Consolidated Financial Statements

December 31, 2014 and 2013

Contents

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Members of the Board of Directors of
La Positiva Seguros y Reaseguros S.A.

February 26, 2015

We have audited the accompanying consolidated financial statements of **La Positiva Seguros y Reaseguros S.A. and subsidiaries**, which comprise the consolidated statements of financial position as of December 31, 2014 and 2013 and the corresponding consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes included in accompanying Notes 1 to 33.

Management's Responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Peru applicable to insurance companies, and for the internal control that Management determines is necessary for enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the International Standards on Auditing approved for their application in Peru by the Board of Deans of the Institutes of Certified Public Accountants of Peru. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk that the financial statements may contain material misstatements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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February 26, 2015
La Positiva Seguros y Reaseguros S.A

Opinion

In our opinion, the accompanying consolidated financial statements referred to above, present fairly, in all material respects, the financial position of **La Positiva Seguros y Reaseguros S.A. and subsidiaries** as of December 31, 2014 and 2013, and of their financial performance and cash flows for the years then ended, in accordance with accounting principles generally accepted in Peru applicable to insurance companies.

Gaveglio Aparicio y Asociados

Countersigned by

--(partner)
Fernando Gaveglio
Peruvian Certified Public Accountant
Registration No.01-019847

Consolidated statement of financial position

ASSETS	Note	At December 31, 2014 S/.000	At December 31, 2013 S/.000
CURRENT ASSETS			
Cash and cash equivalents	6	128,156	149,058
Financial assets at fair value with changes in results	7	107,292	-
Available-for-sale financial assets	8	354,157	353,281
Receivables from insurance transactions, net	12	223,402	159,960
Receivables from re-insurers and co-insurers	20	67,917	46,637
Assets from technical reserves for re-insurers	16	137,042	130,452
Other receivables, net	13	51,997	23,682
Prepaid expenses and taxes		19,727	17,383
Total current assets		1,089,690	880,453
NON-CURRENT ASSETS			
Assets from technical reserves for re-insurers	16	65,308	67,642
Available-for-sale financial assets	8	127,788	90,019
Held-to-maturity financial assets	9	1,718,704	1,437,768
Investments in associates and others	11	26,786	30,574
Investment properties	10	292,168	284,623
Property, furniture and equipment, net	14	87,408	81,583
Other assets	15	56,103	40,311
Deferred income tax asset		7,667	2,049
		2,381,932	2,034,569
TOTAL ASSETS		3,471,622	2,915,022
OFF-BALANCE-SHEET ACCOUNTS AND CONTINGENCIES	29	211,908,618	49,810

LIABILITIES AND NET SHAREHOLDERS' EQUITY	Note	At December 31, 2014 S/.000	At December 31, 2013 S/.000
CURRENT LIABILITIES			
Overdrafts and borrowings	17	110,123	97,046
Taxes, interest and other payables	18	75,313	61,723
Payables to insured parties		26,532	14,132
Payables to intermediaries and agencies	19	17,858	12,875
Payables to re-insurers and co-insurers	20	127,229	97,391
Technical reserves for claims	21	465,005	435,677
Total current liabilities		822,060	718,844
NON-CURRENT LIABILITIES			
Overdrafts and borrowings	17	200	5,586
Technical reserves for premiums	22	2,209,017	1,832,037
Deferred gains		62,557	27,401
Taxes, interest and other payables	18	2,700	-
Other liabilities (net)		6,233	-
TOTAL LIABILITIES		3,102,767	2,583,868
NET SHAREHOLDERS' EQUITY			
Share capital	23	290,320	271,160
Treasury shares		(2,383)	-
Legal reserve	23	24,147	21,988
Unrealized earnings	23	(43,231)	(27,792)
Retained earnings	23	14,851	21,319
		283,704	286,675
Non-controlling interest		85,151	44,479
TOTAL LIABILITIES		368,855	331,154
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,471,622	2,915,022
OFF-BALANCE-SHEET ACCOUNTS AND CONTINGENCIES	29	211,908,618	49,810

The accompanying notes are part of the consolidated financial statements.

Consolidated income statement

	Note	At December 31, 2014 S/.000	2013 S/.000
Accepted insurance and reinsurance premiums		1,600,072	1,069,500
Adjustment of technical reserves for accepted insurance and reinsurance premiums		(432,931)	(255,706)
Total net premiums for the year		1,167,141	813,794
Ceded premiums		(357,569)	(152,122)
Adjustment of technical reserves of ceded premiums		25,643	2,552
Total ceded premiums		(331,927)	(149,570)
Competitive premiums		835,215	664,224
Claims of accepted insurance and reinsurance premiums		(817,381)	(553,638)
Claims of ceded premiums		377,888	85,716
Claims incurred, net		(439,494)	(467,922)
Gross technical result		395,721	196,302
Commissions on insurance and re-insurance premiums, net		(177,956)	(135,955)
Other technical income/expenses, net	32	(17,086)	14,269
Technical result		200,679	74,616
Investment income and other finance income		373,229	394,106
Investment and finance costs		(209,310)	(267,020)
Result from investments	27	163,919	127,086
Administrative expenses, net of service income	28	(321,785)	(168,226)
Profit before income tax		42,814	33,476
Income tax	24	(7,696)	(8,896)
Net profit for the year		35,118	24,580
Net profit attributable to:			
Company shareholders		35,059	21,590
Non-controlling interest		59	2,990
		35,118	24,580
Basic and diluted earnings per share	31	0.122	0.082

Consolidated statement of comprehensive income

	For the year ended December 31,	
	2014	2013
	S/.000	S/.000
Net profit of the year	35,118	24,580
Other comprehensive income		
Loss on available-for-sale financial assets, net of deferred income taxes		
Exchange difference on equity instruments	(20,490)	(19,823)
Other comprehensive income for the period, net	1,592	
Comprehensive income for the period, net	(18,898)	(19,823)
	16,220	4,757
Owner of controlling interests	19,620	3,639
Non-controlling interests	(3,401)	1,118
Total comprehensive income	16,220	4,757

Consolidated statement of changes in net shareholders' equity

For the years ended December 31, 2014 and 2013

Atributable to the controlling party	Share capital	Treasury shares	Legal reserve	Unrealized earnings	Retained earnings	Total	Non-controlling interest	Total equity
	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000
Balances at January 1,2013	**249,315**	**-**	**20,138**	**(11,960)**	**18,614**	**276,107**	**44,748**	**320,855**
Adjustment for changes in accounting policies resulting from IFRS harmonization process (Note 34)	-	-	-	-	(861)	(861)	-	(861)
Adjustment for investments in subsidiaries and affiliates	-	-	-	(779)	5,671	4,892	-	4,892
Opening balance after adjustments	**249,315**	**-**	**20,138**	**(12,739)**	**23,424**	**280,138**	**44,748**	**324,886**
Adjustment for changes in accounting policies resulting from investment in subsidiaries and associates	-		-	-	-	-	1,511	1,511
Capitalization of retained earnings and legal reserve establishment	21,845	-	1,850	-	(23,695)	-	-	-
Net profit for the year	-	-	-	-	21,590	21,590	2,990	24,580
Other comprehensive income								
Result of valuation of available-for-sale financial assets	-	-	-	(15,053)	-	(15,053)	(4,770)	(19,823)
Balances at December 31, 2013	**271,160**	**-**	**21,988**	**(27,792)**	**21,319**	**286,675**	**44,479**	**331,154**
Balances at January 1, 2013								
Adjustment for changes in accounting policies	-	-	-	-	(10,196)	(10,196)	-	(10,196)
Consolidation adjustment								
Adjustment for investments in subsidiaries and affiliates	-	-	-	-	(12,395)	(12,395)	-	(12,395)
Total other comprehensive income	**271,160**	**-**	**21,988**	**(27,792)**	**(1,272)**	**264,084**	**44,479**	**308,563**
Capitalization of retained earnings and legal reserve establishment	19,160	-	2,159	-	(21,319)	-	- -	-
Net profit for the year	-	-	-	-	35,059	35,059	59	35,118
Treasury shares	-	(2,383)	-	-	2,383	-	-	(2,383)
Other comprehensive income								
Result from valuation of available-for-sale financial assets	-	-	-	(15,439)		(15,439)	(3,459)	(18,898)
Incorporation of subsidiaries (Note 1)	-	-	-	-	-	-	44,072	46,455
Total other comprehensive income	290,320	290,320	24,147	(43,231)	12,468	283,704	85,151	368,855

Consolidated statement of cash flows

	For the year ended December 31,	
	2014 S/.000	2013 S/.000
Operating activities		
Net profit for the year	35,118	24,580
Adjustments to reconcile the net result of the period with net cash provided by operating activities:		
Adjustment of technical provisions for premiums	270,811	248,701
Depreciation, provisions and amortizations	12,902	10,019
Provision for uncollectible accounts and other provisions	5,538	(1,086)
Valuation of financial assets	(111,169)	(95,859)
Recognized profit (loss) of affiliates	(10,215)	(796)
Profit on sale of investments and property	3,600	(14,723)
Provision for deferred income tax	(2,194)	624
Reduction to market value	(2,930)	(476)
Provision for current income tax		8,162
Net changes in assets and liabilities:		
Receivables for insurance transactions, net	24,851	153
Receivables subject to credit risk	(4)	9
Current accounts of reinsurer debtors	8,177	(33,629)
Adjustment for technical reserves for re-insurers	(4,256)	(21,779)
Other receivables, net	(14,295)	3,379
Prepaid expenses	4,762	(3,758)
Other assets	(18,032)	(2,115)
Taxes, interest and other payables	(10,714)	(7,880)
Payables to intermediaries and agencies	(990)	4,768
Payables to insured parties	6,787	10,820
Payables to re-insurers and co-insurers, net	(74,009)	24,371
Technical provision for claims	80,044	76,240
Technical provisions for premiums and catastrophic risks	13,386	12,066
Deferred earnings and other liabilities	9,932	18,086
Net cash provided by operating activities	227,100	259,877

(Continues)

	For the year ended December 31,	
	2014 S/.000	2013 S/.000
Investing activities		
Purchase of investments in securities and property	(619,290)	(1,492,183)
Purchase of property, furniture and equipment	(12,448)	(20,289)
Sale of investments in securities and property, furniture and equipment	350,193	1,203,952
Purchase of intangibles	(14,529)	(7,505)
Dividends received	10,227	9,560
Net cash applied to investing activities	(285,847)	(306,465)
Financing activities		
Dividends paid	(932)	
Increase in borrowings	177,408	108,986
Payment of borrowings	(169,403)	(35,128)
Increase in capital	15,900	-
Net cash provided by financing activities	22,973	73,858
Increase (decrease) in cash and cash equivalents	(35,774)	27,270
Balance of cash and cash equivalents at the beginning of the year	149,058	121,788
Balance of cash and cash equivalents at the beginning of the year of new subsidiaries	14,872	-
Balance of cash and cash equivalents at the end of the year	128,156	149,058

Notes to the Consolidated Financial Statements

DECEMBER 31, 2014 AND 2013

1 Background and economic activity

a) Background -

La Positiva Seguros y Reaseguros S.A. (hereinafter the Company) was incorporated in Peru on September 27, 1937. The Company is a Limited Company with legal address at Calle San Francisco No. 301, Arequipa and carries out its economic activity mainly in the city of Lima.

La Positiva Seguros y Reaseguros S.A. and Subsidiaries (hereinafter the Group), reflects the consolidation of the financial statements of La Positiva Seguros y Reaseguros S.A. and its direct subsidiaries: La Positiva Vida Seguros y Reaseguros S.A. and Alianza Vida Seguros y Reaseguros S.A. (the latter two based in Bolivia).

b) Actividad económica

The Company is mainly engaged in contracting and managing all types of insurance within the scope of Law No. 26702, General Law of the Financial System and of the Insurance and Organic System of the SBS (hereinafter the General Law). In addition, the Company obtains rental revenues from properties which it owns and received interest and dividends from investments made freely and/or in accordance with the SBS regulations. At December 31, 2014 and 2013 the number of workers (officials and employees) was 1,022 and 877, respectively.

Until December 31, 2013, the Company considered as part of the group companies subject to consolidation two subsidiaries: La Positiva Vida Seguros y Reaseguros S.A. which is engaged in all types of transactions related to life insurance and re-insurance and Transacciones Financieras S.A., which is engaged in holding investments. On August 29 , 2014, the SBS informed Management by means of Commmunication No.31558 - 2014 – SBS, of the new structure of the La Positiva Group subject to consolidation comprising: two direct subsidiaries, La Positiva Vida Seguros y Reaseguros S.A. and Inversiones en Salud S.A, and three indirect subsidiaries Transacciones Financieras S.A., which is intended to engage in holding investments in securities and properties; Alianza Seguros y Reaseguros S.A., engaged in general insurance, including navigation and guarantees insurance directly or through reinsurance, on its own behalf, through third parties or jointly with third parties and Alianza Vida Seguros y Reaseguros S.A. engaged in insurance for individuals as well as other prepaid services, pension plan insurance and savings and capitalization services, co-insurance, re-insurance and related transactions on its own behalf or on behalf of third parties (the latter two entities based in Bolivia). By means of letter GG 007/2015 dated February 6, 2015, Management communicated to SBS the actions adopted as part of the process of implementing the SBS standards involving the new companies that are subject to consolidation; also, an adaptation period was requested (for 2014 and 2015), indicating that the effects arising from said adaptation would be presented in the separate and consolidated financial statements presented at December 31, 2015.

On February 25, 2015, by means of Communication No.6870-2015, the SBS authorizes the Company to: i) present its consolidated financial statements at December 31, 2014 considering La Positiva Vida Seguros y Reaseguros S.A. and Transacciones Financieras, S.A. and Inversiones en Salud S.A. as entities subject to consolidation; and ii) send to SBS, over a period expiring in June 2015, the estimated impacts of the consolidation of Alianza Seguros y Reaseguros S.A. and Alianza Vida Seguros y Reaseguros S.A., after the harmonization of the Peruvian and Bolivian accounting practices on the consolidated financial statements of La Positiva Generales S.A. and subsidiaries, as well as the principal actions implemented.

At December 31, 2014, the consolidated financial statements will be presented as per Communication No.31558 - 2014 – SBS including a new structure of the Positiva Group companies subject to consolidation.

c) Approval of the financial statements -

The consolidated financial statements for 2014 and 2013 will be submitted to the consideration of the Annual General Shareholders' Meeting for final approval. Management considers that the accompanying consolidated financial statements for 2014 and 2013 will be approved without modifications.

d) Insurance contract law and rules for application

In November 2012, Law No.29946 "Insurance Contract Law" was published for the purpose of promoting the transparency of the insurance contracting activities and governing the principles and contents of those contracts as well as the elimination of abusive clauses and practices that are included as mandatory provisions, unless otherwise stated. Nevertheless, those contractual provisions that are considered to be more beneficial to the insured party will be considered valid. This law is effective from May 24, 2013

The main provisions of Law No.29946 are as follows:

- An insurance contract is entered into by mutual agreement of the parties although no policy has been issued and no premium payment has been made. An application in itself is not binding on the parties. Said application should be signed by the contracting party, except for those contracts sold remotely

- Special conditions prevail over particular conditions and the latter prevail over general conditions. Handwritten or typed clauses prevail over printed clauses.

- An insurance contract is renewed automatically under the same conditions effective in the previous period, provided such a clause was included. In the event that any changes occur, the insured party must communicate to the contracting party with prior notice of not less than forty-five days before the due date; the latter has a period of not less than thirty days to express his rejection, otherwise the proposed new conditions will be considered accepted.

- Default of premium payments causes the immediate suspension of coverage once thirty days have elapsed from the due date of the related obligation; provided no additional extension of the payment term has been agreed.

- The insurer may opt to terminate the insurance contract when coverage has been suspended for default of payment, which will become effective in a period of thirty days from the receipt of the written notice by the contracting party.

- Insurance marketing practices by which the name of a given insurance company is in some way predetermined for related insurance services are prohibited, among others, because this practice restricts the freedom of choice of the potential insured party.

- This Law forbids the use of abusive clauses in insurance contracts and establishes a list of clauses that are forbidden to be included in insurance policies.

- The Law defines an abusive clause as that non-negotiated provision that impairs the maximum principle of good faith, adversely affecting the insured party and significantly impairing the rights and obligations of the parties.

- Furthermore, this Law establishes specific provisions relating to insurance covering property damages, personal insurance, group insurance and re-insurance contracts.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of consolidated financial statements are detailed below.

a) Basis of preparation -

The Company's consolidated financial statements have been prepared in accordance with Peruvian generally accepted accounting principles applicable to insurance companies. Accounting principles mainly comprise standards issued by the SBS and, on a complementary basis, the International Financial Reporting Standards (IFRS) approved through resolutions issued by the Peruvian standard setter "Consejo Normativo de Contabilidad", IFRS issued by the International Accounting Standards Board (IASB), in a supplementary manner, the generally accepted accounting principles effective in United States issued by the Financial Accounting Standards Board (FASB).

The information contained in these financial statements is the responsibility of the Group's Board, which expressly states that all accounting principles and criteria applicable to insurance companies in Peru have been applied in their preparation.

The financial statements derive from the accounting books of the Company and have been prepared based on the historical cost convention, except for available-for-sale financial assets which are measured at their fair value and investments in subsidiaries and associates that are recognized at their value of equity interest. The financial statements are presented in new Peruvian soles, unless otherwise stated.

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in Peru applicable to insurance companies requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The consolidated financial statements are presented in new Peruvian soles (S/.) and all amounts are rounded off to the next thousand (S/.000), unless otherwise stated.

b) Consolidation of financial statements -

Subsidiaries -

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Following the SBS requirements (as per criteria set out in Resolution No SBS 445-2000) conducted an analysis of whether it has control over the entities listed in Note 1. An analysis was conducted regarding the ownership relationship between the entities that are under the control of the Group, considering the provisions of article four of the Resolution referred to above. Also, Management conducted an analysis of presumed control, by which, the assumption is established that a an economic group controls a legal entity, unless otherwise demonstrated, when most of the members of the board or equivalent body of this legal entity are related to each other because of a common risk. Based on this analysis, and as set forth by the SBS, Management has recognized as subsidiaries the entities listed in Note 1 for fiscal 2014.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The consolidated financial statements include the financial statements of the Company and those of the subsidiaries described in Note 1.

In assessing control over its subsidiaries, Group Management has considered the nature of the involvement with other parties and whether it is acting on behalf of the investor (that is, if it is a de-facto agent). The determination of whether a party is acting as a de-facto agent required the use of judgment and has considered not only the nature of the involvement but also how the parties interact with each other and with the investor. This involvement does not necessarily require a contractual agreement since one of the parties is a de-facto agent when the investor has (or those who direct activities on behalf of the investor have) the ability to direct that party to act on its behalf. In these circumstances, the Group has considered the decision-making rights of de-facto agents and its indirect exposure, or rights to, variable returns from the de-facto agent, together with its own rights, in assessing control over these subsidiaries. The major reason for Management to define de-facto control is that the other parties have a close business relationship with the investor, such as (the existence of a management relationship since the Company and the other entities share common board members, shareholders and key management; and (ii) there is a relationship of sharing a single common risk since they share common members of key management.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

The table below shows the financial information broken down for the two main subsidiaries:

	La Positiva Vida Seguros Reaseguros S.A		Transacciones Financiera y subsidiarias	
	2014	2013	2014	2013
	S/.000	%	S/.000	%
Total assets	2,418,579	2,115,289	253,263	199,041
Net equity	195,010	189,221	43,523	34,486
Income	451,785	464,890	426,990	341,626
Net profit	33,990	12,722	20,881	10,893

The consolidated financial statements have been prepared under the global integration method on a line-by-line basis by adding up equal items of assets, liabilities, net equity, income, costs and expenses; for consolidation purposes the balances of the investments maintained by the Company have been offset against the share in the subsidiaries' equity balance, as well as intercompany balances and the effects of significant transactions between them.

c) Foreign currency translation -

Functional and presentation currency -

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in new Peruvian soles, which is the Company's functional currency and the Group's presentation currency. The results and the financial position of all of the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) Assets and liabilities for each consolidated statement of the financial position presented are translated at the closing rate at the date of each consolidated statement of financial position;
ii) Income and expenses of each consolidated statement of income are translated at the average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the dates of the transactions);

Transactions and balances -

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, published by the SBS.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the consolidated statement of income, except for the exchange difference caused by equity instruments classified as available-for-sale investments and provided that they are not hedging instruments that will be recognized in equity accounts.

Foreign exchange gains and losses of all monetary items are presented in the consolidated statement of income within finance income and finance costs, respectively.

d) Cash and cash equivalents -

For statement of cash flow purposes, cash and cash equivalents comprise cash in hand, balances maintained in banks and time deposits with original maturities of less than 90 days.

e) Financial instruments -

Financial instruments are defined as any contract which, simultaneously, gives rise to a financial asset in one enterprise and a financial liability or an equity instrument in another enterprise.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity assets and financial assets available for sale. The classification depends on the purpose for which the financial assets were acquired. The Group determines the classification of its financial assets at initial recognition.

The accounting policies regarding the recognition and valuation of these items are disclosed in the respective accounting policies described in each note.

f) Receivables from insurance transactions -

At December 31, 2014 and 2013, receivables from insurance companies are expressed at their fair value. Since the replacement of SBS Resolution No. 225-2006 by SBS Resolution No.3198-2013 “Reglamento del Pago de Primas de Seguros”, the referred receivables corresponding to the period contracted, are recognized when the insurance application is accepted, without considering for this purpose the statement of payment of the premium, that is, if, having been deferred or split, they are pending payment, considering the following:

(i) Regarding general insurance policies, the record must correspond to the entire effective period of the insurance policy.

(ii) Regarding life, personal accident and health insurance, mandatory insurance and other specific cases, the premium record is subject to the provisions issued by the SBS by means of general norms.

Said Resolution establishes that installment payment default gives rise to the suspension of insurance coverage and during the suspension period the Group should maintain the corresponding technical reserves.

In the case of insurance coverage that has been suspended, the Group may decide to resolve the contract in a period of 30 days as from the day the insured party is served written notice by the Company. Contract resolution before the end of the effective period of the contract will result in the reversal of the un-accrued outstanding premiums, as well as the reversal of the corresponding technical reserves.

It should be noted that if the Group does not request premium payment within the ninety (90) days following the end of the effective period of the contract, the contract is resolved and the Company is entitled to collect the accrued premium.

Receivables from insurance transactions are fully provided for 90 days after they mature and said provision is recorded with a charge to the account “Other technical expenses, net” in the consolidated statement of income.

g) Receivables from re-insurers, co-insurers and other receivables -

Receivables from re-insurers and co-insurers originate from:

- Claims in which the Group assumes responsibility for indemnities in favor of the insured party, recognizing an account receivable from the re-insurers and/or co-insurers based on the percentage of the premium issued with a charge to occurrences of ceded premiums in the income statement; and

- Ceded re-insurance contracts do not release the Group from its obligations towards its insured parties; and

- Re-insurance accepted on behalf of other insurance companies and co-insurance led by other insurance companies, which are recognized every time a contract or coverage note (with re-insurance) and/or a coinsurance clause is signed.

Payables to re-insurers and co-insurers originate from:

- Cession of premiums issued based on the assessment of the risk assumed, which is determined by the Group (re-insurers) and with the prior consent of the policy-holder (co-insurers).

  Such payables are recognized each time a policy is issued, recording simultaneously a charge to ceded premiums in the statement of income with a charge to the creditors checking accounts of the reinsurer and coinsurer which is part of the balance sheet; a signed agreement or coverage note with the reinsurer and/or ceded coinsurance clause is maintained as supporting documentation; and

- The claims from re-insurance contracts accepted and the clauses signed for the coinsurance received each time the collection notice is received from reinsurance companies of claims of premiums of accepted insurance and reinsurance.

Receivables from and payable to re-insurers are derecognized when the contractual rights expire or when the related contract is transferred to a third party.

The provision for doubtful accounts comprising receivables from re-insurers and co-insurers is subject to Resolution SBS No.10839-2011. Said provisions are made on the basis of certain percentages set by the SBS considering the age of the item and last movement. Receivables from re-insurers and co-insurers showing no movement for six months or more are provided for at 50% of the balance and those showing no movement for twelve months or more are to be provided for at 100% of the balance.

The provision for doubtful other receivables is regulated by Resolution 7037-2012, which states that the determination of the impairment is subjected to the provisions of IAS 39, and should be used for the recognition of a correction account that accumulates the impairment.

The Company's Management considers that the provision for doubtful collection is sufficient to cover the collection risk of such items at the date of the consolidated statement of financial position.

h) Financial assets -

Classification and measurement -

The Group's financial asset portfolio is classified and valued, in accordance with SBS Resolution No.7034-2012, amended, in four categories: i) financial assets at fair value through profit or loss; ii) available-for-sale financial assets; iii) held-to-maturity financial assets and iv) financial assets in subsidiaries and associates.

At December 31, 2014 and 2013, the Group maintains all of the above-mentioned types of financial assets.

Financial assets at fair value through profit or loss -

These investments comprise assets held for trading. An investment is classified in this category if it is acquired mainly to be sold in the short-term and has initially been recognized at fair value through profit or loss. These instruments are initially recorded at fair value, without taking into consideration the transaction costs and changes in fair value, once adjusted for collections and payments (interest or dividends), which represent a gain and/or loss recognized in the results of the period. Any exchange gains and losses are recognized in the results of the year.

Available-for-sale financial assets -

Available-for-sale financial assets are those investments not classified as investments at fair value through profit or loss, held-to-maturity investments or investments in subsidiaries and associates. They are initially recorded at transaction cost; taking into consideration the expenses directly attributable to the acquisition of said investments. They are subsequently measured at fair value and any changes in fair value will be directly recognized in equity within "Unrealized earnings" until the instrument is sold or realized, at which time the gain or loss that may have been previously recognized in equity will be transferred and recorded in the results of the period.

With respect to debt instruments, interest is recognized and calculated under the effective interest method. Exchange gains and losses related to the amortized cost of debt instruments are recognized in the results of the year; while with respect to equity instruments, any gains or losses are recognized in equity, within "Unrealized earnings".

The estimated market value of available-for-sale financial assets is mainly determined based on quoted prices; otherwise, the discounted cash flow technique is applied using market interest rates, according to the credit quality and maturity term of the investment. Investments in equity instruments with no quoted price from an active market and whose fair value cannot be measured reliably are recognized at cost.

When instruments have suffered a decline in their fair value and, additionally, impairment, the accumulated loss which was recognized in equity should be removed from equity and recognized in the consolidated income statement for the period even if such instruments have not been realized or disposed of.

Impairment losses recognized in the consolidated income statement for the period corresponding to investment in debt instruments are reversed through the consolidated income statement for the period if the increase in the fair value of said instrument can be objectively associated to a favorable event occurred after the impairment loss was recognized. Impairment losses recognized in the income statement corresponding to investment in equity investments are not reversed.

Held-to-maturity financial assets -

These are debt instruments acquired with the intention of maintaining them until their maturity date and they are initially recognized at fair value, including direct costs attributable to the transaction. Subsequently, they are measured at amortized cost using the effective interest method, less impairment. Exchange gains and losses are recognized in profit or loss.

The amount of the impairment loss corresponds to the difference between its carrying amount (amortized cost) at the date impairment is detected and the present value of the future discounted cash flows expected to be obtained under the current risk conditions that have been identified. The carrying amount of the instrument will be written down and the amount of the impairment loss will be recognized in the results of the year.

Impairment losses previously recognized are reversed through the consolidated income statement for the year, provided that the increase in the fair value of said instrument may be objectively associated with a favorable event occurring after the loss was identified.

Investments in associates -

These are equity instruments acquired to obtain an equity interest and/or control/significant influence over other entities. They are initially recorded at fair value, including the related transaction costs, separating the equity value of the associate from the excess price paid. Subsequently, they are measured under the equity method, reducing or increasing the carrying amount of the investment by recognizing the Group's share of the profits or loss of the subsidiary or associate. Dividends received reduce the carrying amount of the investment.

When changes in the share in the ownership of a subsidiary or associate result from changes in Other Comprehensive Income, the portion corresponding to investor is recognized in Other Comprehensive Income and will be accumulated in equity accounts.

Results from the sale of investments in securities -

The difference arising between the proceeds obtained from the disposal of investments in securities and their corresponding carrying amount is recognized in the consolidated statement of income.

Impairment -

The Group has developed a methodology to determine when there is sufficient evidence that a debt and/or equity instrument is impaired. This methodology contemplates the occurrence of certain adverse events relating to economic or financial conditions of the issuer or economic group, as well as the impact of these events on the fair value of said financial assets.

Based on the 2014 year-end analysis, the Group has determined that there is no evidence of impairment of its investments.

i) Investment properties -

Properties held to earn long-term profits on rentals or on the appreciation of capital and which are not occupied by the Company are classified as investment properties. Investment properties are initially measured at fair value, which is the transaction price, unless otherwise stated. Costs associated to the transaction are included in the initial measurement. Said cost includes the purchase price and any other costs directly attributable to the transaction

For subsequent recognition, there is an accounting policy option between the cost model and the fair value model; this policy will be applied to all investment properties. At the date of the financial statements, the Group has chosen to account for its investment properties under the cost model. In this sense, investment properties are accounted for at the acquisition cost less the accumulated depreciation of buildings; disclosure of the fair value is provided at the date of the consolidated statement of financial position. Annual depreciation of this asset is recognized as expense and is calculated under the straight-line method over its estimated useful life.

When it is identified that one or more property investments measured at cost has suffered impairment, said impairment will correspond to the difference between the carrying amount and the recoverable amount of the investment. The recoverable amount should be determined following the guidelines of IAS 36 “Impairment of assets”. If the recoverable amount is below the carrying amount, the carrying amount of the investment will be written down to its recoverable amount. The impairment loss is immediately recognized in the consolidated income statement for the year.

The Group will evaluate whether there is any evidence that the impairment loss recognized, in previous years, no longer exists or could have been reduced. If such evidence exists, the Group will once again estimate the new recoverable amount of the investment. The reversal of the impairment loss will be recognized in the result of the period.

j) Property, furniture and equipment -

Property, furniture and equipment are carried at acquisition cost less accumulated depreciation. The acquisition cost includes the disbursements directly attributable to the acquisition of these items, such as customs duties and non-reimbursable taxes as well as any other cost necessary for the asset to be ready for use. Disbursements incurred after a fixed asset has been put into use are capitalized as additional cost of that asset only when they can be reliably measured and it is probable that the Group may obtain future economic benefits

Maintenance and repair expenses are charged to the consolidated income statement in the period in which they are incurred.

Annual depreciation is expensed and is calculated using the straight-line method over the estimated useful lives of the assets represented by equivalent depreciation rates.

Land is not depreciated. Depreciation of other assets is calculated by the straight-line method, considering the following estimated useful lives: Buildings and constructions between 40 and 73 years, Installations 10 years, Furniture and equipment between 10 and 4 years; and Vehicles 5 years.

The cost and accumulated depreciation of the assets retired or disposed of are eliminated from the respective accounts and the resulting profit or loss is recognized in the consolidated income statement for the year.

The carrying amount of an asset is immediately written down to its recoverable value if the carrying amount of the asset is greater than its value in use.

k) Intangible assets -

Intangible assets included in “other assets” in the consolidated statement of financial position mainly comprise computer licenses and software, which will provide the Group with future economic benefits exceeding their cost in a period of more than a year. Intangible assets are amortized under the straight-line method over a period not exceeding 10 years.

l) Impairment of non-financial assets -

Whenever events or changes in economic conditions occur which indicate that the value of long-lived assets might not be recoverable, Management reviews the carrying amount of such assets.

If after this evaluation, the assets’ carrying amounts exceed their recoverable value, an impairment loss is recognized in the statement of income, in an amount equivalent to the excess in the carrying amount, as long as the SBS has not established a specific accounting treatment. The recoverable amounts are estimated for each asset or, if this is not possible, for each cash-generating unit.

The recoverable amount of a long lived asset or of a cash-generating unit is the higher of its fair value less the selling costs and its value in use. The fair value less selling costs of a long lived asset or of a cash-generating unit is the amount which may be obtained when such items are sold, in an arm’s length transaction between well-informed parties, less the corresponding selling costs. The value in use is the present value of future cash flows expected to be obtained from an asset or cash-generating unit.

m) Overdrafts and borrowings -

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

n) Provisions -

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

o) Technical reserves -

Technical reserves are shown in the financial statements without netting them with the related re-insurance assets (the portion of technical reserves assumed by the re-insurer). Re-insurance assets are included within assets in the consolidated statement of financial position. They are also shown in that statement until the related obligations have been settled, cancelled or expired.

Technical reserves for claims -

The Group records as a liability the whole amount of the estimation of claims when they are communicated by contracting parties, insured parties and/or beneficiaries, which comprise the technical reserve for claims.

The Group records the technical reserve for claims based on the best estimate of reported claims by the insured parties, even though the definitive loss adjustment has not been made. Any difference between the estimated amount of the claim and subsequent real disbursements is recorded in the results of the year in which the definitive loss adjustment is made.

Adjustments corresponding to those reserves are recorded, charged or debited to the accepted insurance and re-insurance claim premiums account in the consolidated statement of income.

Additionally, reserves for claims include an estimation of the occurrence of and non-reported claims (SONR Spanish acronym), at the date of the statement of financial position, in the business unit of health insurance. This estimate was calculated on December 31, applying the percentages established by the SBS under SBS Resolution No.1048-99, based on claims withheld and recorded in the last twelve months prior to the estimate calculation (for insurance effective for one year or longer) or on the monthly average amount of claims withheld recorded in the last six months (for insurance effective for one year or longer). At December 31, 2014, technical reserve for SONR is calculated according to the established in SBS Resolution No.4095-2013 “Reglamento de Reserva de Siniestros” (issued in July 2013). The main provisions are as follows:

The reserve for claim liquidation expenses, which corresponds to the amount sufficient to meet the necessary expenses to fully liquidate and settle claims, taking into consideration direct expenses attributable to a particular event, as well as indirect expenses. In order to determine direct liquidation expenses attributable to claims, a specific methodology should be applied. The amount of these reserves is recorded in the technical reserves for claims item charged to the results of the year in the statement of financial position. According to the SBS in the above mentioned standard, insurance Companies could have calculated the effect of change of methodology as at December 31, 2013, during the year 2014. Gains or losses resulting from the application of the new SORN reserve constitution methodology is recorded in the accumulated results account, as established by the SBS (Note 23).

In general, insurance companies which set up their technical reserves according to the provisions established by SBS, comply with the minimum requirements required by the liabilities’ proficiency test.

Technical reserves for premiums -

The technical reserve for ongoing risks is determined in accordance with what is established in Resolution SBS No.1142-99 and its clarifications and/or amendments established by Resolution SBS No.779-2000, by which the reserve of unearned premiums is calculated for each policy or certificate of coverage, applying to the basis of calculation, the unexpired portion of the total risk in number of days.

With respect to life insurance, the technical reserves of premiums are made of the mathematical reserves of life, private pension funds, life annuities and complementary high risk work insurance, and they are determined based on the actuarial calculations carried out by Group Management, in accordance with the methodologies established by the SBS. The reserve that should be made for private pension funds, complementary high risk work insurance and annuities is equivalent to the present value of all the future payments that should be made by the insurer. This reserve should include those future payments that should be made by the policyholder and/or its beneficiaries, including pending expired payments, which is reviewed by an independent actuary. The discount rates used for the calculation of the pension reserves and complementary high risk work insurances are communicated on a monthly basis by the SBS.

- Mathematical reserve for lifelong annuities -

The mathematical reserve for life insurance and lifelong annuities are accounted for based on actuarial estimates made using the tables and factors approved by SBS, including the account-matching reserve (among credit and debit transactions of the Company, seeking for an adequate match of timing and currencies used).

Technical reserves individual life insurance are calculated following the same methodology used in the development of the product, as described in the related technical notes and approved by the SBS. This methodology varies depending on the specific features of the product and the insurance coverage agreed.

- Reserve for complementary insurance for high risk work (SCTR, Spanish acronym)

The reserve for SCTR is made on the basis of actuarial calculations made using the tables and factors required by SBS

- Reserve for private pension fund (“Seguro Previsional”) -

The reserve for private pension fund comprises claims pending liquidations, claims occurred and not reported SBS, claims settled and claims pending payment.

This reserve is estimated based on the provisions of SBS Resolution No.309-93, and supplementary regulations contained in SBS Circular No.552-93. This directive sets forth the technical procedures required for recording the reserve for the coverage of disability, survival, funeral expenses and life annuities relating to the claims supported with the insurance policies to be issued by the insurance companies contracted by the Private Pension Administrators on behalf of its affiliates.

Adjustments to the mathematical reserves of life insurance, life annuities and high risk work insurance are recognized with a charge to the account of Adjustment to technical reserve in the statement of income and the adjustments related to private pension fund are stated in the account of claims of insurance premiums and re-insurance accepted.

The survival and mortality tables as well as the reserve rates applied by the Company in determining these technical reserves are described in Note 22.

Reserve for catastrophic risks -

In accordance with SBS Resolution No. 11453, a reserve is recorded for catastrophic risks and uncertain losses for the purpose of addressing the catastrophic risks covered under the types of insurance of fire and related, lost profits and engineering insurances.

The reserve for catastrophic risks and uncertain loss experience, is made for an amount equivalent to the deductible, plus the amount not covered by the reinsurance contract, involving excess catastrophic loss; the latter is determined by the difference between the maximum probable loss, determined in accordance with the parameters established by the SBS at the date of the balance sheet, and the capacity of the reinsurance contract to cover excess catastrophic loss.

p) Technical obligations and assets applied to secure the technical obligations -

p.i) Regulatory capital, solvency margin and guarantee fund -

The regulatory capital is intended to maintain a minimum capital to support technical risks and other risks affecting insurance companies. It is mandatory for the Group to maintain a total regulatory capital exceeding the total sum of the solvency capital, the guarantee fund and the regulatory capital intended to cover credit risks.

Net unrealized gains resulting from the effect of changes in the fair value of available-for-sale investments will not be included in the regulatory capital

The solvency capital is the equity requirement intended to support technical risks affecting insurance companies. This requirement is established on the basis of the higher of the minimum capital and the solvency margin.

The solvency margin is the complementary supporting funding that insurance companies should maintain to be able to respond to unforeseen claims situations not considered when making the related technical reserves and it is determined based on the parameters established by SBS, considering the higher of the amount resulting from the application of certain percentages to production and claim expenses, as per insurance type.

The guarantee fund comprises the additional capital support that insurance companies should have to manage the other risks to which they may be exposed and that are not covered by the solvency capital. The Guarantee fund is equivalent to 35% of the solvency capital.

The regulatory capital intended to cover the credit risk is the aliquot portion of the mortgage loans granted to the Group's personnel and the value of the guarantees given.

p.ii) Technical obligations and eligible assets -

The Group determines its technical obligations and the assets applied to secure these obligations as established by the SBS

Technical obligations comprise the total technical reserves, the solvency capital, deferred premiums and guarantee fund.

The assets accepted to secure the technical obligations should meet the characteristics and limits established by the SBS.

q) Income and expenses in insurance and investments -

- The insurance contract is entered into with the agreement of the parties, even if the insurance policy has not been issued and the insurance premium has not been paid. The application does not bind the parties. Said application should be signed by the insured party, except for remotely sold contacts.

- Income from life insurance premiums is recognized at the date the insurance policy coverage begins. Coverage starts upon acceptance of the request for insurance presented by the Group, as well as the respective commitment to pay the premium; this premium can be paid in full or by installments as previously agreed; premium payment can also be deferred when it will be settled in one single payment.

- With respect to life annuities, income is recognized when the CIC (Pension Capital) is transferred by the AFP to the insurance company at the choice of the policy holder or beneficiaries, under the provisions of Resolution SBS No.232-98-EF/SAFP "Título VII del Compendio de Normas de Superintendencia Reglamentarias del Sistema Privado de Administración de Fondos de Pensiones" (articles No.25 and 37). Once the pension capital is transferred the insurance company will proceed to issue the respective policy.

- Expenses from re-insurance and commissions and other income and expenses relating to the issue of insurance policies are recognized simultaneously with the income from insurance premiums

- Income and expenses from co-insurance and re-insurance premiums accepted are recognized when they are received and the related liquidations are approved.

- Claims occurred are recognized in the income statement at the date they are reported.

- Excess losses from re-insurance premium expenses are recognized when they are accrued.

- Interest on investments is recognized in the results of the period in which it is accrued, based on the effective period of the underlying investments and the interest rates established at the acquisition date. Interest on debt instruments is determined under the effective interest method, which includes the interest from applying the nominal interest rate (coupon rate), as well as the amortization of any difference between the initial amount and the reimbursement value at the maturity date of the instrument (over- or under- pricing).

- Dividends are stated as income when they are declared.

r) Rental income and expenses -

Rental income is recognized as the rental amounts are accrued. Income from rentals and the depreciation and maintenance expenses of investment properties are shown in “Income from investment and other finance income” in the consolidated statement of income.

Payments under operating leases are recognized as an expense of the period on the basis of the effective period of the respective lease contract.

s) Deferred earnings -

Deferred earnings comprise the unrealized insurance premiums, relating to policies effective for more than 1 year, as well as unearned interest at the date of the consolidated statement of financial position. The income from unrealized insurance premiums is recognized based on the effective period of the insurance coverage according to what is regulated by the SBS and the interest is recognized when earned.

t) Contingencies -

Contingent liabilities are not recognized in the financial statements and are shown in the notes to the financial statements unless their occurrence is considered remote.

Contingent assets are not recognized in the financial statements and they are disclosed only if there is a probability of an inflow of resources.

u) Employee benefits -

Vacation leave and other social benefits -

Annual vacations, paid absences and other benefits for personnel are recognized on the accrual basis. The provision for the estimated obligation for annual vacation leave, paid absences and other benefits for personnel is recognized at the date of the consolidated statement of financial position.

Statutory bonuses -

The Group recognizes an expense for statutory bonuses and the related liabilities under the applicable laws and regulations in Peru. Statutory bonuses equal two one-month salaries paid out in July and December every year.

Employees’ severance indemnities -

The provision for employees’ severance indemnities comprises all employees’ rights to indemnities in accordance with the current legislation and must be settled by making deposits in bank accounts designated by employees in May and November.

Severance indemnities amount to an additional half-month’s salary effective at the date of bank deposits and are recognized under the accrual basis. The Group has no obligations to make any additional payments once the annual deposits to which workers are entitled have been made.

The Group does not provide post-employment benefits and neither does it use any share-based equity-settled compensation plan.

Workers’ profit sharing -

The Group recognizes a liability and an expense for workers’ profit sharing based on 5% of its taxable income which is determined in accordance with current income tax laws and regulations.

v) Income tax -

Current -

Income tax is recorded on the basis of the calculation of the taxable income determined in accordance with current tax laws.

Deferred -

Deferred income tax is fully recognized under the liability method based on temporary differences arising between the tax bases of assets and liabilities and their respective carrying amounts in the financial statements.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable benefits will be available against which the temporary differences can be used.

w) Dividend distribution -

The distribution of dividends to the Group's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the shareholders

x) Earnings per share -

The basic earnings per share have been calculated based on the weighted average of shares issued at the balance sheet date. Shares issued to capitalize profit are considered a share-split and, therefore, in order to calculate the weighted-average number of shares, these shares are considered as if they had always been issued.

In 2014 and 2013, the Group does not have financial instruments with a dilutive effect; therefore, basic and diluted earnings per share are identical.

y) Segment reporting -

A business segment is a group of assets engaged in providing products or services subject to risks and benefits, distinct from those of other business segments. The Group, in accordance with SBS requirements, presents information based on the types of technical insurance products presented in Note 32 to the financial statements.

z) Share capital -

Common shares are classified as shareholder's equity.

a) New accounting standards -

New standards, amendments and interpretations effective for financial statements for annual periods starting on or after January 1, 2015 that have not been early adopted -

• IFRS 9, "Financial instruments"

IFRS 9, 'Financial instruments,' addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. IFRS 9 retains but simplifies the mixed measurement model from IAS 39 and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Guidelines from IAS 39 are still applied for impairment of financial assets and hedging contracts. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in Other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted.

• IFRS 15, 'Revenue from contracts with customers',

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted.

The Group is in the process of assessing the impact of these standards on the preparation of its financial statements, except for the impact of IAS 27, because the Group recognizes its investments in subsidiaries and associates under the equity method. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the financial statements of the Group.

3 Financial risk management

The Group's activities expose it to a variety of financial risks: foreign exchange, interest rate, market, liquidity, credit and insurance risks. Group risk management seeks to permanently minimize potential adverse effects on the Group's performance.

Group management is aware of the conditions existing in the market in which the Company operates and based on its knowledge and experience, controls such risks, following the policies approved by the Risk Committee and the Board. The most significant matters in risk management are as follows:

a) Risk management structure -

The risk management structure is based on the Group's Board, which is ultimately responsible for identifying and controlling risks in close co-operation with other areas as explained below:

Board -

The Board is responsible for overall risk management. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments.

Internal Audit -

The Group's risk management processes are monitored by the Internal Audit department, which analyzes both the adequacy of procedures and compliance with such procedures. Internal Audit discusses the results of all assessments with Management and reports its findings and recommendations to the Board.

Finance Department -

The Finance Department is responsible for managing the Group's assets and liabilities and the entire financial structure. It is mainly responsible for managing the Group's funds and liquidity risks; covering liquidity risks, interest rates and exchange rates according to the policies and limits currently in effect.

b) Risk mitigation -

For overall risk management, the Group does not apply derivative financial instruments to manage risk exposure from changes in interest rates and foreign currency. The Group has a policy in place to maintain similar levels of foreign currency assets and liabilities in order to reduce exchange rate risks. Additionally, the Group maintains time deposits and short-, medium- and long-term bank certificates at preferred rates and medium- and short-term bonds with different amortization structures in order to match cash flows from assets and liabilities and minimize reinvestment risk.

c) Risk concentration -

Risk concentration arises when several counterparties carry out similar trade activities or have similar economic or other conditions. Risk concentration reflects the sensitivity of the Group's profit to characteristics that affect a specific sector. Credit risk concentrations that have been identified are continuously controlled and monitored.

The table below shows risk concentration of financial instruments at December 31 of La Positiva Seguros y Reaseguros S.A., La Positiva Vida Seguros y Reaseguros S.A. and Transacciones Financieras S.A. per geographical area.

	Financial assets and liabilities at fair value	Loans and receivables	Available-for-sale financial assets	Financial instruments at amortized cost	
				Held-to-maturity financial assets	Liabilities at amortized cost
	S/.000	S/.000	S/.000	S/.000	S/.000
At December 31, 2014:					
Country:					
Peru	6,385	353,547	475,216	1,391,132	248,769
Brazil	-	-	-	157,302	-
Colombia	-	-	-	27,433	-
South Corea	-	-	-	9,913	-
Holanda	-	-	-	27,178	-
Mexico	-	-	-	14,114	-
Panama	-	-	2,632	17,999	-
U.S.	-	-	-	73,633	-
Nicaragua	-	-	1,504	-	-
Canada	-	-	2,593	-	-
	6,385	353,547	481,945	1,718,704	248,769
At December 31, 2013:					
Country:					
Peru	-	379,337	438,926	1,132,774	270,982
Brazil	-	-	-	147,753	-
Colombia	-	-	-	25,770	-
South Corea	-	-	-	9,885	-
Holanda	-	-	-	25,527	-
Mexico	-	-	-	13,252	-
Panama	-	-	2,632	16,834	-
U.S.	-	-	-	65,973	-
Nicaragua	-	-	1,504	-	-
Canada	-	-	238	-	-
	-	379,337	443,300	1,437,768	270,982

The table below shows risk concentration of financial instruments by type of insurance contract:

	Receivables from insurance transactions			
	2014		2013	
	S/.000	%	S/.000	%
General				
Fire	136,855	64.43	49,713	31.95
Vehicles	27,099	12.76	41,602	26.55
Hospitalization	13,024	6.13	14,313	9.14
Personal accidents	7,621	3.59	13,064	8.37
SOAT (car accidents)	5,475	2.58	7,052	4.50
Technical	6,243	2.94	5,351	3.42
Theft	2,977	1.40	4,026	2.57
Civil liability	6,059	2.85	5,724	3.65
Dishonesty	2,146	1.00	5,813	3.71
Transportation	1,817	0.86	3,391	2.16
Helmets	628	0.30	1,115	0.71
Insurance guarantees	571	0.27	486	0.31
Multi-insurance	290	0.14	2,766	1.77
Ships and vessels	28	0.04	-	-
Aviation	392	0.18	1,783	1.14
Agricultural	246	0.12	-	-
Household	32	0.01	75	0.05
Animals	32	0.01	-	-
Completion of services and customs	5	0.00	-	-
Others	815	0.39	-	-
Total	**212,355**	**100.00**	**156,274**	**100.00**
Life				
Life	4,541	41.11	853	23.00
Family protection insurance	1,826	16.53	2,758	75.00
Life annuities	-	-	4	0.00
Pensions	4,680	42.37	71	2.00
	11,047	100.00	3,686	100.00
	223,402		**159,960**	

3.1 Insurance risk -

The risk covered under an insurance contract, in any form, is the likelihood of the occurrence of an insured event, and therefore, the uncertainty becoming certain of a claim and the related amount to be claimed. Given the nature of the insurance contract, this risk is considered random and therefore unpredictable.

In relation to a portfolio of insurance contracts, in which the theory of large numbers and probabilities is applied to set prices and establish provisions, the major risk under insurance contracts is that the claims and/or payments covered by the policies exceed the carrying amount of its insurance liabilities. This situation may occur to the extent that the frequency and severity of the claims and benefits is higher than calculated. The factors considered to perform an assessment of the insurance risks are:

- Frequency and severity of the claims.
- Sources of uncertainty in the calculation of payments of future claims.
- Changes in the market interest rates that directly affect the discount rates used in determining the mathematical reserves.
- Mortality rates for different coverage plans in the life insurance business.

The estimated cost of claims and the assessment of the risks insured includes all those direct expenses to be incurred in the liquidation of claims, such as expenses for claim adjusters and appraisers, net of the related recoveries.

The Group has contracted automatic re-insurance coverage against losses resulting from the frequency and severity of insurance claims. The negotiation of re-insurance includes proportional coverage and excess loss, operational and catastrophic. The purpose of these re-insurance transactions is to prevent any total net claim losses from affecting the Group's equity or solvency in any given year. In addition to the Group's total re-insurance program, additional re-insurance protection can be purchased in the form of optional insurance every time the risk assessment performed makes it necessary.

The Group has developed its insurance contracting strategy, to diversify the type of insurance risks accepted. Factors which intensify the insurance risk include the lack of risk diversification, in terms of type and amount of risk, geographical location and risk covered.

The Group's insurance contracting strategy seeks to mitigate such factors. Contractual limits are established to minimize the Group's exposure.

With regard to the reinsurance risk, the policy of the Group is to subscribe contracts only with companies with an international risk rating as determined by the regulations of the SBS.

Insurance products do not have particularly relevant terms or clauses that could have a significant impact or represent major uncertainty for the cash flows of the Group.

The table below shows the sensitivity of the general insurance segment of La Positiva Seguros y Reaseguros S.A. to changes in cost (in thousands of Peruvian New Soles) and average number of claims:

	Variance	Impact on gross liabilities	Impact on net liabilities	Impact on pre-tax profits	Impact on equity
	S/.000	S/.000	S/.000	S/.000	S/.000
2014					
Average cost of claims	4%	13,244	9,729	9,729	6,811
Average number of claims	4%	18,428	13,538	13,538	9,476
2013					
Average cost of claims	4%	13,244	9,535	9,535	6,674
Average number of claims	4%	18,498	13,318	13,318	9,323

The table below shows risk concentration for general insurance and life insurance contracts of La Positiva Seguros y Reaseguros S.A. and La Positiva Vida Seguros y Reaseguros S.A. per geographical area at December 31, 2014 and 2013:

Geografical location	2014			2013		
	Gross liabilities	Liability reinsurance	Net liabilities	Gross liabilities	Liability reinsurance	Net liabilities
	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000
National						
Central	384,175	(119,036)	265,139	366,555	(106,729)	259,826
Northern	25,523	(9,317)	16,206	21,564	(7,875)	13,690
Eastern	(414)	(1)	(415)			
Southern	39,298	(8,688)	30,610	47,558	(15,848)	31,710
Total	**448,582**	**(137,042)**	**311,540**	**435,677**	**(130,452)**	**305,226**

3.2 Financial risks -

The following are the risk management policies maintained by the Group:

3.2.1 Liquidity risk -

The Group is exposed to the risk of daily cash requirements mainly relating to claims resulting from short-term insurance contracts. Liquidity risk is the risk that sufficient cash may not be available to honor obligations at their maturity date at a reasonable cost. The Board establishes limits on the minimum proportion of funds at maturity available in order to comply with these requirements and a level of loan limits which must be available to cover maturities, claims and actions at unexpected levels. The Group controls the liquidity risk by adequately managing its assets and liabilities so as to achieve a match between incoming cash flows and future payment obligations.

The Group maintains a structural liquidity position (available assets) which enables it to adequately meet unexpected liquidity requirements. Additionally, the Group's investments are mainly in financial instruments with high quality and liquidity levels which may be realized (sold) in a very short period of time.

The following table analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period to their maturity at the date of the consolidated statement of financial position:

	Up to 1 month S/.000	From 1 to 3 months S/.000	From 3 to 12 months S/.000	Over a 1 year S/.000	Total S/.000
At December 31, 2014					
Other payables (Note 18)	13,907	744	6,526	-	21,717
Borrowings (Note 17)	6,001	104,272	104	200	110,323
Payables to intermediaries (Note 19)	10,858	926	101	-	11,885
Payables to insurers	20,919	-	-	-	20,919
Payables to re-insurers and co-insurers (Note 20)	83,770	-	-	-	83,770
	135,455	105,942	6,731	200	248,328
At December 31, 2013					
Other payables (Note 18)	46,412	60	12,715	-	59,187
Borrowings (Note 17)	3,907	14,300	68,720	16,626	103,553
Payables to intermediaries (Note 19)	11,153	1,553	169	-	12,875
Payables to insurers	14,132	-	-	-	14,132
Payables to re-insurers and co-insurers (Note 20)	96,645	-	746	-	97,391
	172,249	15,913	82,350	16,626	287,138

3.2.2 Interest rate risk -

This refers to the risk arising from the variation in interest rates and its effect on the re-investment rates required for the payment of long-term obligations. The re-investment risk arises when the term of investments differs from the term for repayment of obligations. Therefore, the Group maintains financial investments based on the maturity of its obligations.

3.2.3 Credit risk -

The Group is exposed to credit risk, that is, the risk that a credit counterparty will be unable to pay amounts in full at maturity. The Group has several policies in place to manage credit risk which are applied to all securities. In this sense, minimum risk rating levels have been established and are adhered to when investing in said financial assets.

a) At December 31 Cash and cash equivalents are comprised of cash and short-term deposits because Management considers that they do not present significant credit or interest rate risks; therefore, it considers that their carrying amounts do not differ from their estimated market value.

	At December 31	
	2014	2013
	S/.000	S/.000
Cash and cash equivalents		
AAA	21,503	-
A+	66,030	63,382
A	14,428	36,212
A-	1,453	39,019
B+	5,731	947
B	774	734
B-	588	691
C+	166	13
C-	5	24
D+	743	421
S/C	15,198	-
Otros	71	129
Total (*)	**126,690**	**141,572**

(*) The difference with the total balance of "cash and cash equivalents" corresponds to cash and fixed funds.

For banks established in Peru, risk ratings are derived from risk-rating agencies authorized to operate by the SBS.

b) The credit quality of receivables is assessed on the basis of historical information on counterparty default rates.

Credit quality is assessed into three categories (internal classification):

Group 1: New customers (less than 6 months).

Group 2: Existing customers/related parties (more than 6 months) with no defaults in the past

Group 3: Existing customers/related parties (more than 6 months) with some defaults in the past. All defaults were fully recovered.

	At December 31,	
	2014	2013
	S/.000	S/.000
Receivables from insurance transactions (Note 12)		
Counterparties without external credit rating	-	-
Group 2	105	75
Group 3	223,297	159,885
Total	**223,402**	**159,960**
Receivables from re-insurers and co-insurers (Note 20)		
Counterparties without external credit rating	-	-
Group 2	1,537	1,185
Group 3	66,380	45,452
Total	**67,917**	**46,637**
Other receivables (Nota 13)		
Counterparties without external credit rating	-	-
Group 1	12,365	679
Group 2	296	565
Group 3	39,336	22,438
Total	**51,997**	**23,682**

The table below reflects the analysis of investment risk:

	At December 31 2014 S/.000	At December 31 2013 S/.000
Available-for-sale financial assets (Note 8)		
A	-	90,399
A+	87	803
A-	1,246	68
AA	4,819	4,047
AA-	1,174	2,212
AA+	137,594	151,226
AA (pe)	3,064	-
AA+(pe)	2,520	2,406
AAA	53,505	43,316
AAA(pe)	5,179	5,004
AA (pe)	-	5,367
BBB+	3,253	3,072
BBB-	11,764	8,578
3a(pe)	267	-
2a(pe)	27,246	-
1a(pe)	18,155	-
CP-2+	2,987	-
Without classification (*)	209,085	126,802
	481,945	**443,300**

(*) At December 31, 2014, investments without a credit rating correspond to:

- Shares of companies traded in an active market amounting to S/.15,395,000; among the major ones, Intergroup Financial Services for S/.9,573,000 and Graña y Montero for S/.4,054,000 (Panoro Mineralds Ltd for S/.13,000 at December 31, 2013).

- Investments recognized at cost for S/.114,948,371; among the major ones Corporación Financiera de Inversiones for S/.13,270,000, Corporación Cervesur S.A. for S/.7,384,000, Suramericana S.A., based in Panamá, for S/.2,631,888, Compañía de Seguros American, based in Nicaragua for S/. 1,503,718, Garantía Seguro S.A. for S/. 1,901,998 (acquired in 2014) and an investment measured at the unit value of the latest accepted public offering (OPA) for S/.29,195,000 (at December 31, 2013 this investment was recognized using the discounted cash flows method at S/.28,527,000).

- Investments measured at the carrying amount of the unit of interest at December 13, 2014 and 2013 for S/.7,332,933 and S/.4,609,916, respectively corresponding to AC Capitales and Fondo Inmobiliario de Desarrollo de Vivienda Social.

It should be noted that these investments do not require a minimum risk rating to be considered as eligible investments under Resolution SBS No.39-2002, despite which they meet other conditions for obtaining eligibility.

	At December 31 2014 S/.000	At December 31 2013 S/.000
Investments at fair value through profit or loss (Note 7)		
1a (pe)	1,538	-
2a(pe)	720	-
AA+	958	-
AAA	1,070	-
BBB-	1,111	-
A1	1,465	-
A2	2,154	-
A3	4,317	-
AA1	27,300	-
AA2	20,319	-
AA3	8,137	-
AAA	27,437	-
S/C	10,766	-
	107,292	**-**

The table below reflects the analysis of risks of held-to-maturity financial assets:

	At December 31	
	2014	2013
	S/.000	S/.000
Held-to-maturity financial assets (Note 9)		
A+	30,513	30,486
AA	86,374	85,704
AA (pe)	49,562	51,568
AA+	37,116	25,841
AA+ (pe)	95,685	96,793
AA-	9,147	9,147
A-	511,308	-
AAA	69,978	84,044
AAA (pe)	230,432	244,760
Baa2	50,662	528,451
Baa3	68,272	89,691
BBB	132,225	131,350
BBB-	233,409	13,121
BBB+	114,021	46,812
	1,718,704	**1,437,768**

At December 31, 2014, Management has estimated that the maximum credit risk that the Group is exposed to is approximately S/.2,557,630 thousand (S/.2,249,000 thousand at December 31, 2013), which represents the carrying amount of the Group's financial assets.

3.3. Currency risk -

This refers to the risk of losses from adverse changes in the exchange rate where the Group maintains unmatched financial assets (investments) and financial liabilities (obligations) in foreign currency. The Group monitors any changes in the evolution, trends and volatility of exchange rates, adjusting the related balances according to the current scenario in order to minimize the impact of unexpected fluctuations resulting from mismatches generated by the Group's core business.

At December 31, 2014 and 2013, the consolidated statements of financial position include balances of foreign currency transactions, mainly in US dollars (US$) which have been expressed at the exchange rate at the closing date of the transaction published by the SBS, S/.2.986 and S/.2.795 per US$1, respectively. The balances in foreign currency (equivalent in thousands of US dollars) at December 31, 2014 and 2013 are summarized as follows:

	Functional currency	New Peruvian sol
	2014	2013
	S$000	S$000
Assets		
Cash and cash equivalents	11,964	24,640
Financial investments	14,131	4.995
Available-for-sale investments	4,101	-
Receivables from insurance transactions	51,103	43,453
Receivables from re-insurers and co-insurers	10,652	14,399
Assets of Technical Reserves - Re-insurers	53,538	57,387
Other receivables	6,652	4,959
Investments, net	184,315	179,471
Other assets	634	1,955
	337,090	331,259
Liabilities		
Overdrafts and borrowings	(652)	(194)
Taxes, profit sharing and other payables	(4,729)	(5,047)
Payables to intermediaries and agencies	(2,981)	(2,853)
Payables to policyholders	(1,484)	(1,208)
Payables to re-insurers and co-insurers	(26,336)	(33,612)
Technical reserves for claims	(61,294)	(66,578)
Technical reserves for premiums	(233,784)	(224,703)
Deferred earnings	(5,453)	(5,309)
	(336,713)	(339,504)
Liabilities exposed to exchange risk, net	377	(8,245)

	Functional currency 2014 US$000	Bolivian 2013 S$000
Assets		
Loans and receivables		
Cash and cash equivalents	6,754	-
Available-for-sale financial assets	12,592	-
Receivables from insurance transactions	10,893	-
Receivables from re-insurers and co-insurers	9,865	-
Other receivables	3,754	-
	43,858	-
Liabilities		
Taxes, profit sharing and other payables	(4,156)	-
Payables to intermediaries and agencies	(1,175)	-
Payables to policyholders	(1,069)	-
Payables to re-insurers and co-insurers	(14,434)	-
Technical reserves for claims	(5,346)	-
Technical reserves for premiums	(6,652)	-
Deferred earnings	(11,258)	-
	(44,090)	-
Liabilities exposed to exchange risk, net	(232)	-

Foreign currency transactions in the country and international trade transactions referred to the concepts authorized by the Peruvian Central Reserve Bank are channeled through the Free Bank Market and the Central Reserve Bank of Bolivia for subsidiaries operating in that country.

At December 31, 2014, the weighted-average exchange rate published by the SBS for purchase and sales transactions in US dollars was S/.2.981 and S/.2.989 per US$1, respectively (S/.2.794 and S/.2.796 per US$1, respectively, at December 31, 2013) and Bolivians 6.686 per US$1 for both years.

At December 31, 2014 and 2013, the Group does not maintain outstanding obligations with derivative products for the coverage of the foreign exchange risk. Additionally at December 31, 2014 and 2013, the Group recognized exchange gains for S/.171,520,232 and S/.226,794,000, respectively and exchange losses for S/. 173,565,060 and S/. 233,861,000, respectively, which are presented net in the item Investment Results in the consolidated income statement (Note 27).

The table below shows the sensibility of the Group's assets and liabilities to the U.S. dollar, to which it is exposed at December 31, 2014 and 2013. This analysis determines the effect of a reasonably possible change in the U.S. dollar exchange rate against the New Peruvian Sol. A simulation is presented of a +/- 4 percent variation in exchange rates, with all the other variables held constant on the Group's pre-tax profit. A negative balance reflects a potential net decrease in the statement of income while a positive balance reflects a potential net increase:

	Increase/ Decrease in rate %	Effect on pre-tax profit S/.000
2014	+1%	10,655
	- 1%	(10,065)
2013	+1%	922
	- 1%	(922)

The effect of reasonably possible changes in the exchange rates against the Bolivian, with all other variables held constant, on pre-tax profits in the consolidated statement of income is as follows:

	Increase/ Decrease in rate %	Effect on pre-tax profit S/.000
2014	+1%	4,525
	- 1%	(4,525)

3.4 Operational risk -

The Group's operational risk management covers process, technology, people and external threat risks. Furthermore, the Company has a Business Continuity Plan in place and Information Security Management with policies and procedures intended to safeguard the confidentiality, completeness and availability of information.

3.5 Property risk --

By means of SBS Resolution No.2840-2012 dated May 11, 2012, Rules for managing property risk for insurance companies ("Reglamento de gestión del riesgo inmobiliario en las empresas de seguros"), insurance companies are required to identify, measure, control and adequately report the level of property risk that they are exposed to. Furthermore, property risk is defined as the possibility of losses due to changes or volatility of property market prices.

The following premises are considered as assets subject to property risk:

- Property in which the Group maintains legal rights; both property for investment purposes as well as the Group's own property.

- Shares in real estate companies which generate periodic income or companies engaged in property investment.

- Participation certificates in collective property investment schemes; such schemes may be open or closed.

- Interest in property trusts.

Assets that are supported with reserves from insurance contracts where the investment risk is assumed by the insurance company or insured party are not considered as assets subject to property risk.

The Group has identified the following risks related to the property investment portfolio:

- The cost of projects in development may increase if there are delays in the planning process. The Group receives services from expert advisors in specific planning requirements related to the location of the project to reduce risks that may arise in the planning process.

- A major tenant may become insolvent, causing a significant loss of profit which in turn decreases the value of the related property. In order to reduce this risk, the Group reviews the financial position of all possible tenants and determines the amount required as rent deposit and/or guarantee deposit.

- The exposure of fair values of the portfolio to the market and to the occupier and/or tenants.

Property investments are valued at net cost of accumulated depreciation.

3.6 Fair value -

Fair value is defined as the amount for which an asset can be exchanged or a liability settled, between knowledgeable willing parties, in an arm's length transaction, on the assumption that the entity is a going concern.

When a financial instrument is traded in a liquid and active market, its stipulated market price in a real transaction provides the best evidence of its fair value. If no quoted price is available, the fair value is estimated based on the price of a financial instrument with similar characteristics, the present value of the future expected cash flows or any other valuation techniques; which are significantly affected by the different assumptions used. Management uses procedures to estimate the fair value of its financial instruments; based on the established regulations.

The methodologies and assumptions used depend on the risk profile and characteristics of the different financial instruments, as shown below:

- The carrying amount of the current assets and liabilities is similar to their fair value given their short term maturity and because they do not represent a significant credit or interest rate risk.

- The receivables from insurance transactions and other receivables, given the fact that they represent the value of the portfolio, net of its corresponding provision for doubtful collection, which is considered by Management as the recoverable amount at the date of the consolidated financial statements.

- Financial investments are generally quoted in the stock market or have an active secondary market. Interest on assets and liabilities with original maturities of less than one year has been considered to determine the fair value, which do not present significant differences with the corresponding book value. Management permanently monitors the credit and interest rate risks related to the investments in securities.

The fair value of the financial assets and liabilities at fixed rate and amortized cost is determined by comparing the market interest rate with the current market rates on similar financial instruments. The estimated fair value of the interest-bearing deposits is determined under the discounted cash flows using market interest rates prevailing in the market with similar maturities and credit risks. For the issued quoted debt, the fair value is determined based on the quoted market prices.

The table below reflects a comparison between carrying amounts and fair values of the Group's financial instruments presented in the consolidated statement of financial position. The table does not include fair values of non-financial assets and non-financial liabilities.

	2014		2013	
	Carrying amount S/.000	Fair value S/.000	Carrying amount S/.000	Fair value S/.000
Assets				
Cash and cash equivalents	128,156	128,156	149,058	149,058
Investments at fair value through profit or loss	107,292	107,292	-	-
Available-for-sale financial assets	481,945	481,946	443,300	443,300
Held-to-maturity financial assets	1,718,704	1,788,637	1,437,768	1,437,768
Receivables from insurance transactions	223,402	223,402	159,960	159,960
Receivables from re-insurers and co-insurers	67,917	67,917	46,637	46,637
Other receivables	51,997	44,132	23,682	23,682
	2,779,413	**2,841,482**	**2,260,405**	**2,300,405**
Liabilities				
Borrowings	110,123	110,627	102,632	103,010
Other payables	88,841	88,841	61,723	61,723
Payables to intermediaries and agencies	17,857	17,857	12,875	12,875
Payables to insured parties	26,533	26,533	14,132	14,132
Payables to re-insurers and co-insurers	127,229	127,229	97,391	97,391
	370,583	**371,087**	**288,753**	**289,131**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels for the estimate of fair value have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 S/.000	Level 2 S/.000	Level 3 S/.000	Total S/.000
At December 31, 2014				
Investments at fair value through				
profit or loss (Note 7)	95,130		12,162	107,292
Available-for-sale investments (Note 8)	288,908	70,727	122,948	482,583
	384,038	**70,727**	**135,110**	**589,875**
At December 31, 2013				
Available-for-sale investments (Note 8)	306,364	38,595	98,341	443,300
	306,364	**38,595**	**98,341**	**443,400**

(*) At December 31, 2014 and 2013, the Group has determined that the fair value of available-for-sale investments that are not quoted in an active market cannot be measured reliably; accordingly, those investments are stated at cost.

4 Critical accounting estimates and judgments

The estimates and judgments used are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions -

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities in the following years are presented below:

Technical reserves for claims -

The technical reserves for claims pending settlement are stated on the basis of prudent and adequate estimations made by Management, as well as the report of the adjusters, when applicable, which may eventually differ from the respective final settlements.

Income tax -

Determination of the tax obligations and expenses requires interpretations of the applicable tax laws and regulations. The Group seeks the advice of legal tax counsel before making any decision on tax matters. Even though Management considers its estimates are prudent and appropriate, differences of interpretation may arise with the interpretation made by the Tax Authorities.

Critical judgement -

Management has exercised judgment in applying accounting policies relating to the fair value of investments not quoted in an active market.

Fair values of investments not quoted in an active market are determined using valuation techniques, mainly discounted net cash flows and EBITDA multiples; additionally, those investments, the value of which cannot be reliably estimated using those techniques are measured at cost. Management validates and reviews periodically the valuation models used in estimating fair values.

At December 31, 2014 and 2013, Management has used, following the provisions of SBS Resolution No. 7034 – 2012, and for the purpose of determining the fair value of its available-for-sale financial assets that are not quoted in an active market (amounting to S/.115,586,594 and S/.105,894,859, respectively) (Note 8), the above described valuation techniques and considers that their fair value cannot be reliably estimated; therefore, Management considers that these financial assets should be measured at cost.

5 Financial instruments

The table below presents financial instruments by category:

At December 31, 2014:

	Fair value through profit or loss S/.000	Loans and receivables S/.000	Available-for-sale financial assets S/.000	Held-to-maturity financial assets S/.000	Total S/.000
Assets					
Cash and cash equivalents	-	128,158	-	-	128,158
Receivables from insurance transactions	-	223,402	-	-	223,402
Receivables from re-insurers and co-insurers	-	67,917	-	-	67,917
Other receivables	-	51,997		-	51,997
Investments at fair value through profit or loss	107,292	-	-		107,292
Available-for-sale financial assets	-	-	481,945	-	481,945
Held-to-maturity financial assets	-	-	-	1,718,704	1,718,704
	107,292	**471,474**	**481,945**	**1,718,704**	**2,779,415**

	Liabilities at amortized cost S/.000	Total S/.000
Liabilities		
Borrowings	110,323	110,323
Payables to insured parties	26,533	26,533
Payables to intermediaries and agencies	17,857	17,857
Payables to re-insurers and co-insurers	127,229	127,229
Other payables	22,624	22,624
	304,566	**304,566**

At December 31, 2013:

	Fair value through profit or loss S/.000	Loans and receivables S/.000	Available-for-sale financial assets S/.000	Held-to-maturity financial assets S/.000	Total S/.000
Assets					
Cash and cash equivalents	-	149,058	-	-	149,058
Receivables from insurance transactions	-	159,960	-	-	159,960
Receivables from re-insurers and co-insurers	-	46,637	-	-	46,637
Other receivables	-	23,682	-	-	23,682
Available-for-sale financial assets	-	-	443,300	-	443,300
Held-to-maturity financial assets	-	-	-	1,437,768	1,437,768
	-	**379,337**	**443,300**	**1,437,768**	**2,260,405**

	Liabilities at amortized cost S/.000	Total S/.000
Liabilities		
Borrowings	103,552	103,552
Payables to insured parties	14,132	14,132
Payables to intermediaries and agencies	12,875	12,875
Payables to re-insurers and co-insurers	97,391	97,391
Other payables	43,032	43,032
	270,982	**270,982**

6 Cash and cash equivalents

At December 31 this item comprises:

	2014 S/.000	2013 S/.000
Cash and fixed funds	1,466	7,257
Checking accounts	31,516	36,140
Savings accounts	58,660	59,111
Time deposits	36,514	46,550
	128,156	**149,058**

At December 31, 2014 and 2013, the Group maintains checking accounts, savings accounts and time deposits in local banks. Those accounts include balances in foreign currency amounting to US$11,923,000 and US$14,795,000, respectively.

These accounts bear interest at current market rates and are freely available.

At December 31, 2014 and 2013, the balances in checking accounts are expressed in local and foreign currencies. As of these dates, the checking accounts include restricted funds of S/.69,046 and S/.230,000, respectively.

At December 31, 2014 accrued interest for time deposits in new Peruvian soles fluctuates between 3.50% and 4.37% for periods from 5 to 60 days (from 1.60% to 4.24% for periods from 2 to 90 days at December 31, 2013).

In 2014, accrued interest on savings and time deposit accounts in local and foreign currencies amounted to S/.1,391,735 (S/.1,882,535 in 2013). These amounts are included in the item Interest and commissions, net Result from Investments, in the consolidated statement of income.

7 Financial assets at fair value through profit or loss

At December 31 this item comprises:

	2014 S/.000	2013 S/.000
Shares	12,317	-
Bonds	27,394	-
Certificates	3,513	-
Units of interest	7,803	-
Time deposits	47,646	-
Promissory notes	435	-
Stock-exchange promissory notes	92	-
Securitization instruments	4,292	-
Others	3,800	-
	107,292	**-**

8 Available-for-sale financial assets

The table below reflects the breakdown of the account:

2014	Cost S/.000	Interest S/.000	Unrealized gain Gains S/.000	Unrealized gain Losses S/.000	Fair value S/.000
Finance lease bond	5,352	96	73	-	5,521
Corporate bond	41,839	196	141	(3,030)	39,146
Subordinated bond	2,465	14	41	-	2,520
Securitized bond	1,607	1	11	-	1,619
Shares (*)	418,957	-	-	(63,651)	355,306
Equity investments	30,053	-	-	-	30,053
Mutual funds	33,771	-	306	-	34,077
Others	14,369	5	-	(33)	14,341
	548,413	312	572	(66,714)	482,583
Less – provision for impairment	(638)	-	-	-	(638)
	547,775	312	572	(66,714)	481,945
Current portion	417,807	5	-	(63,655)	354,157
Non-current portion	129,968	307	572	(3,059)	127,788

2013	Cost S/.000	Interest S/.000	Unrealized gain Gains S/.000	Unrealized gain Losses S/.000	Fair value S/.000
Finance lease bond	6,322	105	-	(62)	6,260
Corporate bond	41,518	113	-	(4,746)	36,772
Subordinated bond	2,382	13	24	-	2,406
Securitized bond	1,871	1	1	-	1,872
Shares (*)	390,396	-	-	(32,982)	357,414
Equity investments	11,159	-	-	-	11,159
Mutual funds	22,676	-	-	(1,208)	21,468
Others	6,874	-	-	(287)	6,587
	483,198	232	25	(39,285)	443,938
Less – provision for impairment	(638)	-	-	-	(638)
	482,560	232	25	(39,285)	443,300
Current portion	386,262	-	-	(32,981)	353,281
Non-current portion	96,298	232	25	(6,304)	90,019

(*) At December 31, 2014 and 2013 the Company maintains investments classified as available for sale financial assets, comprising shares in entities that are not quoted in an active market with carrying amounts of S/.123,069,693 and S/.105,894.859. The Group, has used, in accordance with SBS Resolution No. 7034-2012, and in determining the fair value of these investments, the valuation techniques described in Note 2-h) and considers that their fair value cannot be reliably estimated; therefore, those investments must be measured at cost.

The movement of financial assets in 2014 and 2013 was as follows:

	2014 S/.000	2013 S/.000
Opening balance at January 1	443,300	593,105
Additions	238,123	1,026,357
Disposals	(167,458)	(1,110,370)
Fair value (Note 23-c)	(27,006)	(24,630)
Others (a)	2,840	-
Adjustments (b)	(7,854)	(41,162)
Balance at December 31	**481,945**	**443,300**

a) Mainly correspond to the effect of payments of coupons, VAC adjustments to bonds, accrued interest and exchange difference.

b) Adjustments in 2014 mainly correspond to the reclassification in real estate projects classified as available for sale to joint ventures amounting to S/.9,965,000, resulting in a net effect of S/.7,854,000 after deducting the effects of exchange rate and other adjustments. In 2013 adjustments correspond to the reclassification of bonds from available for sale to held to maturity amounting to S/.46,000,000, resulting in a net effect of S/.41,425,000 after deducting the effects of exchange rate adjustments and other adjustments.

9 Held-to-maturity financial assets

The table below reflects the breakdown of the account:

	2014 S/.000	2013 S/.000
Peruvian Government Bonds	575,335	480,754
Corporate bonds	683,950	514,366
Subordinated bond	131,847	137,654
Foreign government bonds	117,122	110,594
Foreign corporate bonds	210,450	194,400
	1,718,704	**1,437,768**

The movement of financial assets in 2014 and 2013 was as follows:

	2014 S/.000	2013 S/.000
Opening balance at January 1	1,437,768	1,039,653
Additions	290,057	330,071
Disposals (a)	(149,832)	(108,727)
Adjustments (b)	140,711	176,771
Balance at December 31	**1,718,704**	**1,437,768**

a) In September 2012, the SBS, by means of Resolution No. 7034-2012, has established an exceptional treatment of "held to maturity" financial assets for reasons of accounting consistency, which includes the following:

- Proceeds on the sale of held to maturity financial assets will be recognized over the period of remaining life of such sold investment under the straight-line method. Conversely, if said sales have generated losses, they will be recognized in the same period in which the sale occurred.

- In those cases in which the Group maintains investments in one single financial instrument, classified as held-to-maturity financial assets and available-for-sale financial assets, if the Company decides to sell such instruments, it has to sell first of all, available-for-sale financial assets and then, held-to-maturity financial assets.

At December 31, 2014 the Group applied this treatment making deferred earnings of S/. 62,557 thousand, recognized within Deferred Earnings in the statement of financial position.

b) Adjustments mainly correspond to the valuation of held-to-maturity bonds at the amortized cost using the effective interest method for S/.109,000,000 and exchange differences for S/.31,000,000 (S/.91,000,000 and S/.39,000,000, respectively at December 31, 2013).

10 Investment properties

The table below reflects the breakdown of the account:

	Opening balance S/.000	Inclusion of subsidiaries S/.000	Additions S/.000	Disposals S/.000	Translation effect S/.000	Final balance S/.000
2014						
Cost:						
Land	141,277	3,794	17,291	(21,234)	258	141,386
Buildings	149,126	9,665	15,403)	(16,076)	660	158,778
	290,403	13,460	32,694	(32,694)	919	300,164
Accumulated depreciation:						
Buildings	(5,780)	(453)	(2,327)	607	(44)	(7,996)
Net value	**284,623**					**292,168)**
2013						
Cost:						
Land	92,917	-	46,226	2,134	-	141,277
Buildings	118,476	-	53,590	(23,340)	-	149,126
	211,393	-	99,816	(21,206)	-	290,403
Accumulated depreciation:						
Buildings	(10,175)	-	(9,294)	13,689	-	(5,780)
Net value	**201,618**					**284,623**

Investment property comprises freehold land and buildings for rental and/or sale. Said properties are not subject to liens. Monthly rental income produced by said properties as well as expenses for depreciation, and other related expenses are recognized under Property rental in Investment results in the consolidated statement of income.

At December 31, 2014, the market value of property investments amounted to S/.527,700,439 (S/.492,129,663 at December 31, 2013).

11 Investments in associates and others

At December 31, this item comprises:

	2014 S/.000	2013 S/.000
Investments in subsidiaries and associates -		
Shares in subsidiaries (a)	15,493	30,065
	15,493	30,065
Joint Ventures (b)	11,293	689
	26,786	**30,754**

a) The Group determined the carrying amount of its equity investments in La Positiva Sanitas S.A. EPS, Inversiones en Salud Ocupacional S.A. and Empresa Prestadora de Servicios en Salud S.A.

Shares in associates comprise shares in Investa Sociedad Agente de Bolsa with an interest of 13.25% and in Transacciones Especiales S.A. with an interest of 33.80 %

b) Investments in joint ventures correspond to the Group's share in property construction business with Líder Ingeniería y Construcción comprising the Tambo Verde de Carabayllo projects amounting to S/.7,542,000 and San Diego de Alcalá project for S/.3,751,000.

12 Receivables from insurance transactions, net

At December 31 this item comprises:

	2014 S/.000	2013 S/.000
Invoices and agreements receivable and notes receivable (a)	225,683	189,662
Premiums receivable	33,880	-
Individual pension insurance accounts (b)	76	72
AFP Profuturo	76	74
Total	259,715	189,808
Charges applicable to policies (c)	(24,785)	(22,317)
Translation effect	(49)	-
Provision for doubtful accounts (d)	(11,479)	(7,531)
	223,402	**159,960**

a) The invoices, agreements and notes receivable comprise the payment by installments of the insurance premiums, to be paid by the policyholder over the terms agreed with the Group. These receivables are of current maturity and have no specific guarantee. The increased balance of receivables from insurance transactions is mainly due to the increase of invoices of pension insurance contracts.

El incremento de las cuentas por cobrar por operaciones de seguros se debe principalmente a la mayor facturación en el ramo de seguros previsionales.

b) The individual accounts of pension insurance mainly comprise the individual capitalization accounts, including the estimated value of the recognition bond of the deceased affiliates or those declared disabled of Profuturo AFP. These accounts are exempt from premium financing (“Reglamento de Financiamiento de Primas”).

c) Charges applicable to policies consist of VAT (IGV in Peru) which will be paid when the associated Premium is settled.

These receivables are substantially of current maturity and do not have specific guarantees.

The detail of the aging of receivables for insurance transactions is as follows:

	2014 S/.000	2014 %	2013 S/.000	2013 %
Up to 30 days	202,420	78.00	151,606	80.00
From 31 to 60 days	22,710	9.00	15,656	8.00
From 61 to 90 days	7,875	3.00	6,101	3.00
More than 90 days	26,558	10.00	16,299	9.00
	259,563	**100.00**	**189,662**	**100.00**

d) The movement of the provision for doubtful accounts was as follows:

	2014 S/.000	2013 S/.000
Opening balance	7,531	6,099
Inclusion of subsidiaries	409	-
Additions of the year	6,194	5,981
Decrease	(2,655)	(4,549)
Final balance	**11,479**	**7,531**

Group’s Management considers that the provision for doubtful accounts is sufficient to cover the collection risk at the date of the consolidated statement of financial position.

13 Other receivables

At December 31 this item comprises:

	2014 S/.000	2013 S/.000
Others (a)	19,087	10,900
Reporting transactions (b)	12,549	9,905
Claims to SUNAT (Peruvian Tax Authorities) (c)	6,881	-
Advances	6,890	
Doubtful accounts	2,269	4,672
Leases receivable	1,833	1,513
Loans to third parties	850	217
Related parties	720	-
Sale of investments	637	-
Deductibles receivable from insurers	486	816
Advances to insurance brokers	-	57
	52,202	28,080
Provision for doubtful accounts	(2,146)	(4,398)
	51,997	**23,682**

a) The item “others” mainly comprises S/.6,611,00, in receivables from Government-run agencies and financial institutions, S/. 758,000 of guarantee deposits as well as receivables from sales of investments in shares pending liquidation at December 31, 2014 for S/.8,047,000 and guarantee deposits for S/.758,000.

b) Reporting transactions correspond to transactions carried out with shares that are listed in the stock market and that bear interest at an average rate of 5.68%.

c) Claims to SUNAT mainly correspond to appeal processes submitted by the Company regarding returns of administrative and fine resolutions issued by the Peruvian tax authorities for the periods from 2002 to 2008.

Regarding the non-recognition of VAT for 2002, this process has been appealed in the Peruvian tax court regarding the Resolution issued that resolved the re-assessment process initiated by SUNAT, requesting the accumulation and compensation of the payment made for VAT in September 2002 which amounted to S/.2,245,000. Additionally, in 2002, SUNAT re-assessed the tax basis of on-account Income Tax payments, resulting in fines related to said tax amounting to S/.1,693,000.

Regarding the fiscal years 2003 to 2008, SUNAT does not recognize the balance carried forward in favor of Income Tax; therefore, SUNAT has issued orders to make payments for January and February 2009 for on-account income tax payments, and has not recognized the compensation in annual income tax for 2009, which resulted in a payment of S/.2,177,000.

It should be noted that the processes related to the amounts paid by the Group are still pending resolution by the Peruvian tax court and Judiciary System.

The annual movement of the provision for doubtful accounts was as follows:

	2014 S/.000	2013 S/.000
Opening balance	4,398	3,022
Additions of the year	6,817	3,135
Recoveries	(9,069)	(1,759)
Final balance	**2,146**	**4,398**

Company Management considers that the provision for doubtful accounts is sufficient to cover the collection risk at the date of the statement of financial position.

14 Property, furniture and equipment, net

The movement of the account property, furniture and equipment and that of its respective accumulated depreciation at December 31 is as follows:

	Opening balance S/.000	Inclusion of subsidiaries S/.000	Additions S/.000	Disposals S/.000	Reclassifications S/.000	Translation effect S/.000	Final balance S/.000
2014							
Assets:							
Land	23,148	-	886	-	-	-	24,034
Buildings and other constructions	42,473	-	5,483	(1,845)	-	-	46,111
Installations	5,228	-	736	29	-	-	5,993
Furniture and equipment	35,354	1,974	3,322	(2,834)	-	131	37,947
Office equipment	-	579	595	(68)	-	36	1,142
Computer equipment	-	2,452	730	64	-	164	3,282
Vehicles	6,828	2,011	994	(2,461)	-	122	7,494
Art and cultural goods	-	57	-	-	-	4	61
	113,031	7,073	12,746	(7,243)	-	457	126,063
Provision for comparison with market value of buildings	(218)	-		151	-	-	(67)
	112,813	7,073	12,746	(7,092)	-	457	125,997
Accumulated depreciation:							
Buildings and other constructions	6,138	-	912	-	-	-	7,050
Installations	2,716	-	482	16	-	-	3,214
Furniture and equipment	19,847	665	4,040	(2,350)	-	80	21,617
Office equipment	-	372	57	(66)	-	42	405
Computer equipment	-	1,663	356	(61)	-	199	2,127
Vehicles	3,194	800	1,324	(1,244)	-	100	4,176
Art and cultural goods	-	-	-	-	-	-	-
	31,230	3,470	7,172	(3,705)	-	421	38,589
Net cost	**81,583**						**87,408**

	Opening balance S/.000	Inclusion of subsidiaries S/.000	Additions S/.000	Disposals S/.000	Reclassifications S/.000	Translation effect S/.000	Final balance S/.000
2013							
Land	17,063	-	7,196	(1,111)	-	-	23,148
Buildings and other constructions	37,338	-	5,441	(306)	-	-	42,473
Furniture and equipment	30,789	-	4,983	(417)	-	-	35,355
Vehicles	6,300	-	841	(314)	-	-	6,827
Installations	5,020	-	228	(20)	-	-	5,228
	96,510	-	18,689	(2,168)	-		113,031
Provision for comparison with market value of buildings	(694)	-	-	476	-	-	(218)
	95,816	-	18,689	(1,692)	-	-	112,813
Accumulated depreciation:							
Buildings and other constructions	9,606	-	2,883	-	(6,352)	-	6,137
Furniture and equipment	15,872	-	3,554	(209)	(34)	-	19,183
Vehicles	2,393	-	1,107	(120)	(184)	-	3,195
Installations	2,257	-	458	-	-	-	2,715
	30,128	-	8,002	(329)	(6,571)	-	31,230
Net cost	**65,688**	-					**81,583**

At December 31, 2014 and 2013, La Positiva Seguros y Reaseguros S.A. and La Positiva Vida Seguros y Reaseguros S.A. maintains fully depreciated assets that are still in use for S/.11,538,533 and S/.14,765,000, respectively.

The Group maintains effective insurance policies covering its major assets through corporate policies for amounts exceeding their carrying amounts at December 31, 2014 and 2013.

At December 31, 2014 and 2013, property, furniture and equipment of the Group are free of encumbrances.

15 Other assets

At December 31 this item comprises:

	2014 S/.000	2013 S/.000
Investment in intangible assets, net (a)	37,442	25,455
Contract for excess loss (b)	11,416	10,163
Income tax on-account-payments	3,712	-
Temporary Tax on Net Assets	2,297	4,344
Others	1,236	349
	56,103	**40,311**

a) The movement of other assets, net at December 31, is as follows:

	Opening balance S/.000	Additions S/.000	Disposals S/.000	Final balance S/.000
2014				
Cost				
Software	21,626	2,600	-	24,226
SAP implementation	17,255	12,140	244	29,151
	38,881	14,740	244	53,377
Accumulated amortization:				
Software	(13,426)	(2,511)	2	(15,969)
	(13,426)	(2,511)	2	(15,969)
Net value	**25,455**			**37,442**
2013				
Cost				
Software	24,549	2,637	(5,560)	21,626
SAP implementation	5,278	6,493	5,484	17,255
	29,827	9,130	(76)	38,881
Accumulated amortization:				
Software	(11,192)	(2,316)	(82)	(13,426)
	(11,192)	(2,316)	(82)	(13,426)
Net value	**18,635**			**25,544**

b) Corresponds to re-insurance contracts entered into by the Company to cover its risk exposure to excess loss of coverage that the Company mainly provides for fire, earthquake and other risks. Such contracts are recognized in the consolidated income statement of the period as they are accrued, during the effective period of the contract. The characteristic of these contracts is that they set a maximum coverage level for insured parties and a fixed retention amount for the Company and mainly have annual coverage. The Company has entered into this type of contracts with first class re-insurers.

16 Asset from technical reserves for account of re-insurers

This item comprises:

	2014 S/.000	2013 S/.000
Reserve - Claims (a)	137,042	130,452
Reserve - Premiums (b)	65,308	67,642
	202,350	198,094
Current portion	(137,042)	(130,452)
Non-current portion	65,308	67,642

a) This corresponds to the portion of the total cost estimate of claims reported for account of the re-insurer, calculated in accordance with re-insurance contracts and is presented in the current portion of the consolidated statement of financial position.

b) This corresponds to the portion of un-accrued ceded premiums in accordance with the effective period of the contracts and is presented in the non-current portion of the consolidated statement of financial position.

By means of SBS resolution No. 7037-2012, the standards for group assets from technical reserves for account of re-insurers for reserves for Claims and Premiums were amended.

In 2014, a balance of S/.11,032,000 of Reserves for premiums was reclassified to Reserves for claims corresponding to the business of payment protection relief.

17 Overdrafts and borrowings

At December 31 this item comprises:

	Purpose	Maturity date	Rate %	Currency	2014 Current S/.000	2014 Non-current S/.000	2014 Total S/.000	2013 Current S/.000	2013 Non-current S/.000	2013 Total S/.000
Bank overdraft										
Banco Continental					2,851	-	2,851	-	-	-
Banco Interbank					1,027	-	1,027	-	-	-
Banco de Crédito del Perú					999	-	999	160	-	160
Banco Interamericano de Finanzas					809	-	809	-	-	-
Banco Financiero					795	-	795	3,705	-	3,705
Mi Banco					357	-	357	41	-	41
Banco Comercio					325	-	325	-	-	-
Banco Scotiabank					62	-	62	-	-	-
					7,225	-	7,225	3,906	-	3,906
Promissory notes (a)										
Banco Financiero	Working capital	2015	5.00%	S/.	14,021	-	14,021	-	-	-
Banco Financiero	Working capital	2015	5.00%	S/.	7,500	-	7,500	-	-	-
Banco Financiero	Working capital	2014	5.64%	S/.	-	-	-	10,060	-	10,060
Banco Financiero	Working capital	2014	6.32%	S/.	-	-	-	14,487	-	14,487
BANBIF	Working capital	2015	5.00%	S/.	10,027	-	10,027	-	-	-
BANBIF	Working capital	2015	5.00%	S/.	10,011	-	10,011	-	-	-
BANBIF	Working capital	2015	5.00%	S/.	7,709	-	7,709	-	-	-
BANBIF	Working capital	2015	5.00%	S/.	7,509	-	7,509	-	-	-
BANBIF	Working capital	2015	5.00%	S/.	7,100	-	7,100	-	-	-
BANBIF	Working capital	2015	5.00%	S/.	5,000	-	5,000	-	-	-
BANBIF	Working capital	2014	5.37%	S/.	-	-	-	10,096	-	10,096
BANBIF	Working capital	2014	6.00%	S/.	-	-	-	10,060	-	10,060
BANBIF	Working capital	2014	6.25%	S/.	-	-	-	7,448	-	7,448
HSBC Bank Perú S.A.	Working capital	2014	5.90%	US$	-		-	6,842	-	6,842
Scotiabank del Perú	Working capital	2014	4.99%	S/.	8,917	-	8,917	-	-	
Scotiabank del Perú	Working capital	2014	5.00%	S/.	-	-	-	6,300	-	6,300
Scotiabank del Perú	Working capital	2014	5.20%	S/.	-	-	-	7,013	-	7,013
Scotiabank del Perú	Working capital	2014	4.99%	S/.	-	-	-	2,714	-	2,714
BBVA Banco Continental	Working capital	2015	5.00%	S/.-	15,000	-	15,000	-	-	-
BBVA Banco Continental	Working capital	2015	5.00%	S/.	5,000	-	5,000	-	-	-
BBVA Banco Continental	Working capital	2015	5.00%	S/.	5,000	-	5,000	-	-	-
BBVA Banco Continental	Working capital	2014	4.90%	S/.	-	-	-	8,000	-	8,000
					102,794	-	102,794	83,020	-	83,020
Finance leases (b)										
BANBIF	Purchase of ambulances	2012	6.40%	US$	-	-	-	92	286	378
Banco Financiero	Premises Av. Argentina	2015	7.71%	S/.	104	200	304	10,028	5,300	15,328
					104	200	304	10,120	5,586	15,706
					110,123	**200**	**110,323**	**97,046**	**5,586**	**102,633**

a) The carrying amount of short-term borrowings and the current portion of long-term borrowings is similar to their fair values because the impact of the discount is not significant.

Fair value has been determined based on contractual cash flows discounted at market rates obtained from similar counterparties of the Group, which at December 31, 2014 amount to between 5.00% and 5.10% (between 5.72% and 5.97% at December 31, 2013). As a result of the calculation performed, it has been determined that the carrying amounts are substantially similar to their fair values.

b) On May 31, 2013 a leaseback agreement was entered into for S/.20,069,000, that will be amortized in monthly installments up to June 2015 and will also bear interest at an effective annual rate of 7.71%. At December 31, 2013, the balance of debt, net of interest accrued, amounted to S/.15,328,000.

As per SBS Notice No.17007-2014, dated May 23, 2014, the SBS has requested that the Company reverse the leaseback entered into with Banco Financiero on May 31, 2013. This transaction was recognized as a financing transaction (loan) in 2014. Deferred earnings for S/.3,189,000 were reversed in 2014 and charged to retained earnings.

In 2014, the Company recognized interest expenses for borrowings amounting to approximately S/.2,080,000 (approximately S/.1,679,000 in 2013) which are included in Interest and commissions, net in the income statement.

18 Taxes, participations and other payables

At December 31 this item comprises:

	2014 S/.000	2013 S/.000
Taxes and contributions	24,865	12,316
Others (a)	16,253	24,344
Vacations, profit sharing and others	12,683	10.014
Rental and other payables	12,284	-
Suppliers (b)	4,823	5,600
Professional fees and commissions payable	4,931	-
Guarantee deposits	1,930	6,525
Payables for investment transactions (c)	244	2,924
	78,013	61,723
Current portion	(75,313)	(61,723)
Non-current portion	2,700	-

a) At December 31, 2014 other payables mainly consist of uncollected cheques and bills of exchange payable to fund the ERP-SAP with IBM totaling S/.3,778,000.

b) The item suppliers comprises bills of exchange remaining to be paid to IBM amounting to S/.4,155,000.

c) Payables for investment transactions correspond to obligations for transactions to purchase shares pending settlement at the end of the period.

19 Payables to intermediaries and agencies

At December 31 this item comprises:

	2014 S/.000	2013 S/.000
Commissions to be accrued	7,084	3,431
Commissions payable	10,774	9,444
	17,858	12,875

20 Receivables from and payables to re-insurers and co-insurers

a) At December 31 this item comprises:

	2014 S/.000	2013 S/.000
Re-insurers:		
Claims receivable - voluntary re-insurance	32,047	30,991
Premiums receivable - accepted re-insurance	3,861	2,271
Claims receivable - automatic re-insurance	6,944	161
Excessive loss	-	2
Recoveries to be collected	14,942	-
Co-insurers	10,540	13,668
	68,334	47,093
Co-insurers	(417)	(456)
	67,917	**46,637**

The table below reflects major re-insurers with which the Group maintains claim receivables as voluntary re-insurance at December 31, 2014 and 2013.

Re-insurer	Risk rating	2014	2013
Foreign Market	AAA	212	28
Foreign Market	A++	448	420
Foreign Market	A+	11,567	6,089
Foreign Market	A	7,053	16,665
Local Market	A	12,317	166
Foreign Market	A-	448	458
Foreign Market	BBB	2	117
Foreign Market	N/C	-	7,048
Total		**32,047**	**30,991**

b) At December 31 payables to re-insurers and co-insurers comprise:

	2014 S/.000	2013 S/.000
Payables arising from automatic re-insurance	14,728	24,718
Premiums payable from voluntary re-insurance	39,504	49,548
Others	10,176	9,585
Reinsurance Creditors accepted from local companies	649	-
Re-insurance ceded to local companies	3,816	-
Re-insurance ceded to foreign companies	38,994	-
	107,867	83,851
Co-insurers	19,362	13,540
	127,229	**97,391**

Management considers that the Company complies with the provisions of SBS Resolution No.282-2003, “Normas para la gestión y la Contratación de Reaseguros”.

The re-insurers with which the Group has signed insurance contracts at December 31, 2014 and 2013 maintain similar or superior ratings to those required under said Resolution.

21 Technical reserves for claims

At December 31, this item comprises:

	2014 S/.000	2013 S/.000
Reserves for claims reported of premiums and reinsurers accepted	359,590	400,336
Reserves for claims incurred but not reported	102,917	35,341
Expenses in claim liquidations	2,499	-
	465,005	**435,677**

Group Management estimates that the technical reserves for claims and related expenses at December 31, 2014 and 2013 are sufficient to cover the final costs of the losses and claims incurred at that date. These reserves are based on estimates, which may vary with respect to actual payments and indemnities.

The higher reserve for claims occurred but not reported resulted from the adoption of SBS Resolution No.4095-2013 by which the reserve for voluntary premiums of the payment protection relief business was reclassified to reserve for claims occurred but not reported.

The table below summarizes the composition of the balance per type of insurance:

	Direct claims S/.000	SONR S/.000	Total S/.000	Ceded claims (*) S/.000
2014				
Fire	56,927	712	57,639	48,612
SOAT	30,735	5,074	35,809	1,700
Vehicles	45,108	87	45,195	138
Technical	20,051	-	20,051	17,491
Civil liability	31,832	-	31,832	26,111
Dishonesty	18,364	-	18,364	13,350
Personal accidents	5,091	11,149	16,240	3,918
Hospitalization	6,473	612	7,085	196
Agriculture	4,813	1,042	5,855	4,561
Transportation	7,106	-	7,106	3,515
Vessels	19	-	19	-
Hulls	2,167	-	2,167	2,026
Theft	2,116	-	2,116	587
Multi-insurance	4,159	18	4,177	1
Residential	124	-	124	40
Aviation	-	-	-	-
	235,085	18,694	253,779	122,246
Life:				
Life	5,146	61,153	66,298	633
Payment protection relief	-	-	-	14,120
Hazardous work supplementary insurance	39,945	6,821	46,766	43
Pension fund	81,913	16,248	98,162	-
	127,004	84,222	211,226	14,796
	362,089	**102,917**	**465,005**	**137,042**

	Direct claims S/.000	SONR S/.000	Total S/.000	Ceded claims (*) S/.000
2013				
General:				
Fire	107,382	-	107,382	88,109
SOAT	31,565	-	31,565	1,285
Vehicles	27,812	982	38,793	64
Technical	12,572	-	12,572	11,036
Civil liability	12,035	-	12,035	7,231
Dishonesty	11,472	-	11,472	6,663
Personal accidents	5,645	5,606	11,251	799
Hospitalization	6,768	2,742	9,510	1,092
Agriculture	8,186	-	8,186	7,067
Transportation	5,422	-	5,421	3,151
Hulls	2,815	-	2,816	2,475
Theft	776	-	776	182
Multi-insurance	653	-	653	286
Residential	48	-	48	24
Aviation	35	-	35	35
	233,186	9,330	242,516	129,502
Life:				
Life	8,268	928	9,196	176
Payment protection relief	-	-	-	686
Hazardous work supplementary insurance	14,990	1,321	16,311	88
Pension fund	143,892	23,762	167,654	-
	167,150	26,011	193,161	950
	400,336	**35,341**	**435,677**	**130,452**

(*) Included in Asset for technical reserve for account of re-insurers in the consolidated statement of financial position (Note 16).

The decrease in the reserve for claims for the Pension Fund business resulted from the Reform of the Private Pension Plan System. On July 19, 2012, legislation for the reform of the private pension plan system (“Ley de Reforma del Sistema Privado de Pensiones”), (hereinafter the Reform) was published, to become effective within a period of 120 days from the day following publication. The purpose of this law was, inter-alia, to reduce commission, increase profitability and enhanced pension for retirees. By this Reform, a public bidding was called (“Licitación Pública No.01/2013”) to select the insurance entity that would manage disability, survival and burial expenses risk in the Private Pension Plan System under a collective insurance policy”. The Company took part in this bidding process for pension plan administrators Hábitat, AFP Integra, Prima AFP and Profuturo AFP (hereinafter the AFPs)within the scope of Law No.29903, Supreme Decree No.054-97-EF, of the Peruvian general laws of the private pension system and its rules for application (“Texto Único Ordenado de la Ley del Sistema Privado de Administración de Fondos de Pensiones y su Reglamento”) - under Supreme Decree No.004-98 EF, Resolution No.232-98-EF/SAFP, and rules for application, and supplementary standards and amendments.

As a result of the bidding process as required by law, the bid was awarded to four life insurance companies on September 13, 2013 by the AFPs and for a period ending in December 31, 2014, in strict application of the grading criteria of the offered bids as per the public bidding rules approved by the Peruvian banking, insurance and pension plan regulator Superintendencia de Banca, Seguros y AFP (hereinafter the “SBS”); the Company was not awarded any bid for the period from September 2013 to December 2014.

22 Technical reserves for premiums

At December 31 this item comprises:

	2014 S/.000	2013 S/.000
Reserve for life annuities	1,419,929	1,052,155
Reserve for ongoing risks (a)	268,069	198,420
Reserve for catastrophic risks (a)	597	559
Mathematical life reserves	44,305	105,284
Reserve for supplementary insurance for hazardous work	160,857	153,079
Reserve for pension fund and income insurance	274,797	275,208
Reserve for matching	40,463	47,332
	2,209,017	1,832,037

a) The table below summarizes the reserve composition for ongoing risks and catastrophic risks by types:

	2014 S/.000	2013 S/.000
SOAT (car accidents)	74,903	63,764
Vehicles	75,974	55,578
Fire	45,322	28,757
Technical	15,010	10,072
Civil liability	12,499	9,346
Dishonesty	7,697	6,743
Agriculture	7,589	1,625
Personal accidents	5,460	6,369
Transportation	5,556	4,533
Hospitalization	6,998	3,753
Surety bonds	4,731	2,670
Hulls	2,346	2,270
Theft	2,168	1,674
Multi-insurance	1,413	14
Aviation	582	1,483
Residential	388	328
Ships and vessels	30	-
	268,666	198,979

The movement of the catastrophic reserve in 2014 and 2013 is as follows:

	2014 S/.000	2013 S/.000
Balance at January 1	559	510
Exchange difference	38	49
Balance at December 31	597	559

In the case of life insurance, at December 31, 2014 and 2013, these reserves have been reviewed by an independent actuary and, in his opinion and that of Group Management, the referred balances have been determined in accordance with the current legal norms, considering the technical bases approved by the SBS. In this sense, the amounts of these reserves are sufficient to adequately honor the commitments contracted with policyholders.

The net increase in 2014 is mainly due to an increase in reserves for life annuity and pension fund insurance as a result of an increase in policies issued.

The major assumptions for the estimate in life reserves of pension fund and individual life insurance at those dates are as follows:

Modality	Tables (*)	Technical interest (*)
Life Annuities	RV 2004 Modified, adjusted and B-85 adjusted	1.81% - 4.46%
Pension plan insurance and Supplementary insurance for hazardous work	B-85 adjusted	2.36% - 5.53%
Individual life	SCO 80 adjustable	2% - 6%

(*) Corresponds to the mortality tables and interest rates authorized by the SBS.

The Group has consistently applied the calculation methodology established by the SBS for the determination of the mathematical reserves as well as the assumptions used to obtain its results.

The sensitivity of the estimates used by the Group to measure its risks for the life insurance contracts is represented by the main variables at the date of the consolidated statement of financial position, the interest rates and mortality rate tables used.

Under SBS Resolution No.7728-2010, issued on December 27, 2010, the SBS approved new mortality rate schedules that should be used by insurance companies upon granting annuities originating from the private pension system (SPP, Spanish acronym) and from the complementary high risk work insurance, for contracts and pension requests issued effective from June 1, 2011.

23 Shareholders' equity

a) Share Capital -

The authorized, subscribed and paid-in capital at December 31, 2014 and 2013 is represented by 290,320,113 and 271,159,943 common shares, respectively at of S/.1 par value each.

At the Annual General Shareholders' Meeting held on February 28, 2014 the decision was made to capitalize profits for 2013 amounting to S/.19,160,000 (S/.21,845,000 Annual General Shareholders' Meeting held on March 22, 2013).

At December 31, 2014 the share capital structure was as follows:

Percentage of individual interest in capital	Number of shareholders	Total percentage interest
From 0.01 to 1	468	11.46
From 1.01 to 5	13	29.95
From 5.01 to 10	1	8.96
From 10.01 to 100	4	49.63
	486	**100.00**

As established under Article No.16 of the General Law of the Financial and Insurance System and Organic Law of the SBS- Insurance Law, share capital is required to reach the minimum of S/.16,293,000.

b) Legal reserve -

In accordance with the Law of Banks and Insurance Companies, at least 10% of the profits after taxes is required to be transferred to a legal reserve until this is equal to 35% of the paid-in capital. This reserve replaces the legal reserve established by the General Law of Companies and can only be used to cover losses.

At the Annual General Shareholders' Meeting held on February 28, 2014 the decision was made to establish a legal reserve for 2013 amounting to S/.2,159,000 (S/.1,850,000 for 2012 approved at Annual General Shareholders' Meeting held on March 22, 2013).

c) Unrealized results -

According to what is stated by SBS Resolution No.7034-2012, the unrealized results of available-for-sale investments are recorded in retained earnings. For the purposes of profit distribution, these results are not considered.

At December 31, 2014 and 2013 this item comprises:

	2014 S/.000	2013 S/.000
Unrealized gains on available-for-sale investments	(40,011)	(28,669)
Deferred income tax	4,416	1,105
Exchange difference on available-for-sale equity instruments	(1,364)	(228)
	(43,231)	**(27,792)**

The movement of this account is as follows:

	Opening balance S/.000	Movement S/.000	Final balance S/.000
2014			
Unrealized loss on available-for-sale investments	(28,669)	(20,342)	(49,011)
Deferred income tax	1,105	3,311	4,416
Exchange difference on available-for-sale equity instruments	(228)	(1,592)	1,364
	(27,792)	(15,439)	(43,231)
2013			
Unrealized loss on available-for-sale investments	(12,030)	(16,639)	(28,669)
Deferred income tax	(481)	1,586	1,105
Exchange difference on available-for-sale equity instruments	(551)	(779)	(228)
	(11,960)	(15,832)	(27,792)

d) Retained earnings -

Dividends in favor of shareholders other than domiciled legal entities are subject to the rate of 4.1% of income tax to be assumed by these shareholders; this tax will be withheld and settled by the Group.

At the Annual General Shareholders' Meeting held on February 28, 2014 the decision was made to transfer S/.2,159,000 to legal reserve and the capitalization of profits for S/.19,160,000 (S/.1,850,000 y S/.21,845,000, respectively in 2013).

The effect recorded as Adjustment for changes in accounting policies corresponds to the adjustment made as described in Note 2. The SBS required a change in methodology of the calculation of the SONR reserve in compliance with Resolution SBS No.4095-2013. The effect of the application of the new methodology was S/.28,261,162. The Group was authorized by the SBS to recognize, in 2014, a balance of S/.20,076,598 with a charge to retained earnings; and to recognize the resulting difference of S/.8,184,564 with a charge to retained earnings in 2015 and 2016. In addition, this includes an adjustment of S/.3,189,410 from the reversal of the leaseback transaction (Note 17).

24 Tax situation

The Group is subject to tax laws currently in force in Peru and Bolivia.

The Group has determined the taxable income under the general income tax regime, in accordance with tax laws currently in force in each of the above mentioned countries. The Group's subsidiaries must calculate tax on a separate basis; therefore, they cannot offset losses.

At December 31, the income tax expense in the consolidated statement of income breaks down as follows:

At December 31	2014 S/.000	2013 S/.000
Current income tax	8,322	8,162
Deferred income tax	(627)	734

The provision for the Group's income tax per country is as follows:

At December 31	2014 S/.000	2013 S/.000
Peru	6,033	8,896
Bolivia	1,623	-
Total	7,696	8,896

Income tax rate in the countries where the Group operates is as follows:

Income tax rate	
Peru	30%
Bolivia	25%

a) The Peruvian Tax Administration has the power to review and, if necessary, amend the Income Tax determined by the Company in the last four years, from January 1 of the year following the presentation of the corresponding income tax returns (years open to examination). The Company's tax records for fiscal 2010 to 2014 are subject to tax examination. Since differences may arise in the interpretation by the Tax Administration regarding the standards applicable to the Company, it is not possible at present to anticipate whether additional tax liabilities will be produced as a result of eventual revisions. Any additional tax, surcharges and interest, if they occur, will be recognized in the results of the year in which the difference of criteria with the Tax Administration is resolved. Management estimates that no significant liabilities will arise as a result of these eventual tax examinations.

The following details certain aspects of income tax applicable to the Companies:

- Non-taxable income and gains resulting from assets supported by technical reserves for life insurance companies are not subject to tax.
- Interest and capital gains arising from bonds issued by the Peruvian government, included in section h) of Article 18 of the Peruvian income tax law, are not subject to tax.
- Fixed or floating rate interest, in local or foreign currency, for deposits or authorized taxations based on the Peruvian Banking and Insurance law, as well as capital increases of such deposits are subject to tax.
- The repeal was ordered of section l) of article 19 of the Peruvian Income Tax Law regarding, among others, the exemption of capital gains arising from disposal of securities recorded in the Public Record of the Peruvian Securities Market through centralized trading mechanisms mentioned in the Peruvian Law of the Securities Market. In this sense, those transactions are subject to Income Tax.

b) A temporary tax on net assets is levied on those corporate income-earners subject to the Peruvian income Tax General Regime. The tax rate is 0.4% applicable to the amount of the net assets exceeding S/.1 million. The amount effectively paid may be used as a fiscal credit against payments on account of income tax under the General Regime or against the regularization payment of the income tax of the related period.

c) Pursuant to Legislative Decree No.972, starting January 1, 2010 the tax exemption has been eliminated on capital gains and interest on securities issued by legal entities resident in Peru; this tax exemption also extends to capital gains and interest on bonds issued by the Peruvian Government and those on Certificates of Deposit issued by the Peruvian Central Reserve Bank.

d) Regulatory framework - Amendments to Peruvian Income Tax Law -

By means of Law No.30296 enacted on December 31, 2014 amendments to Income Tax Law have been made, which are effective starting in fiscal year 2015 onwards. Among these amendments, should be noted the progressive reduction in company income tax from 30% to 28% for fiscal years 2015 and 2016; then a reduction to 27% for fiscal years 2017 and 2018; and a final reduction to 26% from fiscal year 2019 onwards. Tax on dividends and other forms of profit distribution, to non-domiciled individuals and legal entities has also been progressively increased from 4.1% to 6.8% for distributions that are agreed on or paid during fiscal years 2015 and 2016; then an increase to 8.8% for fiscal years 2017 and 2018 and a final increase to 9.3% from fiscal year 2019 onwards. The distribution of retained earnings until December 31, 2014 will continue to be subject to a 4.1% tax even when the distribution is agreed or made in subsequent years.

25 Regulatory capital

Insurance companies are obligated to maintain regulatory capital higher than the amount of the solvency capital, of the guarantee fund and of the regulatory capital assigned to hedge credit risks. The Group insurance companies have reported excess regulatory capital, which has been determined under the laws and regulations applicable in the country in which they operate.

As a result of the above, the Company and its subsidiary have a surplus coverage of the total regulatory capital as detailed below:

	La Positiva Seguros y Reaseguros		La Positiva Vida Seguros y Reaseguros		Alianza Seguros y Reaseguros		Alianza Vida Seguros y Reaseguros	
	2014	2013	2014	2013	2014	2013	2014	2013
	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000	S/.000
Total regulatory capital	155,912	145,858	216,201	217,382	49,639	38,797	23,692	16,831
Solvency equity	(113,675)	(106,937)	(141,122)	(137,296)	(27,940)	(23,638)	(11,908)	(8,280)
Guarantee fund	(39,786)	(37,428)	(49,393)	(48,054)	-	-	-	-
Regulatory capital assigned to hedge credit risk	(343)	(427)	-	(325)	-	-	-	-
Surplus	25,686	1,066	25,686	31,707	21,699	15,159	11,783	8,551

26 Support for the technical reserves and solvency capital

Insurance companies should maintain eligible investments to cover their obligations as well as technical obligations and those that cannot be levied or subject to seizure or any similar confiscatory measure that prevents their free use and disposal.

At December 31, 2014 and 2013, the Group shows an investment surplus.

27 Investment results

At December 31 this item comprises:

	2014 S/.000	2013 S/.000
Income from investments and other finance income:		
Valuation of debt instrument	113,274	94,796
Valuation of investments under the equity method	17,295	728
Valuation of investment instruments	2,296	1,056
Profit on sale of securities	6,756	34,572
Profit on sale of property	13,772	-
Interest on financing of premiums	2,104	3,259
Lease of properties	25,970	16,819
Cash dividends	11,774	9,164
Management services	3,433	-
Interest and commissions	4,884	1,381
Exchange differences	167,490	226,728
Others	4,181	5,603
	373,229	394,106
Investment and finance costs:		
Exchange differences	172,178	233,833
Impairment loss on investment	13,889	-
Interest and commissions	5,518	3,176
Others, net	9,598	1,782
Loss on sale of securities	2,867	23,935
Overpricing of bonus	1,735	1,409
Depreciation	1,471	1,242
Valuation of investments under the equity method	1,491	361
Personnel expenses		1,275
Valuation of investment instruments	563	7
	209,310	267,020

a) In 2014 investment properties were sold; the most significant transactions, including the proceeds earned are as follows:

- In March a property located at Av. Primavera No.1702-1708 was sold to Copa Gestión de Negocio S.A. obtaining a profit of S/.5,242,309.
- In September, a property located at Av. Benavides No.1761-1763 y 1765 was sold to Copa Gestión de Negocio S.A. obtaining a profit of S/.2,410,451.
- In September a property located at Av. Benavides No.2300 was sold to Copa Gestión de Negocio S.A. obtaining a profit of S/.4,451,711.
- In 2014, the investment held by the Company in a joint venture between the Group with Líder Inversiones y Proyectos S.A. was liquidated. At the present date, contributions have been returned totaling S/.3,510,000 obtaining a profit of S/.1,440,000.

28 Administrative expenses, net of income from services

At December 31 this item comprises the following:

	2014 S/.000	2013 S/.000
Personnel expenses (a)	134,888	88,203
Services from third parties (b)	51,488	44,261
Taxes	28,636	12,753
Other management charges (c)	31,025	21,649
Collection services	27,501	-
Provision, depreciation and amortization	22,882	8,451
Bank expenses and commissions	16,237	-
Provision (recovery) for doubtful accounts	2,151	(27)
Expenses from related parties	2,667	2,007
Management services to related parties	(2,350)	(2,508)
Others, net (d)	6,660	(6,563)
	321,785	**168,226**

(a) Personnel expenses comprise the following:

	2014 S/.000	2013 S/.000
Salaries	79,496	51,215
Bonuses	25,791	17,604
Personnel severance indemnities	5,839	4,891
Social security and healthcare	5,964	4,784
Vacation leave	2,566	2,076
Workers' profit sharing	1,434	1,432
Others	13,798	6,201
	134,888	**88,203**

(b) Services from third parties comprise the following:

	2014 S/.000	2013 S/.000
Professional fees and other services	20,078	16,516
IT services	10,609	9,539
Advertising	11,194	9,519
Maintenance	6,450	6,025
Others	3,157	2,662
	51,488	**44,261**

(c) Other management charges comprise the following:

	2014 S/.000	2013 S/.000
Rental, maintenance and services	10,700	8,789
Communication expenditures	5,439	4,671
Entertainment and notarial expenses	2,336	2,850
Travel allowances	2,696	1,843
Others	9,854	3,496
	31,025	**21,649**

(d) Other income and expenses mainly correspond to collections remaining to be applied at year-end and others.

Compensation for key management personnel -

At December 31, 2014 and 2013, the expense related to the Group's key personnel amounted to S/. 3,844,499 and S/.3,270,373, respectively. Management has determined that the Company's key personnel comprises the Board, Managing Counsel ("Comisión Directiva"), which includes General Management.

29 Off-balance sheet and contingent accounts

At December 31, this item comprises:

	2014 S/.000	2013 S/.000
Responsibility of co-insurers for claims (a)	5,561	5,579
Letters of guarantee offered as collateral (b)	38,140	-
Adequacy plan for non-reported claims (c)	764,868	-
Equity requirements (d)	3,610	-
Letters of guarantee and others offered as collateral (e)	6,855	41,413
Off-balance sheet accounts (f)	211,089,584	2,818
	211,908,618	49,810

(a) Comprising the interest held by co-insurers in the expenses incurred in claims that are controlled in off balance-sheet accounts.

(b) As per Communication No.18357-2004-SBS issued on September 14, 2014, the counter-guarantees of bonding insurance policies should be recorded in off-balance-sheet accounts.

(c) Comprising the effect of the application of the methodology of calculation of the SONR reserve that will be applied to retained earnings in 2015 and 2016 as per the plan authorized by the SBS.

(d) Comprising the net exposure in U.S. dollars amounting to US$2,295,367 of the letters of guarantees given, the counter guarantees received and those relating to re-insurance.

(e) Comprising the counter guarantees in cash, mortgages, pledges and others that the Group received to secure the loans granted. These represent security and guarantee for the Group. At December 31, 2014 the Group maintains a performance letter of guarantee with Grupo Banco Interamericano de Finanzas given to secure the service agreement comprising re-insurance and management of the supplementary hazardous work insurance signed with the Oficina de Normalización Previsional for approximately S/.17,720,000 and other entities for S/.3,443,000 (at December 31, 2013 said letter of guarantee was maintained with Banco Interamericano de Finanzas for S/.17,884,000).

(f) In 2014, the effect of the first application of Resolution No.4095-2013 Rule for the Reserve for Claims was recognized in off-balance-sheet accounts amounting to S/.17,644,133. At December 31, 2014 a charge was made to retained earnings for S/.13,069,795. The remaining balance of S/.4,574,388 will be recorded with a charge to retained earnings for 2015 and 2016 as per the implementation plan approved by the SBS.

Additionally, a balance of S/.1,937,844 was recorded in this account for totally depreciated assets and other projects and a balance of S/.881,406 under Others.

30 Contingencies

Al 31 de diciembre de 2014, el Grupo presenta las siguientes contingencias:

a) The Group has several lawsuits currently in progress related to its core activities amounting to S/.59,266. Management and its legal advisors consider that no additional liabilities will arise to those already recorded by the Company; and therefore, Management has not considered it necessary to record a provision additional to the one already made.

b) The Group has received various lawsuits, mainly for indemnity settlements for claim occurrences, obligation to deliver sum of money and labor claims for S/.1,622,835 and US$328,953.

Management and its legal advisors consider that the outcome of such lawsuits will be favorable for the Company and will not result in significant liabilities for the Group.

31 Basic earnings per share

Basic and diluted earnings per share is calculated by dividing the net profit attributable to equity holders by the weighted average number of common and investment shares in issue at the balance sheet date.

	Shares issued at the closing date	Effective days per year	Weighted average of shares
2014			
Balance at January 1, 2014	271,159,943	365	271,159,943
Capitalization of retained earnings	19,160,170	306	16,063,047
Balance at December 31, 2014	**290,320,113**		**287,222,990**
2013			
Balance at January 1, 2013	249,314,536	365	249,314,536
Capitalization of retained earnings	21,845,407	284	13,242,763
Balance at December 31, 2013	**271,159,943**		**262,557,299**

The calculation of earnings per share at December 31, 2014 and 2013 is presented as follows:

	Profit (numerator) S/.	Number shares (denominator) S/.	Earnings per share S/.
2014			
Earnings per basic and diluted shares	38,351,006	287,222,990	0.122
2013			
Earnings per basic and diluted shares	21,590,454	262,557,299	0.082

32 Segment information

At December 31, 2014 and 2013, the main income and results from insurance transactions per business segment are as follows:

Thousands of S/.	Competition premiums		Competition claims, net		Commissions, net		Other technical Income and expenses, net		Technical result	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Fire and allied lines	71,746	25,840	(5,437)	(11,474)	(17,563)	(13,612)	3,284	3,111	52,501	3,866
Vehicles	186,122	116,371	(102,420)	(68,367)	(37,220)	(22,330)	(2,637)	3,095	43,845	28,770
Hospitalization	73,062	58,029	(46,402)	(45,283)	(11,057)	(8,557)	(742)	644	14,901	4,833
Soat and Personal Accidents	212,416	179,147	(101,142)	(96,119)	(24,918)	(28,491)	(11,143)	737	75,212	55,274
Mortgage insurance payment protection	51,964	-	(9,011)	-	(15,666)	-	-	-	27,287	-
Civil liability	20,326	12,230	(2,035)	(4,287)	(4,869)	(3,528)	96	-	13,519	-
Dishonesty	12,355	9,894	(2,709)	(3,205)	(1,376)	(1,758)	365	-	8,635	-
Theft and robbery	19,263	13,054	(2,061)	(2,352)	(5,835)	(9,672)	1,221	-	12,588	-
Transportation	18,033	9,739	(5,877)	(3,072)	(4,445)	(2,816)	989	-	8,701	-
Technical	16,638	(3,638)	(3,676)	(1,679)	(4,719)	(3,230)	1,360	-	9,604	-
Guarantees	3,455	2,490	(2,569)	4	(600)	(477)	3,197	-	3,483	-
Agriculture	7,580	3,498	(837)	(716)	(4)	(689)	(3,544)	(1,481)	3,195	611
Air navigation	261	-	(22)	-	(10)	-	-	-	229	-
Ships or vessels	37	-	-	-	(2,070)	-	-	-	(2,150)	-
Others	8,991	19,151	(2,305)	(1,089)	(3,208)	(1,981)	(3,169)	12,399)	876	36,176
Total	**702,289**	**445,805**	**(286,503)**	**(237,639)**	**(133,677)**	**(97,141)**	**(10,723)**	**18,505**	**271,956**	**129,530**
Life -										
Death or burial	1,160	-	(223)	-	(120)	-	-	-	817	-
Life	69,463	69,948	(30,518)	(32,583)	(20,022)	(15,894)	(402)	828	18,520	22,299
Protection Insurance	-	-	-	-	-	-	-	-	10,867	-
Family protection	21,056	19,854	(4,494)	(4,722)	(6,271)	(6,187)	576	433	-	9,378
Life annuity	(19,486)	(23,210)	(58,037)	(40,490)	(15,314)	(10,304)	(190)	(174)	(93,027)	(74,178)
Pension plans	(1,570)	105,884	(17,679)	(129,393)	-	-	(19)	(107)	(19,268)	(23,616)
SCTR	62,303	46,384	(42,040)	(23,096)	(2,552)	(6,429)	(6,328)	(5,215)	11,383	11,644
Total	**132,926**	**218,860**	**(152,991)**	**(230,284)**	**(44,279)**	**(38,814)**	**(6,363)**	**(4,235)**	**(70,708)**	**(54,473)**
Less:										
Write-offs from the consolidated statement of income									(569)	(441)
									200,679	**74,616**

The table below reflects the detail of other technical income and expenses based on their nature:

	2014 S/.000	2013 S/.000
Technical income		
Insurance policy issuance rights	25,413	21,936
Commissions to manage insurance contracts	766	812
Other technical income	38,968	42,622
	65,147	65,370
Technical expenses		
Commissions to manage insurance contracts	(1,999)	(905)
Provision for doubtful accounts	(2,201)	2,417
Other technical expenses	(78,033)	(52,613)
	(82,233)	(51,101)
	(17,086)	**14,269**

33 Events after the reporting period

Since December 31, 2014 up to the date of this report, no significant event has arisen that requires to be disclosed in notes to the financial statements.