



Credicorp Ltd. Reports Second Quarter 2006 Earnings

August 10, 2006

LIMA, Peru, Aug. 10 /PRNewswire-FirstCall/ -- Credicorp (NYSE: BAP) announced today its unaudited results for the second quarter of 2006. These results are reported on a consolidated basis in accordance with IFRS in nominal U.S. Dollars.

HIGHLIGHTS

- * Exceeding all expectations, Credicorp reported 2Q06 net income of US\$ 64.4 million, reflecting an increase of 25.9% QoQ and 38.9% YoY as a result of an acceleration of its loan growth, following a clearer political front which is boosting economic and business expectations.
- * ROAE surpassed Credicorp's targets at 21.7% for 2Q06 and 19.2% for the first half of 2006.
- * BCP continues to be the main driver of net income growth, with earnings contributions to Credicorp up 12.5% QoQ as a result of solid business growth led by the lending activity, leading to an ROAE at BCP of 33.8% for 2Q06 and 30.9% for the first half of 2006.
- * BCP reported increased loan growth of 7.9% QoQ fueled by an impressive 12.1% QoQ growth of corporate loans, which reflected our corporate clients' preference to maintain a liquid position due to the political uncertainties during the election period and pent-up demand for investment financing that was held back for the same reason. On a yearly basis, the retail and SME segments continue to be the star performers with 24% loan growth YoY.
- * Thus, net interest income at BCP also grew a very strong 8.9% QoQ to US\$ 114 million, becoming the driver of improved income generation. Fee income, however, was flat, since the continuing growth in transactional fee income as volumes increased (2.5% QoQ) was offset by a drop of capital markets related fees. Consequently, core revenues, which include gains from FX-transactions, also show strong growth at 5.8% QoQ.
- * The improved composition of assets, which increased the proportion of profitable loans vis-a-vis low yielding investments as a result of loan growth allowed for a recovery in NIM to 5.34% compared to 5.1% in 1Q06.
- * ASHC, Credicorp's offshore banking operation, reported a US\$ 3 million contribution, reflecting the stable banking business, though lower on a QoQ basis principally as a result of less income from the sale of securities.
- * Continuing its recovery from last year's performance, Credicorp's insurance business PPS again reported positive results in 2Q06 in all business segments reaching a total of US\$ 4.7 million net income, of which US\$ 2.7 million represent PPS's contribution to Credicorp's total results. This reflects a significant recovery in earnings contribution YoY.
- * AFP Prima, the pension fund business reported not only a successful development of its business, having grown again aggressively its managed pension fund portfolio 33.7%, and its number of affiliated clients by 31.5% for 2Q06, but also a strategic move having successfully presented a bid to buy Santander's AFP Union Vida. Start-up losses were lower than expected with a negative contribution to Credicorp for the quarter of US\$ 2.24 million. Prima's negative effect on Credicorp is expected to change as the acquisition is concluded and the businesses are merged.
- * The acquisition of AFP Union Vida not only has a significant strategic importance in positioning Credicorp as the leading financial company in Peru, it also represents a more efficient use of capital for Credicorp, which is expected to contribute to the continued improvement of the company's ROE.
- * These higher earnings results, coupled with continuing cost controls, contributed to the improvement of Credicorp's efficiency ratio, down to 42.27% in 2Q06 from 42.54% in 1Q06.
- * Portfolio quality continues improving despite aggressive loan growth reaching a low 1.68% PDL ratio and a 214% coverage ratio.

For the full text of the report, please visit: www.credicorpnet.com

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