary and allow for the global transfer of technical knowledge among clients in more than 100 developing countries.

Its three lines of activity also allow it to mobilize resources from its many partners, broadening its capital group and available knowledge to improve quality of life in developing countries. As a result, low-income families have better access to schools and hospitals, residents of remote villages access basic services like water and energy sources, and small farmers enhance their capacity to sell their produce and profit from global supply chains.

Sustainable development promotion depends more than ever on alliances and innovation, as well as on the ability to mobilize resources in a variety of settings. The IFC plays a fundamental role in helping the private sector rise to these challenges. Its investments and advisory services target projects that create jobs and help mitigate climate change, increase food and

health service accessibility, give communities access to potable water, promote city sustainability and improve conditions in conflict-plagued areas.

During the 2012 fiscal year, the IFC supported its clients in generating employment, strengthening environmental performance and contributing to their communities. At the global level, it invested approximately \$20.4 billion, including \$15.5 million of its own capital that went to 576 projects. \$6 billion went to projects in countries that receive support from the International Development Association and are among the neediest in the world. It mobilized an additional US\$ 5 billion for private-sector support in developing countries.

Most of the IFC's commitments are in Latin America and the Caribbean (23.8% in the 2012 fiscal period), and include more than US\$ 3.7 billion of its own resources for new private-sector projects. The IFC has 85 active projects in its advisory services portfolio, and is a long-term partner that uses its investment products and advisory services to accelerate sustainable development, thereby broadening access to financing, promoting infrastructure development, and helping the private sector to generate productive jobs and provide essential services to unserved segments of the population.

ACCION INVESTMENTS IN MICRO-FINANCE, SPC (RECENTLY ACQUIRED BY BAMBOO FINANCIAL INCLUSION FUND)

An investment company dedicated to reducing world poverty through microfinance, sponsored by Bamboo Financial Inclusion Fund, S.C.A., SICAV-SIF (formerly BlueOrchard

Private Equity Fund, S.C.A., SICAV-SIF). ACCION Investments invests in regulated microfinance institutions that meet strict operations, administration and financial strength efficiency requirements.

Its main shareholders are:

- Bamboo Financial Inclusion Fund, S.C.A., SICAV-SIF, Luxemburg (formerly BlueOrchard Private Equity Fund, S.C.A., SICAV-SIF)
- ResponsAbility SICAV (Lux) – Luxemburg
- ResponsAbility Global Microfinance Fund – Luxemburg
- ResponsAbility BOP Investments – Luxemburg

B. OUR MANAGERS

CARLOS MORANTE ORMEÑO

With Mibanco since April 2012

- General Manager of Mibanco, Lima, Peru
- Vice President of Retail Distribution and Sales Force at Banco de Crédito del Perú, Lima, Peru
- Directing Manager of Regional Retail Distribution at Banco de Crédito del Perú, Lima, Peru
- Directing Manager of Small and Medium Enterprises at Banco de Crédito del Perú, Lima, Peru
- Former Directing Manager of Banca Privada, Credicorp, Banco de Crédito del Perú and Atlantic Security Bank, Lima, Peru
- Associate of the Asset Management Division of Credicorp and Atlantic Security Bank, Lima, Peru
- Advisor to the management of the Departamento de Sistemas y Organización (Department of Systems and Organization) of the Banco de Crédito del Perú, Lima, Peru

- Advisor to the management of the Departamento de Personal y Organización (Department of Personnel and Organization) at IBM Perú, Lima, Peru

EDUCATION

- B.A. in Industrial Engineering – Pontificia Universidad Católica del Perú, Lima, Peru
- Masters in Business Administration with a concentration in Finance – The Wharton School, University of Pennsylvania, U.S.A.

JOSÉ CASTILLO DEZA

With Mibanco until May 2012

- General Manager (a.i.) of Mibanco, Lima, Peru
- Manager of the Finance and Management Control Division of Mibanco, Lima, Peru
- Former Manager of Special Projects at Banco Wiese Sudameris, Lima, Peru
- Former Manager - Accountant General of Banco Wiese Limitado, Lima, Peru
- Former Deputy General Manager of Contabilidad Financiera y Tributaria (Financial and Tax Accounting) of Banco Wiese Limitado, Lima, Peru

EDUCATION

- Certified Public Accountant – Universidad Ricardo Palma, Lima, Peru
- The CEO's Management Program – Kellogg School of Management, Chicago, U.S.A.
- Programa Avanzado de Dirección de Empresas (Advanced Business Management Program with a focus in Finance) – ESAN, Lima, Peru
- Programa de Desarrollo Directivo (Management Development Program or PDD) – Universidad de Piura, Lima, Peru
- The CFO's Executive Program – The University of Chicago Booth School of Business, U.S.A.

FERNANDO BALBUENA FAVARATO

With Mibanco since April 2004.

- Manager of the Marketing Division of Mibanco, Lima, Peru
- Former Manager of the Personal Banking and Marketing Division at Banco Sudamericano, Lima, Peru
- Assistant Manager of Distribution and Sales at Banco de Crédito BCP, Lima, Peru
- Assistant Manager of Economic Analysis at Credibolsa, Sociedad Agente de Bolsa, Lima, Peru
- Operating Manager of Finance and Administration at Fondo de Compensación y Desarrollo Social (FONCODES), Lima, Peru

EDUCATION

- B.A. in Economics – Universidad del Pacífico, Lima, Peru
- Masters in Economics and Business Administration – IESE, Barcelona, Spain

ADRIANA RUTH CHÁVEZ BELLIDO

With Mibanco since November 2012

- Manager of the Controlling and Finance Division of Mibanco, Lima, Peru
- Former Chief Financial Officer of Banco HSBC, Lima, Peru
- Former Finance Manager of Bank Boston's Peru branch, Lima, Peru
- Creator of the Treasury Area Back Office at Banco de Progreso (a bank that obtains capital from local markets), Lima, Peru
- Former Treasury Analyst, in charge of coordination and estimation of capital inflows from abroad, at Citibank's Peru branch, Lima, Peru

EDUCATION

- Masters in Business Administration with a concentration in Finance – ESAN, Lima, Peru
- B.A. in Accounting – Universidad del Pacífico, Lima, Peru

fico, Lima, Peru

- B.A. in Business Administration, graduated 5th in her class – Universidad del Pacífico, Lima, Peru

ANTONIO DI PAOLA LAMAS

With Mibanco since September 2012

- Manager of the Commercial Division of Mibanco
- Former Manager of Support Services at Maestro Perú S.A. Lima, Peru
- Former Manager of the Centro de Financiamiento Automotriz (Automotive Finance Center) at Banco de Crédito BCP, Lima, Peru
- Former Manager of the Área de Efectividad Comercial (Commercial Effectiveness Area) of Banco de Crédito BCP, Lima, Peru
- Former Manager of the Área de Bancaseguros (Banking Insurance Area) of Banco de Crédito BCP, Lima, Peru
- Former Manager of Retail Business at Pacífico Peruano Suiza, Compañía de Seguros y Reaseguros S.A., Lima, Peru
- Former Manager of Catastrophes at Pacífico Peruano Suiza, Compañía de Seguros y Reaseguros S.A., Lima, Peru
- Former Corporate Finance Manager of Financiera Cordillera S.A., Lima, Peru
- Former Manager of the Capital Market Division at Banco de Crédito de Bolivia S.A., La Paz, Bolivia
- Participant in Global Relationship Banking at Citibank AG, Frankfurt am Main, Germany
- Former Systems Coordinator of the Real Estate Investment Fund at Deutsche Beamtensvorsorge Immobilienholding AG Munich, Germany
- Former Senior Consultant of Compandina S.A. Consultores de Empresas, Lima, Peru

EDUCATION

- B.S. in Industrial Engineering – Pontificia Universidad Católica del Perú, Lima, Peru
- International MBA with a concentration in Finance – Instituto de Empresa, Madrid, Spain

MIGUEL GONZALES VARGAS

With Mibanco until September 2012

- Manager of the Micro- and Small-Enterprise Business Division at Mibanco, Lima, Peru
- Former Microenterprise Manager of Mibanco, Lima, Peru
- Former Head of Business Management at Mibanco, Lima, Peru
- Former Regional Head of Business at Mibanco, Lima, Peru

EDUCATION

- B.A. in Business Administration – Universidad Nacional Mayor de San Marcos, Lima, Peru
- Masters in Business Administration – Universidad de Piura, Piura, Peru
- Programa de Habilidades (Skills Program) – Universidad de Monterrey, Mexico
- Specialization in Marketing and Business – Kellogg School of Management, Chicago, U.S.A.

ROBERTO GONZALES PERALTA

With Mibanco since June 2008

- Manager of the Operations and Processes of Mibanco, Lima, Peru
- Former Chief of Channels and Processes Planning (Marketing Division) at Banco de Crédito BCP, Lima, Peru
- Former Regional Head of Service Channels (Service Banking Division) of Banco de Crédito BCP, Lima, Peru
- Former Chief of Continuous Improvement (Quality Area) at Banco de Crédito BCP, Lima, Peru

EDUCATION:

- B.A. in Business Administration – Universidad de Piura, Piura, Peru
- Masters in Business Administration – Universidad de Piura, Piura, Peru
- Graduate studies in Banking and Financial Businesses – ESAN, Lima, Peru

LEONEL HENRÍQUEZ CARTAGENA

With Mibanco since January 2009

- Manager of the Risk Administration and Follow-up Area of Mibanco, Lima, Peru
- Former Executive Vice President of Risk at Interbank, Lima, Peru
- Former Commercial Executive Vice President of Interbank, Lima, Peru
- Former Commercial Risk Corporate Manager (Chile, Argentina and Venezuela), Corp. Group Interhold Chile S.A., Santiago, Chile
- Former Risk Manager of Banco Santander, Lima, Peru
- Former Manager of Financial and Subsidiary Risk at Banco Santander Chile, Santiago, Chile
- Former Assistant Manager of the Risk Department for the Southern Cone Area (Brazil, Argentina and Uruguay) at Banco Santander Chile, Santiago, Chile

EDUCATION

- B.S. in Economic and Administrative Sciences – Universidad de Chile, Santiago, Chile
- Commercial Engineering – Universidad de Chile, Santiago, Chile
- Audit and Accounting – Universidad de Chile, Santiago, Chile

MÓNICA MARÍA ORTIZ ARTOLA

With Mibanco since June 2012

- Manager of the Human Resources Divi-

sion of Mibanco

- Former Director of Customer Service at Telefónica Móviles S.A., Lima, Peru
- Former Director of Customer Service Management at Telefónica Móviles S.A., Lima, Peru
- Former Commercial Director of Telefónica Móviles S.A., Lima, Peru
- Former Director of Marketing at Telefónica Móviles S.A., Lima, Peru
- Former Manager of Marketing at Telefónica Móviles S.A., Lima, Peru
- Former Assistant Manager of Marketing at Citibank's Peru branch, Lima, Peru

EDUCATION

- Team Coaching Certification ICC
- International Coaching Certification ICC
- B.A. in Communication Sciences - Universidad de Lima, Lima, Peru

CAROLINA BENAVIDES PIAGGIO

With Mibanco since September 2010

- Manager of the Social Assets Division of Mibanco, Lima, Peru
- Columnist for the editorial page of the newspaper "El Comercio," Lima, Peru
- Former Executive Director of Nexos Voluntarios and NeVo Consultores, Lima, Peru
- Former Coordinator of the Harvard Program in Refugee Trauma, Cambridge, U.S.A.
- Former Head of Research for the Televisión Nacional del Perú (Peruvian National Television) program "Facetas" and for the Presidency of the Republic, Lima, Peru
- Former head of the Psychology and Social Research Department at "Wayna Warmi," Laboratorio Merck, Lima, Peru
- Coordinator of Mentor Service for Disabled Refugee Students at Westminster Kingsway College, London, England

EDUCATION

- B.S. in Clinical Psychology – Universidad Femenina del Sagrado Corazón, Lima, Peru
- Masters in Psychoanalytic Theory – University College of London, London, England

LUZ MARÍA BOZA LLOSA

With Mibanco since December 2009

- Risk Manager of Mibanco, Lima, Peru
- Risk Administration and Follow-up Area Manager of Mibanco, Lima, Peru
- Former Manager of the División de Gestión y Seguimiento de Banca Personal y Pequeña Empresa (Personal and Small Enterprise Banking Management and Follow-up Division) at Interbank, Lima, Peru
- Former Business Products and Services Manager of Interbank, Lima, Peru
- Former Senior Executive of Corporate Banking at Interbank, Lima, Peru

EDUCATION

- B.A. in Business Administration – Universidad del Pacífico, Lima, Peru
- Masters in Business Administration – INCAE Business School, Costa Rica

ANA BRUCKMANN CORVERA

With Mibanco since May 1998

- Manager of the Microenterprise Banking Area of Mibanco, Lima, Peru
- Former Regional Head of Business at Mibanco, Lima, Peru
- Former Branch Administrator of Mibanco, Lima, Peru
- Former Assistant Branch Administrator of Mibanco, Lima, Peru
- Former Business Advisor of Mibanco, Lima, Peru

EDUCATION

- B.S. in Economics – Universidad Ricardo Palma, Lima, Peru
- Masters in Institutional Microfinance Management – Universidad del Pacífico, Lima, Peru
- PIAD Microfinanzas (International Program for Executive Management in Microfinance) – ESAN, Lima, Peru

ROSSANA CHASSELOUP LÓPEZ

With Mibanco since September 2009

- Manager of the Legal Advisory and General Secretariat Areas of Mibanco, Lima, Peru
- Former Legal Advisor at Banco Financiero del Perú, Lima, Peru
- Former Assistant Manager of Legal Advisory at Banco Wiese Sudameris, Lima, Peru
- Former Legal Consultant at the Oficina de Deuda Externa del Ministerio de Economía y Finanzas (Office of External Debt of the Ministry of Economics and Finance), Lima, Peru
- Legal Advisor to the Corporación Financiera de Desarrollo S.A. (COFIDE), Lima, Peru

EDUCATION

- B.A. in Law – Universidad de San Martín de Porres, Lima, Peru
- Masters in Civil Law – Pontificia Universidad Católica del Perú, Lima, Peru
- Programa Internacional de Alta Dirección XVI Edición (International Program for Executive Management Edition XVI), first edition in Lima, Peru – Centro de Educación Ejecutiva de la Universidad Adolfo Ibáñez, Lima, Peru

ANTONIO CHUMACERO SÁNCHEZ

With Mibanco since January 2010

- Manager of Risk Administration and Fo-

llow-up at Mibanco, Lima, Peru

- Former Head of Follow-up and Risk Models at Mibanco, Lima, Peru
- Former Assistant Manager of Personal Banking Administration and Follow-up at Interbank, Lima, Peru
- Former Head of Personal Banking Administration and Follow-up at Interbank, Lima, Peru
- Former Head of Credit Risk at Banco Ripley, Lima, Peru
- Former Credit Risk Analyst at Banco Ripley, Lima, Peru
- Former Customer Service Management Analyst at Telefónica del Perú, Lima, Peru
- Former Assistant of Projects and Quality Assurance in Packaging Industries at Corporación Backus, Lima, Peru

EDUCATION

- Industrial Engineering – Pontificia Universidad Católica del Perú, Lima, Peru
- Masters in Corporate Finance – ESAN, Lima, Peru

ZENOBIA CÓRDOVA PAZ

With Mibanco since May 2009

- Manager of the Innovation Area at Mibanco, Lima, Peru
- Experience in product development, quality, business intelligence, capital markets and planning in the financial sector
- Former Head of Quality and Service at Mibanco, Lima, Peru
- Former Head of Business Intelligence and Direct Marketing at CrediScotia, Lima, Peru
- Former Head of Quality at BanBif, Lima, Peru
- Former Product Development Official at Banco Nuevo Mundo, Lima, Peru

EDUCATION

- B.A. in Business Administration – Universidad de Piura, Piura, Peru
- Executive MBA ISEAD Business School – Madrid, Spain

JOSÉ JULIO DELGADO CONTRERAS

With Mibanco since January 2003

- Manager of the Recoveries Area at Mibanco, Lima, Peru
- Manager of the Risk Area at Mibanco, Lima, Peru
- Former Assistant Manager of Risk at Banco Santander Central Hispano, Lima, Peru
- Former Senior Risk Auditor at Banco Santander Central Hispano, Lima, Peru
- Former Head of Credit Auditing at Créditos de Bancosur, Lima, Peru
- Former Senior Credit Auditor at Banco de Crédito BCP, Lima, Peru
- Former Credit Analyst at Banco Popular del Perú, Lima, Peru

EDUCATION

- Certified Public Accountant – Universidad Ricardo Palma, Lima, Peru
- Specialization in Financial Auditing – Colegio de Contadores Públicos de Lima, Lima, Peru
- Executive MBA, Masters in Business Administration – Universidad San Ignacio de Loyola, Lima, Peru

EDUARDO FRANCO ÁGUILA

With Mibanco since February 2003

- Manager of the Operations Area at Mibanco, Lima, Peru
- Former Assistant Manager of Operations at Solución Financiera de Crédito del Perú, Lima, Peru
- Former Head of Operations at the San Isidro branch of Banco de Crédito BCP, Lima,

Peru

EDUCATION

- Economics – Universidad Ricardo Palma, Lima, Peru
- Masters in Business Administration – Universidad Ricardo Palma, Lima, Peru
- Diplomado de Liderazgo (Leadership Certificate Program) in progress – UPC, Lima, Peru

MARÍA DEL PILAR MARTÍNEZ RUBIO

With Mibanco since December 2000

- Accountant General at Mibanco, Lima, Peru
- Former Head of Expense Control for the Accounting Department at Caja Metropolitana, Lima, Peru and responsible for implementing Superintendencia de Banca y Seguros (Superintendence of Banking, Insurance and Pension Fund Administration Companies) Accounting Manual procedures
- Former Head of the Financial Statements and Statistics Section of the Accounting Department at Banco de Comercio, Lima, Peru

EDUCATION

- Certified Public Accountant – Universidad Inca Garcilaso de la Vega, Lima, Peru
- Masters in Management of Microfinance Institutions – Universidad del Pacífico, Lima, Peru

JUAN MANUEL EVAN MORGAN OCHOA

With Mibanco since December 2011

- Territorial Administration Business Manager at Mibanco, Lima, Peru
- Former General Manager of the company CCQ S.A.C., Lima, Peru

- Former South-Central Regional Manager at Interbank, Lima, Peru
- Former Plaza de Cusco and Apurímac Manager at Interbank, Cusco, Peru
- Former Corporate Banking Business Executive at Interbank, Lima, Peru
- Former Lima Corporate Banking Risk Analyst at Interbank, Lima, Peru
- Former Commercial Banking Official for Business Banking at Interbank, Lima, Peru

EDUCATION

- Masters in Business Administration – Universidad del Pacífico, Lima, Peru
- B.A. in Business Administration – Universidad Nacional San Agustín, Arequipa, Peru
- Diploma Dirección Estratégica de Banca y Finanzas (Strategic Management in Banking and Finance Certificate Program) – Universidad del Pacífico, Lima, Peru
- Graduate studies in Formation of Investment Projects – Universidad Nacional San Agustín, Arequipa, Peru

GUILLERMO NEVADO RIOJA

With Mibanco since December 2011

- Manager of the Methodology Management Area at Mibanco, Lima, Peru
- Former Regional Head for the Lima Region at Caja Municipal de Ahorro y Crédito de Arequipa, Arequipa, Peru
- Former Assistant Administrative Manager at Caja Municipal de Ahorro y Crédito de Arequipa, Arequipa, Peru
- Former Assistant Credit Manager at Caj-Municipal de Ahorro y Crédito de Arequipa, Arequipa, Peru
- Former Regional Head for Arequipa and Lima at Caja Municipal de Ahorro y Crédito de Arequipa, Arequipa, Peru
- Former Assistant Operating Manager at Caja Municipal de Ahorro y Crédito de

Arequipa, Arequipa, Peru

- Former Branch Administrator at the Arequipa headquarters of the Caja Municipal de Ahorro y Crédito de Arequipa, Arequipa, Peru

EDUCATION

- B.A. in Business Administration – Universidad Particular de Piura, Piura, Peru
- Savings Banks Germany Internship – Mannheim, Germany
- Diplomado en Dirección Estratégica en Finanzas (Strategic Financial Management Certificate program) – Universidad del Pacífico, Lima, Peru
- MBA with a concentration in Finance – ESAN, Lima, Peru
- Seminar at ESADE Spain through ESAN, Lima, Peru

ENRIQUE OREZZOLI MORENO

With Mibanco since December 2011

- Territorial Administration Manager – Northern Territory at Mibanco, Lima, Peru
- Former Specialist Consultant in Microfinance at Development Alternatives Inc. Mexico City, Mexico
- Former Manager of the Small Enterprise Banking Division at Interbank, Lima, Peru
- Former Credit Manager at Caja Municipal de Ahorro y Crédito de Trujillo, Trujillo, Peru
- Former Credit Supervisor at Caja Municipal de Ahorro y Crédito de Trujillo, Trujillo, Peru
- Former Credit Analyst at Caja Municipal de Ahorro y Crédito de Trujillo, Trujillo, Peru

EDUCATION

- Economics – Universidad Nacional de Trujillo, Trujillo, Peru
- Masters in Business Administration – Universidad Nacional de Trujillo, Trujillo, Peru

- MBA with special recognition in Finance – ESAN, Lima, Peru

JESSICA PACHECO LENGUA

With Mibanco since December 2002

- Territorial Administration Manager at Mibanco, Lima, Peru
- Former Regional Head of Business at Mibanco, Lima, Peru
- Former Regional Manager of Forjadores, Mexico City, Mexico
- Former Regional Manager – Metropolitan del Banco Compartamos, Mexico City, Mexico
- Former Branch Administrator at Acción Comunitaria del Perú, Lima, Peru

EDUCATION

- Economics – Universidad Ricardo Palma, Lima, Peru
- PADE en Finance (Advanced Business Management Program with a Finance focus) – ESAN, Lima, Peru
- Masters in Finance – Universidad de Las Américas, Puebla, Mexico
- PIAD Microfinanzas (International Program for Executive Management in Microfinance) – ESAN, Lima, Peru

RAMIRO POSTIGO CASTRO

With Mibanco since January 2003

- Manager of Treasury and Finance at Mibanco, Lima, Peru
- Former Manager of the Accounting, Finance and Treasury Division (a.i.) at Mibanco, Lima, Peru
- Former Manager of the Treasury Area at Mibanco, Lima, Peru
- Former Assistant Manager of Treasury at Banco Nuevo Mundo, Lima, Peru
- Former Capital Market and Distribution Ma-

nager at NBK Bank, Lima, Peru

- Former Treasury Manager at Banco del Progreso, Lima, Peru

EDUCATION

- Economics – Universidad Ricardo Palma, Lima, Peru
- Masters Europeo en Dirección Estratégica de Finanzas y Administración (European Masters in Strategic Administrative and Finance Management) – Escuela de Postgrado de la Universidad Peruana de Ciencias Aplicadas (UPC), Lima, Peru
- Diplomado de Especialización Gerencial en Dirección de Finanzas y Administración (Specialized Management Certificate Program in Administrative and Financial Management) – Escuela de Negocios EOI, Madrid, Spain
- Specialization in Finance and Treasury – Harvard University Extension School – Cambridge, Massachusetts, U.S.A.
- The CFO's Executive Program – The University of Chicago Booth School of Business, U.S.A.
- Masters in Business Administration – Escuela de Postgrado de la Universidad Peruana de Ciencias Aplicadas (UPC), Lima, Peru
- MBA in Business Administration – Peruana de Ciencias Aplicadas (UPC), Lima, Peru

JUAN CARLOS SÁNCHEZ FIORENTINI

With Mibanco since December 2012.

- Manager of the Commercial Management Area of Mibanco, Lima, Peru
- Former Manager of Commercial Planning at Telefónica Móviles S.A., Lima, Peru
- Former Manager of Strategy, Commercial Planning and Trade Marketing at Telefónica Móviles S.A., Lima, Peru
- Former Head of Commercial Planning and

- of Commercial Planning Support at Telefónica Móviles S.A., Lima, Peru
- Former Head of Economic Control of Channels at Telefónica Móviles S.A., Lima, Peru
- Former Head of Authorized Branch Channel Sales at Telefónica Móviles S.A., Lima, Peru
- Former Regional Head – East at Telefónica Móviles S.A., Lima, Peru
- Formerly in charge of the Marketing Line of Tecsur S.A., Lima, Peru
- Former Financial Analyst at Honda del Perú S.A., Lima, Peru

EDUCATION

- B.A. in Industrial Engineering – Universidad de Lima, Lima, Peru
- Masters in Professional Marketing – Universidad Complutense de Madrid, Madrid, Spain
- Masters in Telecommunications Businesses – Universidad Politécnica de Cataluña / Universitat Telefónica, Barcelona, Spain

DANTE TORRES MARTÍNEZ

With Mibanco since March 2004.

- General Auditor at Mibanco, Lima, Peru
- Former Auditing Manager at Banco Sudamericano, Lima, Peru
- Former Assistant Auditing Manager at Interbank, Lima, Peru
- Former Auditing Manager at Banco Exterior de los Andes y de España, S.A., Extebandes, Lima, Peru
- Former Manager of Finance and Administration at EFE Comercial S.A., Lima, Peru
- Former Assistant Auditing Manager at Banco Mercantil del Perú S.A., Lima, Peru
- Former Senior Auditor at Pricewaterhouse, Lima, Peru

EDUCATION

- Certified Public Accountant – Universidad de

Lima, Lima, Peru

- Certified Internal Auditor – The Institute of Internal Auditors, Florida, U.S.A.
- Certified in Control Self Assessment – The Institute of Internal Auditors, Florida, U.S.A.
- Certification in Risk Management Assurance – The Institute of Internal Auditors, U.S.A.
- PADE en Finance (Advanced Business Management Program with a focus in Finance) – ESAN, Lima, Peru
- Masters in Finance – Universidad del Pacífico, Lima, Peru
- Masters in Auditing – Universidad del Pacífico, Lima, Peru
- Masters in Business Administration – Universidad del Pacífico, Lima, Peru

FRANCISCO VARGAS PERALTA

With Mibanco until November 2012.

- Manager of the Planning and Business Intelligence Area of Mibanco, Lima, Peru
- Former Regional Branch Network Manager at Scotiabank, Lima, Peru
- Former Head of Commercial Banking at Mibanco, Lima, Peru
- Former Manager of Mortgage and Real Estate Business at Banco Santander Perú, Lima, Peru
- Former Branch Manager at Banco Santander Perú, Lima, Peru
- Former Assistant Manager of Business Banking at Banco Santander Perú, Lima, Peru
- Former Assistant Business Manager of the Branch Network of Banco Financiero del Perú, Lima, Peru
- Former Regional Head of the Branch Network of Interbank, Lima, Peru
- Former Head of Branch Offices at Interbank, Lima, Peru

EDUCATION

- B.A. in Administrative Engineering – Universidad Inca Garcilaso de la Vega, Lima, Peru

- Programa de Desarrollo Directivo para Ejecutivos (Executive Management Development Program) – Universidad de Piura, Lima, Peru
- Masters in Business – ESAN, Lima, Peru
- Masters in Corporate Responsibility and Sustainability – Pontificia Universidad Católica del Perú/EADA España, Lima, Peru

MARÍA LUZ ZEGARRA SEMINARIO

With Mibanco since August 2010.

- Manager of the Commercial Segments Area of Mibanco, Lima, Peru
- Former Manager of the Business Banking Division at Banco Interamericano de Finanzas, Lima, Peru
- Former Manager of the Business Banking Division at Interbank, Lima, Peru
- Former Manager of the Business Banking and Branch Network Divisions of Interbank, Lima, Peru
- Former Manager of the Lima Branch Network Division at Interbank, Lima, Peru
- Former Manager of the Money Market Division of the Branch Network of Interbank, Lima, Peru

EDUCATION:

- B.A. in Business Administration – Universidad Ricardo Palma, Lima, Peru
- Masters in Business Administration – ESAN, Lima, Peru
- Programa de Competencias Directivas (Managerial Skills Program) – Universidad de Piura, Lima, Peru
- Programa de Dirección Comercial (Commercial Management Program) – Universidad de Piura, Lima, Peru
- Programa de Desarrollo Directivo (Management Development Program) – Universidad de Piura, Lima, Peru



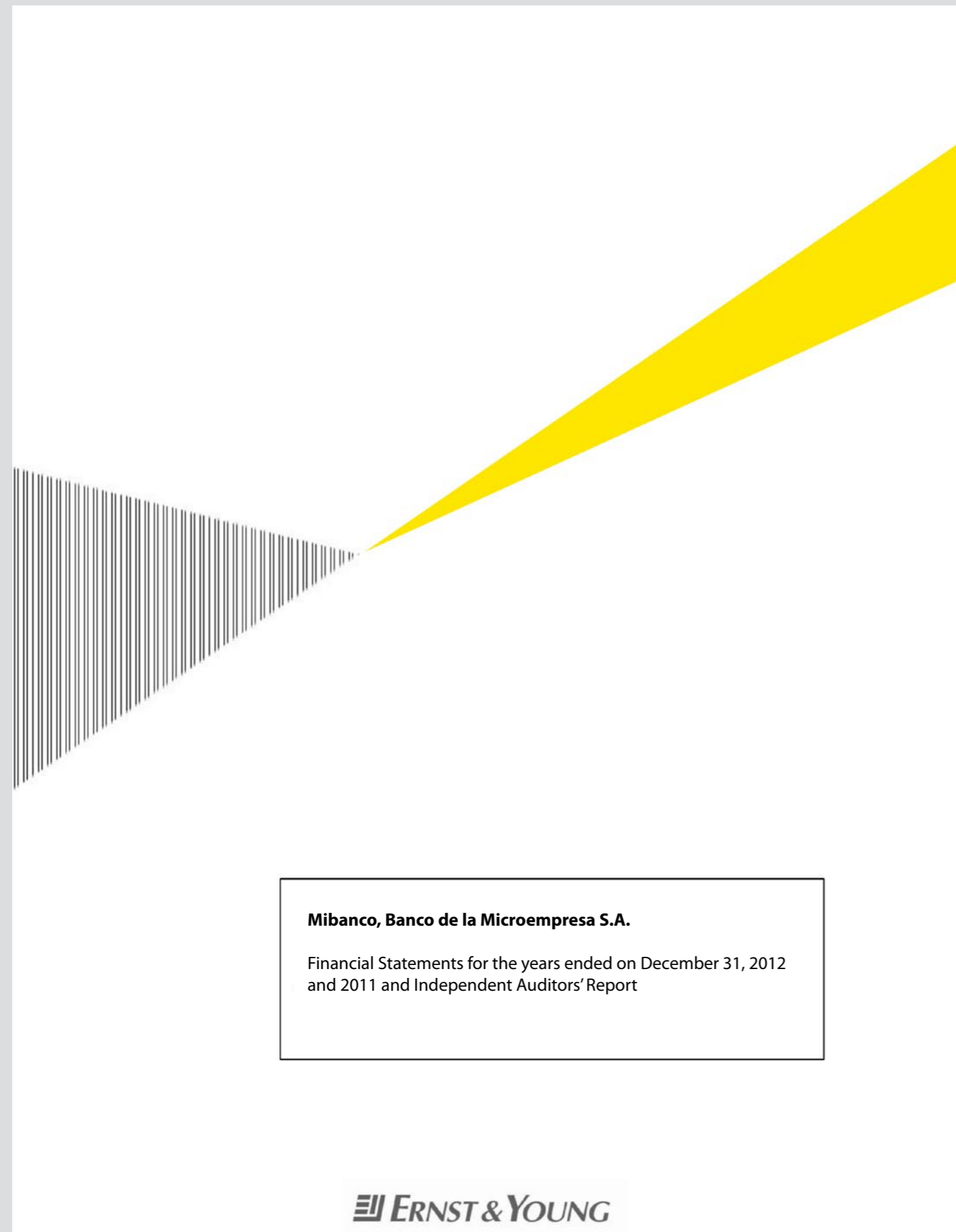
Venancio Andrade Álvaro. Business line: manufacture of household items. Branch: Villa el Salvador

Employees of the Pucallpa branch



Estados financieros

7



Mibanco, Banco de la Microempresa S.A.

Financial Statements for the years ended on December 31, 2012
and 2011 and Independent Auditors' Report



Mibanco, Banco de la Microempresa S.A.

Financial Statements for the years ended on December 31, 2012 and 2011
and Independent Auditors' Report

Content

Independent Auditors' Report

Financial Statements

- Balance Sheet
- Statement of Profit and Loss
- Statement of Changes in Shareholders' Equity
- Statement of Cash Flows
- Notes to the Financial Statements

Dictamen de los auditores independientes

A los señores Accionistas de Mibanco, Banco de la Microempresa S.A.

Hemos auditado los estados financieros adjuntos de Mibanco, Banco de la Microempresa S.A. (una entidad financiera peruana, subsidiaria de Grupo ACP Inversiones y Desarrollo), que comprenden el balance general al 31 de diciembre de 2012 y de 2011, y los correspondientes estados de ganancias y pérdidas, de cambios en el patrimonio neto y de flujos de efectivo por los tres años terminados el 31 de diciembre de 2012, 2011 y 2010, así como el resumen de políticas contables significativas y otras notas explicativas.

Responsabilidad de la Gerencia sobre los Estados Financieros

La Gerencia es responsable de la preparación y presentación razonable de estos estados financieros de acuerdo con las normas establecidas por la Superintendencia de Banca, Seguros y AFP (SBS) para las entidades financieras en el Perú, y del control interno que la Gerencia determine que es necesario para permitir la preparación de estados financieros que estén libres de errores materiales, ya sea por fraude o error.

Responsabilidad del Auditor

Nuestra responsabilidad consiste en expresar una opinión sobre estos estados financieros basada en nuestras auditorías. Nuestra auditoría fue realizada de acuerdo con normas de auditoría generalmente aceptadas en el Perú. Dichas normas requieren que cumplamos con requerimientos éticos y planifiquemos y realicemos la auditoría para obtener una seguridad razonable de que los estados financieros estén libres de errores materiales.

Una auditoría comprende la ejecución de procedimientos para obtener evidencia de auditoría sobre los saldos y las divulgaciones en los estados financieros. Los procedimientos seleccionados dependen del juicio del auditor, e incluyen la evaluación del riesgo de que los estados financieros estén libres de errores materiales, ya sea por fraude o error. Al efectuar esta evaluación de riesgo, el auditor toma en consideración el control interno relevante del Banco para la preparación y presentación razonable de los estados financieros a fin de diseñar procedimientos de auditoría de acuerdo con las circunstancias, pero no con el propósito de expresar una opinión sobre la efectividad del control interno del Banco. Una auditoría también comprende la evaluación de si los principios de contabilidad aplicados son apropiados y si las estimaciones contables realizadas por la Gerencia son razonables, así como una evaluación de la presentación general de los estados financieros.

Dictamen de los auditores independientes (continuación)

Consideramos que la evidencia de auditoría que hemos obtenido, es suficiente y apropiada para proporcionarnos una base para nuestra opinión de auditoría.

Opinión

En nuestra opinión, los estados financieros antes indicados presentan razonablemente, en todos sus aspectos significativos, la situación financiera de Mibanco, Banco de la Microempresa S.A. al 31 de diciembre de 2012 y de 2011; así como los resultados de sus operaciones y sus flujos de efectivo por los tres años terminados el 31 de diciembre de 2012, 2011 y 2010, de acuerdo con las normas contables establecidas por la Superintendencia de Banca, Seguros y AFP (SBS) para las entidades financieras en el Perú.

Lima, Perú,
18 de febrero de 2013

Refrendado por:

*Medina, Zaldívar, Paredes
& Asociados*


Fernando Núñez Pazos
C.P.C.C. Matrícula No.22755

Independent Auditors' Report

To the shareholders of Mibanco, Banco de la Microempresa S.A.:

We have audited the accompanying financial statements of Mibanco, Banco de la Microempresa S.A. (a Peruvian financial entity, subsidiary of Grupo ACP Inversiones y Desarrollo), which include its balance sheets for the years ended on December 31, 2012 and 2011 and the corresponding statements of profit and loss, shareholders' equity and cash flows for the three years ended on December 31 2012, 2011 and 2010, as well as the summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and presenting these financial statements fairly and according to the norms established by the Superintendencia de Banca, Seguros y AFP (Superintendence of Banking, Insurance and Pension Fund Administration Companies or "SBS") for financial entities in Peru, and for the internal control it deems necessary for the preparation of financial statements free of material misstatement, whether due to fraud or error.

Responsibility of the Auditors

Our responsibility consists of expressing our opinion on these financial statements based on our audits. Our audits were conducted according to the generally accepted audit standards in Peru. These standards establish that we must comply with ethical requirements and that we must plan and carry out the audits so as to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence regarding the amounts and disclosures in the financial statements. The procedures are selected at the discretion of the auditor, and include an assessment of the risk that the financial statements contain material misstatement, whether due to fraud or error. Upon conducting this risk assessment, we consider the Bank's level of internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also involves evaluating the appropriateness of applied accounting principles, the reasonableness of Management's accounting estimates, and the general presentation of the financial statements.

Independent Auditors' Report (continued)

We believe that the audit provided sufficient and appropriate evidence to serve as a basis for our audit opinion.

Opinion

It is our opinion that the aforementioned financial statements present fairly, in all significant respects, the financial situation of Mibanco, Banco de la Microempresa S.A. as of December 31, 2012 and 2011, as well as the results of its operations and its cash flows for the three years ended on December 31, 2012, 2011 and 2010, in accordance with the accounting regulations established by the Superintendencia de Banca, Seguros y AFP (Superintendence of Banking, Insurance and Pension Fund Administration Companies or "SBS") for financial entities in Peru.

Lima, Peru: February 18, 2013

Countersigned:

Fernando Núñez Pazos C.P.C.C. Matrícula No.22755

Fernando Núñez Pazos
C.P.C.C. Matrícula No.22755

Mibanco, Banco de la Microempresa S.A.
Balance Sheet
For the years ended on December 31, 2012 and 2011

	Note	2012 S/.(000)	2011 S/.(000)
Assets			
Available assets	4		
Cash and cash equivalents		232,692	201,245
Deposits in the Banco Central de Reserva del Perú (Central Reserve Bank of Peru, hereinafter "BCRP")		305,660	261,783
Deposits in local and foreign banks		90,949	44,926
Accrued returns on available assets		36	12
		<u>629,337</u>	<u>507,966</u>
Interbank funds		30,359	78,136
Marketable investments available for sale	5	158,702	365,529
Loans portfolio, net	6	4,453,640	3,974,051
Property, furniture and equipment, net	7	129,470	127,048
Deferred income tax assets, net	13(e)	42,411	35,424
Other assets, net	8	82,680	66,427
		<u>5,526,599</u>	<u>5,154,581</u>
Total Assets			
		<u>5,526,599</u>	<u>5,154,581</u>
Memoranda accounts			
Contingent debt	14		
Debit memoranda accounts		473,416	374,544
		4,315,326	2,931,338
		<u>4,788,742</u>	<u>3,305,882</u>

	Note	2012 S/.(000)	2011 S/.(000)
Liabilities and Shareholders' Equity			
Deposits from the public	9	3,624,947	3,630,618
Interbank funds		28,826	13,196
Deposits from financial system companies		157,251	169,613
Short-term financial debts and obligations	10	214,025	202,957
Long-term financial debts and obligations	10	483,368	410,516
Outstanding securities and obligations	11	250,832	12,558
Other liabilities	8	125,148	108,140
		<u>4,884,397</u>	<u>4,547,598</u>
Total liabilities			
		<u>4,884,397</u>	<u>4,547,598</u>
Shareholders' Equity			
	12		
Capital stock		408,664	343,010
Additional capital		96,250	96,250
Legal reserve		66,142	55,200
Voluntary reserve		2,681	2,681
Unrealized gain/(loss)		154	419
Retained earnings		68,311	109,423
		<u>642,202</u>	<u>606,983</u>
Total Shareholders' Equity			
		<u>642,202</u>	<u>606,983</u>
Total Liabilities and Shareholders' Equity			
		<u>5,526,599</u>	<u>5,154,581</u>
Memoranda accounts			
	14		
Contingent credit accounts		473,416	374,544
Credit memoranda accounts		4,315,326	2,931,338
		<u>4,788,742</u>	<u>3,305,882</u>

Mibanco, Banco de la Microempresa S.A.

Statement of Profit and Loss

For the years ended on December 31, 2012, 2011 and 2010

	Note	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Financial income	15	1,053,692	987,869	936,827
Financial expenses	15	(221,521)	(206,242)	(165,657)
Gross financial margin		832,171	781,627	771,170
Provision for loan losses	6(f)	(454,900)	(440,933)	(421,748)
Recovery of provision for loan losses	6(f)	175,527	169,906	152,889
		(279,373)	(271,027)	(268,859)
Financial margin, net		552,798	510,600	502,311
Income from financial services		64,698	71,280	64,215
Expenses for financial services		(4,669)	(2,628)	(8,764)
Operating margin		612,827	579,252	557,762
Administrative expenses				
Personnel expenses	16	(344,040)	(279,242)	(255,665)
Expenses for third-party services	17	(160,303)	(151,371)	(145,657)
Taxes and contributions		(4,162)	(4,485)	(3,820)
		(508,505)	(435,098)	(405,142)

Operating margin, net		104,322	144,154	152,620
Provisions, depreciation and amortization				
Depreciation of property, furniture and equipment	7(a)	(18,733)	(19,241)	(19,124)
Amortization of intangibles	8(b)	(5,019)	(4,571)	(2,552)
Provision for contingencies, other accounts receivable and others		(2,832)	(3,494)	(8,763)
		(26,584)	(27,306)	(30,439)
Operating earnings		77,738	116,848	122,181
Other income, net	18	18,735	35,137	18,552
Earnings before income tax		96,473	151,985	140,733
Income tax	13(f)	(28,162)	(42,562)	(43,590)
Net earnings		68,311	109,423	97,143
Earnings per share (in nuevos soles)	19	0.167	0.298	0.266
Weighted-average number of shares outstanding (in thousands of units)	19	408,664	366,951	364,913

Mibanco, Banco de la Microempresa S.A.

Statement of Changes in Shareholders' Equity

For the years ended on December 31, 2012, 2011 and 2010

	Number of shares (thousands)	Capital Stock S/.(000)	Additional Capital S/.(000)	Legal Reserve S/.(000)	Voluntary Reserve S/.(000)	Unrealized Gain/(Loss) S/.(000)	Retained Earnings S/.(000)	Total S/.(000)
Balance at January 1, 2010	186,764	186,764	-	35,523	2,681	449	97,089	322,506
Transfer to legal reserve, note 12(b)	-	-	-	9,962	-	-	(9,962)	-
Capitalization of earnings, note 12(a)	58,000	58,000	-	-	-	-	(58,000)	-
Transfer of net realized loss on marketable investments available for sale to income, net of realized profit	-	-	-	-	-	(391)	-	(391)
Payment of dividends, note 12(d)	-	-	-	-	-	-	(29,127)	(29,127)
Net earnings	-	-	-	-	-	-	97,143	97,143
Balance at December 31, 2010	244,764	244,764	-	45,485	2,681	58	97,143	390,131
Transfer to legal reserve, note 12(b)	-	-	-	9,715	-	-	(9,715)	-
Capitalization of earnings, note 12(a)	54,496	54,496	-	-	-	-	(54,496)	-
Capital contribution, note 12(c)	43,750	43,750	96,250	-	-	-	-	140,000
Transfer of realized gain from marketable investments available for sale to income, net of realized loss, note 12(e)	-	-	-	-	-	361	-	361
Deferred profit sharing recorded under retained earnings	-	-	-	-	-	-	(5,414)	(5,414)
Payment of dividends, note 12(d)	-	-	-	-	-	-	(27,518)	(27,518)
Net earnings	-	-	-	-	-	-	109,423	109,423
Balance at December 31, 2011	343,010	343,010	96,250	55,200	2,681	419	109,423	606,983
Transfer to legal reserve, note 12(b)	-	-	-	10,942	-	-	(10,942)	-
Capitalization of earnings, note 12(a)	65,654	65,654	-	-	-	-	(65,654)	-
Transfer of realized loss on marketable investments available for sale to income, net of realized profit note 12(e)	-	-	-	-	-	(265)	-	(265)
Payment of dividends, note 12(d)	-	-	-	-	-	-	(32,827)	(32,827)
Net earnings	-	-	-	-	-	-	68,311	68,311
Balance at December 31, 2012	408,664	408,664	96,250	66,142	2,681	154	68,311	642,202

Mibanco, Banco de la Microempresa S.A.

Statement of Cash Flows

For the years ended on December 31, 2012, 2011 and 2010

	2012	2011	2010
	S/.(000)	S/.(000)	S/.(000)
Cash flow from operations			
Net income	68,311	109,423	97,143
Adjustments to reconcile net income with net cash from operations			
Plus (minus)			
Más (menos)			
Provision for loan losses, net of recoveries	279,373	271,027	268,859
Depreciation and amortization	23,752	23,812	21,676
Other, net	10,108	7,521	5,931
Debits and credits due to net changes in assets and liabilities			
Other assets	(34,484)	(5,544)	(37,971)
Other liabilities	22,127	15,787	25,640
Net cash from operations	369,187	422,026	381,278
Cash flow from investment activities			
Acquisition of intangibles	(9,883)	(13,366)	(8,975)
Acquisition of property, furniture and equipment	(21,718)	(24,562)	(45,900)
Net cash used for investment activities	(31,601)	(37,928)	(54,875)
Cash flow from financing activities			
Net increase in loan portfolio	(752,280)	(737,928)	(860,293)
Net increase (decrease) in interbank assets	47,777	(48,131)	48,246
Net decrease (increase) in investments available for sale	206,443	(355,501)	248,319
Net increase (decrease) in deposits and obligations	(8,711)	791,063	537,534
Net increase in interbank deposits	15,630	13,196	-
Net increase (decrease) in deposits from companies in the financial system	(12,362)	(129,781)	108,592
Net increase (decrease) in debt and other financial obligations	83,738	(134,214)	20,716
Net increase (decrease) in securities and obligations outstanding	236,377	(26,758)	(47,176)
Payment of dividends	(32,827)	(27,518)	(29,127)
Capital contribution	-	140,000	-
Net cash used for financing activities	(216,215)	(515,572)	26,811
Net increase (decrease) in cash and cash equivalents	121,371	(131,474)	353,214
Cash and cash equivalents opening balance	507,966	639,440	286,226
Cash and cash equivalents closing balance	629,337	507,966	639,440

Mibanco, Banco de la Microempresa S.A.

Notes to the Financial Statements

For the years ended on December 31, 2012 and 2011

1. Economic activity

Mibanco, Banco de la Microempresa S.A. (hereinafter "the Bank") is a subsidiary of Grupo ACP Inversiones y Desarrollo, which at December 31, 2012 and 2011 owns 60.68% of its common stock (note 12a). The Bank is a sociedad anónima or corporation that was established in Peru on March 2, 1998.

The Bank's objective is to carry out transactions as are typical of a banking company, preferably targeting the micro and small business sector. The Bank's operations are governed by the Ley General del Sistema Financiero y de Seguros y Orgánica de la SBS – Ley N°26702 (Organic SBS General Law of the Financial and Insurance System - Law N°26702, hereinafter the "Bank Law"), which sets forth the requirements, rights, obligations, guarantees, restrictions and other operating conditions to which legal entities governed by private law and operating in the financial and insurance system are subject. The Bank is authorized to operate as a full-service financial firm by the Superintendencia de Banca, Seguros y AFP (Superintendence of Banking, Insurance and Pension Fund Administration Companies, hereinafter "SBS"), pursuant to the legal provisions in force in Peru.

The Bank's legal address is Av. Domingo Orué 165, Surquillo, Lima, Peru. As of December 31, 2012 and 2011, the Bank operated 118 and 117 offices in Lima and interior regions of the country, respectively.

The financial statements at December 31, 2011, and for the year ended on that date were approved at the Bank's Annual General Shareholders Meeting, held on March 15, 2012. The financial statements at December 31, 2012, and for the year ended on this date were approved by Management and the Board of Directors on January 10 and 17, 2013, respectively, and will be submitted for approval at the Annual General Shareholders Meeting within the term established by law. In the opinion of Management, the accompanying financial statements will be approved at the Annual General Shareholders Meeting without modification.

2. Accounting principles and practices

In preparing and presenting the accompanying financial statements, the Bank's Management has complied with SBS regulations in force in Peru at December 31, 2012 and 2011. We describe the main accounting principles used in preparing the Bank's financial statements below:

- (a) Basis of presentation, use of estimates and accounting changes
 - (i) Basis of presentation and use of estimates-
The accompanying financial statements were prepared in nuevos soles, which is the Bank's functional and presentation currency, based on the Bank's accounting records and pursuant to SBS

regulations, and, in the absence of specific SBS regulations, pursuant to International Financial Reporting Standards (IFRS), officially adopted in Peru through resolutions issued by the Consejo Normativo de Contabilidad (Regulatory Accounting Council, hereinafter "CNC") and in force at December 31, 2012 and 2011. See the following paragraph (u.1).

Preparation of the accompanying financial statements requires Management to engage in estimates that affect the reported figures for assets and liabilities, revenues and expenses and the disclosure of information regarding significant events in the notes to the financial statements. Final results may differ from such estimates. Estimates are regularly evaluated and are based on historical experience and other factors. The most significant estimates pertaining to the accompanying financial statements relate to allowances for loan losses, the valuation of investments, estimations of useful life and recovery value of properties, furniture, equipment and intangibles, and the provision for realizable assets, assets received in payment and repossessed assets. The accounting criteria for all of these are described in this note.

- (ii) Changes in accounting principles
At the meeting held by the International Financial Reporting Standards Interpretations Committee (IFRIC), hereinafter the "Council," in November 2010, it was concluded that employee profit sharing should be recorded pursuant to IAS 19 "Employee Benefits," not IAS 12 "Income Taxes."

On January 21, 2011, the SBS issued Multiple Communication N° 4049-2011, adopting the IFRIC interpretation as of January 2011. The changes introduced by the Communication and the accounting treatment adopted by the Bank are described below:

- Employee profit sharing for services rendered during the year will be recorded as personnel expenses in the "Administrative Expenses" section of the Statement of profit and loss.
- Assets and liabilities for deferred employee profit sharing were eliminated, and assets and liabilities were recalculated for deferred income tax purposes using the

30% income tax rate. The net gain from the elimination and recalculation totaled approximately S/. 5,414,000, which was listed under "Retained Earnings" on the statement of changes in shareholders' equity.

(b) Financial instruments -
Financial instruments are classified as assets, liabilities or equity depending on the substance of the contract agreement from which they originate. Interest, dividends, profit and loss generated by a financial instrument classified as an asset or liability is recorded as income or expense. Financial instruments are settled when the Bank has the legal right to settle them and Management expects to pay them on a net basis or to realize an asset and settle the liability simultaneously.

Financial assets and liabilities presented in the balance sheet correspond to availabilities, interbank funds, marketable investments available for sale, loan portfolio, accounts receivable included in the "Other assets, net" item, and liabilities, generally, except for deferred income tax liabilities. Likewise, all indirect loans are regarded as financial.

(c) Recognition of revenues and expenses -
Revenues and expenses from interest are recorded under the results for the period when they accrue, based on the terms of the transactions that generate them and the interest rates freely agreed upon with clients, except for in the case of interest generated by loans classified as delinquent, refinanced, legal collection, doubtful or loss, which is recognized as revenue as it is collected. When Management determines that the financial condition of the borrower has improved the loan is reclassified as performing or normal, with potential problems or substandard, and interest is once again recognized as it accrues.

Interest income includes yields on fixed income investments held for trading and marketable investments available for sale, as well as discount and premium recognition on financial instruments.

Commissions for financial services are recognized as revenues when they are received.

Other revenues and expenses are recognized as earned or incurred in the period when they accrue.

d) Loan portfolio and provision for loan losses -
Direct loans are recorded when funds are disbursed to clients. Indirect (contingent) loans are recorded when the documents supporting such credit facilities are issued. Refinanced loans are direct loans for which the repayment schedule and/or amount of the initial placement is modified due to the borrower's inability to pay.

Leasing transactions are accounted for using the financial method, with capital from pending installments entered as placements.

At December 31, 2012 and 2011, the provision for loan losses was established according to the criteria set forth by SBS Resolution N° 11356-2008, "Reglamento para la Evaluación y Clasificación del Deudor y la Exigencia de Provisiones" ("Regulations on Borrower Assessment and Rating and on Provisioning Requirements"), and SBS Resolution N°6941-2008, "Reglamento para la Administración del Riesgo de Sobre-endeudamiento de Deudores Minoristas" ("Regulations on Overindebtedness Risk Management for Retail Borrowers"). Pursuant to SBS Resolution N°11356-2008, the loan portfolio is classified into retail borrowers and non-retail borrowers. Retail borrowers hold direct and indirect loans classified as consumer (revolving and non-revolving), microenterprise, small enterprise or residential mortgage. Meanwhile, non-retail borrowers hold direct or indirect loans classified as corporate, large enterprise or medium enterprise. Management periodically reviews and assesses the loan portfolio and classifies loans as normal, with potential problems, substandard, doubtful, or loss depending on the degree of default risk of each individual borrower.

For loans to non-retail borrowers, classification into one of the aforementioned categories takes into account, among others, the following factors: the individual borrower's payment record; the history of business relations with the borrower's management; transaction records; the borrower's repayment capacity and availability of funds, collateral and guarantee conditions; an analysis of the borrower's financial statements; the borrower's risk with other financial institutions in the market; and other relevant factors. For loans awarded to retail borrowers, the classification is based primarily on late payments.

At December 31, 2012 and 2011, the calculation of provisioning for indirect loans, which may be 0, 25, 50 or 100 percent depending on the type of loan, was determined based on the credit conversion factor.

The calculation of provisioning for direct loans is performed based on the classification and specific percentage rates, which may vary depending on whether or not the loans are backed by preferred self-liquidating guarantees (LPSLG), such as cash deposits and rights associated with standby letters of credit; by readily liquid preferred guarantees (LRLPG), like public debt instruments such as treasury bonds issued by the central government of Peru and securities listed on the blue-chip index of the Lima Stock Exchange, among others; or preferred guarantees (LPG), which include primary liens on financial instruments and real estate and personal property, primary agricultural or mining liens, export credit insurance, and others, consid-

ered at their estimated realizable value, which is assessed by independent appraisers. If the loans are guaranteed through subsidiary responsibility of a company in the financial or insurance system (loans subject to substitution by a credit counterparty) the calculation of the provision takes into account the guarantor's rating.

For the calculation of provisions for clients classified as doubtful or loss for over 36 and 24 months, respectively, the value of the guarantee is not taken into account and the provision is calculated as if such loans were not guaranteed at all.

For loans with payments that are past due by more than 90 days, the Bank calculates the estimated loss it would suffer for each credit transaction with the borrower considering economic and transaction factors such as the value of guarantees, the credit scheme and the borrower's economic sector, among others. The greater of the two values resulting from the calculation of estimated loss and provisioning will determine the particular provision amount.

The provision for direct loans is entered after deducting direct loans from assets, while provisions for indirect loans appear as liabilities under the item "Other liabilities" (note 8).

At December 31, 2012 and 2011, the Bank maintained cyclical provisions for an amount of S/. 20.9 million and S/. 18.8 million, respectively, as required by SBS Circular N° B-2193-2010.

(e) Transactions in foreign currency -
Assets and liabilities in foreign currency are recorded at the exchange rate on the date when transactions are carried out and are expressed in Peruvian currency at the end of each month using the exchange rate established by the SBS on that date (note 3). Profits or losses resulting from re-expressing assets and liabilities in foreign currency at the exchange rates in force as of the balance sheet date are recorded in the results for the year.

(f) Investments available for sale -
At December 31, 2012 and 2011, the initial recording and subsequent measurement of investments available for sale was performed pursuant to SBS Resolution N°10639-2008, "Reglamento de clasificación y valorización de las inversiones de las empresas del sistema financiero" ("Regulations on the Classification and Valuation of Financial System Company Investments"), as amended.

The initial book entry is made at fair value and includes transaction costs directly attributable to the acquisition of such investments. Investments available for sale will be measured at fair value, and the profit or loss originating from the difference between the initial book entry and fair value will be recognized directly in equity, unless the

value has deteriorated permanently. When the instrument is sold or realized, the profit or loss previously recorded under equity will be included in the year-end results.

For debt instruments, before their valuation at fair value, the amortized cost must be updated in the accounting books using the effective interest rate method and, based on the resulting amortized cost, profits and losses from changes in fair value are recognized.

Interest is recognized using the effective interest rate method, which includes both the interest to be charged and the amortization of the premium or acquisition discount.

Profit and loss from exchange differences related to the amortized cost of debt instruments affects results for the period, and differences between amortized cost and fair value are recorded as unrealized gain or loss under equity.

Capital instruments are considered non-monetary line items and, as such, they maintain their historical value in local currency. Thus, exchange differences are part of their valuation and are recognized as unrealized gain or loss under equity.

On each balance sheet date, the Bank evaluates whether there is evidence that the value of an instrument classified as an investment available for sale has become impaired, which is recognized in the results for the period even if the instrument has not been sold or removed.

SBS Resolution N°10639-2008 states that if the SBS considers that it is necessary to establish an additional provision for any type of investment, such a provision will be determined for each individual title and recorded in the results for the period in which the SBS requires the provision.

The difference between revenue received from the sale of investments and their book value will be recognized in the statement of profit and loss.

(g) Derivative financial instruments -
SBS Resolution N°1737-2006, "Reglamento para la Negociación y Contabilización de Productos Financieros Derivados en las Empresas del Sistema Financiero" ("Regulations for Derivate Financial Product Trading and Accounting in Financial System Companies"), as amended, establishes certain criteria for the accounting treatment of transactions with derivatives classified as trading and hedging, and for implicit derivatives.

Trading derivative financial instruments owned by the Bank correspond to forward contracts with clients for the purchase of foreign currency. They are initially recognized

in the balance sheet at cost and subsequently taken to fair value, generating an asset or a liability in the balance sheet and a corresponding profit or loss in the statement of profit and loss. Likewise, the nominal value of the transaction is recorded in memoranda accounts at reference value in the appropriate currency.

Fair value is calculated based on foreign exchange rates and interest rates in the market.

(h) Property, furniture and equipment – The property, furniture and equipment line item is presented at acquisition cost less accumulated depreciation and the cumulative loss resulting from devaluation of long-term assets, if applicable – see paragraph (n) below. This item includes the cost of goods purchased under financial leasing contracts. See paragraph (j) below.

The initial cost of property, furniture and equipment includes the purchase price as well as non-refundable tariffs and taxes and any other cost directly related to obtaining and repairing the asset for work and use. Disbursements incurred after the beginning of operations or use of such property, furniture and equipment, such as repairs and maintenance and refurbishing costs, will be added to the results of the period in which such costs were incurred. If it is shown that such disbursements will result in future benefits from the property, furniture and equipment, beyond the initial expectation for performance, such disbursements will be capitalized as an additional cost of that property, furniture and equipment.

Work in progress and goods in transit are recorded at cost, including the cost of purchase or construction and other direct costs. These goods are not depreciated until the relevant assets are received or finished and become operational.

The cost and corresponding accumulated depreciation of assets sold or removed are removed from the corresponding accounts and the resulting profit or loss is included in the results for the period.

Land is not depreciated. Depreciation is calculated following the straight-line method and using the following useful life estimates:

	Years
Buildings, facilities and other constructions	
Buildings under lease	
Installations and enhancements in leased offices	Entre 5 y 10
Furniture and equipment	10
Transportation	5
Computer equipment	4

(i) Realizable assets, assets received in payment and repossessed assets – Realizable assets include those purchased with the specific intent to lease them, which are initially recorded at acquisition cost. Realizable assets that are not leased are recorded at cost or market value, whichever is lower.

Assets received in payment and repossessed and recovered assets are initially recorded at judicial or out-of-court allocation value, market value, or unpaid debt value, whichever is lowest. In addition, a provision equivalent to 20% of the allocation or recovery value of the asset is recognized. For this, the provision established for the related loan may be used.

Subsequently, additional provisions are established according to the following criteria:

- Personal property – a uniform monthly provision is established, starting on the first month of allocation or recovery, for a period of twelve months until reaching 100% of the net value of allocation or recovery.
- Real estate – uniform monthly provisions are established based on the net book value on the twelfth month. Additionally, SBS Resolution N°1535-2005 allows for a six-month extension, in which case uniform monthly provisions shall be established based on the net book value on the eighteenth month. In both cases, provisions shall be established until reaching 100% of the net book value over a period of three and a half years from the date when the uniform monthly provisions were established.

These assets undergo annual valuation by an independent specialist, which, if necessary, will result in the establishment of provisions for loss of value.

(j) Financial leasing – The Bank recognizes leases by recording assets and liabilities on the balance sheet at the beginning of the contract period, for an amount equal to the fair value of the leased property or the present value of the leased installments, whichever is lower. Initial direct costs are considered as part of the asset.

(k) Intangibles – The accounting treatment of intangible assets with limited lives is laid out in SBS Resolution N°1967-2010.

Intangibles are initially recorded at cost under the “Other assets, net” line item of the balance sheet, (note 8b). The Bank recognizes an asset as intangible if it is likely that the future economic benefits it generates will flow to the com-

pany and that their cost can be measured reliably. After their initial recognition, intangibles are measured at cost less accumulated amortization.

Intangibles include principally disbursements for acquiring computer equipment for banking operations and are amortized using the straight-line method over their estimated useful life – five years, according to SBS Resolution N°1967- 2010.

Intangibles also include disbursements related to goodwill contracts, which are amortized using the straight-line method over the life of the contract.

(l) Securities and other obligations outstanding - Liabilities from the issuance of securities and other obligations outstanding are recorded at fair value plus incremental costs related to the transaction that are directly attributable to the issuance of the instrument. Accrued interest is recognized as income. After initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The amortized cost is calculated taking into account any issuance discounts or premiums and any costs that are an integral part of the effective interest rate. Likewise, accrued interest is recognized in the statement of profit and loss as “Interest from securities and obligations outstanding” under “Financial expenses,” according to the terms of the contract.

(m) Income tax and employee profit sharing – Income tax and current employee profit sharing are calculated based on taxable income determined for fiscal purposes, which is defined using criteria that differ from the accounting principles used by the Bank. Employee profit sharing is entered as “Personnel Expenses” on the statement of profit and loss.

Additionally, the Bank records deferred income tax according to the guidelines of IAS 12 – Income Taxes. Thus, deferred income tax reflects the effects of temporary differences in assets and liabilities balances for accounting purposes and for tax purposes. Deferred assets and liabilities are measured using tax rates expected to be applicable to taxable income in the years during which temporary differences are recovered or eliminated. The measurement of deferred tax liabilities and assets reflects the tax consequences arising from the expected amount of assets and liabilities that will be recovered or settled on the date of the balance sheet.

Deferred assets and liabilities are recognized regardless of the moment in which it is estimated that the temporary differences will cease to exist. Deferred tax assets are recognized when it is probable that sufficient future tax benefits will exist for them to be used. At the balance sheet date, Management assesses unrecognized deferred assets and the balance

of recognized assets, recording any previously unrecognized deferred tax assets according to the probability that future tax benefits will allow for their recovery, or reducing a deferred tax asset if it is unlikely that there will be sufficient future tax benefits to allow for the use of part or the entire deferred asset recognized for accounting purposes.

As established by the accounting standard, the Bank determines its deferred income tax based on the tax rate applicable to its undistributed earnings, recognizing any additional tax on the payment of dividends on the date that liability is recognized.

(n) Impairment of Assets - When events or economic changes indicate that the value of property, furniture and equipment and intangible assets may not be recoverable, the Bank’s Management reviews the value of these assets in order to verify that there is no permanent impairment. When the book value of the asset exceeds its recoverable amount, impairment is recognized as loss in the statement of profit and loss. The recoverable amount is the higher between the net selling price and the value in use. The net selling price is the amount that is obtainable from the sale of an asset in a free market, while value in use is the present value of estimated future cash flows from the continued use of an asset and from its disposal at end of its useful life. In Management’s opinion, there is no evidence of impairment in the value of such assets as of December 31, 2012 and 2011.

(o) Provisions - A provision is recognized only when the Bank has a present obligation (legal or implicit) to do so as a result of a past event, it is likely that resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Provisions are reviewed and adjusted each period to reflect the best estimate at the date on the balance sheet. When the time value of money is important, the amount of the provision is the present value of the cash flows expected to be incurred to settle the obligation.

(p) Contingencies - Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes to financial statements, unless the possibility of an economic outflow is remote; a contingent asset is not recognized in the financial statements unless it is a probable contingency.

(q) Earnings per share Earnings per share have been calculated based on the weighted-average number of shares outstanding at the balance sheet date. Shares from the capitalization of profits constitute a stock split and therefore the weighted-average calculation of the number of shares considers those shares as if they had always been outstanding.

At December 31, 2012 and 2011, the Bank had no dilutive financial instruments; therefore, the basic and diluted earnings per share are the same (note 19).

- (r) Cash and cash equivalents - Cash presented in the statement of cash flows is composed of the balance of available assets with original maturities of less than three months (without considering their expected accrued returns), excluding restricted funds.
- (s) Reclassifications - Where necessary, figures from the previous year have been reclassified to make them comparable with the current year's presentation. Management believes that the reclassifications made in the Bank's financial statements as of December 31, 2011 and 2010 are not significant given the overall situation of the financial statements on those dates.
- (t) Subsequent events - Events subsequent to the close of the period that provide additional information about the Bank's financial situation and provide evidence of conditions that existed at the balance sheet date (adjustment events) are included in the financial statements. Important subsequent events that are not adjustment events are presented in the notes to the financial statements. See note 23.
- (u) International Financial Reporting Standards (IFRS) -
- (u.1) IFRS issued and in force in Peru at December 31, 2012 - Through Resolutions N° 051-2012-EF/30 and N°048-2011-EF/30, issued August 29, 2012 and January 6, 2012, respectively, the CNC officially approved the application of the versions in force as of 2012 and 2011 of IFRS 1 to 13, IASs 1 to 14, and SICs 7 to 32 of the Interpretations Committee, as well as the IFRIC interpretations 1 to 19 and the October 2011 amendments to the IASs, IFRS, and IFRIC interpretations issued internationally.
- Through SBS Resolution N°914-2010, the entry into force of IFRS 7, "Financial Instruments: Disclosures," and IFRS 8, "Operating Segments," was postponed for financial entities, without the establishment of a defined term for their application. Nonetheless, IFRS 7, "Financial Instruments: Disclosures" was to enter into force as of January 1, 2013 as a result of the process of IFRS accounting harmonization established by the SBS. See paragraph (u.3) below.
- (u.2) International Financial Reporting Standards - IFRS issued but not effective in Peru as of December 31, 2012 -
- IAS 1, "Presentation of Items of Other Comprehensive Income - Amendment to IAS

1 Presentation of Financial Statements," effective for fiscal periods beginning on or after January 1, 2013.

- IAS 32, "Financial Instruments: Presentation," regarding the classification of instruments into financial assets and liabilities, effective as amended for periods beginning on or after January 1, 2014.
- IAS 19, "Employee Benefits" (amended), effective for fiscal periods beginning on or after January 1, 2013.
- IAS 28, "Investments in Associates and Joint Ventures" (amended), effective for fiscal periods beginning on or after January 1, 2013.
- IFRS 7, "Financial Instruments: Disclosures - Asset and Liability Offsetting" (amended), effective as amended for periods beginning on or after January 1, 2013.
- IFRS 9, "Financial Instruments: Classification and Measurement," effective for fiscal periods beginning on or after January 1, 2015.
- IFRS 10, "Consolidated Financial Statements," effective for fiscal periods beginning on or after January 1, 2013.
- IFRS 11, "Joint Arrangements," effective for fiscal periods beginning on or after January 1, 2013.
- IFRS 12, "Disclosure of Interests in Other Entities," effective for fiscal periods beginning on or after January 1, 2013.
- IFRS 13, "Fair Value Measurement," effective for fiscal periods beginning on or after January 1, 2013.
- Improvements to IFRS (issued in May of 2012) - The International Accounting Standards Board (IASB) issued an advance of amendments and improvements to the IFRS. These modifications have not yet been adopted as the established date for their entry into force is for fiscal periods beginning on or after January 2013.

Because the standards detailed in paragraphs (u.1) and (u.2) serve only as a supplement to the accounting stan-

dards of the SBS, they will have no significant effect on the preparation of the accompanying financial statements, unless the SBS adopts them in the future through the modification of the Manual de Contabilidad para Empresas de Sistemas Financiero (Accounting Manual for Financial System Companies) or through the issuance of specific regulations. The Bank has not estimated the effect that the adoption of such standards by the SBS would have on its financial statements.

- (u.3) Process of accounting harmonization with IFRS for financial entities - Furthermore, on November 30, 2012, the SBS issued Multiple Communication N°45311- 2012, establishing that companies should have an Implementation Plan for complying with the time periods established in SBS Resolution N°7036-2012 and amendments, which shall include a timeline of activities required for the process of harmonizing accounting and information technology systems. At December 31, 2012, the Bank complied with the requirement to present its implementation plan to the SBS.

In Management's opinion, the requirements laid out in SBS Resolution N°7036- 2012 do not imply a significant effect on the Bank's operations.

Additionally, on September 19, 2012 the SBS issued Resolution N°7033-2012, which entered into force in January 2013. As of that date, the Reglamento de Clasificación y Valorización de las Inversiones de las Empresas del Sistema Financiero (Regulations on the Classification and Valuation of Financial System Company Investments), approved through SBS Resolution N°10639-2008, was repealed.

The main modification set forth by the aforementioned Resolution was the introduction of a standard methodology for identifying impairment in financial instruments classified as investments available for sale and held-to-maturity investments.

The methodology involves two filters of analysis, one related to a significant decrease in fair value to less than 50% of cost and at least 20% consecutively over the last 12 months. The second filter relates to qualitative aspects of the issuer. In Management's opinion, adaptation to SBS Resolution N°7033-2012 will not have a significant effect on the Bank's financial statements.

3. Transactions in foreign currency and exposure to exchange risk

Transactions in foreign currency are carried out at free market exchange rates.

At December 31, 2012, the weighted-average free-market exchange rate published by the SBS for transactions in US dollars was S/. 2.549 and S/. 2.551 for the purchase and sale of every US\$ 1.00, respectively (S/. 2.695 and S/. 2.679 for the purchase and sale of every US\$ 1.00, respectively, at December 31, 2011). At December 31, 2012 the accounting exchange rate for assets and liabilities accounts in foreign currency established by the SBS was S/. 2.550 per US dollar (S/. 2.696 at December 31, 2011).

Below is a breakdown of the Bank's assets and liabilities in foreign currency, expressed in US dollars:

	2012 US\$(000)	2011 US\$(000)
Assets		
Available assets	64,535	57,844
Interbank funds	7,001	26,014
Marketable investments available for sale	-	12,015
Loan portfolio, net	259,459	225,597
Other assets, net	4,552	4,130
	<u>335,547</u>	<u>325,600</u>
Liabilities		
Deposits from the public	(198,538)	(219,306)
Interbank funds	(6,401)	(3,000)
Deposits from companies in the financial system	(10,195)	(6,298)
Financial debts and obligations	(113,403)	(93,464)
Securities and obligations outstanding	-	(1,429)
Other liabilities	(6,801)	(3,940)
	<u>(335,338)</u>	<u>(327,437)</u>
Net asset (liability) position	209	(1,837)

At December 31, 2012, the Bank had contingent foreign currency transactions of approximately US\$ 437 thousand, equivalent to approximately S/. 1,114,000 (US\$ 272 thousand at December 31, 2011, equivalent to approximately S/. 733,000). The Bank had not carried out transactions in derivative products as of these dates.

In previous years, devaluation (revaluation) of the Peruvian currency against the US dollar and inflation, according to the Índice de Precios al por Mayor (Wholesale Price Index) published by the Instituto Nacional de Estadística e Informática (National Institute of Statistics and Information Technology), were as follows:

Year	Devaluation (revaluation) %	Inflation %
2008	4.8	6.7
2009	(8.0)	0.3
2010	(2.8)	2.1
2011	(4.0)	4.7
2012	(5.4)	2.7

4. Available assets

At December 31, 2012, the "Available Assets" item in the balance sheet included approximately US\$ 16,963,000 and S/. 262,405,000 (US\$ 22,258,000 and S/.201,775,000 at December 31, 2011), which correspond to the legal reserve that the Bank must maintain for its public deposits. These funds are kept in the vaults of the Bank and in the Central Reserve Bank of Peru (BCRP), and remain within the limits established by the legal provisions in force. At December 31, 2012, available assets required by the BCRP for mandatory reserves in domestic and foreign currency must total an implicit rate of 17.90% and 29.01% of total of obligations, respectively (12.13% and 26.16%, respectively, at December 31, 2011).

The legal reserve held at the BCRP does not generate interest, except for the portion that exceeds the minimum mandatory reserves for foreign and local currencies. At December 31, 2012, excess foreign currency reserves totaled approximately US\$ 20,055,000, equivalent to approximately S/. 51,140,000, and accrued interest in dollars at an average annual rate of 0.11% (at December 31, 2011, US\$ 35,329,000, equivalent to approximately S/. 95,247,000, at an average annual rate of 0.17%). Excess reserves in domestic currency total approximately S/.286,290,000 and accrue interest at an average annual rate of 1.75% (S/.117,832,000 at an average annual rate of 2.45% at December 31, 2011).

At December 31, 2012, available assets mainly included three term deposits with the BCRP for a total of S/. 80 million, with maturity on January 3, 2013. As of December 31, 2011, available assets included mainly a term deposit with the BCRP for S/. 35 million, which matured on January 2, 2012.

Deposits in domestic and foreign banks are mainly balances in soles that are freely available and generate interest at market rates.

5. Investments available for sale

(a) The table below shows the composition of this item:

	2012			2011		
	Amortized cost	Unrealized gain/loss	Fair value estimate	Amortized cost	Unrealized gain/loss	Fair value estimate
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Common shares	97	40	137	97	40	137
Sovereign Bonds of the Republic of Peru (b)	-	-	-	22,911	374	23,285
Certificates of Deposit issued by the BCRP (c)	158,451	114	158,565	309,626	(30)	309,596
Interests in mutual funds	-	-	-	32,356	35	32,391
	<u>158,548</u>	<u>154</u>	<u>158,702</u>	<u>364,990</u>	<u>419</u>	<u>365,409</u>
Accrued interest			-			120
Total			<u>158,702</u>			<u>365,529</u>

(b) Sovereign bonds were issued in nuevos soles by the Peruvian government. At December 31, 2011, the bonds accrued interest at rates ranging between 4.05% and 6.52% annually.

(c) Certificates of deposit are issued at a discount and are awarded at public auction and traded on the secondary market in Peru. As of December 31, 2012, certificates of deposit issued by the BCRP are in soles, mature in November 2013, and accrue interest at effective annual rates of 3.88% to 4.24% (at December 31, 2011, certificates of deposit matured in December 2012 and accrued interest at annual rates between 4.04% and 4.22%).

(d) At December 31, 2012 and 2011, Management estimated the market value of investments available for sale based on market quotes, and in their absence, based on expected future cash flows discounted at a rate that reflects the security's risk rating.

(e) Below is the balance of investments available for sale at December 31, 2012 and 2011, classified by maturity:

	2012 S/.(000)	2011 S/.(000)
Up to 1 month	5,994	94,975
1 to 3 months	32,747	20,828
3 months to 1 year	119,824	193,794
1 to 5 years	-	13,066
5 years or more	-	10,218
Perpetual (variable income)	137	32,528
Total	<u>158,702</u>	<u>365,409</u>

6. Loan portfolio, net

(a) Below is a breakdown of direct loans:

	2012 S/.(000)	2011 S/.(000)
Direct Loans		
Loans	4,232,872	3,787,677
Financial leasing	127,440	94,008
Factoring transactions	20,842	24,104
Credit card	6,102	5,518
Refinanced loans	132,903	122,220
Delinquent and legal collection loans	211,952	153,290
	<u>4,732,111</u>	<u>4,186,817</u>
Plus (minus)		
Accrued returns on outstanding loans	76,607	69,925
Interest accruable and interest collected in advance	(31,777)	(20,956)
Provision for loan losses (f)	(323,301)	(261,735)
	<u>4,453,640</u>	<u>3,974,051</u>
Indirect loans (*)	<u>2,736</u>	<u>3,645</u>

(*) The indirect loan portfolio is comprised entirely of surety bonds and guarantees, and is entered under "Contingent debit memoranda accounts" on the balance sheet (note 14a).

(b) In accordance with SBS regulations, the Bank's loan portfolio (direct and indirect) at December 31, 2012 and 2011 was classified by risk as follows:

	2012						2011					
	Direct Loans		Indirect Loans		Total		Direct Loans		Indirect Loans		Total	
	S/.(000)	%	S/.(000)	%	S/.(000)	%	S/.(000)	%	S/.(000)	%	S/.(000)	%
Normal	4,192,404	88.59	2,706	98.90	4,195,110	88.60	3,760,343	89.81	3,642	99.92	3,763,985	89.82
Potential problems	223,826	4.73	-	-	223,826	4.73	179,590	4.29	-	-	179,590	4.29
Substandard	83,467	1.77	27	0.99	83,494	1.76	66,108	1.58	2	0.05	66,110	1.58
Doubtful	103,784	2.19	3	0.11	103,787	2.19	77,090	1.84	1	0.03	77,091	1.84
Loss	128,630	2.72	-	-	128,630	2.72	103,686	2.48	-	-	103,686	2.47
	<u>4,732,111</u>	<u>100.00</u>	<u>2,736</u>	<u>100.00</u>	<u>4,734,847</u>	<u>100.00</u>	<u>4,186,817</u>	<u>100.00</u>	<u>3,645</u>	<u>100.00</u>	<u>4,190,462</u>	<u>100.00</u>

(c) At December 31, 2012 and 2011, there is no significant credit risk concentration due to the type of operations run by the Bank.

(d) At December 31, 2012 and 2011, financial entities in Peru are to establish a provision for loan losses based on the risk classifications mentioned in paragraph (b) above, using the percentages established in SBS Resolution N° 11356-2008, as described below:

(i) For loans classified as "Normal" at December 31, 2012 and 2011, the following percentages apply:

Type of Loan	Fixed rate (%)	Procyclical component* (%)
	%	%
Corporate	0.70	w0.40
Large enterprise	0.70	0.45
Medium enterprise	1.00	0.30
Small enterprise	1.00	0.50
Microenterprise	1.00	0.50
Residential mortgages	0.70	0.40
Revolving consumer	1.00	1.50
Non-revolving consumer	1.00	1.00

(*) For loans backed by preferred self-liquidating guarantees (LPSLG), the procyclical component will be 0%, 0.25% or 0.30% depending on the type of loan.

(ii)) At December 31, 2012 and 2011, the following percentages were used for loans classified as "Potential Problem," "Substandard," "Doubtful" and "Loss," depending on whether they are Unsecured Loans (UL), Loans with Preferred Guarantees (LPG), Loans with Readily Liquid Preferred Guarantees (LRLPG), or Loans with Preferred Self-Liquidating Guarantees (LPSLG):

Risk category	UL	LPG	LRLPG	LPSLG
	%	%	%	%
Potential problems	5.00	2.50	1.25	1.00
Substandard	25.00	12.50	6.25	1.00
Doubtful	60.00	30.00	15.00	1.00
Loss	100.00	60.00	30.00	1.00

For loans with amounts subject to replacement by a credit counterparty (note 2d), provisioning requirements depend on the classification of the respective counterparty and the amount covered, regardless of the classification of the debtor. The aforementioned percentages are used.

(e) At December 31, 2012 and 2011 the direct loan portfolio was segmented as follows according to SBS Resolution N°11356-2008:

Type of Loan	2012	2011
	S/.(000)	S/.(000)
Corporate	8,329	17,233
Large enterprise	53,317	9,161
Medium enterprise	207,623	136,010
Small enterprise	2,873,847	2,584,372
Microenterprise	1,265,436	1,198,913
Residential mortgages	166,737	108,257
Revolving consumer	6,471	5,765
Non-revolving consumer	150,351	127,106
	<u>4,732,111</u>	<u>4,186,817</u>
Total	4,732,111	4,186,817

(f) Changes in the provision for doubtful loans, as determined by risk rating, the required provisioning percentages specified in paragraph (d) above, and the provisioning regulations mentioned in note 2(d), were as follows:

	2012	2011	2010
	S/.(000)	S/.(000)	S/.(000)
Balance at January 1	261,735	202,030	157,701
Provision recognized as expense for the period (*)	454,900	440,933	421,748
Provision recoveries	(175,527)	(169,906)	(152,889)
Write-offs for the period	(215,252)	(209,331)	(222,070)
Exchange differences, net	(2,555)	(1,991)	(2,460)
	<u>323,301</u>	<u>261,735</u>	<u>202,030</u>
Balance at December 31	323,301	261,735	202,030

(*) At December 31, 2012 and 2011, this includes procyclical provisions of S/. 20,932,000 and S/. 18,850,000, respectively (notes 2d and 6d-i).

In the opinion of Management, the provision for loan losses recorded by the Bank as of December 31, 2012, 2011 and 2010 is in accordance with the rules and authorizations of the SBS in force at those times (note 2d).

(g) The Bank is free to set interest rates for its transactions based on supply and demand, current market rates, the life of the loan, and the currency in which the loan is awarded. At December 31, 2012, its interest rates on microenterprise loans ranged from 14.31% to 59.00% annually for loans in domestic currency and from 13.69% to 41.13% annually for loans in foreign currency (14.13% to 59.00% annually for loans in domestic currency and from 10.52% to 46.08% annually for loans in foreign currency at December 31, 2011).

- (h) During the years of 2012 and 2011, the Bank made sales from the written-off portfolio to its affiliate Conecta Centro de Contacto S.A. See note 14(d).
- (i) The direct loan portfolio at December 31, 2012 and 2011, classified by maturity, appears below:

	2012 S/.(000)	2011 S/.(000)
Up to 3 months	1,533,278	1,386,358
3 to 6 months	627,286	562,118
6 months to 1 year	931,580	837,776
1 year or more	1,428,016	1,247,275
Delinquent and legal collection	211,951	153,290
	<u> </u>	<u> </u>
	4,732,111	4,186,817
	<u> </u>	<u> </u>

7. Property, furniture and equipment, net

- (a) The table below shows the composition of this item:

	Land S/.(000)	Buildings, facilities and other con- structions S/.(000)	Installations and en- hancements in leased offices S/.(000)	Furniture and equipment S/.(000)	Transporta- tion S/.(000)	Computer equipment S/.(000)	Work in progress and goods in transit S/.(000)	Total 2012 S/.(000)	Total 2011 S/.(000)
Cost									
Balance at January 1	26,800	40,848	54,719	32,593	5,790	38,524	5,410	204,684	182,976
Additions (b)	2,341	556	3,187	1,536	-	4,787	9,311	21,718	24,562
Sales	-	-	-	(31)	(94)	(267)	-	(392)	(1,225)
Transfers (c)	-	2,988	-	-	-	-	(2,988)	-	-
Withdrawals and others	-	-	(1,049)	(133)	(463)	(95)	-	(1,740)	(1,629)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at December 31	29,141	44,392	56,857	33,965	5,233	42,949	11,733	224,270	204,684
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Accumulated depreciation									
Balance at January 1	-	6,742	29,121	12,457	4,081	25,235	-	77,636	60,688
Depreciation for the year	-	2,546	5,204	3,840	648	6,495	-	18,733	19,241
Sales	-	-	-	(28)	(83)	(267)	-	(378)	(1,148)
Withdrawals and others	-	-	(757)	(80)	(270)	(84)	-	(1,191)	(1,145)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at December 31	-	9,288	33,568	16,189	4,376	31,379	-	94,800	77,636
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value	29,141	35,104	23,289	17,776	857	11,570	11,733	129,470	127,048
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

- (b) Corresponds mainly to land purchases for the construction of branch offices.
- (c) Corresponds to work carried out in different branches for a total of approximately S/.2,988,000.
- (d) At December 31, 2012 and 2011, the Bank had approximately S/. 44,988,000 and S/. 46,975,000, respectively, in fixed assets that are fully depreciated and continue to be used.
- (e) Financial entities in Peru are prohibited from pledging their fixed assets.
- (f) The Bank maintains insurance on its main assets in accordance with the policies established by Management.

8. Other assets and other liabilities

(a) The table below shows the composition of this item:

	2012	2011
	S/.(000)	S/.(000)
Other assets, net		
Intangibles, net (b)	29,819	25,036
Income tax prepayment, net	27,908	8,978
Insurance payments receivable	5,055	8,145
Prepaid expenses	4,204	4,179
Prepaid advertising	3,471	2,851
Prepaid rent	1,234	550
Miscellaneous supplies	946	573
Advances to suppliers	815	249
Advance payment of incentive (c)	814	844
Transactions in process (d)	486	919
IGV Tax credit from leasing	193	-
Realizable assets, assets received in payment and repossessed assets	134	205
Other accounts receivable, net	103	1,632
Accounts receivable under FOGAPI Agreement	36	3,733
Other	7,462	8,533
	<u>82,680</u>	<u>66,427</u>
Other liabilities		
Employee benefits	46,159	31,600
Vacation time payable	22,762	22,319
Accounts payable to suppliers and services	16,477	9,046
Transactions in process (d)	6,189	5,728
Employee profit sharing	5,888	8,146
Insurance payable	5,359	8,642
Payment of Guarantee Certificates	3,868	2,660
Provisions for contingencies and others (e)	2,340	2,008
Other personnel expenses	2,199	3,776
Accounts payable to leasing suppliers	1,711	235
Deposits insurance fund	1,576	1,416
Accounts payable under FOGAPI Agreement	749	1,488
Promotional campaigns	261	1,139
Miscellaneous accounts payable	9,610	9,937
	<u>125,148</u>	<u>108,140</u>

(b) The table below shows the composition of this item:

	Organizational expenses	Software (i)	Goodwill	Total 2012	Total 2011
	S/.(000)	S/.(000)	S/.(000)	S/.(000)	S/.(000)
Cost					
Balance at January 1, 2012	1,017	46,638	928	48,583	35,217
Additions	-	9,883	-	9,883	13,366
Removals	(1,017)	-	(81)	(1,098)	-
	<u>-</u>	<u>56,521</u>	<u>847</u>	<u>57,368</u>	<u>48,583</u>
Balance at December 31, 2012	-	56,521	847	57,368	48,583
	<u>-</u>	<u>56,521</u>	<u>847</u>	<u>57,368</u>	<u>48,583</u>
Accumulated amortization					
Balance at January 1, 2012	1,017	22,103	427	23,547	18,976
Amortization for the year	-	4,850	169	5,019	4,571
Removals	(1,017)	-	-	(1,017)	-
	<u>-</u>	<u>26,953</u>	<u>596</u>	<u>27,549</u>	<u>23,547</u>
Balance at December 31, 2012	-	26,953	596	27,549	23,547
	<u>-</u>	<u>26,953</u>	<u>596</u>	<u>27,549</u>	<u>23,547</u>
Net book value	-	29,568	251	29,819	25,036
	<u>-</u>	<u>29,568</u>	<u>251</u>	<u>29,819</u>	<u>25,036</u>

- (i) During the period, the Bank incurred disbursements related to the acquisition of a new Enterprise Resources Planner (ERP).
- (ii) At December 31, 2011 and 2012, the Bank holds S/. 16,652,000 and S/. 16,155,000 in fully amortized intangibles that are still in use, respectively.
- (c) Corresponds to an incentive awarded to the Bank's key operational staff in exchange for a commitment to stay with the institution for five years. The amount accrued for this item at December 31, 2012 and 2011 totaled S/. 2,319,000 and S/. 1,639,000, respectively, and is recorded under "Personnel expenses" on the statement of profit and loss (note 16).
- (d) Transactions in progress are mainly related to operations carried out during the last day of the month and are reclassified to their permanent accounts on the balance sheet during the following month. These transactions do not affect the Bank's income.
- (e) At December 31, 2012 and 2011, this item corresponds mainly to provisions for estimated losses from legal actions against the Bank, which have been recorded based on estimates made by Management and internal legal advisors.

9. Deposits from the public

(a) The table below shows the composition of this item:

	2012 S/.(000)	2011 S/.(000)
Term deposits	2,741,387	2,771,556
Savings	634,225	476,087
Marketable certificates of deposit	14,078	191,549
Checking account	82,524	84,510
Severance payments (CTS)	90,145	48,658
Other obligations	11,001	9,711
	<u>3,573,360</u>	<u>3,582,071</u>
Interest payable	51,587	48,547
Total	<u>3,624,947</u>	<u>3,630,618</u>

(b) At December 31, 2012, the Fondo de Seguro de Depósitos (Deposit Insurance Fund or FSD) totaled S/. 91,216 (S/91,621 at December 31, 2011). At December 31, 2012 and 2011, approximately S/. 1.42 billion and S/. 1.27 billion in total deposits were covered by the Deposit Insurance Fund, respectively.

(c) The Bank establishes interest rates for different public deposit accounts based on prevailing rates in the Peruvian market.

(d) Below is the balance of deposits at December 31, 2012 and 2011, classified by maturity:

	2012 S/.(000)	2011 S/.(000)
Up to 1 month	502,317	491,831
1 to 3 months	694,265	671,035
3 months to 1 year	1,180,762	1,252,080
Over 1 year	364,043	356,610
	<u>2,741,387</u>	<u>2,771,556</u>

10. Financial debts and obligations

(a) The table below shows the composition of this item:

	2012 S/.(000)	2011 S/.(000)
By type -		
Obligations with foreign financial institutions (b)	576,734	475,993
Obligations with local financial institutions (c)	113,365	130,368
	<u>690,099</u>	<u>606,361</u>
Interest payable	7,294	7,112

	<u>697,393</u>	<u>613,473</u>
By term -		
Short-term portion	214,025	202,957
Long-term portion	483,368	410,516
Total	<u>697,393</u>	<u>613,473</u>

(b) At December 31, 2012 and 2011, this item includes the following:

Entity	Country of origin	Currency	Maturity	2012 S/.(000)	2011 S/.(000)
International Finance Corporation – IFC (*)	United States of America	S/. - US\$	Between November 2014 and January 2017	124,425	126,907
Inter-American Development Bank – IADB(*)	United States of America	S/.	Between May 2013 and May 2015	86,787	94,182
Societe de Promotion et de Participation pour la Cooperation Economique S.A. – PROPARCO (*)	France	S/.	Between September 2015 and November 2019	54,086	26,000
Instituto de Crédito Oficial de España (*)	Spain	US\$	Between February 2018 and February 2020	43,864	46,375
Credit Suisse Microfinance Fund Management Company	Luxemburg	S/.	March 2015 and March 2016	43,618	20,220
Microfinance Enhancement Facility – MEF	Luxemburg	US\$	February 2015 and March 2016	38,250	18,872
Inter-American Investment Corporation (*)	United States of America	US\$	September 2016	38,250	17,524
ResponsAbility SICAV	Luxemburg	S/.	March 2016	35,349	6,740
Nerdelandse Financierings – Maatschappij Voor Ontwikkelingslanden N.V. – FMO (*)	Holland	S/. - US\$	April 2013 and March 2020	33,395	48,525
Global Microfinance Facility (*)	Cayman Islands	US\$	April 2014	25,500	26,960
Wells Fargo	United States of America	US\$	May 2013	12,750	5,392
KCD Mikrofinanzfonds	Luxemburg	US\$	January 2016	12,750	-
Triodos SICAV II - Triodos Microfinance Fund (*)	Luxemburg	US\$	Between July 2019 and January 2020	8,087	8,550
Acción Investments in Microfinance SPC	United States of America	US\$	August 2016	7,650	8,088
Discount Bank Latin America	Uruguay	US\$	January 2016	7,650	-
Triodos Custody BV – Triodos Fair Share Fund (*)	Holland	US\$	January 2019	4,323	4,570
BlueOrchard - Dexia Micro-Credit Fund (*)	Luxemburg	S/.	June 2012	-	9,000
VDK Spaarbank (*)	Belgium	US\$	August 2012	-	8,088
				<u>576,734</u>	<u>475,993</u>

(*) These loans include specific agreements to maintain financial ratios and comply with other administrative matters. At December 31, 2012 and 2011, the Bank's Management believes that it has substantially complied with the conditions established for these transactions.

(c) At December 31, 2012 and 2011 this item includes the following:

Entity	Currency	Maturity	2012 S/,(000)	2011 S/,(000)
Banco de la Nación	S/.	Entre mayo y agosto 2014	81,966	70,000
Scotiabank Perú S.A.A.	S/.	Junio 2013	18,000	19,420
COFIDE S.A. - Coficasa	S/. - US\$	Abril 2024	7,729	8,995
COFIDE S.A. - Fondo Mivivienda (i)	US\$	Abril 2026	5,670	6,953
Banco Internacional del Perú S.A.A. - Interbank	S/.	Enero 2012	-	15,000
Banco de Crédito del Perú S.A. - BCP	S/.	Mayo 2012	-	10,000
			<u>113,365</u>	<u>130,368</u>

- (i) Debt with Fondo Mivivienda is secured by promissory notes on the mortgages awarded under the same item.
- (ii) Effective annual interest rates on transactions with local financial entities ranged from 4.30% to 5.40% during 2012 (3.85% to 7.18% in 2011).
- (iii) In general, financing agreements with local financial institutions do not require that the Bank maintain particular financial conditions.

(d) At December 31, 2012 and 2011, the timetable for amortizing financial debts and obligations was as follows:

	2012 S/,(000)	2011 S/,(000)
Up to 3 months	21,349	48,965
3 months to 1 year	185,381	146,881
1 to 3 years	277,605	270,835
3 to 5 years	161,955	102,373
More than 5 years	43,809	37,307
	<u>690,099</u>	<u>603,361</u>

11. Securities and obligations outstanding

(a) The table below shows the composition of this item:

Issuance	Nominal annual interest rate	Payment of interest	Maturity	Amount used	Outstanding balance at December 31, 2012		Outstanding balance at December 31, 2011	
					US\$(000)	S/,(000)	US\$(000)	S/,(000)
Corporate Bonds								
Second Program								
Third Issuance	7.00	Semi-annual	2012	S/.30,000	-	-	-	8,571
Fourth Issuance	6.38	Semi-annual	2012	US\$10,000	-	-	1,429	3,852
Third Program								
First Issuance Series A	5.40	Semi-annual	2017	S/.50,000	-	50,000	-	-
First Issuance Series B	5.38	Semi-annual	2017	S/.48,800	-	48,800	-	-
Second Issuance	5.34	Semi-annual	2015	S/.50,000	-	50,000	-	-
Fourth Issuance Series A	4.78	Semi-annual	2017	S/.100,000	-	100,000	-	-
					-	248,800	1,429	12,423
Interest Payable						2,032		135
Total						<u>250,832</u>		<u>12,558</u>

- (b) During 2012, the bank issued a total of S/. 248.8 million through the First, Second, Third and Fourth issuances of the Third Program of Corporate Bonds, for which the Bank can issue securities for up to a maximum of S/. 400 million or its equivalent in US dollars. The funds raised through the public offering of bonds were used to finance operations in the Bank's line of business.
- (c) Corporate bonds are not backed by specific guarantees.
- (d) During 2012, the Bank redeemed all of its corporate bonds for a total of S/. 12,423,000 (S/.26, 758,000 in 2011).
- (e) At December 31, 2012, the amortization schedule of these obligations was as follows:

Year	2012 S/,(000)
2014	41,667
2015	49,600
2016	32,933
2017	124,600
Total	<u>248,800</u>

12. Shareholders' Equity

(a) Capital Stock -

At December 31, 2012, the Bank's share capital is represented by 408,664,000 common shares fully subscribed and paid out, composed of 387,814,000 "Class A" voting shares and 20,850,000 "Class B" non-voting shares (343,010,000 common shares fully subscribed and paid out, composed of 325,510,000 "Class A" voting shares and 17,500,000 "Class B" non-voting shares at December 31, 2011).

At the Annual General Shareholders Meeting held on March 15, 2012, the capitalization of up to S/. 65,654,000 in retained earnings from fiscal period 2011 was approved.

At the Annual General Shareholders Meeting held on March 17, 2011, the capitalization of up to S/. 54,496,000 in retained earnings from fiscal period 2010 was approved.

At the Annual General Shareholders Meeting held on March 18, 2010, the capitalization of up to S/. 58,000,000 in retained earnings from fiscal period 2009 was approved.

At December 31, 2012 and 2011, capital stock ownership was as follows (percentages):

	2012 %	2011 %	2010 %
Grupo ACP Inversiones y Desarrollo S.A.	60.68	60.68	60.07
Acción Investments in Microfinance SPC	9.36	9.36	9.36
International Finance Corporation – IFC	6.50	6.50	6.50
Acción Internacional	6.33	6.33	6.33
Stiching Hivos – Triodos Fonds	4.75	4.75	5.45
Stiching Triodos – Doen	4.75	4.75	5.45
La Positiva Vida Seguros y Reaseguros	3.49	0.57	2.63
Triodos Fair Share Fund	1.64	1.64	0.92
La Positiva Cía. De Seguros y Reaseguros S.A.	1.19	1.19	2.58
Triodos SICAV II – Triodos Microfinance Fund	0.72	0.72	-
Corporación Financiera de Inversiones	-	1.53	-
Ducktown Holdings S.A.	-	1.22	-
Other	0.59	0.76	0.71
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

(b) Legal reserve -

In accordance with the provisions of the Ley de Banca y Seguros (Law on Banking and Insurance), the Bank must reach a legal reserve of no less than 35% of its paid-up capital. This reserve is built up through the annual appropriation of at least 10% of its net income and can only be used to absorb losses or its capitalization, with an obligation to replenish in both cases.

At the Annual General Shareholders Meeting held on March 15, 2012, members approved increasing the legal reserve by S/. 10,942,000.

At the Annual General Shareholders Meeting held on March 17, 2011, members approved increasing the legal reserve by S/. 9,715,000.

At the Annual General Shareholders Meeting held on March 18, 2010, members approved increasing the legal reserve by S/. 9,962,000.

(c) Additional capital -

At December 31, 2011, this includes the capital premium generated by shareholders' capital contributions in the month of December, 2011 for a total of S/. 96,250,000.

(d) Payment of dividends -

At the Annual General Shareholders Meetings held on March 15, 2012, March 17, 2011 and March 18, 2010, it was agreed to pay dividends earned in 2011, 2010 and 2009 for approximately S/. 32,827,000, S/. 27,518,000 and S/. 29,127,000, respectively.

(e) Unrealized gain/loss –

Unrealized gain/loss corresponds to the valuation of investments available for sale. Movements in unrealized gain/loss during the years of 2012 and 2011 were as follows:

	Unrealized gain/loss S/.(000)
Balance at January 1, 2011	58
Unrealized gain on marketable investments available for sale	231
Transfer to income of unrealized gain on marketable investments available for sale, net of realized loss	130
	<u>419</u>
Balance at December 31, 2011	419
Unrealized gain on marketable investments available for sale	2,778
Transfer to income of unrealized gain on marketable investments available for sale, net of realized loss	(3,043)
	<u>154</u>
Balance at December 31, 2012	154

(f) Effective equity (regulatory capital) –

At December 31, 2012 and 2011, the Bank's effective equity was determined as follows:

	2012 S/.(000)	2011 S/.(000)
Tier 1 Effective Equity		
Paid-in capital	387,814	299,260
Capital in process	-	26,250
Issuance premium	57,750	57,750
Legal reserve	66,142	55,200
	<u>511,706</u>	<u>438,460</u>
Tier 2 Effective Equity		
Paid-in capital	20,850	-
Capital in process	-	17,500
Issuance premium	38,500	38,500
Voluntary reserve	2,681	2,681
Subordinated debt	69,145	83,728
Mandatory generic provisions for loans	61,739	53,127
	<u>192,915</u>	<u>195,536</u>
Total	<u>704,621</u>	<u>633,996</u>

According to Legislative Decree No. 1028, effective equity (regulatory capital) should equal or exceed 10% of total contingent risk-weighted assets and loans, which equal the sum of the effective equity requirement for market risk multiplied by 10, the effective equity requirement for operational risk multiplied by 10, and risk-weighted contingent assets and loans. At December 31, 2012 and 2011, the Bank had the following risk-weighted contingent assets and loans and effective equity, in million of soles:

	2012 S/.(000)	2011 S/.(000)
Total risk-weighted assets and loans	5,058,355	4,350,847
Effective equity (regulatory capital)	704,621	633,996
Common effective equity	511,706	438,460
Supplementary effective equity	192,915	195,536
Ratio of total capital to effective equity (%)	13.93	14.57

Additionally, at December 31, 2012 and 2011, the Bank was in compliance with SBS Resolutions No. 2115-2009, No. 6328-2009, and No. 14354 - 2009, Reglamentos para el Requerimiento de Patrimonio Efectivo por Riesgo Operacional, por Riesgo de Mercado y por Riesgo de Crédito (Regulations for Effective Equity Requirements for Operational Risk, Market Risk and Credit Risk, respectively), as amended.

On July 20, 2011, the SBS issued Resolution No. 8425-2011 requiring financial entities to maintain additional effective equity equivalent to the sum of the effective equity requirements calculated for each of the following components: economic cycle, market concentration risk, interest rate risk, and other risks. In the opinion of Management, the Bank complied with this requirement at December 2012.

13. Tax situation

- (a) The Bank is subject to Peruvian tax law. The income tax rate at December 31, 2012 and 2011 was 30% on taxable earnings.

Legal entities not domiciled in Peru and individuals must pay a 4.1% tax on dividends from legal entities domiciled in the country.

- (b) As of January 1, 2010, interest income and capital gains from bonds issued by the Republic of Peru are exempt from income tax only (i) under the framework of Supreme Decree No. 007-2002-EF, (ii) under the Programa de Creadores de Mercado (Market Makers Program) or a substitute mechanism, or (iii) in the international market from the year 2002 on. Interest and capital gains from Certificates of Deposit of the Banco Central de Reserva del Perú (Central Reserve Bank of Peru) used for monetary regularization, and interest and capital gains from bonds issued prior to March 11, 2007, are also tax exempt.

Additionally, and also as of 2010, capital gains from the disposal, redemption or rescue of securities through centralized trading mechanisms in Peru have become taxable. In this context, the Ley del Impuesto a la Renta (Income Tax Law) holds that to establish gross income from the

disposal of securities acquired prior to January 1, 2010, the value of such securities shall be the quoted price at the close of the 2009 fiscal year or the acquisition cost or the increase in equity value, whichever is greater. This rule applies to legal entities when securities are disposed of with or without a centralized trading mechanism in Peru.

Similarly, the value of a disposal, redemption or recall of shares and/or interests acquired or received by the taxpayer through different means and on different occasions will be equal to the weighted-average cost. It is worth mentioning that the weighted-average cost will be equal to the sum of the value of each acquired share at a given point in time, multiplied by the number of shares, divided by the total number of shares acquired. For this, the cost of shares acquired through December 31, 2009 should be separated from the cost of shares acquired from January 1, 2010 on.

From fiscal period 2011 on, under Law N°29645 amending the Ley del Impuesto a la Renta (Income Tax Law), interest and other profits from external loans granted by the National Public Sector are also exempt from income tax.

Furthermore, Law N°29663, amended through Law N°29757, establishes that income from the indirect disposal of shares or interests that represent the capital of legal entities domiciled in the country will be considered income from Peruvian sources.

Thus, it must be taken into account that under certain conditions established by the Law, an indirect disposal occurs when shares or interests are disposed of that represent the capital of non-Peruvian domiciled legal entities who themselves own shares or actions, directly or through one or more third parties, representing the capital of one or more legal entities domiciled in the country. The Law also defines events in which the issuer is jointly or severally liable.

- (c) For purposes of determining taxes on income and general sales, taxpayers must provide the prices and amounts of consideration that were agreed upon in transactions between related parties or with companies domiciled in countries or territories with low or no taxation, and the documentation and information to support the valuation methods and criteria applied in its determination. The Tax Administration has the authority to request this information from the taxpayer. Based on the analysis of the Bank's operations, Management and its internal legal advisors believe that the enforcement of these standards will not result in significant contingencies for the Bank, as of 31 December 2012 and 2011.
- (d) The Tax Authority has the power to review and, if necessary, adjust the income tax calculated by the Bank in the four years following the year in which the tax return is filed.

Income tax affidavits for the years 2008, 2010 and 2011 and 2012 are subject to audit by the Tax Authority.

Because of the possible interpretations the Tax Authority can make of the legal regulations in force, it is not possible to determine whether the revisions will be result in liabilities for the Bank, in which case any higher tax, delinquency interest, or surcharges resulting from potential tax revisions would be applied to the results of the year in which it is determined. Nonetheless, in the opinion of Management and its internal legal advisors, any potential additional tax payments would not be of significance for the Bank's financial statements at December 31, 2012 and 2011.

- (e) Movements in deferred income tax for the years ended December 31, 2012, 2011, and 2010 are shown below:

	Balance at January 1, 2010 S/.(000)	(Charge) credit to income S/.(000)	Balance at December 31, 2010 S/.(000)	(Charge) credit to income S/.(000)	Balance at December 31, 2011 S/.(000)	(Charge) credit to income S/.(000)	Balance at December 31, 2012 S/.(000)
Deferred assets							
Mandatory generic provision and voluntary provision for loan losses	19,805	3,394	23,199	3,223	26,422	7,131	33,553
Leasing installments, realizable assets, assets received in payment and repossessed assets, differences in refurbishment depreciation rates in leased offices, and others	4,590	1,485	6,075	972	7,047	1,901	8,948
Provision for vacation time payable	3,993	1,693	5,686	842	6,528	301	6,829
Provision for contingencies	1,635	145	1,780	15	1,795	(1,795)	-
Suspended interest	135	-	135	(135)	-	-	-
	30,158	6,717	36,875	4,917	41,792	7,538	49,330
Deferred liabilities							
Intangibles	(2,781)	(1,488)	(4,269)	(1,945)	(6,214)	(630)	(6,844)
Goodwill	(164)	41	(123)	(31)	(154)	79	(75)
	(2,945)	(1,447)	(4,392)	(1,976)	(6,368)	(551)	(6,919)
Total deferred assets, net	27,213	-	32,483	-	35,424	-	42,411
Income for the year		5,270		2,941		6,987	

- (f) Income (expense) from/for income tax includes:

	2012 S/.(000)	2011 S/.(000)	2010 S/.(000)
Income tax			
Current	(35,149)	(45,503)	(48,860)
Deferred	6,987	2,941	5,270
	(28,162)	(42,562)	(43,590)

(g) Reconciliation of the income tax rate with the Bank's effective rate for the years 2012, 2011 and 2010 is displayed below:

	2012		2011		2010	
	S/,(000)	%	S/,(000)	%	S/,(000)	%
Earnings before income tax	96,473	100.00	151,985	100.00	140,733	100.00
Theoretical expense	28,942	30.00	45,596	30.00	42,220	30.00
Non-deductible expenses	3,517	3.64	2,570	1.69	7,257	5.15
Exempted and excluded income	(4,297)	(4.45)	(5,604)	(3.69)	(5,887)	(4.18)
Expenses for income tax based on effective rate	28,162	29.19	42,562	28.00	43,590	30.97

14. Memoranda accounts

(a) The table below shows the composition of this item:

	2012	2011
	S/,(000)	S/,(000)
Contingent debit		
Indirect loans (b) -		
Letters of Guarantee, note 6(a)	2,736	3,645
Other contingent -		
Loans granted, undisbursed	461,959	367,588
Other	8,721	3,311
	470,680	370,899
Total contingent debit	473,416	374,544
Other memoranda accounts		
Collateral received for loans	4,022,376	2,428,600
Guarantees granted for financial debts and obligations (c)	13,839	14,703
Write-offs for uncollectable accounts (d)	126,094	393,997
Suspended interest	56,449	38,380
Securities in custody	46,492	28,535
Fully depreciated fixed asset	3,593	3,593
Other memoranda accounts	46,483	23,530
Total other memorandum accounts	4,315,326	2,931,338
Total debit memorandum accounts	4,788,742	3,305,882

(b) The Bank carries out contingent operations (indirect loans) in the normal course of its operations, which expose it to additional credit risk beyond the amounts recognized in the balance sheet.

The Bank applies the same credit policies for granting and evaluating provisions for direct loans that it applies in performing contingent operations (note 6), including obtaining guarantees when it so deems necessary. Guarantees vary and include deposits in financial institutions, securities or other assets.

Considering that most contingent operations should reach maturity without the Bank having to deal with them, total contingent operations (indirect loans) does not necessarily represent future cash requirements.

- (c) These guarantees are posted primarily to support the funding received from COFIDE and correspond to financed loans (note 10c). These guarantees are posted primarily to support the funding received from COFIDE and correspond to financed loans (note 10c).
- (d) During the years 2012 and 2011, with authorization from the SBS, the Bank sold rights on written-off loans it had previously awarded to clients for approximately S/. 427,206,000 and S/. 171,247,000, respectively. These loans were fully provisioned and were sold to a related entity (note 18). The sale price and the earnings generated in the year 2012 totaled S/. 16,450,000 (S/. 14,882,000 in 2011), which is entered under "Other income, net" in the statement of profit and loss (note 18).

15. Financial income and expenses

The table below shows the composition of this item:

	2012	2011	2010
	S/,(000)	S/,(000)	S/,(000)
Financial income			
Interest from loan portfolio	1,027,671	968,116	920,700
Income from interest on and sale of investments	9,371	4,921	2,721
Interest from available assets	6,562	6,407	1,480
Income from appreciation of investments available for sale	3,043	-	1,812
Interest and fees from interbank funds	485	1,151	1,327
Other financial income	255	342	830
Financial income before exchange difference, net	1,047,387	980,937	928,870
Exchange difference, net	6,305	6,932	7,957
Total	1,053,692	987,869	936,827
Financial expenses			
Interest and fees on public deposits	153,984	135,087	93,492
Interest on debts and obligations with foreign and local financial institutions	39,391	45,478	49,738
Interest on deposits from companies in the financial system	9,509	9,573	5,285
Premiums for the deposits insurance fund	6,129	5,555	4,481

16. Personnel expenses

The following table shows the breakdown of this item:

	2012	2011	2010
	S/.(000)	S/.(000)	S/.(000)
Salaries	199,729	165,555	146,483
Bonuses	32,654	26,702	23,816
Severance pay	19,141	15,747	13,767
Pension fund contribution	18,405	15,026	13,075
Other salaries	15,598	8,582	11,315
Training programs	13,654	7,221	8,373
Transportation	9,438	7,003	6,309
Profit sharing, note 2(a)(ii)	6,162	8,455	8,145
Transportation	4,600	4,797	4,385
Board expenses	2,319	1,639	1,633
Advance payment of incentive, note 8(c)	1,773	1,463	1,126
Allowances	853	861	919
Complementary bonuses	19,714	16,191	16,319
Other personnel expenses	—	—	—
	<u>344,040</u>	<u>279,242</u>	<u>255,665</u>
Average number of workers	<u>4,242</u>	<u>3,458</u>	<u>3,244</u>

17. Expenses for services received

(a) The following table shows the breakdown of this item:

	2012	2011	2010
	S/.(000)	S/.(000)	S/.(000)
Professional services (b)	35,004	37,101	28,993
Advertising (c)	23,401	24,109	28,932
Leasing	22,045	19,672	15,650
Surveillance and protection	11,521	8,080	7,327
Communications	9,539	8,149	7,028
Transportation	8,682	8,700	11,087
Maintenance and repair	7,796	9,533	12,670
Services	4,728	4,265	3,772
Miscellaneous supplies	4,553	3,803	5,648
Public relations and events	2,289	3,078	4,021
Insurance	2,026	1,664	1,637
Central risk system expenses	1,624	1,380	1,426
Studies and projects	1,212	1,160	1,595
Other	25,883	20,677	15,871
	<u>160,303</u>	<u>151,371</u>	<u>145,657</u>

(b) The figure for year 2012 includes S/. 3,051,000 and S/. 3,651,000 for information technology and call center services, respectively, which are provided by related entities since 2009 (S/. 7,946,000 and S/. 3,917,000 in 2011 and S/. 10,308,000 and S/. 6,709,000 in 2010).

Interest on securities and obligations outstanding	5,156	1,888	4,617
Fees and other charges for financial obligations	3,640	4,289	4,712
Interest and fees on interbank funds	1,732	810	89
Loss on derivative financial instruments, net	158	42	1,433
Loss from appreciation of investments	-	130	-
Other financial expenses	1,822	3,390	1,810
	<u>221,521</u>	<u>206,242</u>	<u>165,657</u>
Total	<u>221,521</u>	<u>206,242</u>	<u>165,657</u>
Gross financial margin	<u>832,171</u>	<u>781,627</u>	<u>771,170</u>

(c) The figure for year 2012 includes S/. 7,454,000 and S/. 7,864,000 for advertising and promotional campaigns, respectively (S/. 9,317,000 and S/. 7,920,000 in 2011 and S/. 14,283,000 and S/. 8,931,000 in 2010).

18. Other income, net

The following table shows the composition of this item:

	2012	2011	2010
	S/.(000)	S/.(000)	S/.(000)
Write-off recoveries	6,077	16,449	13,822
Earnings from the sale of rights on loans granted to clients, note 14(d)	16,450	14,882	5,768
Minor others, net	(3,792)	3,806	(1,038)
	<u>18,735</u>	<u>35,137</u>	<u>18,552</u>
Total other income, net	<u>18,735</u>	<u>35,137</u>	<u>18,552</u>

19. Earnings per share

Weighted-average shares and earnings per share appear below.

	Shares outstanding (in thousands)	Share base for calculation (in thousands)	Effective days per year	Weighted-average common shares (in thousands)
2010				
Balance at January 1, 2010	186,764	186,764	365	186,764
Capitalization of earnings, note 12(a)	58,000	58,000	365	58,000
Capitalization of earnings in 2011, note 12(a)	-	54,496	365	54,496
Capitalization of earnings in 2012, note 12(a)	-	65,654	365	65,654
	<u>244,764</u>	<u>364,914</u>		<u>364,914</u>
Balance at December 31, 2010	<u>244,764</u>	<u>364,914</u>		<u>364,914</u>
Earnings per share, basic and diluted				<u>0.266</u>
2011				
Balance at January 1, 2011	244,764	244,764	365	244,764
Capitalization of earnings in 2011, note 12(a)	54,496	54,496	365	54,496
Capital contributions, note 12(c)	43,750	43,750	17	2,038
Capitalization of earnings in 2012, note 12(a)	-	65,654	365	65,654
	<u>342,999</u>	<u>408,664</u>		<u>366,952</u>

Balance at December 31, 2011	343,010	408,664		366,952
Earnings per share, basic and diluted				0.298
2012				
Balance at January 1, 2012	343,010	343,010	365	343,010
Capitalization of earnings, note 12(a)	65,654	65,654	365	65,654
Balance at December 31, 2012	408,664	408,664		408,664
Earnings per share, basic and diluted				0.167

20. Transactions with shareholders and related parties

(a) At December 31, 2012 and 2011, the balances of the Bank's accounts with shareholders and related parties were, principally, the following:

	Grupo ACP Inversiones y Desarrollo S/.(000)	Conecta Centro de Contacto S.A. S/.(000)	Protecta S.A. Compañía de Seguros S/.(000)	CSC Innovación S.A. S/.(000)	Other shareholders S/.(000)	Other related parties S/.(000)
2012						
Assets						
Loan portfolio, net	41,122	-	-	-	-	37
Other assets, net	-	68	460	8,028	-	648
Liabilities						
Deposits from the public	4,680	872	15,032	895	-	5,199
Financial debts and obligations	-	-	-	-	144,485	-
Other liabilities	19	1,064	1,424	5	-	7
Income and expense						
Interest income	797	1	-	-	-	137
Income from portfolio sales	-	16,450	-	-	-	-
Income from miscellaneous services	77	462	27,572	130	-	59
Interest expense	84	10	189	2	9,273	145
Expenses for third-party services	2,908	11,749	1,196	11,908	-	3,874
2011						
Assets						
Loan portfolio, net	-	11	-	-	-	3,754
Other assets, net	177	2,452	505	3,643	-	3,564
Liabilities						
Deposits from the public	10,898	1,316	7,131	715	-	8,437
Financial debts and obligations	-	-	-	-	148,115	-
Other liabilities	663	1,463	54	72	-	895
Income and expense						
Interest income	524	2	-	-	-	91
Income from portfolio sales	-	14,882	-	-	-	-
Income from miscellaneous services	10	233	22,232	130	-	54
Interest expense	630	8	50	2	6,774	152
Expenses for third-party services	1,430	15,316	600	7,991	-	1,610

Conecta Centro de Contacto S.A. –
Conecta Centro de Contacto S.A., provides telephone, collection and telemarketing services.

Protecta S.A. Compañía de Seguros -

On January 2, 2009, the Bank signed an insurance marketing contract with Protecta S.A. Compañía de Seguros, through which Mibanco is authorized to market and sell insurance products to its customers.

CSC Innovación S.A. -

In May 2009, the Bank signed a contract for the provision of information technology services with CSC Innovation S.A.

Other shareholders –

At December 31, 2012, the Bank had financing from the following shareholders: the IFC; Triodos Custody BV - Triodos Fair Share Fund and Triodos SICAV II - Triodos Microfinance Fund; and Acción Investment in Microfinance SPC, for S/. 124,425,000 (S/. 126,907,000 at December 31, 2011), S/. 12,410,000 (S/. 13,120,000 at December 31, 2011) and S/. 7,650,000 (S/. 8,088,000 at December 31, 2011), respectively (note 10b). This generated an interest expense, shown under "Financial expenses" in the statement of profit and loss, for the amount of S/. 6,885,000 (S/. 2,927,000 at December 31, 2011), S/. 1,253,000 (S/. 2,738,000 at December 31, 2011) and S/. 790,000 (S/. 814,000 at December 31, 2011), respectively.

In 2011 and 2010 the Bank incurred insurance expenses with the La Positiva Cia. de Seguros y Reaseguros S.A. Additionally, as of December 31, 2012 and 2011, La Positiva Cia. S.A. Seguros y Reaseguros held term deposits and checking accounts with the Bank.

(b) Certain shareholders and Bank officials have made credit transactions with the Bank, directly or indirectly, as permitted by the Ley de Banca y Seguros (Law on Banking and Insurance), which regulates and restricts certain transactions with bank employees, directors and officials. At December 31, 2012, loans and other credits to employees and directors of the Bank totaled approximately S/. 17,119,000 (S/. 14,534,000 at December 31, 2011).

(c) The total remuneration of directors totaled approximately S/. 4,375,000, S/. 3,028,000 and S/. 3,855,000 for the years 2012, 2011 and 2010, respectively, and is included under "Personnel expenses" on the statement of profit and loss.

The total remuneration of the key personnel of the Bank, including the General Manager and other managers, for the years 2012, 2011 and 2010 totaled S/. 10,145,000, S/. 7,944,000 and S/. 8,100,000, respectively.

(d) Under current law, loans to related parties cannot be made on terms more favorable than those that the bank grants to the general public. The Management of the Bank

believes that it has complied with all the requirements established in the existing legal provisions for transactions with related entities or individuals.

21. Risk assessment

The Bank's activities are mainly related to the use of financial instruments. The Bank accepts deposits from customers at fixed and floating rates with different terms, with the intent to make a return by investing these funds in high-quality assets. The Bank seeks to increase these margins by consolidating short-term funds and lending for periods consistent with its funding to earn higher rates, using a variety of products, while maintaining sufficient liquidity to meet any and all potential withdrawals.

Market risk –

The Bank is exposed to market risk, including the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk arises from changes in positions on and off the balance sheet, which are exposed to general and specific movements in the market and price volatility of financial market factors such as interest rates, exchange rates, commodities and capital investments.

The Bank establishes internal risk limits that are monitored continuously. However, the use of this control mechanism does not entirely eliminate the risk that losses may occur beyond the established limits in the case of extreme movements in market prices.

Liquidity risk –

The Bank is exposed to the withdrawal of its available cash resources from day to day, in respect to its deposits from the public, checking accounts, maturing deposits, reductions in loans, guarantees and other withdrawals. The Bank does not maintain cash resources to meet all these needs, as experience shows that it is possible to estimate with a high degree of certainty that a minimum level of funds will be reinvested at maturity. The Bank's Management sets limits for the minimum amount of funds that must be available to cover the payment of deposits at maturity, and for the minimum level of interbank lending facilities and other types of loans (financial debts and obligations) with which to cover withdrawals in the event of unexpected levels of demand.

The process of matching and controlling mismatches in the maturities and interest rates of assets and liabilities is fundamental to the Bank, but it is unusual for financial institutions to be fully matched. Given the uncertain terms of many transactions and their various types, an uncovered position in terms or rates can potentially increase profitability, but also the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities at maturity are important factors in determining the liquidity of the Bank and its exposure to changes in interest rates and exchange rates.

The notes to the financial statements include an analysis of the Bank's assets and liabilities grouped by date of contract expiration.

Cash flow and fair value risk due to changes in interest rates –

Cash flow interest rate risk is the risk that the cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Bank takes positions that are exposed to the effect of fluctuations on the prevailing levels of market interest rates, which affects its financial position and cash flows. Interest margins may increase as a result of such changes, but they may also decrease or generate losses in the event of unexpected fluctuations. The Bank's Management sets limits on the level of mismatch acceptable, and this level is constantly monitored.

Resources for financing are obtained primarily from short-term liabilities with interest at prevailing fixed and variable rates in the market. Customer deposits and other financial instruments are subject to risks arising from fluctuations in interest rates. The maturity characteristics and relevant contractual interest rates of the Bank's main financial instruments are disclosed in the notes to the financial statements.

In 2012 and 2011, the Bank did not engage in derivative product transactions to hedge this risk.

Exchange rate risk –

The Bank's financial position and cash flows are exposed to the effects of fluctuations in the exchange rates for the prevailing foreign currency. Management sets limits on the level of exposure from currency and on the total number of "overnight" transactions, which it monitors continuously.

Most assets and liabilities are held in nuevos soles. Foreign currency transactions are carried out at market rates. The Bank's assets and liabilities in foreign currency at December 31, 2012 and 2011 are shown in note 3.

The Bank has not entered into forward contracts to hedge this risk (note 3).

Credit risk –

The Bank takes positions that are subject to credit risk, which is the risk that a customer will be unable to make their payments at maturity. To hedge this risk, provisions are recorded for losses that have been incurred as of the balance sheet date. Significant changes in the economy or in the situation of a particular industry segment representing a concentration of the Bank's portfolio could result in losses different from those recorded at the balance sheet date, for which reason the Bank's Management continuously monitors its exposure to credit risk.

Such risks are monitored constantly and are subject to frequent review. Risk level limits are approved by Management and are established in accordance with current regulations.

Exposure to credit risk is managed through regular analysis of the ability of borrowers to meet interest and capital payments on their obligations and by changing lending limits when appropriate. Exposure to credit risk is also managed in part by real and personal guarantees, but no such guarantees can be obtained for a significant portion of microenterprise and consumer loans.

Financial assets that present a potential credit risk consist primarily of available assets, marketable investments available for sale, and the loan portfolio, among other assets. Available assets, excluding cash and cash equivalents, are deposited with prestigious financial institutions. The Bank's maximum exposure to credit risk is represented by accounting balances for the amounts indicated above. Actual exposure is constantly reviewed and compared to established limits.

22. Fair value of financial instruments

The fair value or estimated market value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an ordinary transaction, assuming that the entity is a ongoing concern.

When a financial instrument is traded in an active and liquid market, its quoted market price in an actual transaction provides the best evidence of fair value. When the quoted market price is not available or may not be indicative of the fair value of the instrument, the fair value may be determined using the market value of another instrument that is substantially similar, discounted cash flow analysis, or other applicable techniques that are significantly affected by the assumptions used. Although Management has used its best judgment in estimating the fair value of its financial instruments, any such estimation technique will be inherently uncertain to some extent, and as a result, fair value may not be indicative of net realizable or settlement value.

The methodologies and assumptions used to determine estimated market values depend on the terms and risk characteristics of various financial instruments, as described below:

- Available assets are cash and short-term deposits that present no significant credit or interest rate risk, such that their book value is equivalent to their estimated market value.
- At December 31, 2012 and 2011, investments available for sale were recorded at estimated market value, which includes unrealized potential gains calculated based on the valuation of the investments.
- Most of the Bank's loans have interest rates that can be adjusted in the case of changes in market conditions, and consequently, their book value, net of provisions for theoretical credit risk at the provisioning rates required by the SBS, and excluding increased procyclical provisions as in-

dicated in note 6, is considered a good estimate of the fair value of those assets at the balance sheet date.

- The market value and book value of deposits and obligations are similar; this is due to the fact that most have current maturities and that they generate interest at rates comparable to those of similar liabilities in the market at the balance sheet date.
- Debt with banks and correspondents bears interest at fixed and variable rates and/or preferential rates similar to those prevailing in the market. As a result, it is estimated that the book values of these debts do not differ significantly from their respective market values.

Outstanding securities and obligations bear interest at fixed rates according to the particular issuance. The fair value of bonds is calculated using discounted cash flows at the Bank's prevailing rates for liabilities with similar characteristics. As a result of the calculation, estimated market value does not differ significantly from book value.

At December 31, 2012 and 2011, the Bank's Management believes that the estimated and book values of its financial instruments do not differ significantly.

23. Subsequent events

From January 1, 2013 on, banks will not charge a number of fees that were previously recorded as income on the statement of profit and loss for years 2012, 2011 and 2010, as established by SBS Resolution N°8181-2012, dated October 25, 2012. The Bank is reviewing the estimated impact of these changes on its financial results.



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Dennis Yupaicana Serrano, Executive Advisor, **Magda Saravia**
Jihuallanca, Business Advisor, and **Valderrama Lovón**, Head of Credit.
Branch: Cusco South

Global Reportig
Initiative (GRI)

8

Following GRI guidelines, we attained an A+ Application Level.

The 2012 Annual Report has been developed according to the general principles of G3.1 established by the Global Reporting Initiative (GRI), an international organization whose guidelines are widely applied to sustainability reporting. Mibanco made a formal request for external verification of the indicators contained in this Report, and, having complied with GRI guidelines, has achieved an A+ Application Level.

The Report includes information that responds to central and financial GRI indicators, both mandatory and voluntary. The financial information and any other information issued by Mibanco in the framework of its institutional communications is complete, correct and true, and may be audited by third parties.

It is important to note that while the content of the Report has generally been adapted to GRI

protocols, certain indicators are not relevant to Mibanco's activities.

Additionally, the content has not been reformulated from previous fiscal periods nor have significant relative changes in the scope, boundaries or valuation methods been recorded. Rare cases in which a change from the previous period has been recorded are properly explained.

No relevant limitations have been identified, and necessary information is provided regarding cases that could lead to varying interpretations of changes in scope or boundary.

Finally, the index that appears at the end of the document and which is structured according to GRI guidelines contains a detailed account of the location in the report of the information pertaining to each indicator.

DEFINING REPORT CONTENT, QUALITY AND BOUNDARY

PRINCIPLES FOR DEFINING REPORT CONTENT

The content of this Report is based on the following quality assurance principles:

COMPLETENESS

Scope. The general guide and supplement for the financial services sector are based on the topics required by the Global Reporting Initiative (GRI).

Boundary. The information in the Report pertains to Mibanco, Banco de la Microempresa, including its 118 branch offices nationwide.

Time. The information is updated to December 31, 2012 and complements information for the 2011 period in quantitative respects.

SUSTAINABILITY CONTEXT

Mibanco's commitment to sustainability is made explicit throughout the entire Report, is expressed in the Bank's policies and procedures for ethical and responsible management, and is part of the strategy and operation of the Institution.

MATERIALITY

The information in this Report covers topics and indicators that reflect our organization's significant economic, environmental and social impacts and are relevant to our stakeholders, the financial sector and the environment in which Mibanco operates.

STAKEHOLDER INCLUSIVENESS

Mibanco has identified its stakeholders and believes that the content of the Report responds to their expectations.

PRINCIPLES FOR DEFINING REPORT QUALITY

BALANCE

The Report presents detailed, complete information on activities related to each indicator, disclosing positive and negative results and addressing measures for improvement where needed.

ACCURACY

The Report contains accurate and detailed information that has been compiled using standardized measurement and calculation techniques, both for financial management and sustainabi-

lity topics. All activities that are not reported on or are reported on only partially are mentioned and explained.

RELIABILITY

The information in the Report has been audited by Ernst & Young Asesores S. Civil de R.L. The financial statements comply with legal provisions established by Peruvian institutions.

CLARITY

The Report has been developed using clear, easily comprehensible language. It is available on Mibanco's website at <http://www.mibanco.com.pe>, where it can be freely accessed by any person or institution.

COMPARABILITY

Information has been selected and compiled using the same procedures as were used for previous reports, with no significant changes. Some indicators have been reported on for the first time (version G3.1), but the majority can be compared to results from the previous year.

TIMELINESS

The information on Mibanco's performance is consolidated annually and published upon approval of the Bank's Asamblea Anual de Accionistas (Annual Shareholders Assembly).

For further information and/or suggestions, please contact Fernando Balbuena fbalbuena@mibanco.com.pe or Carolina Benavides cbenavid@mibanco.com.pe.



Gustavo Mifflin Revilla, Regional Communications Supervisor for Lima and East zone; César Kroll Castañeda, Housing and Commercial Premises Products Supervisor; Hugo Ortecho Monjaras, Innovation Projects Coordinator

1. STRATEGY AND ANALYSIS

1,1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	Página 15-17
1,2	Description of key impacts, risks, and opportunities.	Páginas 40-42,76

2. PROFILE OF MIBANCO

2,1	Name of the organization.	Página 21
2,2	Primary brands, products, and/or services.	Páginas 56, 58, 60-63
2,3	Operational structure of the organization.	Página 31
2,4	Location of organization's headquarters.	Página 22
2,5	Number of countries where the organization operates.	Página 225
2,6	Nature of ownership and legal form.	Página 21
2,7	Markets served.	Páginas 81-84
2,8	Scale of the reporting organization.	Páginas 62-65, 103-104, 225
2,9	Significant changes during the reporting period regarding size, structure, or ownership.	Páginas 15-17,33-34
2,10	Awards received in the reporting period.	Página 51

3. REPORT PARAMETERS

REPORT PROFILE

3,1	Reporting period for information provided.	Páginas 11,224-225
3,2	Date of most recent previous report (if any).	Página 225
3,3	Reporting cycle (annual, biennial, etc.).	Página 225
3,4	Contact point for questions regarding the report or its contents.	Página 225

REPORT SCOPE AND BOUNDARY

3,5	Process for defining report content.	Páginas 17,58,225
3,6	Boundary of the report.	Página 225
3,7	State any specific limitations on the scope or boundary of the report.	Página 225
3,8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Página 225
3,9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	Página 225
3,10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	Página 225
3,11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Página 225

GRI CONTENT INDEX

3,12	Table identifying the location of the Standard Disclosures in the report.	Página 9
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ASSURANCE

3,13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	Página 225
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4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT

GOVERNANCE

4,1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Páginas 22-30
4,2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Página 40
4,3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Página 40

4,4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Página 40
4,5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Página 40
4,6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Páginas 40-41
4,7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Página 40
4,8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Página 32
4,9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Páginas 40-41
4,10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Página 40

COMMITMENTS TO EXTERNAL INITIATIVES

4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Página 40
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Páginas 38,51,76-77,225
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations which the organization supports.	Página 50-51

STAKEHOLDER ENGAGEMENT

4,14	List of stakeholder groups engaged by the organization.	Página 52
4,15	Basis for identification and selection of stakeholders with whom to engage.	Páginas 54-55
4,16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Páginas 54-55
4,17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Páginas 54-55

ECONOMIC INDICATORS

MANAGEMENT APPROACH	Página 58
ECONOMIC PERFORMANCE	
EC1 CORE	Página 73
<i>Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.</i>	
EC2 CORE	Página 40
<i>Financial implications and other risks and opportunities for the organization's activities due to climate change.</i>	
EC3 CORE	Página 139
<i>Coverage of the organization's defined benefit plan obligations.</i>	
EC4 CORE	Página 38
<i>Significant financial assistance received from government.</i>	
MARKET PRESENCE	
EC5 ADDITIONAL	Página 142
<i>Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.</i>	
EC6 CORE	Páginas 142-143
<i>Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.</i>	
EC7 CORE	Página 130
<i>Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.</i>	

INDIRECT ECONOMIC IMPACTS

EC8 CORE	Página 144
<i>Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.</i>	
EC9 ADDITIONAL	Página 151
<i>Understanding and describing significant indirect economic impacts, including the extent of impacts.</i>	

ENVIRONMENTAL INDICATORS

MANAGEMENT APPROACH	Página 153
MATERIALS	
EN1 CORE	Página 154
<i>Materials used by weight or volume.</i>	
EN2 CORE	Página 154
<i>Percentage of materials used that are recycled input materials.</i>	
ENERGY	
EN3 CORE	Página 156
<i>Direct energy consumption by primary energy source.</i>	
EN4 CORE	Página 155
<i>Indirect energy consumption by primary source.</i>	
EN5 ADDITIONAL	Páginas 155-157
<i>Energy saved due to conservation and efficiency improvements.</i>	
EN6 ADDITIONAL	Página 156
<i>Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.</i>	
EN7 ADDITIONAL	Página 156
<i>Initiatives to reduce indirect energy consumption and reductions achieved.</i>	
WATER	
EN8 CORE	Página 157
<i>Total water withdrawal by source.</i>	

EN9 ADDITIONAL	Página 157
<i>Water sources significantly affected by withdrawal of water.</i>	
EN10 ADDITIONAL	Página 157
<i>Percentage and total volume of water recycled and reused.</i>	
EN11 CORE	No material
<i>Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.</i>	
EN12 CORE	No material
<i>Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.</i>	
EN13 CORE	No material
<i>Habitats protected or restored.</i>	
EN14 CORE	No material
<i>Strategies, current actions, and future plans for managing impacts on biodiversity.</i>	
BIODIVERSITY	
EN15 ADDITIONAL	Página 40
<i>Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.</i>	
EMISSIONS, EFFLUENTS, AND WASTE	
EN16 CORE	Página 158
<i>Total direct and indirect greenhouse gas emissions by weight.</i>	
EN17 CORE	No material
<i>Other relevant indirect greenhouse gas emissions by weight.</i>	
EN18 ADDITIONAL	Página 158
<i>Initiatives to reduce greenhouse gas emissions and reductions achieved.</i>	
EN19 CORE	No material
<i>Emissions of ozone-depleting substances by weight.</i>	

EN20 CORE	No material
<i>NOx, SOx, and other significant air emissions by type and weight.</i>	
EN21 CORE	No material
<i>Total water discharge by quality and destination.</i>	
EN22 CORE	Página 155
<i>Total weight of waste by type and disposal method.</i>	
EN23 CORE	No material
<i>Total number and volume of significant spills.</i>	
EN24 ADDITIONAL	No material
<i>Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.</i>	
EN25 ADDITIONAL	No material
<i>Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.</i>	

PRODUCTS AND SERVICES

EN26 CORE	Página 159
<i>Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.</i>	
EN27 CORE	No material
<i>Percentage of products sold and their packaging materials that are reclaimed by category.</i>	

COMPLIANCE

EN28 CORE	Páginas 106,153
<i>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.</i>	
TRANSPORT	

TRANSPORTE

EN29 ADDITIONAL	Página 159
<i>Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.</i>	
OVERALL	

GENERAL

EN30 ADDITIONAL	Páginas 153-154
<i>Total environmental protection expenditures and investments by type.</i>	

HUMAN RIGHTS PERFORMANCE INDICATORS

MANAGEMENT APPROACH	Página 143
---------------------	------------

INVESTMENT AND PROCUREMENT PRACTICES

HR1 CORE	Página 148
----------	------------

Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.

HR2 CORE	Página 142
----------	------------

Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening and actions taken.

HR3 ADDITIONAL	Página 147
----------------	------------

Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

NON-DISCRIMINATION

HR4 CORE	Páginas 147-148
----------	-----------------

Total number of incidents of discrimination and corrective actions taken.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

HR5 CORE	Página 130
----------	------------

Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.

CHILD LABOR

HR6 CORE	Página 148
----------	------------

Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.

FORCED AND COMPULSORY LABOR

HR7 CORE	Páginas 130, 148
----------	------------------

Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.

SECURITY PRACTICES

HR8 ADDITIONAL	Páginas 142, 148
----------------	------------------

Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.

INDIGENOUS RIGHTS

HR9 ADDITIONAL	Página 148
----------------	------------

Total number of incidents of violations involving rights of indigenous people and actions taken.

ASSESSMENT

HR10 CORE	Página 148
-----------	------------

Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.

REMIEDIATION

HR11 CORE	Página 148
-----------	------------

Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.

LABOR PRACTICES INDICATORS

LABOR PRACTICES AND DECENT WORK

MANAGEMENT APPROACH	Página 109
---------------------	------------

EMPLOYMENT

LA1 CORE	Páginas 110-113
----------	-----------------

Total workforce by employment type, employment contract, and region, broken down by gender.

LA2 CORE	Páginas 121-128
----------	-----------------

Total number and rate of new employee hires and employee turnover by age group, gender, and region.

LA3 ADDITIONAL	Páginas 137-138
----------------	-----------------

Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations.

LA15 CORE	Página 139
-----------	------------

Return to work and retention rates after parental leave, by gender.

LABOR/MANAGEMENT RELATIONS

LA4 CORE	Página 130
----------	------------

Percentage of employees covered by collective bargaining agreements.

LA5 CORE	Página 130
----------	------------

Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.

OCCUPATIONAL HEALTH AND SAFETY

LA6 ADDITIONAL	Página 130
----------------	------------

Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.

LA7 CORE	Página 140
----------	------------

Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities, by region and by gender.

LA8 CORE	Página 140
----------	------------

Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

LA9 ADDITIONAL	Página 96
----------------	-----------

Health and safety topics covered in formal agreements with trade unions.

TRAINING AND EDUCATION

LA10 CORE	Página 131
-----------	------------

Average hours of training per year per employee by gender, and by employee category.

LA11 ADDITIONAL	Páginas 130-131
-----------------	-----------------

Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

LA12 ADICIONAL	Página 134
----------------	------------

Percentage of employees receiving regular performance and career development reviews, by gender.

DIVERSITY AND EQUAL OPPORTUNITY

LA13 CORE	Páginas 113,115-117,119
-----------	-------------------------

Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

EQUAL REMUNERATION FOR WOMEN AND MEN

LA14 CORE	Páginas 113-114, 117,142
-----------	--------------------------

Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.

SOCIETY PERFORMANCE INDICATORS

MANAGEMENT APPROACH	Página 79
---------------------	-----------

COMMUNITY

SO1 CORE	Páginas 40, 76, 79, 151, 153
----------	------------------------------

Percentage of operations with implemented local community engagement, impact assessments, and development programs.

SO9 CORE	Página 153
----------	------------

Operations with significant potential or actual negative impacts on local communities.

SO10 CORE	Página 153
-----------	------------

Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.

FS13 CORE	Páginas 74, 92
-----------	----------------

Access points in low-populated or economically disadvantaged areas by type.

FS14 CORE	Página 95
-----------	-----------

Initiatives to improve Access to financial services for disadvantaged people.

CORRUPTION

SO2 CORE	Página 151
----------	------------

Percentage and total number of business units analyzed for risks related to corruption.

SO3 CORE	Página 152
----------	------------

Percentage of employees trained in organization's anti-corruption policies and procedures.

SO4 CORE	Página 152
----------	------------

Actions taken in response to incidents of corruption.

PUBLIC POLICY

SO5 CORE	Página 106
----------	------------

Public policy positions and participation in public policy development and lobbying.

SO6 ADDITIONAL	Páginas 106, 152
----------------	------------------

Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

ANTI-COMPETITIVE BEHAVIOR

SO7 ADDITIONAL	Página 106, 152
----------------	-----------------

Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.

COMPLIANCE

SO8 CORE	Página 105
----------	------------

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

PRODUCT RESPONSABILITY PERFORMANCE INDICATORS

MANAGEMENT APPROACH	Página 91
---------------------	-----------

CUSTOMER HEALTH AND SAFETY

FS15 CORE	Página 104
-----------	------------

CUSTOMER HEALTH AND SAFETY

CUSTOMER HEALTH AND SAFETY

PR1 CORE	Páginas 97, 101
----------	-----------------

Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

PR2 ADDITIONAL	Página 105
----------------	------------

Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.

PRODUCT AND SERVICE LABELING

PR3 CORE	Página 104
----------	------------

Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.

PR4 ADDITIONAL	Página 105
----------------	------------

Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.

PR5 ADDITIONAL	Página 102
----------------	------------

Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

FS16 CORE	Páginas 76, 79
-----------	----------------

Initiatives to enhance financial literacy by type of beneficiary.

MARKETING COMMUNICATIONS

PR6 CORE	Página 105
----------	------------

Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

PR7 ADDITIONAL	Página 152
----------------	------------

Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.

CUSTOMER PRIVACY

PR8 ADDITIONAL	Página 152
----------------	------------

Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

COMPLIANCE

PR9 CORE	Página 105
----------	------------

Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

SUPPLEMENTARY SPECIFIC ENVIRONMENTAL INDICATORS FOR FINANCIAL SERVICES SECTOR

IMPACT OF PRODUCTS AND SERVICES

MANAGEMENT APPROACH	Página 153
---------------------	------------

PRODUCT PORTFOLIO (PERFORMANCE INDICATORS)

FS1 CORE	Página 96
----------	-----------

Policies with specific environmental and social components applied to business lines.

FS2 CORE	Página 154
----------	------------

Procedures for assessing and screening environmental and social risks in business lines.

FS3 CORE	Página 99
----------	-----------

Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.

FS4 CORE	Página 134
----------	------------

Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.

FS5 CORE	Páginas 76, 146
----------	-----------------

Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.

PRODUCT PORTFOLIO (PERFORMANCE INDICATORS)

FS6 CORE	Página 80
----------	-----------

Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.

FS7 CORE	Página 89
----------	-----------

Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.

FS8 PRINCIPAL	Página 99
---------------	-----------

Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.

AUDIT

FS9 CORE	Página 108
<i>Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.</i>	

ACTIVE OWNERSHIP

FS10 CORE	Página 79
<i>Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.</i>	
FS11 CORE	Página 109
<i>Percentage of assets subject to positive and negative environmental or social screening.</i>	
FS12 CORE	Página 40
<i>Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.</i>	

ADHERENCE TO THE GLOBAL COMPACT

At Mibanco, we express our commitment to the Global Compact and Millennium Development Goals, both initiatives of the United Nations. Thus, we promote respect for human rights among our stakeholders and contribute to the development of a fair, equitable and inclusive society.

PRINCIPLES	Global Reporting Initiative (GRI)	
	GRI INDICA	Annual Reporting Initiative (GRI)
HUMAN RIGHTS		
1. Companies should support and respect the protection of internationally recognized human rights in their sphere of influence.	HR1-HR9	130, 142, 147-148
2. Companies should ensure that their subsidiaries do not engage in human rights violations.	HR1, HR2, HR9	142, 148
LABOR		
3. Companies should support freedom of association and recognize the right to collective bargaining.	HR5, LA4, LA5	130
4. Companies should support the elimination of all forms of forced or compulsory labor.	HR7	130, 148
5. Companies should support the eradication of child labor.	HR6	148
6. Companies should support the elimination of discriminatory employment and professional practices.	HR4, LA2, LA13, LA14	7113-117, 119, 121-128, 142, 147-148
ENVIRONMENT		
7. Companies should maintain a preventative focus on environmental protection.	EC2, EN26, SO5	40, 106, 159
8. Companies should encourage initiatives that promote an increased level of environmental responsibility.	EN2, EN5-6, EN18, EN22, EN26	154-159
9. Companies should favor the development and dissemination of technologies that respect the environment.	EN2, EN5-6, EN26	154-157, 159
CORRUPTION		
10. Companies should oppose all forms of corruption, extortion and bribery.	SO2-SO4	151-152

Olimpia Villar Duran, Business line: beer, soft drinks
Gustavo Lozano Bardales, Executive Advisor. Branch: Pucallpa



Branch
Locations

9

Branches in Lima

Branch			
No.	Name	District	Address
1	SAN JUAN DE MIRAFLORES	San Juan de Miraflores	Av. Los Héroes 516
2	RÍMAC	Rímac	Av. Caquetá 998-A
3	ZÁRATE	San Juan de Lurigancho	Av. Gran Chimú 822-824, urb. Zárate
4	CALLAO	Bellavista	Av. Elmer Faucett 306-310-314
5	VILLA EL SALVADOR	Villa El Salvador	Av. Juan Velasco, 2do. Sector, Gr.8, Mz. F, Lt. 17
6	SANTA ANITA	Ate – Vitarte	Av. Nicolas Ayllon 3236
7	COMAS	Comas	Av. Túpac Amaru 3857-3861, San Agustín, I Etapa
8	CHORRILLOS	Chorrillos	Av. Guardia Civil 312
9	CERCADO	Lima – Cercado	Av. Inca Garcilaso de la Vega 1390-1394-1398, esq con Av. España N 200, 210, 214 y 218
10	VILLA MARÍA DEL TRIUNFO	Villa María del Triunfo	Av. El Triunfo 101-105
11	LOS OLIVOS	Los Olivos	Av. Alfredo Mendiola 3491
12	CANTO GRANDE	San Juan de Lurigancho	Av. Canto Grande 3510
13	VENTANILLA	Ventanilla	Av. Principal, Mz. C-3, Lt. 13, urb. Ventanilla
14	CHOSICA	Lurigancho	Av. 28 de Julio 393
15	HUAYCÁN	Ate - Vitarte	Av. 15 de Julio, Lt. 29, Zona B – Proyecto Especial Huaycán
16	PUENTE PIEDRA	Puente Piedra	Mz. C, Lt. 2, urb. Santo Domingo
17	SAN MARTÍN DE PORRES	San Martín de Porres	Av. Perú 3411
18	SÁENZ PEÑA	Callao	Av. Roque Saénz Peña 922-924
19	SURQUILLO	Surquillo	Av. Paseo de la República 4297
20	GAMARRA	La Victoria	Prolong. Antonio Bazo 750

21	INDEPENDENCIA	Independencia	Av Tupac Amaru 7197 Urb Mesa Redonda
22	CENTRO HISTÓRICO	Lima - Cercado	Jr. Caraballa 400 402 406 408 - Jr Ucayali 180
23	PRÓCERES	San Juan de Lurigancho	Av.Próceres de la Indep. 1671-A, urb. Las Flores
24	PARDO	Miraflores	Av. José Pardo 175
25	LURÍN	Lurín	Mz. D, Lt. 2, urb. Las Virreinas, km. 36.5
26	CARABAYLLO	Comas	Av. Túpac Amaru 3043, Mz. R, Lt. 11, urb. El Progreso
27	CERES	Ate – Vitarte	Av. Víctor Raúl Haya de la Torre, Mz. D, Lt. 24
28	MAGDALENA	Magdalena	Av. Brasil 3256-3260
29	COVIDA LOS OLIVOS	Los Olivos	Av. Antúnez de Mayolo 1388, urb. Los Pinares
30	SAN GABRIEL	Villa María del Triunfo	Av. Salvador Allende 198, esq. con José C. Mariátegui, urb. San Gabriel
31	MÉXICO	La Victoria	Av. México 1604-1606, urb. La Pólvara
32	ANGÉLICA GAMARRA	Los Olivos	Av. Angélica Gamarra, cdra. 8, Mz. D, Lt.4, urb. El Trébol
33	PRO	Los Olivos	Av. Alfredo Mendiola 7889
34	HUANDOY	Los Olivos	Av. El Naranjal 1413-1415, Parque Naranjal, II Etapa, Mz. I-2, Lt.15
35	VALLE SHARON	San Juan de Miraflores	Av. Prolongación Canevaro cdra. 1 Mz. F Lt. 11, S.J.M.
36	JOSE GÁLVEZ	Villa María del Triunfo	Av. Lima 1089, - Pj Villa Poeta José Gálvez Parcela B, Mz. 42 Lt. 2
37	PACHACAMÁC	Villa El Salvador	Urbanización Pachacamác, Mz. L, Lt.16, Etapa II.
38	SAN PEDRO	Chorrillos	Av. El Triunfo, cdra. 3 s/n, puerta N° 1, AA.HH. Túpac Amaru de Villa - San Pedro de Chorrillos
39	MARISCAL CÁCERES	San Juan de Lurigancho	Av. Próceres de la Independencia Mz. J1 Lt 23, Urb. Mariscal Cáceres
40	SAN JUAN DE COLLIQUE	Collique	URB. POPULAR SAN JUAN BAUTISTA - 1ERA ETAPA MZ.B - LOTE 12
41	EL AGUSTINO	El Agustino	Av. Riva Agüero 1400, distrito El Agustino (costado de la Municip.)
42	HUACHIPA	Huachipa	Av. Las Torres, Mz. A, Lt.8, urb. El Paraíso de Puente Huachipa

43	MUSA	Pachacamac	AA.HH. Paul Poblet, Mz. A, Lt. 6, carretera a Cieneguilla, Km 12 (por la curva de Manchay)
44	CIRCUNVALACIÓN	San Luis	Av. Circunvalación 2141- 2147, urb. Industrial Residencial El Pino
45	GRAU	La Victoria	Av. Manco Cápac 201 y Jr. Raymondi
46	PRIMAVERA	Surco	Av. Primavera 1754
47	CAVENECIA	Miraflores	Av. Emilio Cavenecia 175
48	CAÑETE	San Vicente de Cañete	Calle Sepúlveda 115 - 215
49	HUACHO	Huacho	Av. Miguel Grau Seminario 147
50	BARRANCA	Barranca	Jr. Alfonso Ugarte 120 a media cdra. Plaza Armas
51	HUARAL	Huaral	Calle Luis Colán 110
52	SANTA CLARA	Ate-Vitarte	Calle Parque Cívico N° 185
53	GAMARRA II	La Victoria	Jr. Humboldt 1609 - La Victoria

Branches outside of Lima

Branch				
No.	Name	Province	Province	Address
1	CHINCHA	Ica	Chincha	Av. Mariscal Benavides 182, Chincha Alta
2	CHICLAYO	Lambayeque	Chiclayo	Calle San José 755
3	HUANCAYO	Junín	Huancayo	Av. Giráldez 201
4	AREQUIPA	Arequipa	Arequipa	Esq. Calle Piérola 237 y Dean Valdivia 117
5	TRUJILLO	La Libertad	Trujillo	Calle Bolívar 626
6	CUSCO	Cusco	Cusco	Av. Garcilaso de la Vega 232-238
7	AVELINO	Arequipa	Arequipa	Av. Daniel Alcides Carrión 265 A

8	HUARAZ	Áncash	Huaraz	Av. José de Sucre 765
9	TACNA	Tacna	Tacna	Calle Apurímac 245, Cercado
10	CAJAMARCA	Cajamarca	Cajamarca	Jr. Apurímac 888
11	ICA	Ica	Ica	Jr. Independencia 156
12	TARAPOTO	San Martín	Tarapoto	Jr. Gregorio Delgado 142, Cercado
13	JULIACA	Puno	San Román	Jr. Huayna cápac 130, Zona Cercado
14	MOSHOQUEQUE	Lambayeque	Chiclayo	Av. Bolívar N° 384 - Urb. Moshoqueque
15	PUNO	Puno	Puno	Calle Puno 334-342
16	PIURA	Piura	Piura	Av. Sánchez Cerro 1279
17	PUCALLPA	Ucayali	Crnel. Portillo	Jr. Coronel Portillo 623
18	IQUITOS	Loreto	Maynas	Jr. Napo 200, esq. con Raymondi
19	PISCO	Ica	Pisco	Calle Progreso 181
20	TARMA	Junín	Tarma	Jr. Lima 543
21	CHIMBOTE	Áncash	Del Santa	Jr. F. Bolognesi Mz.12 – Zona casco urbano
22	PUERTO MALDONADO	Madre de Dios	Tambopata	Av. Ernesto Rivero 716
23	EL PORVENIR	La Libertad	Trujillo	Calle Micaela Bastidas 1233
24	TUMBES	Tumbes	Tumbes	Calle Bolívar 147
25	PINTO	Tacna	Tacna	Av. Pinto Mz. K, Lt.7, frente a CC Polvos Rosados
26	EL TAMBO	Junín	Huancayo	Av. Mariscal Castilla 1259
27	CUSCO SUR	Cusco	Cusco	Lt. 2 y 3 Mz. B, Asoc. Pro Vivienda Pueblo Libertador
28	JAÉN	Cajamarca	Jaén	Calle Bolívar 1247-1249
29	ILO	Moquegua	Ilo	Jr. Zepita 423
30	HUÁNUCO	Huánuco	Huánuco	Jr. 28 de Julio 1038-1040

31	CAYMA	Arequipa	Arequipa	Av. Ejército 1014
32	MIRAFLORES	Arequipa	Arequipa	Av. Teniente Ferré 207
33	CASTILLA	Piura	Piura	Esq. Av. Guardia Civil y Las Dalias B-1, urb. Miraflores
34	CHILCA	Junín	Huancayo	Calle Real 600
35	LA MERCED	Junín	Chanchamayo	Jr. Tarma 244
36	LAMBAYEQUE	Lambayeque	Lambayeque	Av. Ramón Castilla 1021
37	TÚPAC AMARU	Puno	San Román	Jr. Túpac Amaru 885
38	LA ESPERANZA	La Libertad	Trujillo	Av. Condorcanqui 1264
39	MOYOBAMBA	San Martín	Moyobamba	Jr. San Martín 466, Barrio Belén
40	CUSCO CENTRO	Cusco	Cusco	Av. La Cultura 2111, urb. Magisterial, I Etapa
41	EL DORADO	San Martín	Tarapoto	Jr. Lima 367-377-379
42	EL PEDREGAL	Arequipa	Caylloma	Calle Islay, Mz. I, Lt.2B, Villa el Pedregal
43	LA HERMELINDA	La Libertad	Trujillo	Av. América Norte 1351 (antes Av. Circunvalación Exterior), urb. Las Quintanas
44	TALARA	Piura	Talara	Sub Lote C, Zona Centro Cívico, entre Parque Grau y Mercado Nuevo de Talara
45	SULLANA	Piura	Sullana	Av. San Martín 821-823
46	SATIPO	Junín	Satipo	Jr. Francisco Irazola, 251-253-255 Satipo, Letra B, Mz. 14
47	CHEPÉN	La Libertad	Chepén	Calle Lima 406
48	AYACUCHO	Ayacucho	Huamanga	Jr. Sol 241
49	MAYORISTA	La Libertad	Trujillo	Av. César Vallejo 311, urb. Palermo
50	PIURA - CENTRO	Piura	Piura	Calle La Libertad N° 602
51	PINTO II	Tacna	Tacna	Av. Pinto N°362, Cercado
52	CUSCO IV	Cusco	Cusco	Av. Antonio Lorena N°394
53	MOLLENDO	Arequipa	Islay	Centro Poblado Mollendo Mz H4, Lote 10

54	MERCADO MODELO	Lambayeque	Chiclayo	Calle José Balta N° 1699
55	HUARAZ II	Ancash	Huaraz	AV. FITZCARRALD 328 HUARAZ

Branches in Shopping Centers

Branch			
No.	Name	Province	Address
1	REAL PLAZA PRO	Lima	Av. Alfredo Mendiola 7042, LC 101, Santa Luzmila
2	MULTICENTER INDEPENDENCIA	Lima	Av. Carlos Alberto Izaguirre 275
3	REAL PLAZA CENTRO CÍVICO	Lima	Paseo de la República s/n, Real Plaza Centro Cívico, 2° piso, Garcilaso de la Vega 1337, 2° piso
4	MINKA	Callao	Av. Argentina 3093-3257, Callao
5	AVENTURA PLAZA TRUJILLO	Trujillo	Av. América Oeste 750, Urb. El Ingenio, locales B-1259 B-1263, 1° nivel
6	OPEN PLAZA TRUJILLO	Trujillo	Av. América Norte 1245, urb. Los Jardines
7	PLAZA SOL DE ICA	Ica	Av. San Martín y Ayabaca, local LC 108, 1° piso
8	REAL PLAZA HUANCAYO	Huancayo	Local Comercial 101-105, Centro Comercial-Estación Huancayo, 1° nivel
9	AVENTURA PLAZA-PORONGOCHÉ	Arequipa	AV. PORONGOCHÉ S/N - LOCAL LF 5 CCPORONGOCHÉ
10	GRAN CAQUETÁ	Lima	Av. 10 de Junio N° 1020 Mz 20 y 21, urb. Miguel Grau

1 Consumption for the indicators in the Environmental Performance section has been calculated based on the average number of Mibanco employees during the 2012 period, 4383 employees.



El banco de los que mueven el país.

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