



Credicorp Ltd. Reports Third Quarter 2006 Earnings

November 16, 2006

LIMA, Peru, Nov. 16 /PRNewswire-FirstCall/ -- Credicorp (NYSE: BAP) announced today its unaudited results for the third quarter of 2006. These results are reported on a consolidated basis in accordance with IFRS in nominal U.S. Dollars.

HIGHLIGHTS □

- * Credicorp reported 3Q06 net earnings of US\$ 51.3 million, a decline of 20.3% QoQ, though still 7.9% higher YoY, following extraordinary provisions required by the SAR incentive compensation program due to the strong appreciation of Credicorp's stock.
- * An additional drop in NII at BCP also affected results. This drop, however was offset by income from provision reversals and unexpectedly higher-than-projected recoveries as a result of the continued improvement in the portfolio quality.
- * Loan growth at BCP continued its positive trend, reaching 2.4% QoQ, but more importantly, a continuing shift in loan portfolio towards higher yielding retail loans was evident as these grew around 6% QoQ.
- * Interest income on loans thus grew a healthy 7% QoQ, but was not enough to offset the increased interest expense due to higher deposit rates and the higher interest expense on borrowed funds, resulting in a drop of NII and the resulting Core Earnings.
- * Fee income also reflects this solid business growth with an increase of 7.3% QoQ and 12.1% YoY.
- * Therefore, the positive business developments were not enough to offset the increased costs during the quarter and resulted in the deterioration of Credicorp's performance ratios.
- * NIM dropped to 4.9% from 5.3% QoQ; the efficiency ratio increased to 43.7% from 41.3% and ROAE fell to 16.3% from 21.7%, both also QoQ. This deterioration however, does not reflect a turn-around in the trend, but rather a short-term effect of necessary adjustments to consolidate future growth and the unexpectedly high SAR related provisions.
- * BCB, which is consolidated in BCP, continues its consistent growth and reports a contribution 7% higher QoQ and 69% higher on a 9 month comparison. □
- * ASHC remains a stable business and despite the normalization of off-shore banking activity after the political scenario stabilized, reports a contribution improvement of 25% QoQ and 17% YoY on a cumulative basis for the first 9 months of the year.
- * PPS, which was our major concern, continues its improved performance with a promising future outlook. Management changes, new cost controls and focus on the individual insurance segments resulted in a reported contribution that was 68% higher QoQ and 112% higher on a 9-month cumulative comparison.
- * Finally, Prima AFP, though still a loss generator, is expected to turn around in 2007 upon the completion of the merger of Prima and Union Vida in December 2006. Prima's results also include Union Vida's results and ongoing merger costs, leading to continued overall losses.

For the full text of the report, please visit: <http://www.credicorpn.net>

SOURCE Credicorp

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