

# Earnings Conference Call 4Q/2020



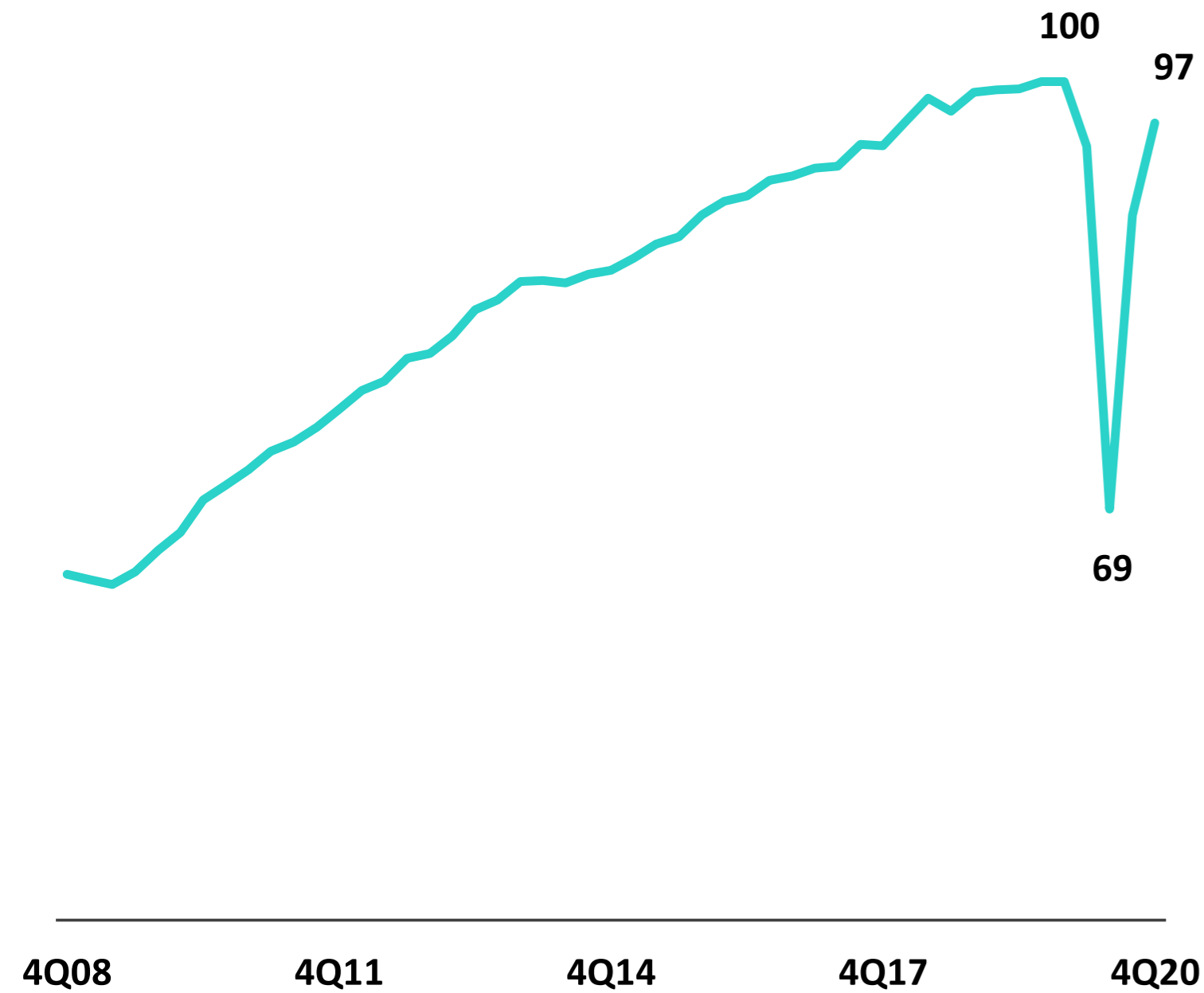
- <1> Market Backdrop
- <2> 4Q20 Results
- <3> Outlook
- <4> Key Takeaways

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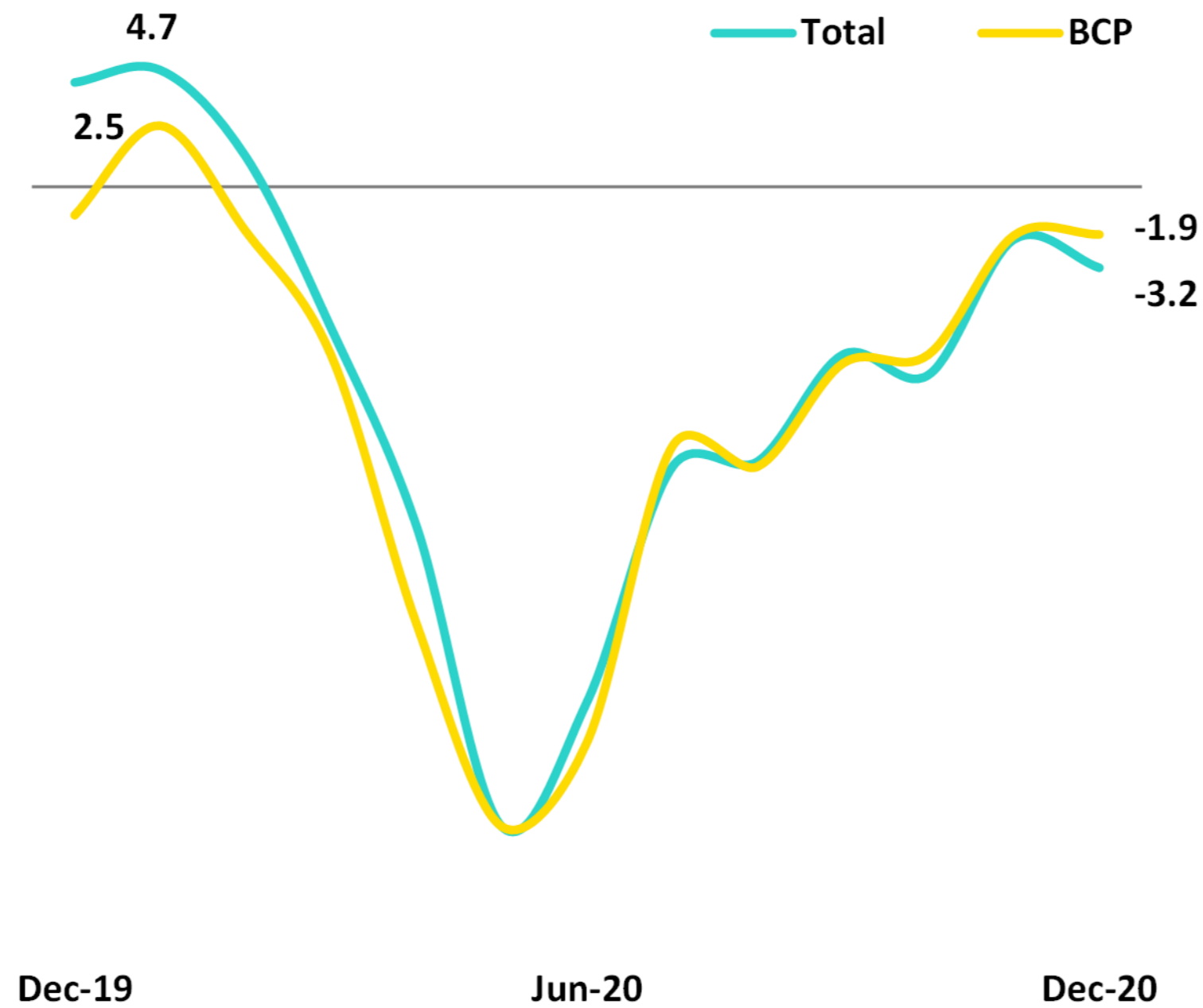
# Market Backdrop

# Economic Reactivation in Peru Continues

Seasonally-adjusted GDP  
(4Q19 = 100) <sup>(1)</sup>



Payroll payments through the banking sector  
(% change y/y) <sup>(2)</sup>



Price of Copper  
(USD/lb., as of February 8<sup>th</sup>) <sup>(3)</sup>



**We expect GDP to rebound between 8% and 10% in 2021, underpinned by high copper prices; capital inflows to emerging markets; and expansive monetary and fiscal policies on the local front**

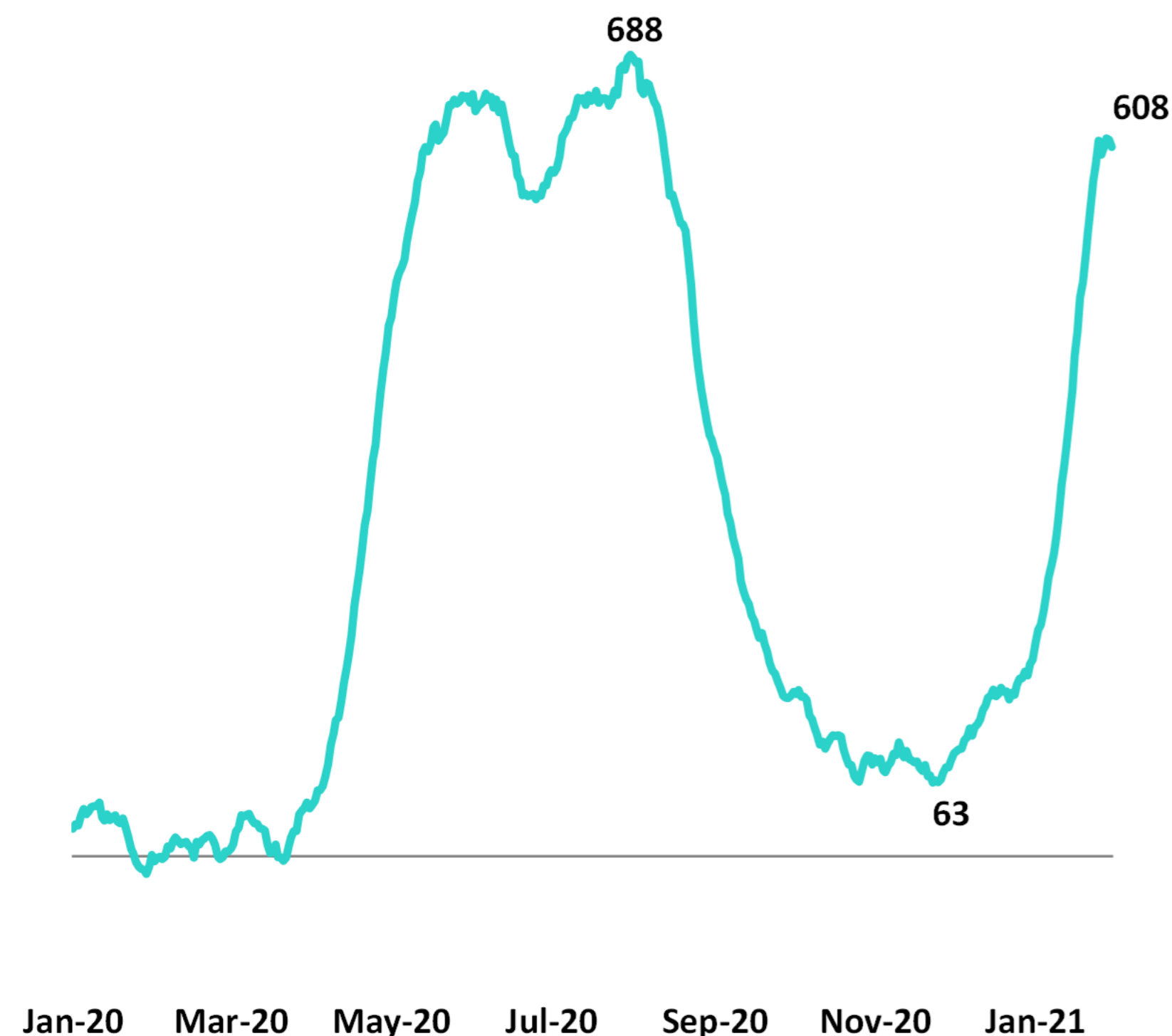
<sup>(1)</sup> Source: Central Bank of Peru. Economic Research Department – BCP

<sup>(2)</sup> Source: Asbanc, BCP.

<sup>(3)</sup> Source: Bloomberg

# Sanitary situation and political landscape continue to be factors of uncertainty

Excess mortality in Peru  
(7-day average, as of February 6<sup>th</sup>)<sup>(1)</sup>



Peru: if general elections were to be held tomorrow and the following candidates were on the ballot, who would you vote for?  
(%, surveyed during January 13<sup>th</sup> – 15<sup>th</sup>)<sup>(2)</sup>

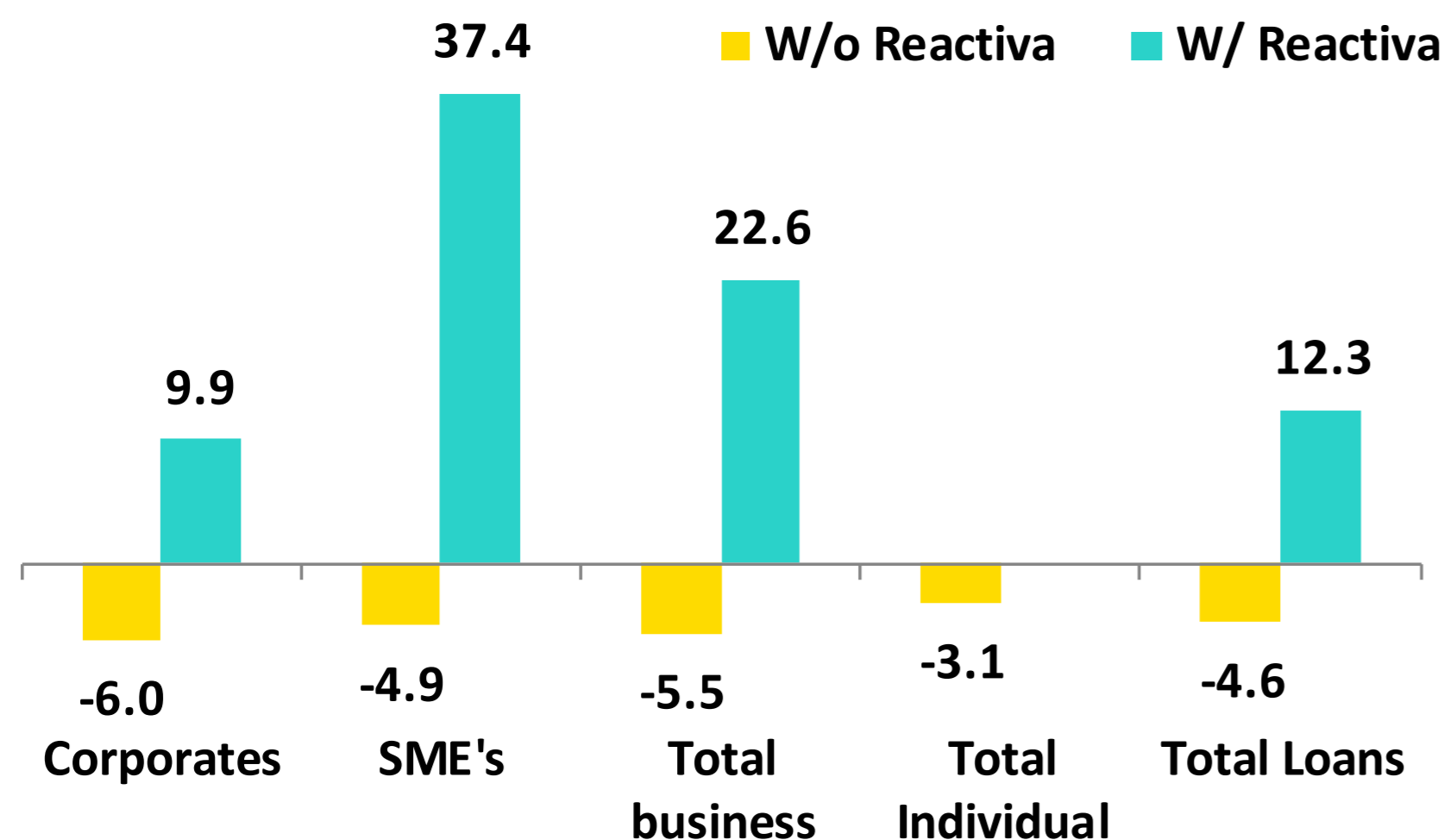
Candidate	December 2020	January 2021
George Forsyth	18	17
Keiko Fujimori	7	8
Julio Guzmán	8	7
Verónica Mendoza	7	7
Yhony Lescano	4	6
Daniel Urresti	6	6
Hernando de Soto	3	5
Others	19	19
Blank/Null	18	14
Undecided	10	11

- **Bolivia:** Banking loans that were deferred in 2020 will bear interest at a 0% rate on the portion of capital that was deferred and as per a new law passed in January 2021 are eligible for an additional 6-month grace period in 2021
- **Chile:** April elections will be for the following offices: (i) Constitutional Assembly members, (ii) Regional governors (first time in history, before they were designated by the President), (iii) Mayors and (iv) Councilmen. Presidential Elections are held in November 2021.

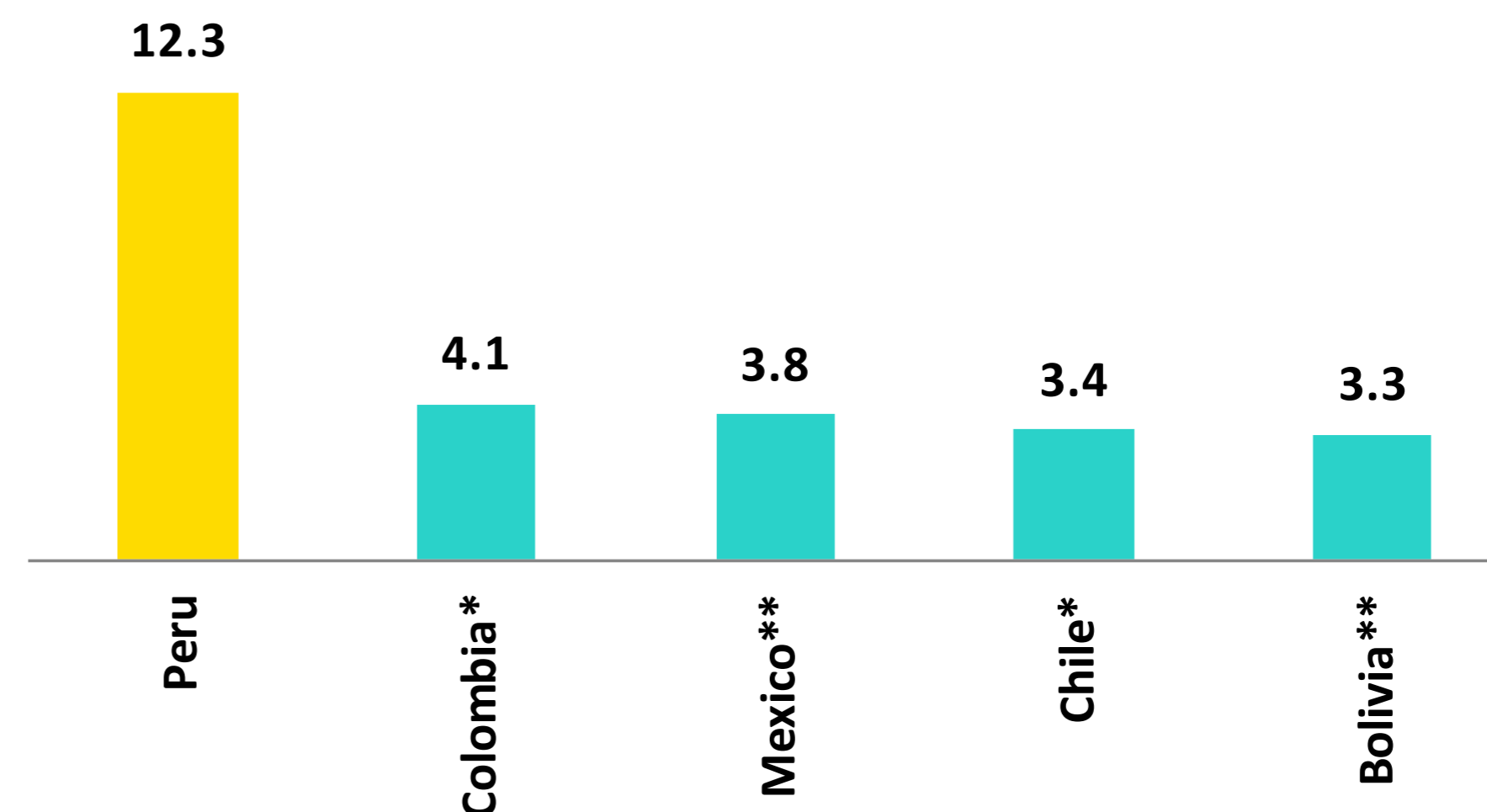
<sup>(1)</sup> Source: Ministry of Health  
<sup>(2)</sup> Source: Ipsos Peru

# The Peruvian Financial System Evolves in Line with Economic Recovery

Loans to the private sector in December 2020  
(% change YoY) <sup>(1)</sup>



Loans to the private sector  
(%change YoY, December 2020) <sup>(1)</sup>



We expect Peru's Total Financial System Loans to grow 2% in 2021<sup>(2)</sup>.

## Economic Policy & Regulatory Environment

### More stimulus:

- Central Bank has recently added new monetary instruments to expand long-term credit
- Deferrals of Value-Added, Income and Excise Tax payments for February
- New monetary transfer of PEN 600 for 4.2 million vulnerable households

### Congress Discussing:

- Pension System reform

### Legislations approved:

- \* Interest rate ceiling for loans and fee charge limitations, which requires Central Bank regulation (Observed by the Executive Branch on Feb 2nd)
- \* SUNAT given access client deposits information (balances greater of PEN 31 thousand)
- \* COVID-19 government guarantees program for loan-rescheduling extended

<sup>(1)</sup> Source: Central Bank of Peru. Aggregate data valued at constant exchange rate. \*Data available for November. \*\*Data available for December.

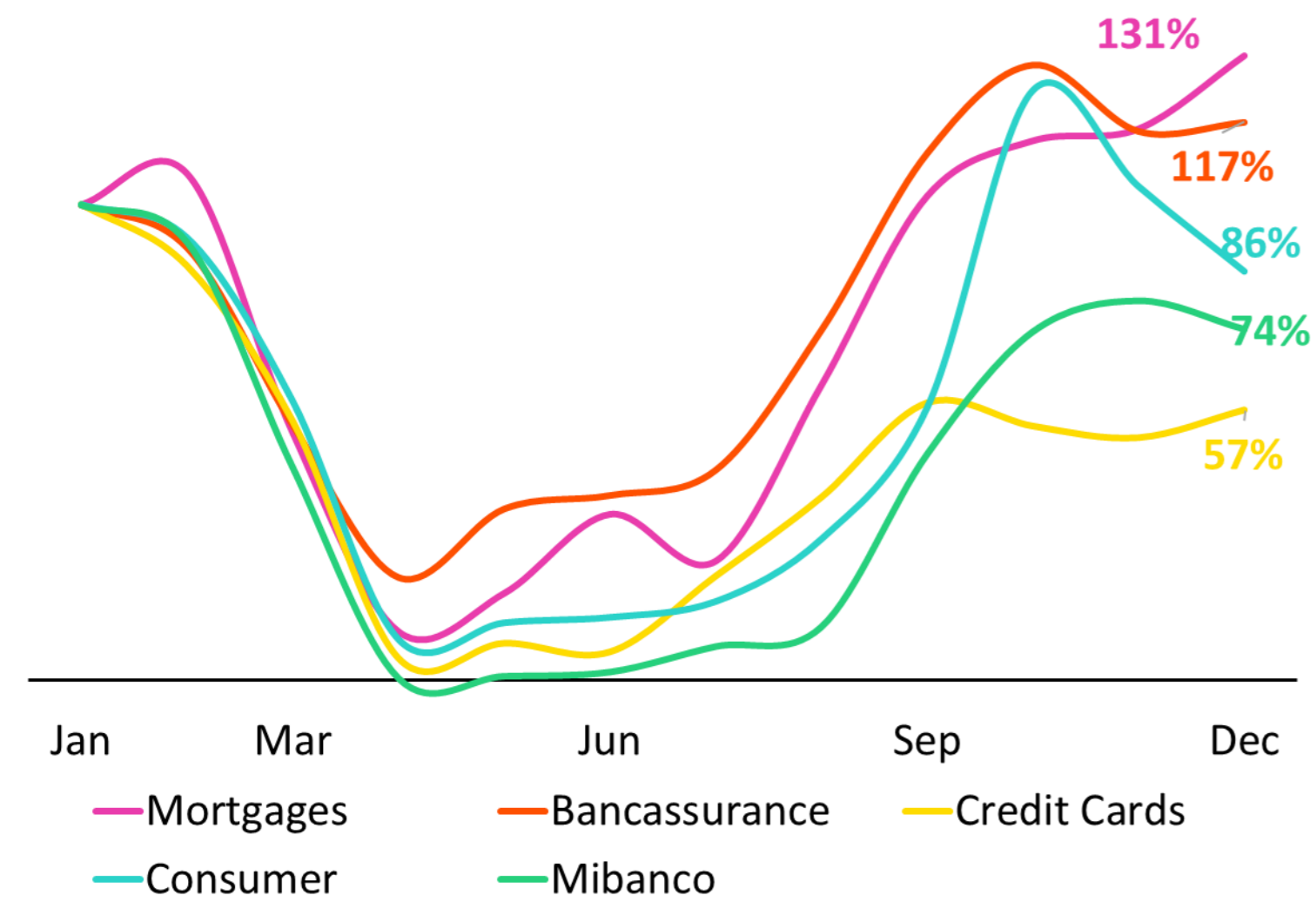
<sup>(2)</sup> Year-end balances

# Economic Reactivation was also Evident at Credicorp in 4Q20 while Use of digital channels continued to accelerate

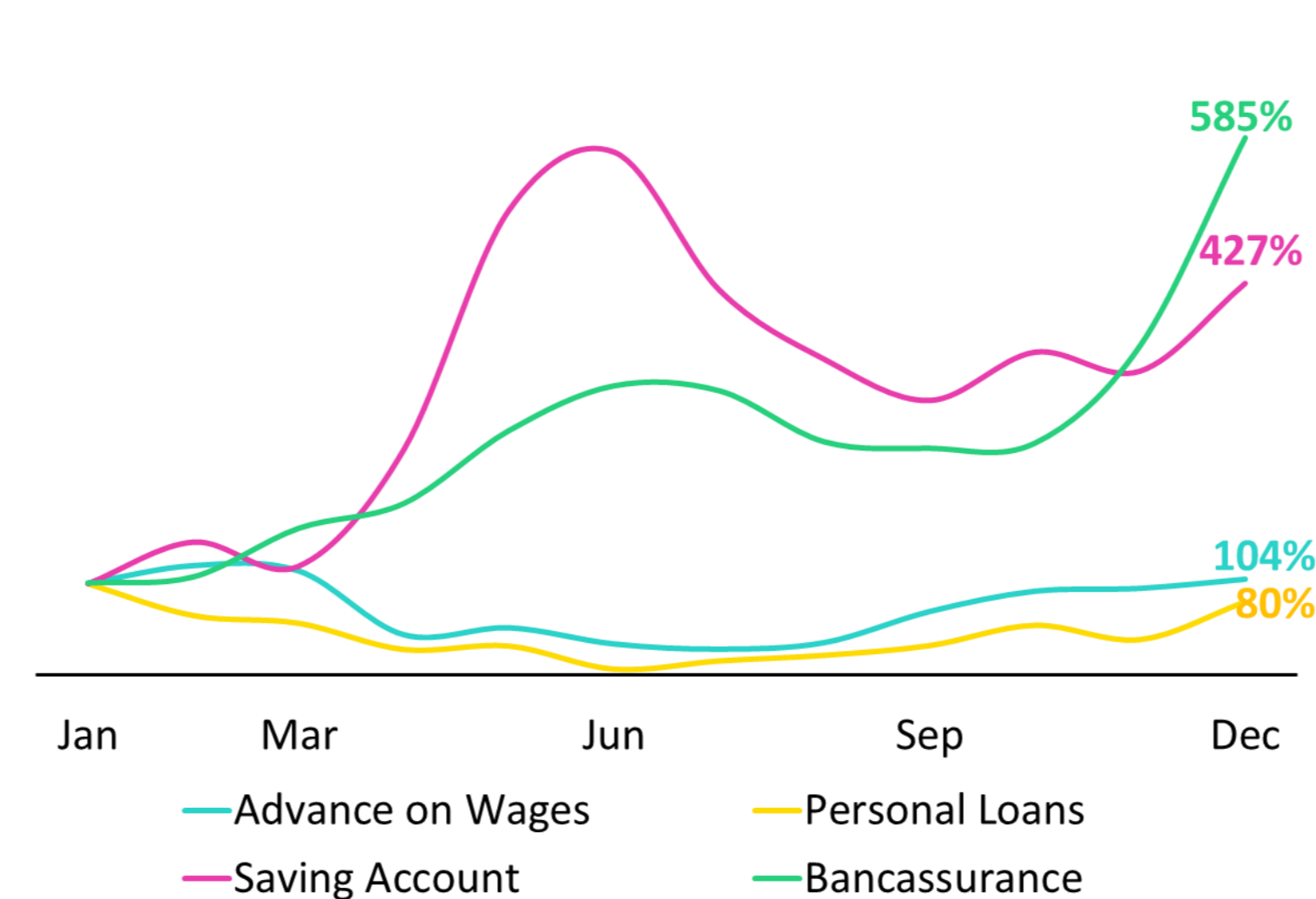
Demand for retail products continued to recover in 4Q20. Mortgage origination accelerated the most this quarter and digital sales grew in almost all products

Digital transactions accelerated throughout the year.

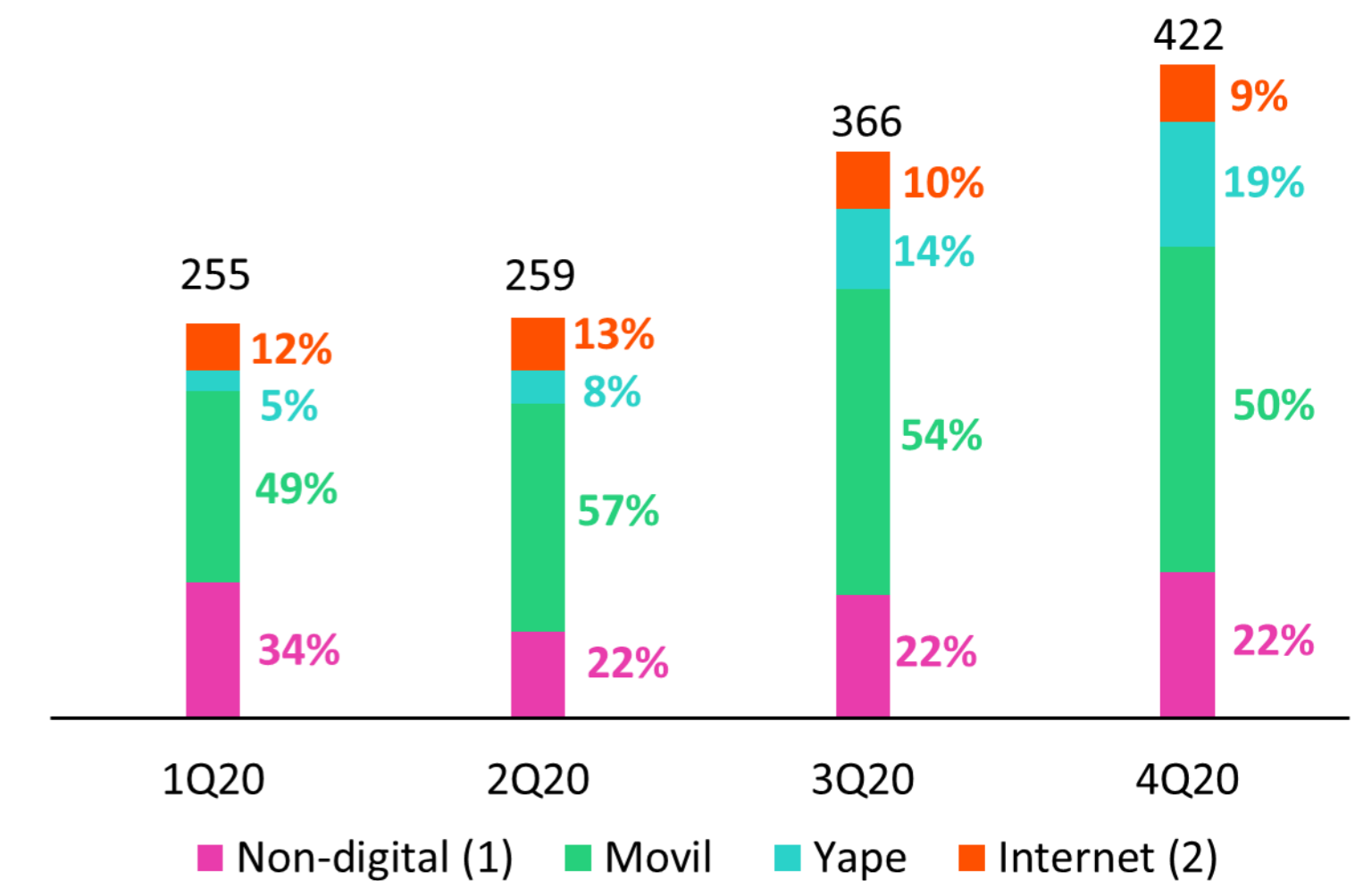
Retail Product Origination  
(Jan 2020=100)



Retail Product Digital Sales  
(Jan 2020=100)



Retail Banking Transaction by Channel  
(% of monthly average total transactions, figures in millions)



(1) Non-digital includes: Branches, Agentes BCP, Telephone Banking, ATMs, Points of contact, Kioskos BCP, Direct Debit and Other ATMs Network  
(2) Internet includes: Internet Banking Via BCP and Telecredit

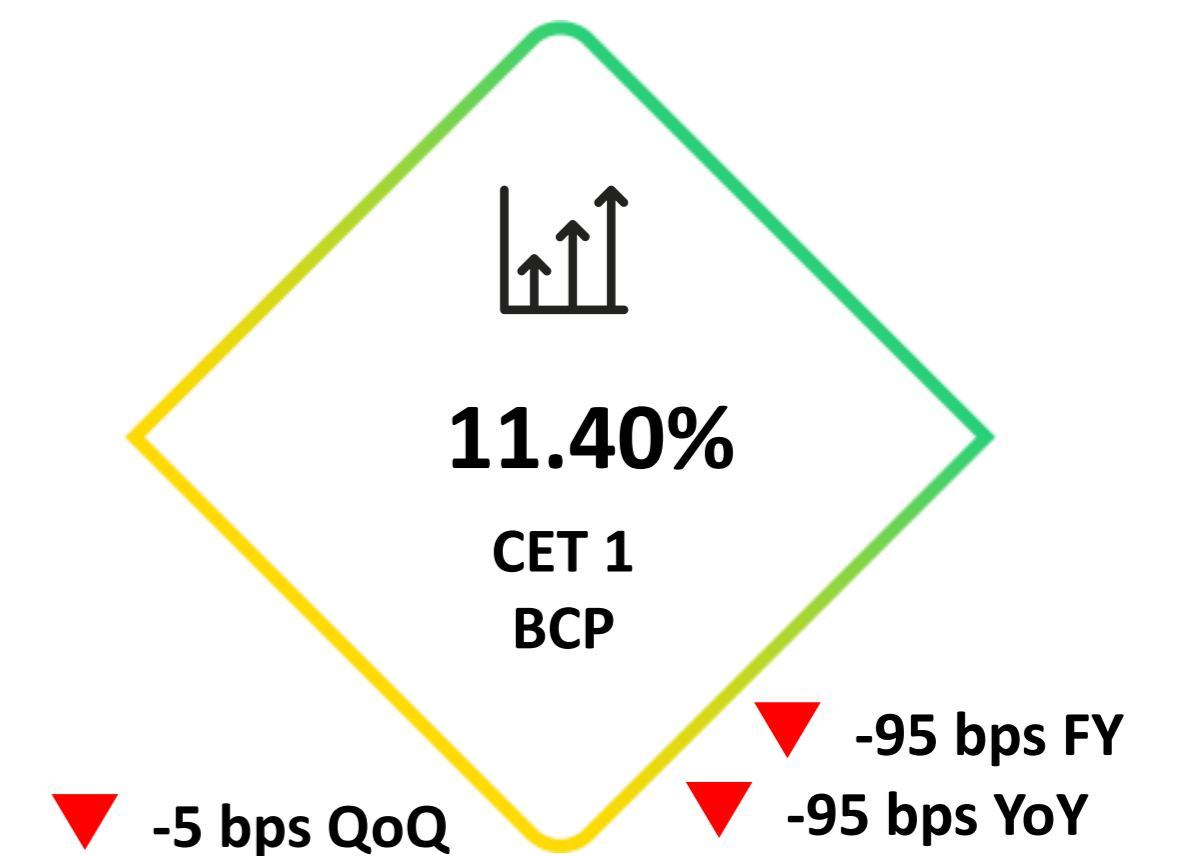
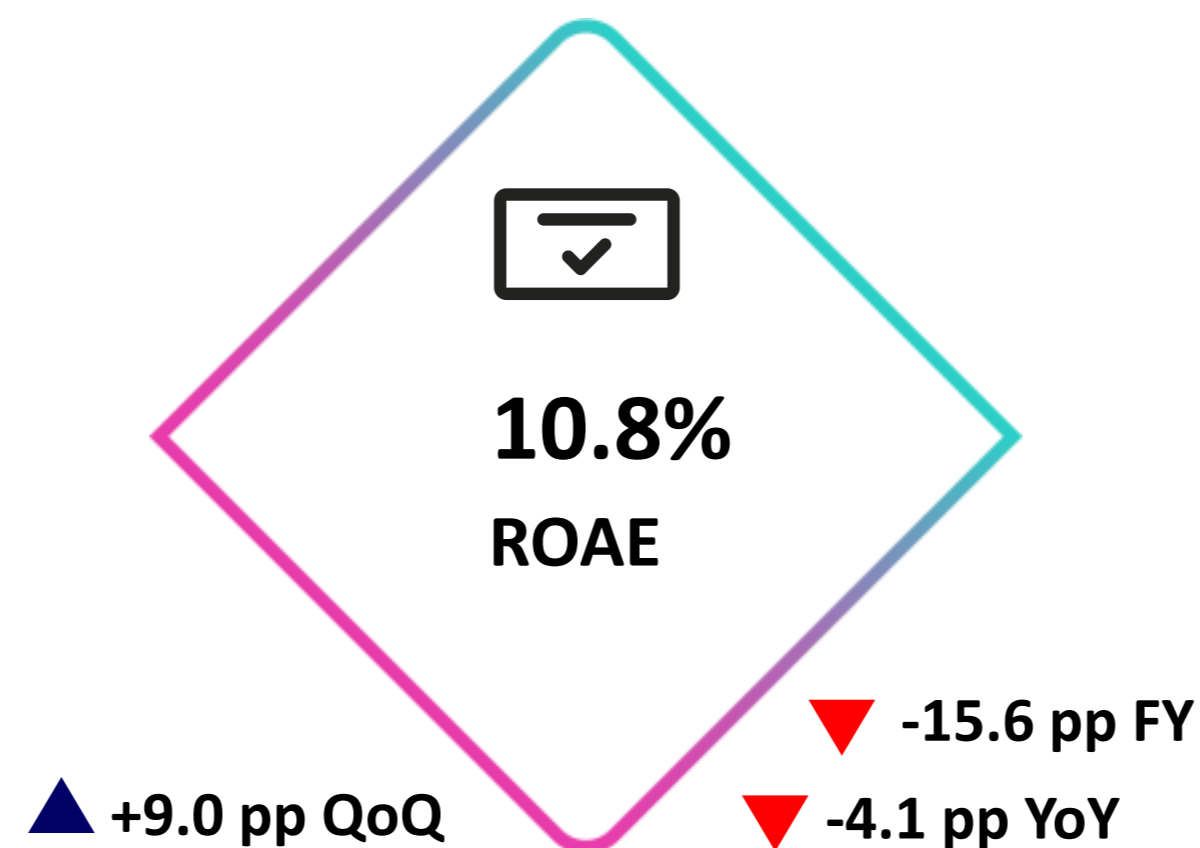
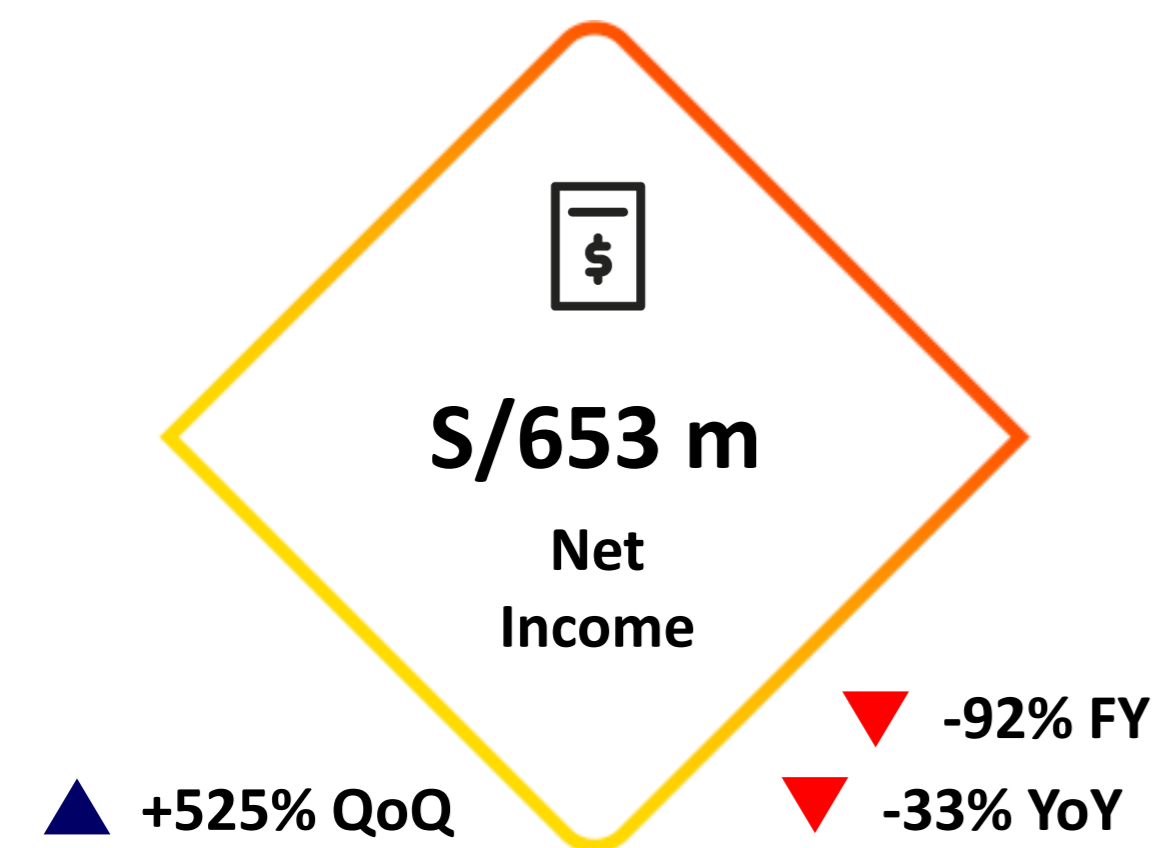
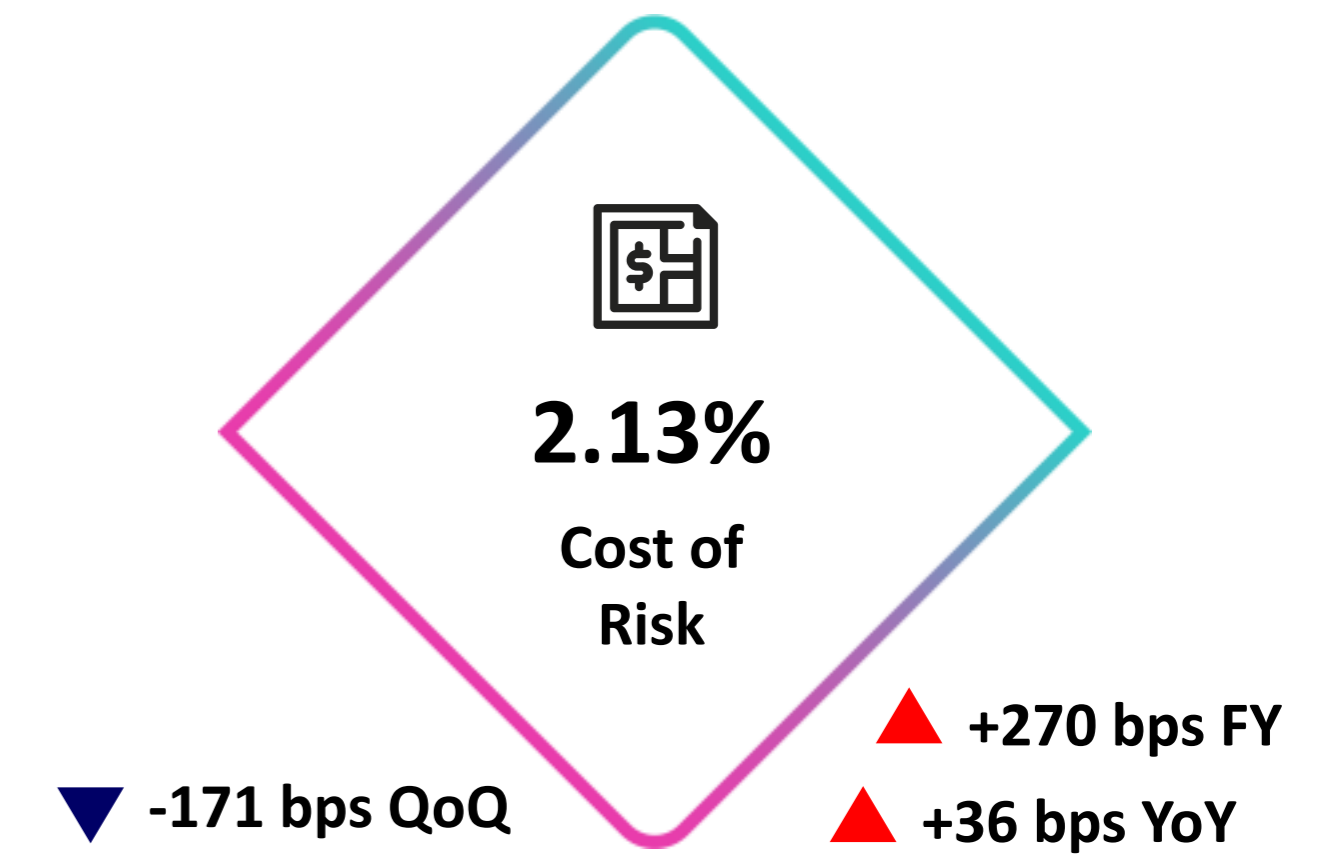
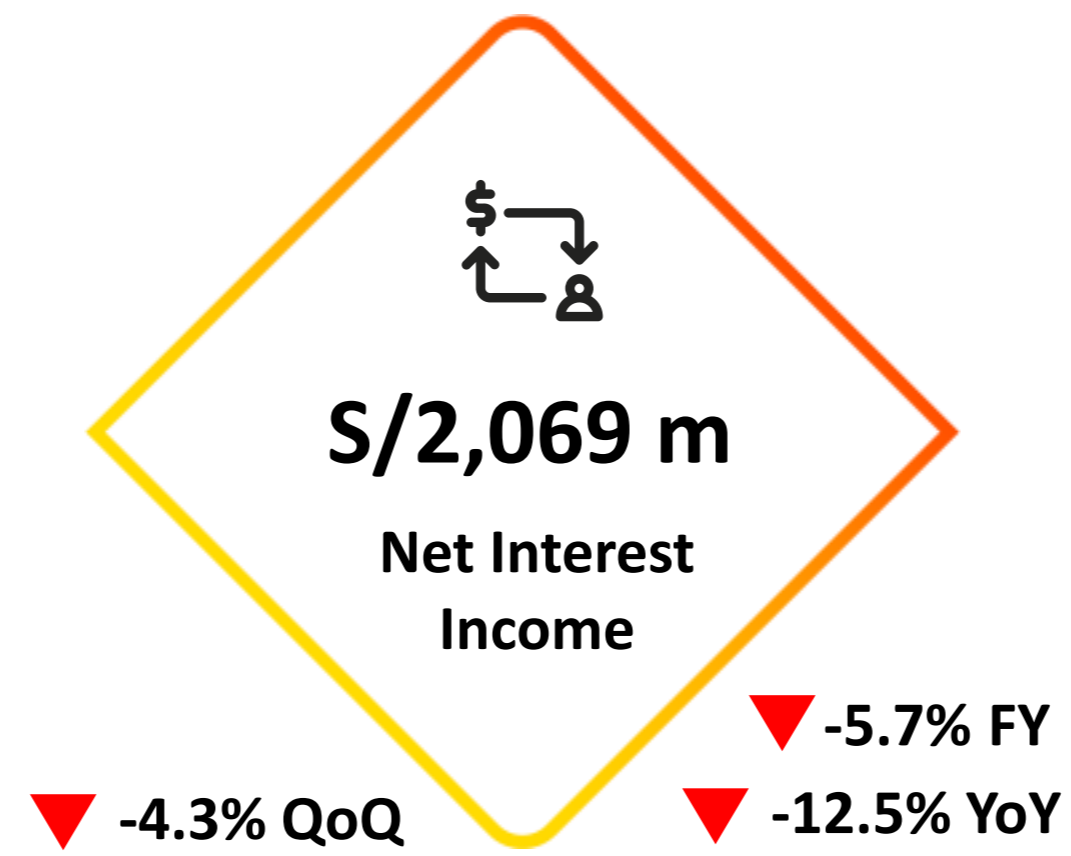
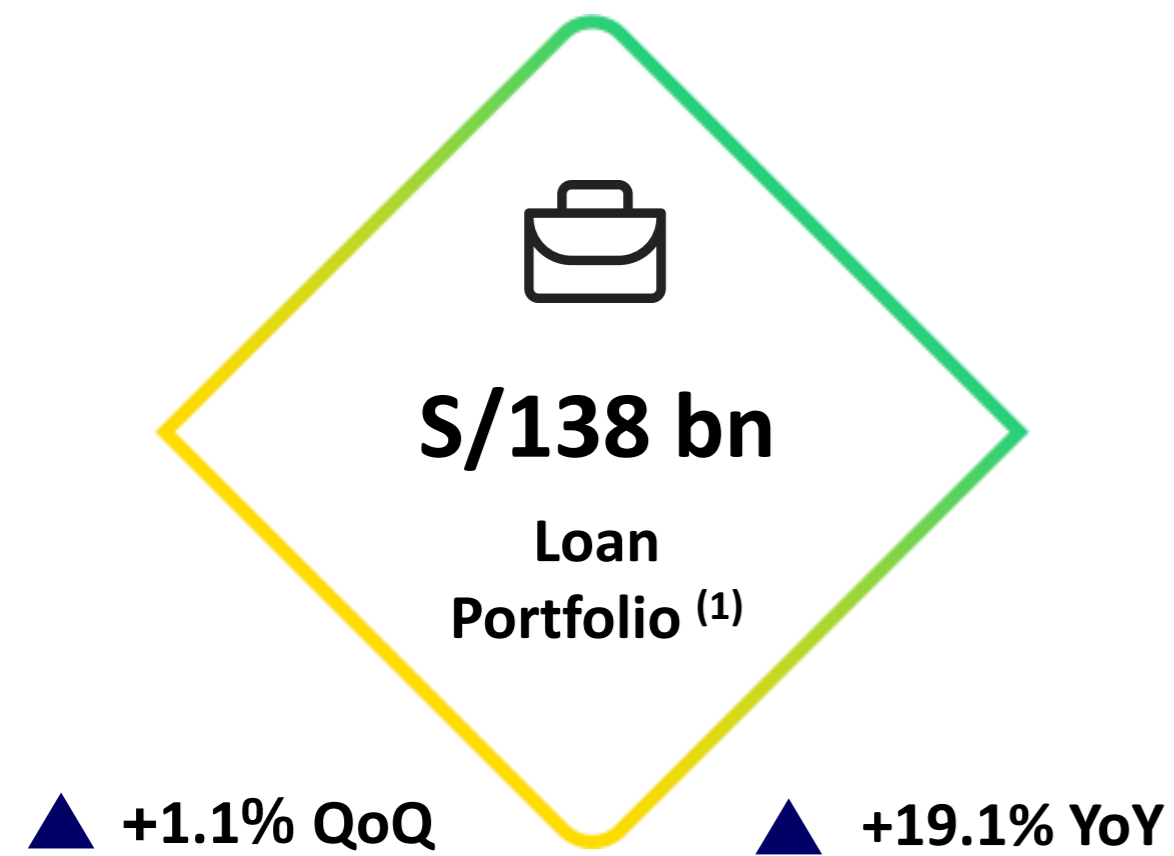
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# 4Q20 Results



# Credicorp's Key Financial Highlights for 4Q20

We have absorbed the majority of the impact generated by COVID-19 in 2020 and are on the road to recovery.



(1) Quarter-end-balances. Includes Government Program loans.

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Universal Banking

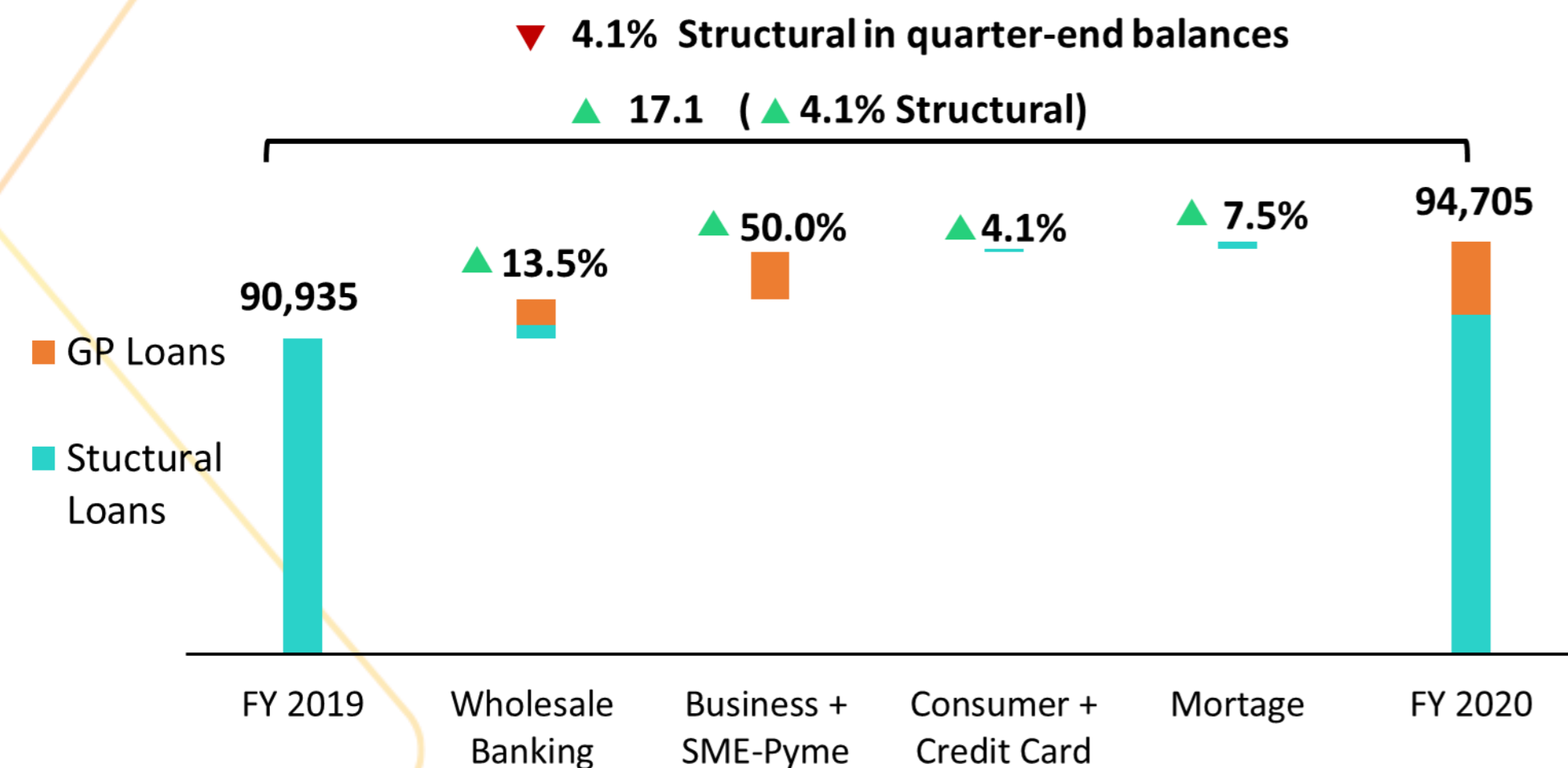


# BCP's Full-Year Loan Growth was Driven by Reactiva and the Funding Mix improved

Figures in S/ millions

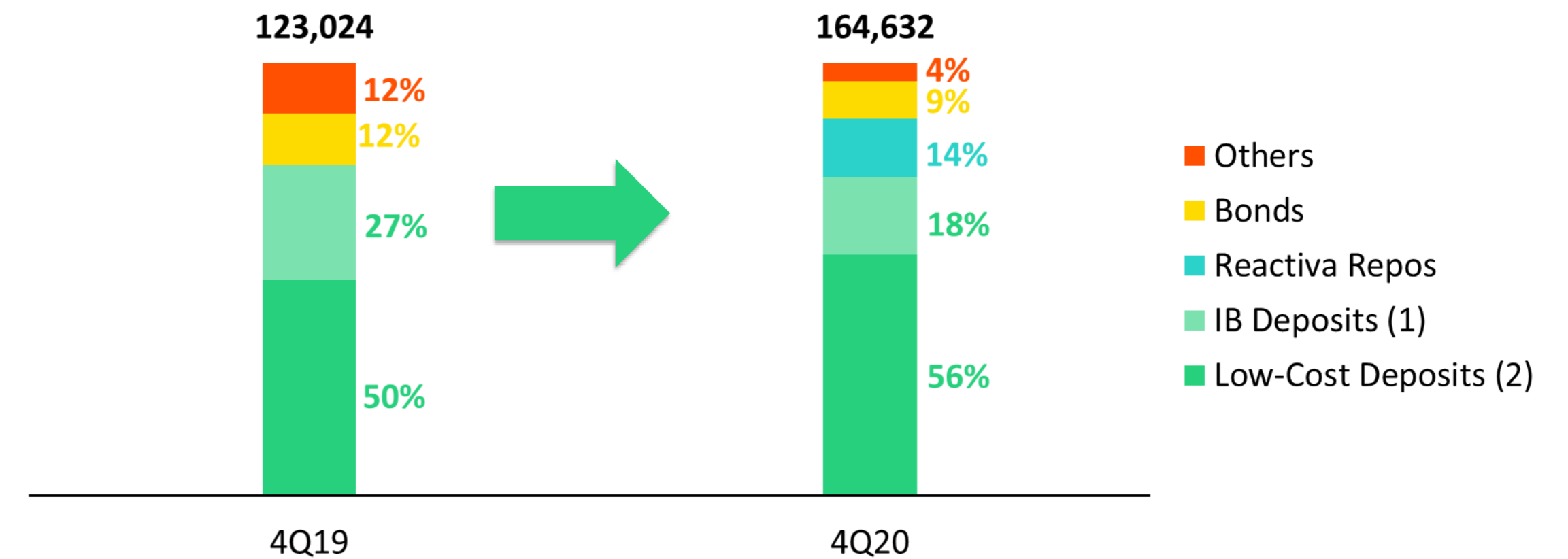
**ADB Loan Growth was mainly driven by Reactiva while the structural portfolio grew slightly in Corporate Clients and Individuals**

Loan Portfolio (2020 Average daily balances)



**Improvement in the Funding Structure due to a favorable variation in Deposit mix and to a liability management strategy**

Funding Structure (2019 and 2020 Year-end balances)

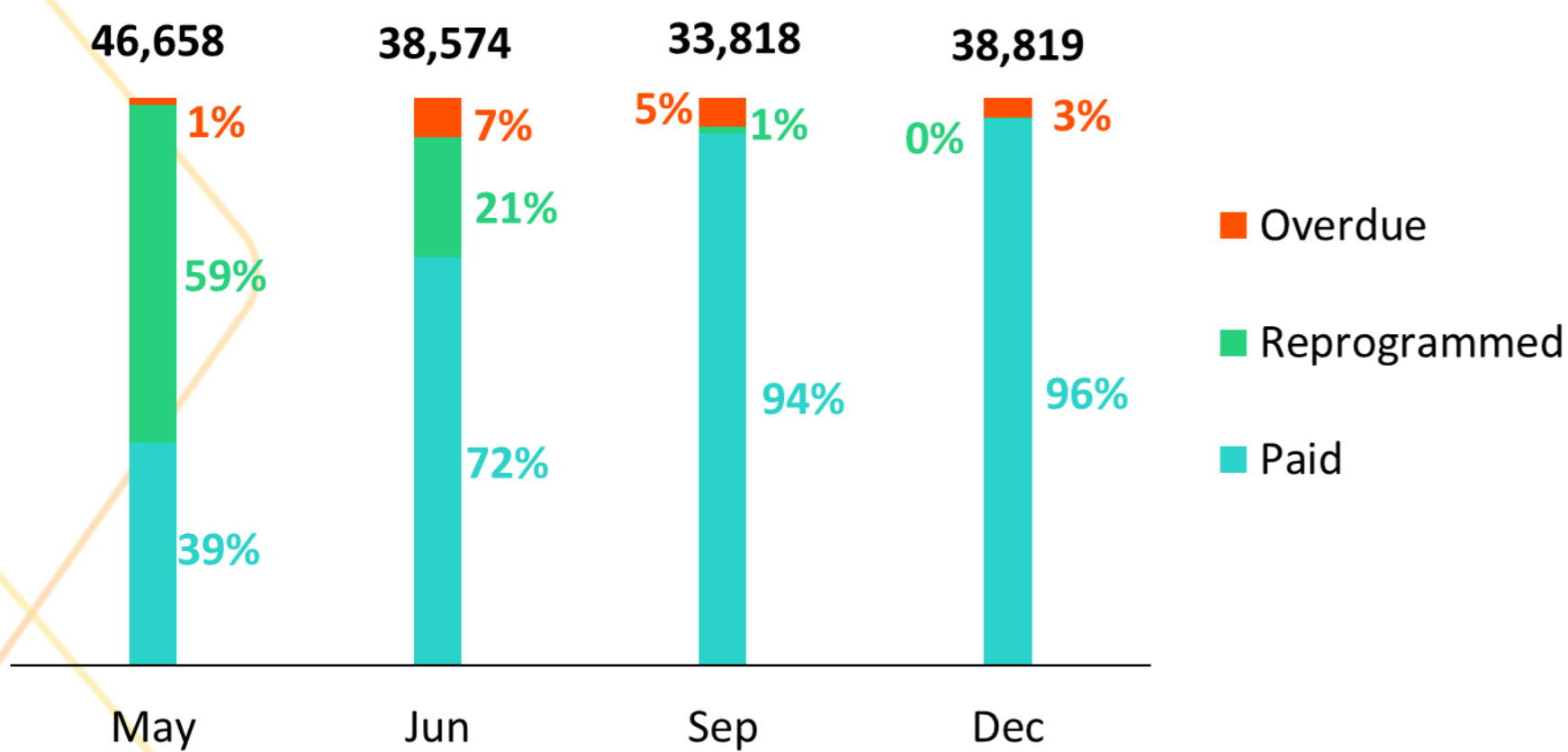


(1) IB Deposits: Interest Bearing Demand Deposits, Time Deposits and Severance Indemnity  
 (2) Low-cost Deposits: Non-interest bearing demand deposits and Savings deposits

# BCP Retail Banking's On-time Payments for Loans Due Improved and the "High Uncertainty Portfolio" Decreased Materially

Figures in \$/ millions

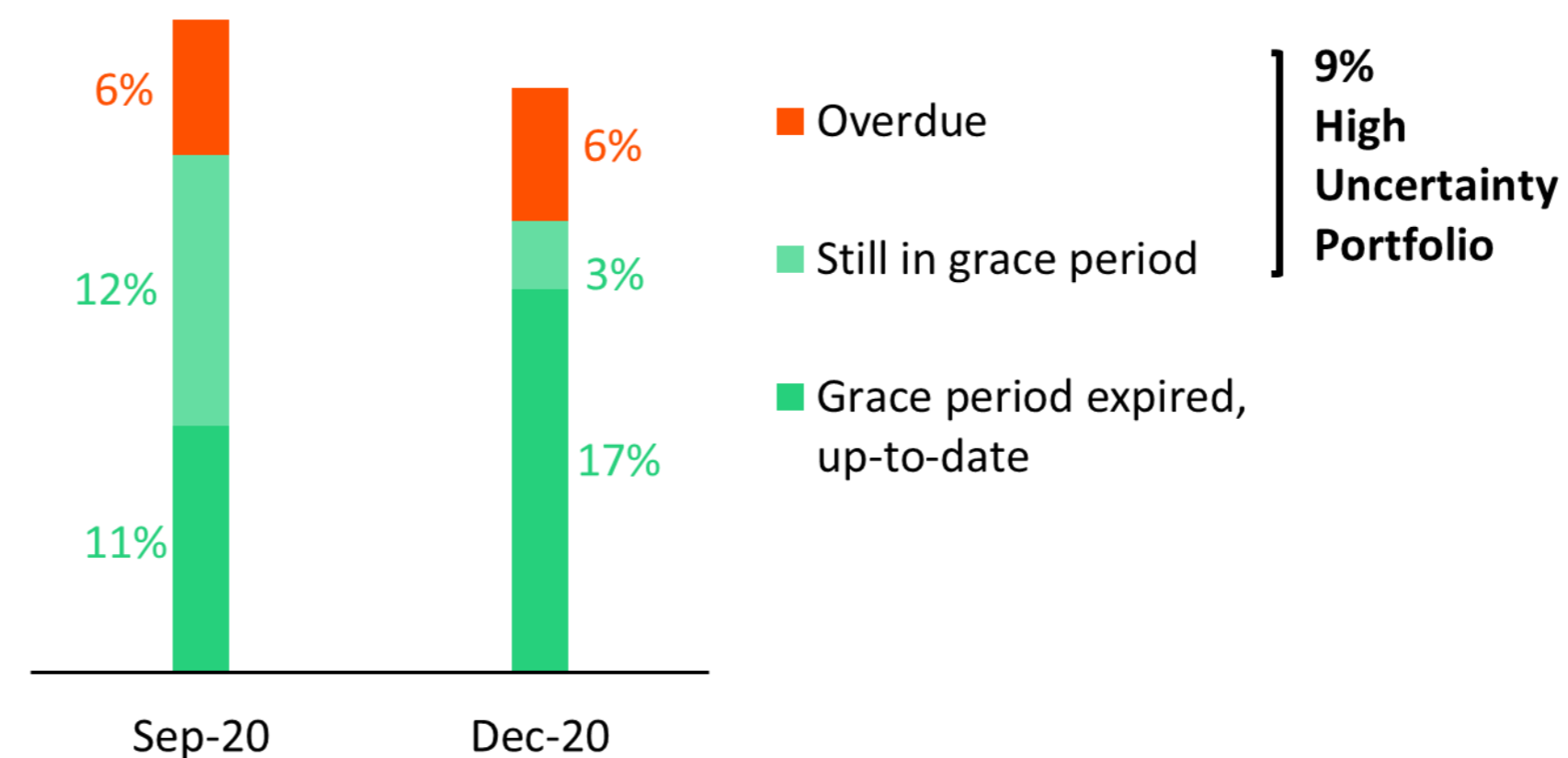
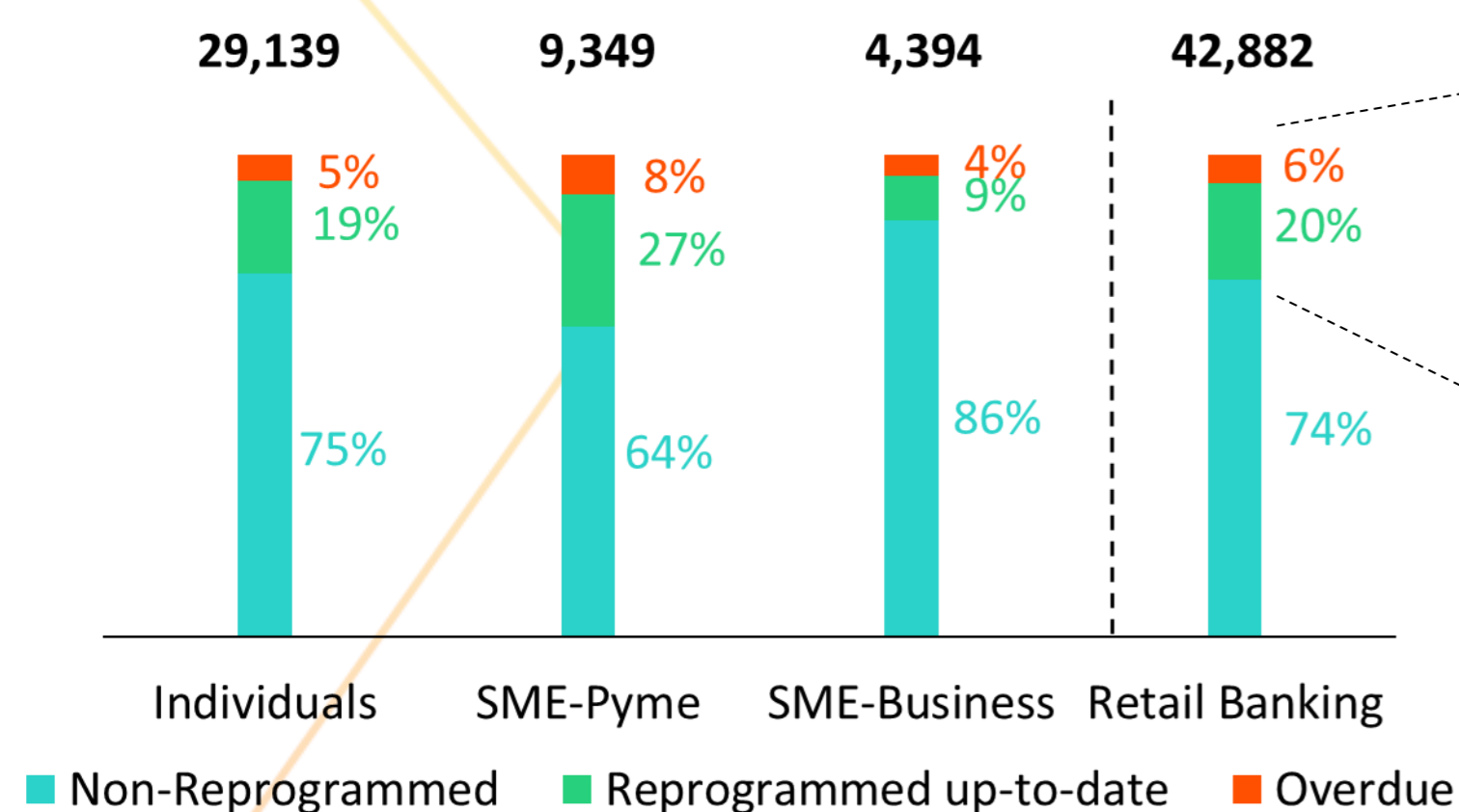
Payments on Structural Loans Due <sup>(1)</sup>



On-time Payments continue to improve

"High uncertainty portfolio" contracts from 18% in September to 9% in December

Structural Portfolio Reprogramming <sup>(1)</sup> (As of Dec-20)



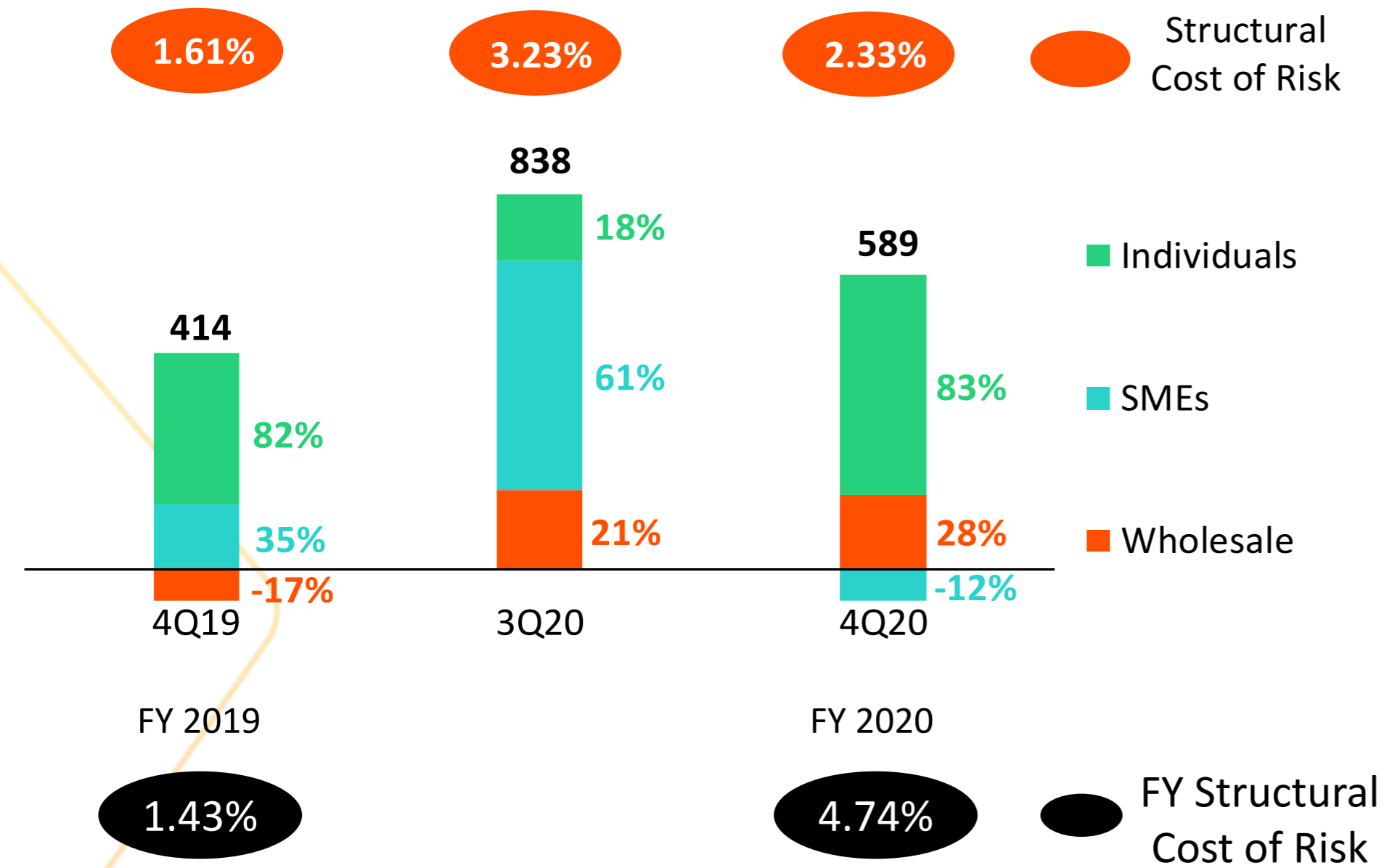
(1) Balances do not include GP loan portfolio, Special Accounts portfolio, portfolio with more than 120 days past due or portfolio under legal collection

# Economic Reactivation and Better-than-Expected Client Payment Behavior led Provisions to Drop while Asset Quality Deteriorated after Grace Periods Expired

Figures in \$/ millions

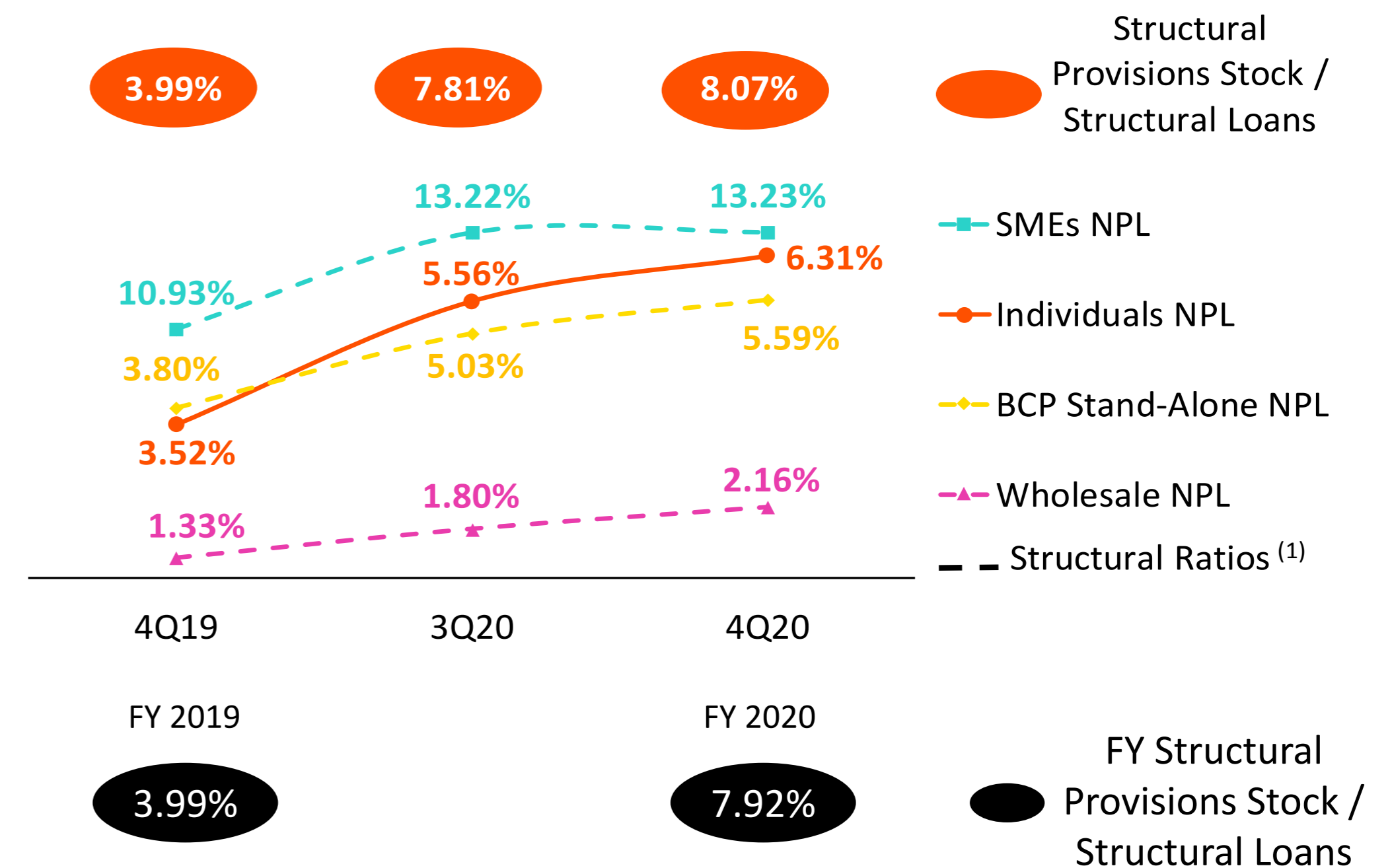
**SME-Pyme provisions drove a QoQ drop, while provisions for Individuals increased due to deterioration**

BCP Gross Provisions and Cost of Risk (%) <sup>(1)</sup>



**Structural Portfolio quality deteriorates, mainly driven by Individuals as grace periods expired**

Asset Quality Ratios (%)



(1) Figures differ from 11.4 BCP Stand-alone Annex figures in the Quarterly report due to the exclusion of expenses related to loan forgiveness and exchange difference risk.




(2) Structural Ratios: 3Q20 and 4Q20 SMEs, Wholesale, and BCP Stand-Alone NPL ratios exclude the impact of GP Loans

# As Sources of Income Continued to Recover...

Figures in S/ millions



## NIM was impacted by

### (i) Structural NIM decrease:

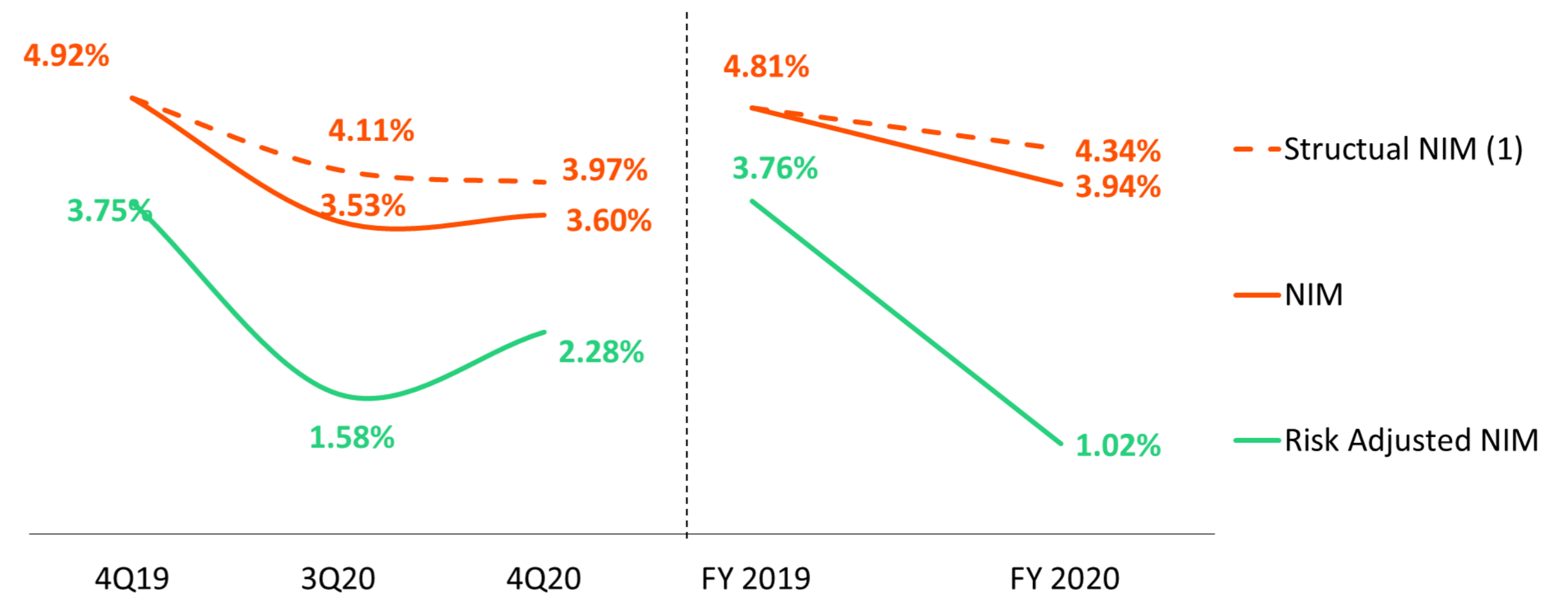
-  Lower interest rates
-  Loans/Investment Portfolio mix
-  Funding Structure optimization

### (ii) Reactiva / Structural loan portfolio mix

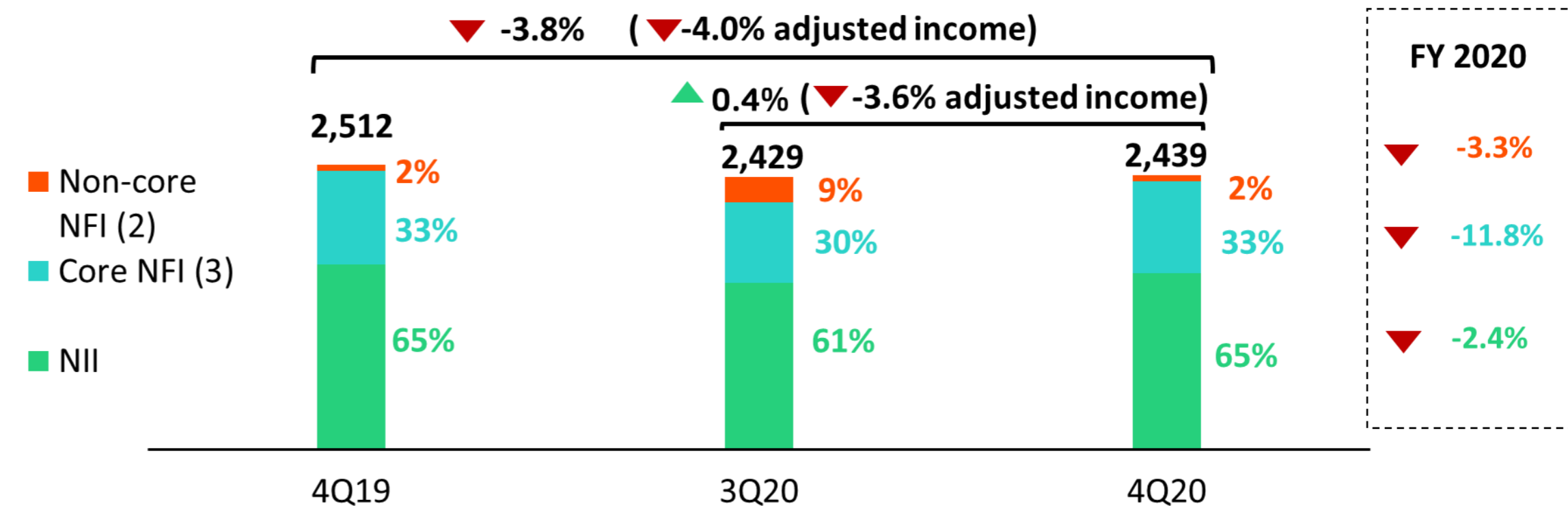
## NFI recovered alongside reactivation

-  Fee Income: +12% QoQ
-  Net gain on securities: +18%

NIM and Risk-Adjusted NIM (%)



Sources of Income

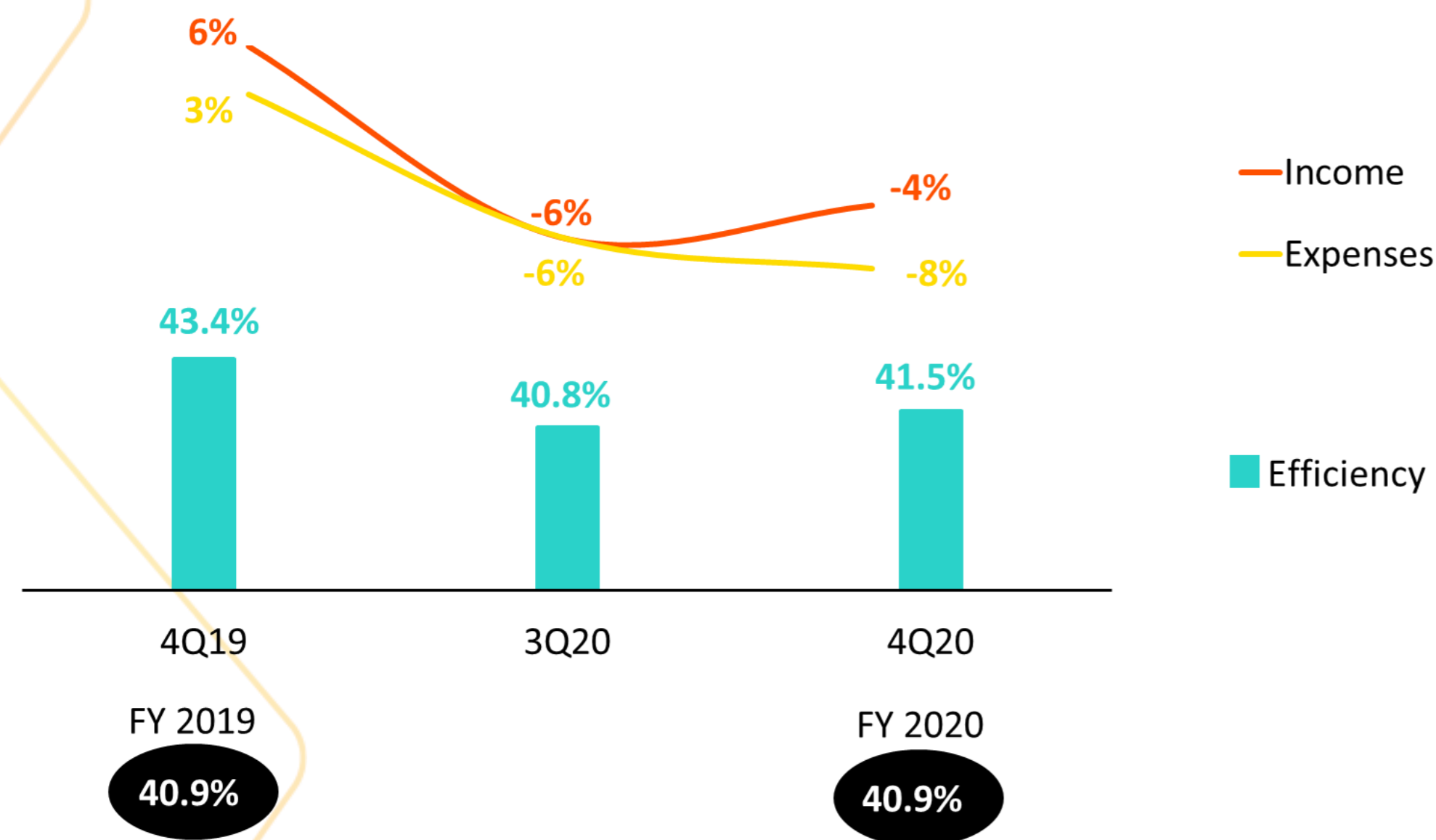


(1) Structural NIM: NIM related to structural loans and other interest earning assets. It deducts the impact from GP loans and non-recurring events from Interest Income and Interest Expenses  
 (2) Core NFI: Fee income and Net gain on foreign exchange transaction  
 (3) Non-Core NFI: Net gain on securities, Net gain on derivatives held for trading, Net gain from exchange differences and Others  
 (4) Adjusted Income: adjusted of zero interest rate loan impairment and exchange bond premium charge

# ... and Expenses are Controlled, FY Efficiency remained stable in 2020

Operating Expenses contracted year over year on a faster pace than Income, mainly due to variable costs control

Efficiency and Operating Leverage (Quarterly)



While BCP progressed in its journey to optimize Efficiency

Efficiency drivers evolution

	2019	2020	Var. %
IT Expenses and Investment <sup>(1)</sup>	796	996	↑ +25%
Share of Digital Transactions	62%	78%	↑ +16pp
Digital Clients	41%	55%	↑ +14pp
Number of Branches	406	386	↓ -5%

(1) IT Investment + IT Expenses, excluding foreign branches, IFRS16,

# Microfinance





# Mibanco's ADB Loan Portfolio was Driven by GP Loans in 2020, while Structural Portfolio Ending Balances Contracted

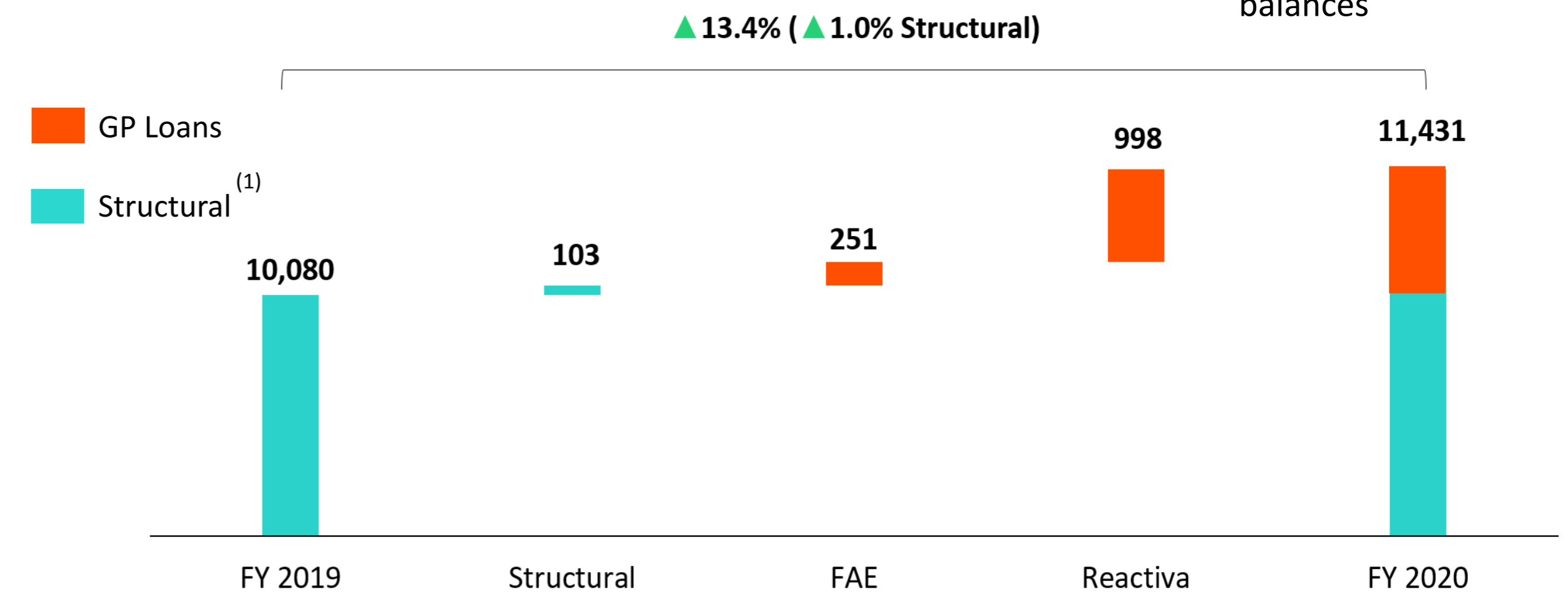
Figures in S/ millions

2020 ADB Loan growth mainly driven by Reactiva

Structural portfolio ending balances contracted through 2Q20 and 3Q20 and resumed growth in 4Q20

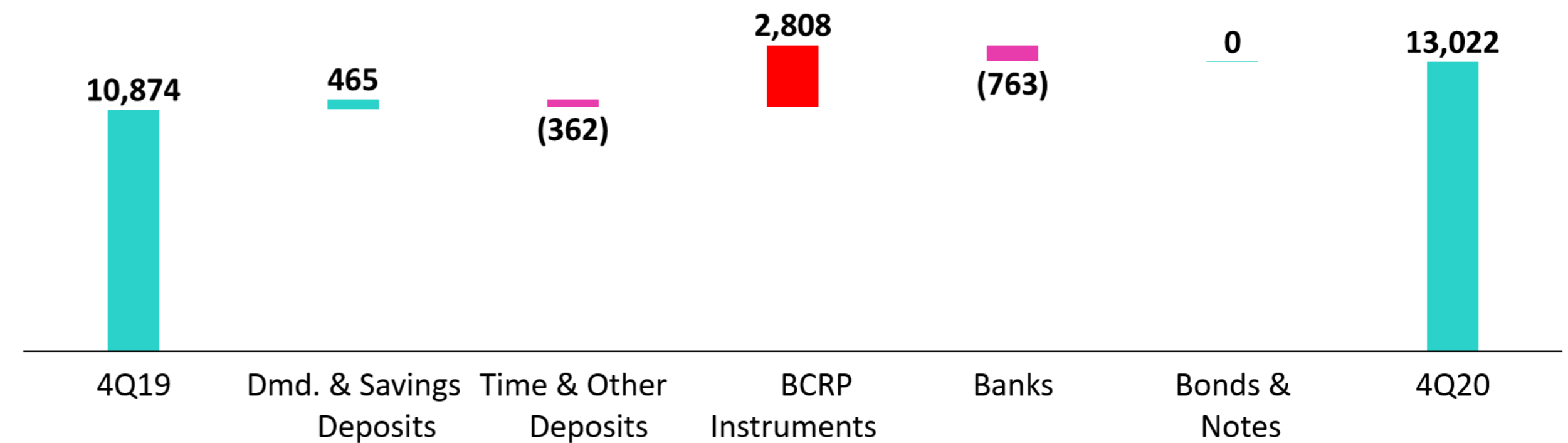
The increase in BCRP funding for GP loans and the boost in Demand and Savings Deposits improved the funding mix.

Loan Portfolio (Average daily balances)



▼ **Structural Portfolio:**  
6% in quarter-end balances

Funding Evolution YoY (Quarter-end balances)

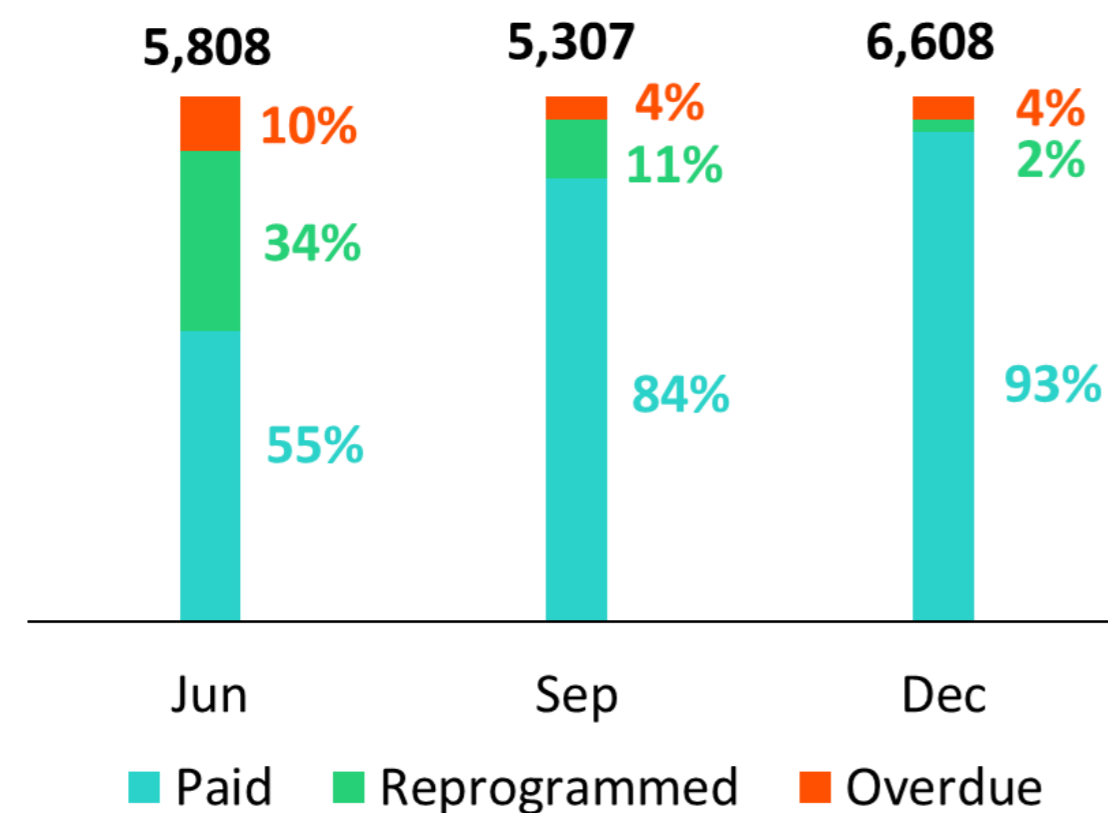


(1) Loan Portfolio excluding GP Loans

# Positive Trends Continued in Mibanco's On-time Payments for Loans Due and in the Performance of the Reprogrammed Portfolio

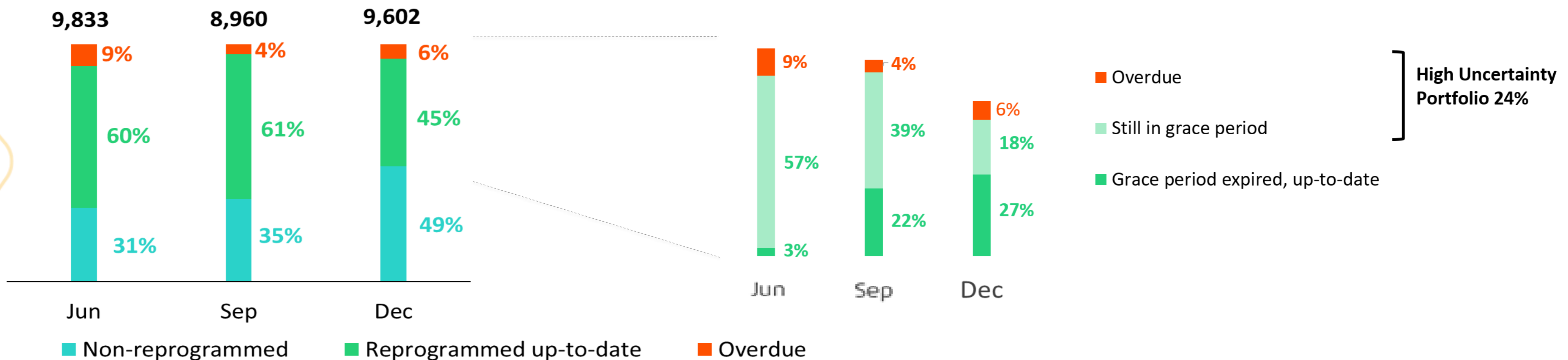
Figures in S/ millions

Payments on Structural Loans Due <sup>(1)</sup>



On-time payments for loans due have improved materially; fewer new reprogramming facilities were granted; and overdue payments remained stable in 4Q20

Structural Portfolio Reprogramming <sup>(1)</sup>





High Uncertainty Portfolio contracted from 43% in 3Q20 to 24% in 4Q20. The bulk of grace periods are expected to end in mid-2021.

(1) Balances do not include GP loan portfolio, Special Accounts portfolio, portfolio with more than 120 days past due or portfolio under legal collection

# Mibanco's Provisions Contracted, while Delinquency Increased as Expected

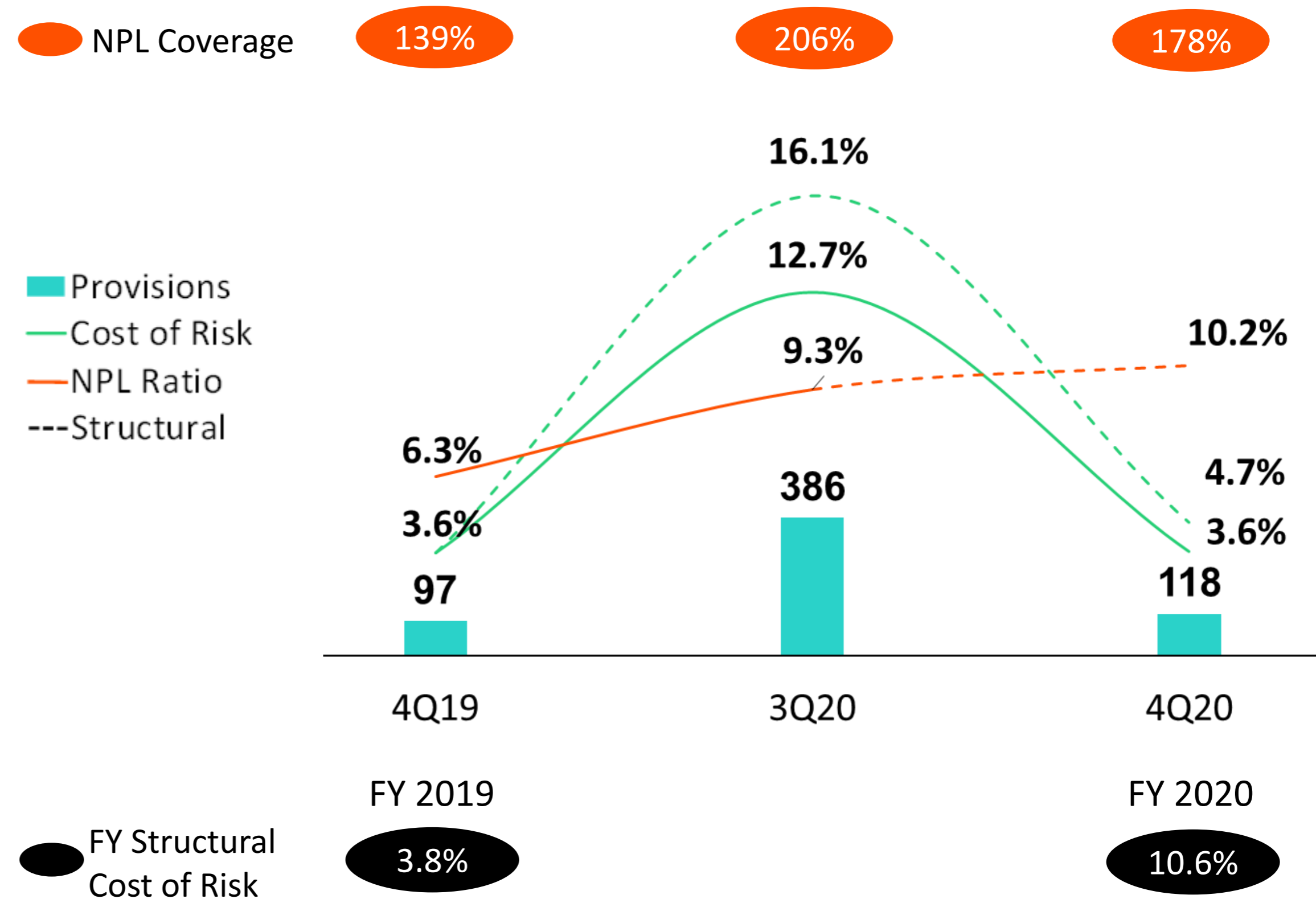
Figures in S/ millions

## QoQ provisions were down, impacted by the following:

-  Model fine-tuning as trends in client's payment behavior were better than expected
-  Delinquency started to increase

- NPL was impacted by expiring facilities, which triggered some delinquency. Additionally, some clients that did not take credit facilities have deteriorated due to the crisis.**
- This was partially offset by resuming business-as-usual charge-offs.**

## Asset Quality Ratios (%)



(1) Cost of Risk related to the Structural Loans excludes in the numerator provisions for credit losses on GP loans, and in the denominator, the total amount of GP Loans  
 (2) NPL Ratio related to Structural Loans. It excludes the impact of GP Loans.




# Mibanco's NIM Impacted by Different Factors, while Expense Control Measures Reduced the Bottom Line Impact

Figures in percentages

Accumulated NIM was impacted by:

(i) Reduced structural portfolio / influence of GP loans

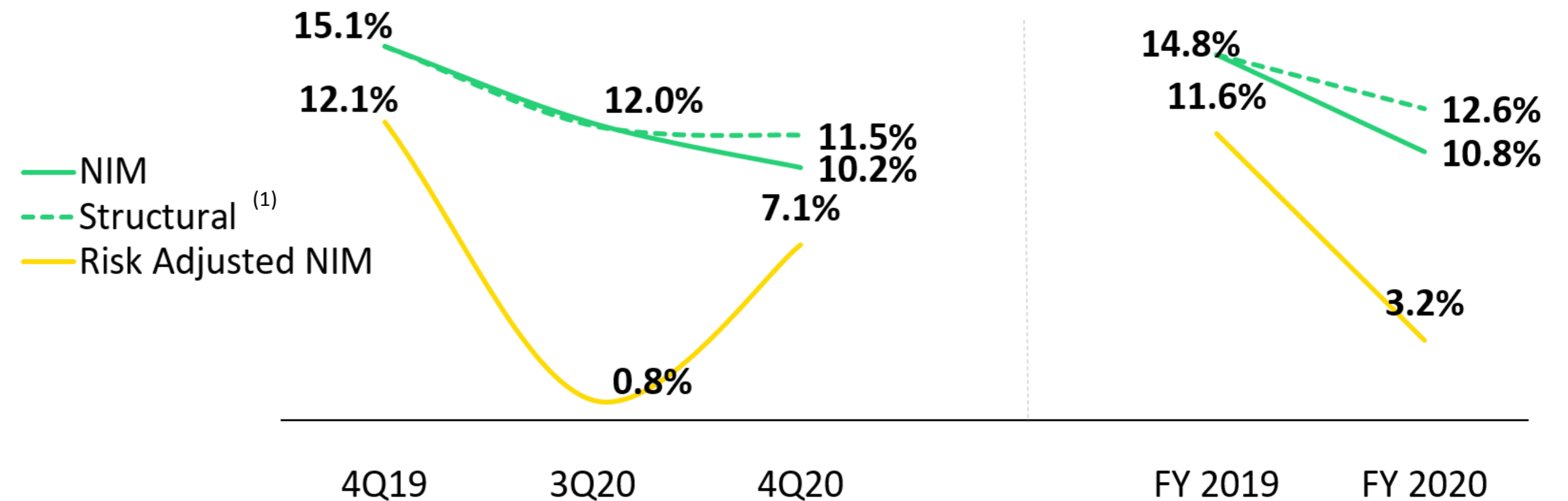
(ii) Structural NIM decrease:

-  Structural disbursements w/lower rates
-  Accrued interest reversals related to delinquency triggered by expiring facilities
-  Improved Funding Structure

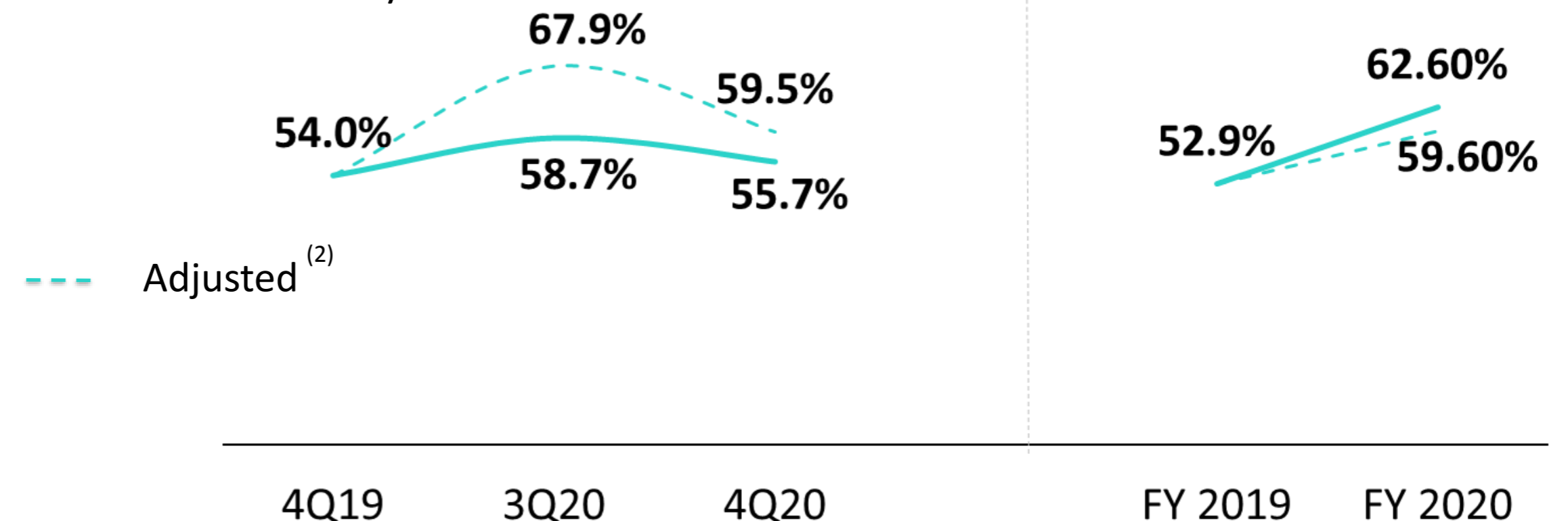
(iii) Impairment charge related to zero-interest rate facilities

- FY **Operating expenses down 6.3%** mainly through a reduction of variable compensation
- Even though Fee Income rose due to an increase in credit-life insurance fees, **FY Operating Income decreased at a faster pace than expenses**

NIM and Risk-Adjusted NIM



Efficiency



(1) NIM related to structural loans and other interest earning assets. It deducts the impact from GP loans and non-recurring events from Interest Income and Interest Expenses.

(2) Efficiency ratio excluding non-recurring events from Operating income.

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# Insurance & Pension Funds



**PRIMA**<sup>AFP</sup>  
Grupo Crédito

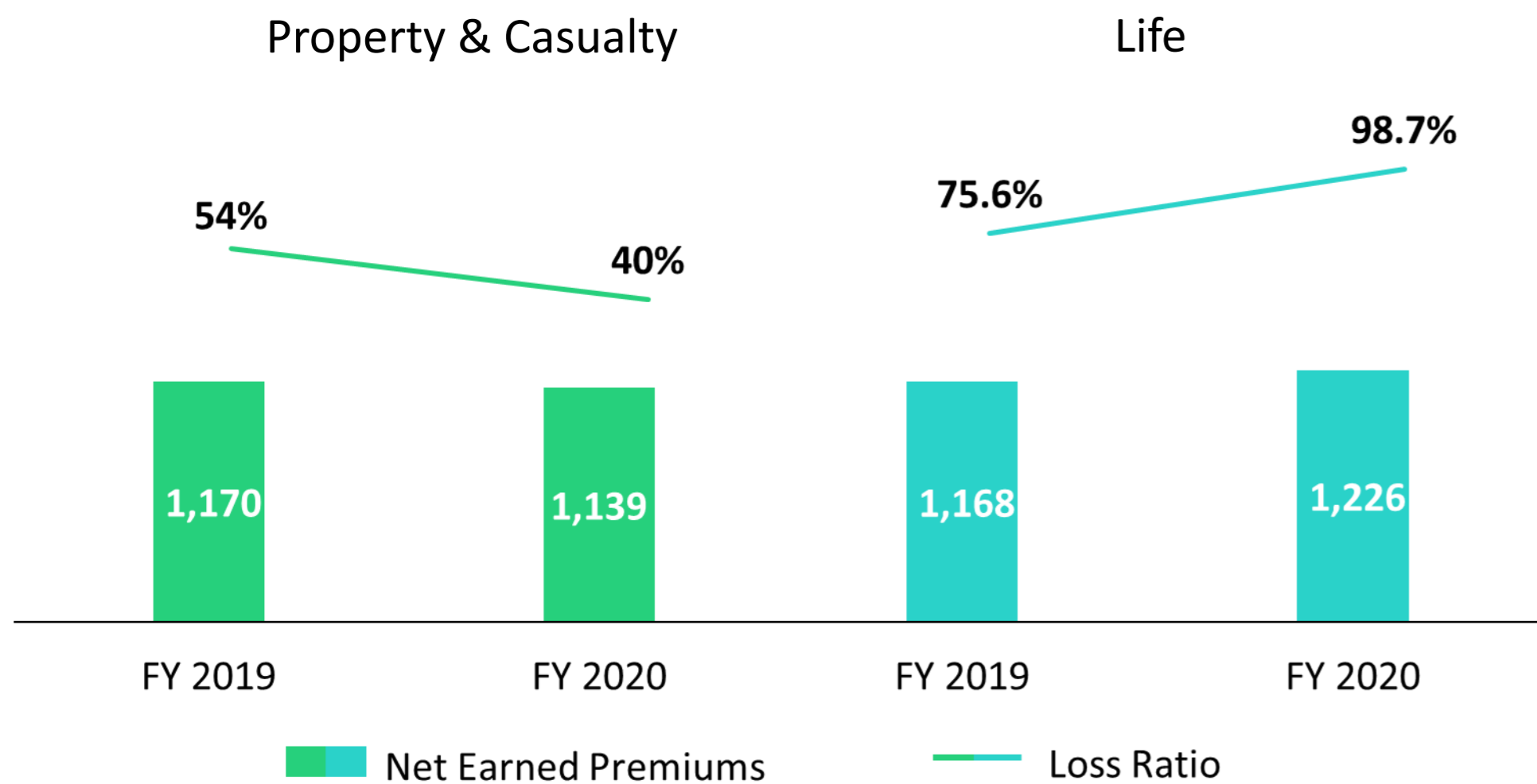
# Insurance Results were impacted this Year due to Higher Claims in the Life Business and IBNR provisions related to COVID-19

Figures in \$/ millions

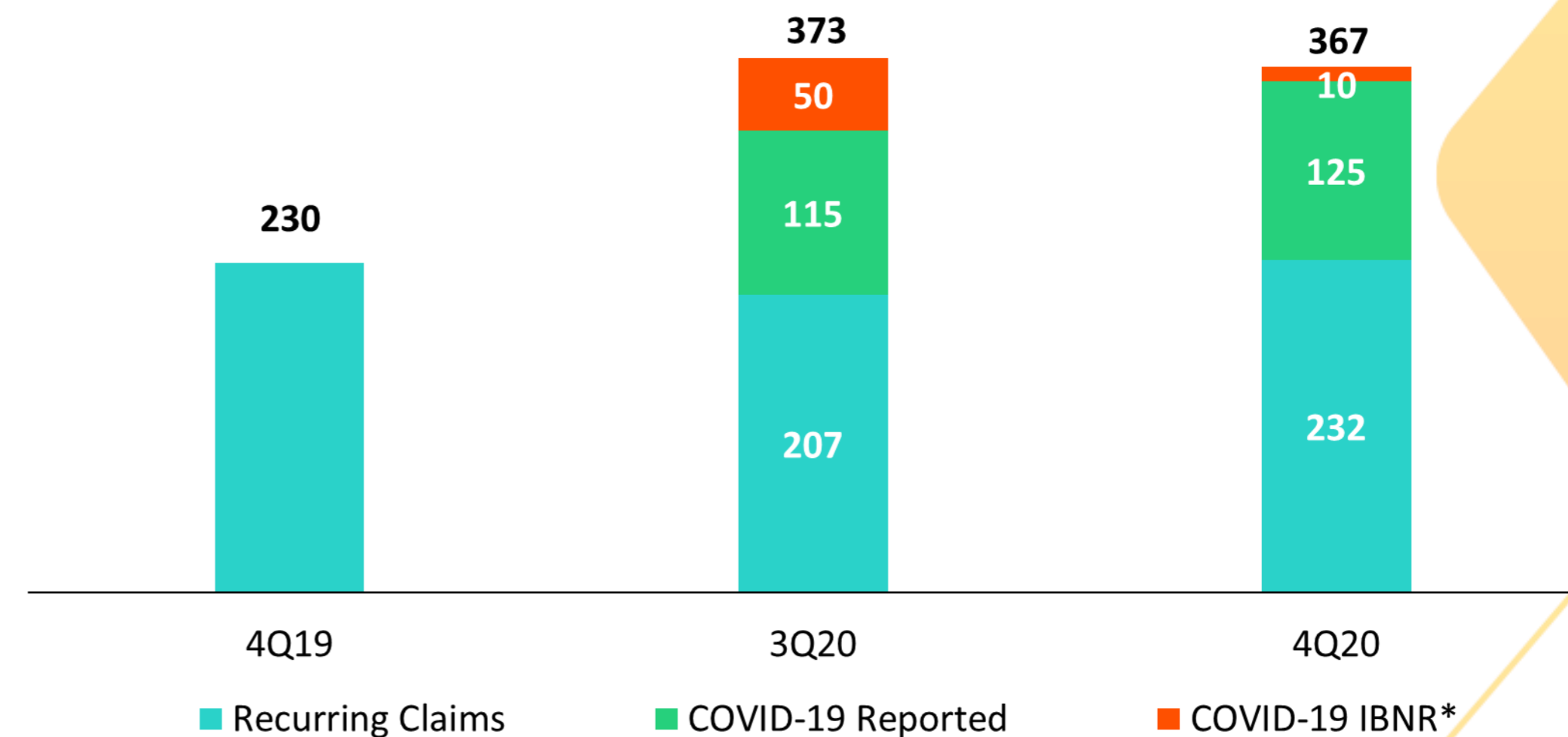
A decrease in claims in the P&C business was offset by Higher Claims and IBNR provisions in the Life Business, which led to lower results in 2020

Levels of COVID-19 claims and provisions, although lower than those in 3Q20, remained materially higher than pre-crisis

Grupo Pacifico – Business Underwriting Results



Life Business Claims



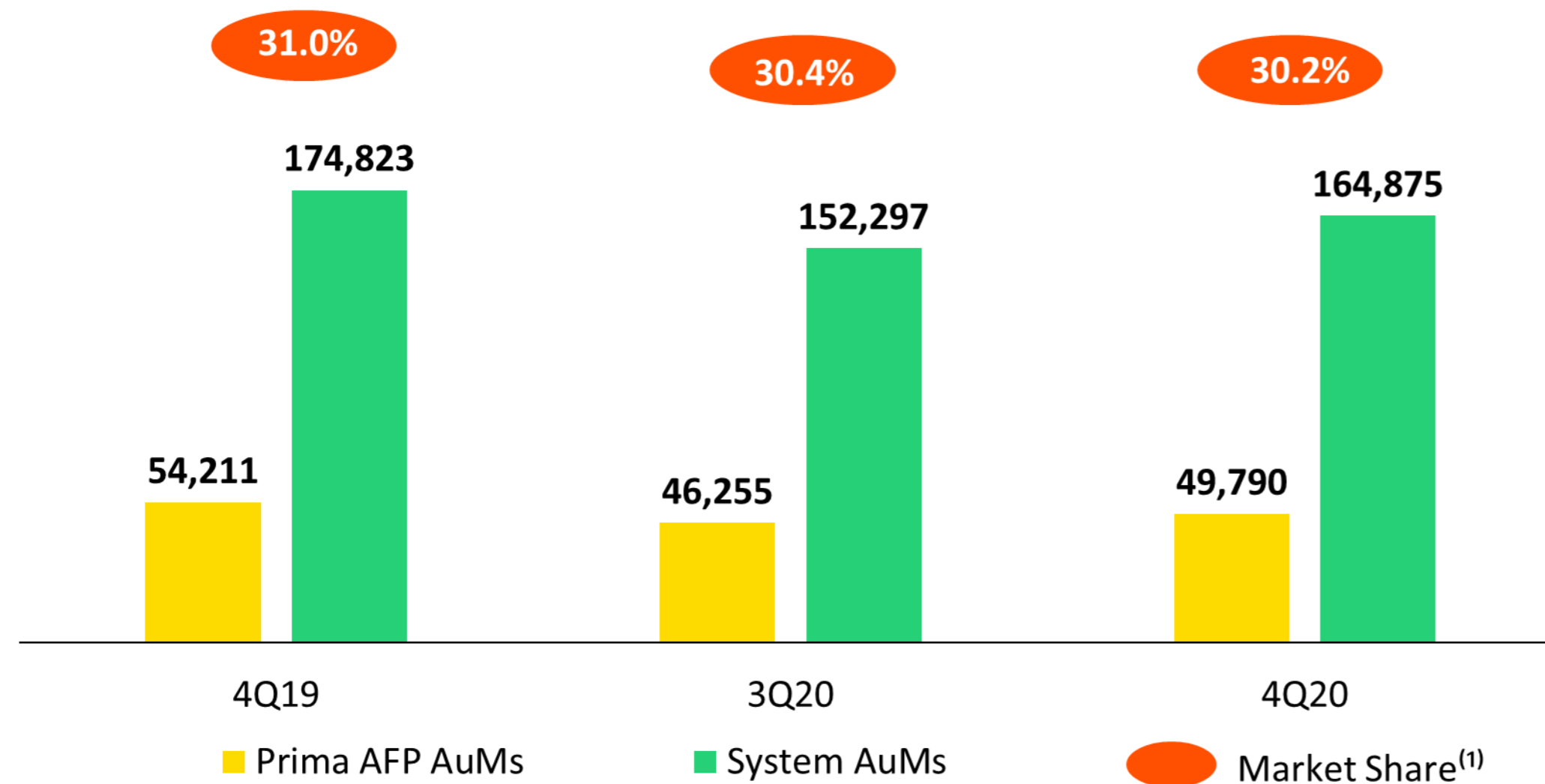
\* IBNR: Incurred but not reported net claims

# In Pensions, Lower Fees were partially offset by an Increase in Reserve Fund Profitability this Quarter, while on a Full Year basis both items Decreased

Figures in S/ millions

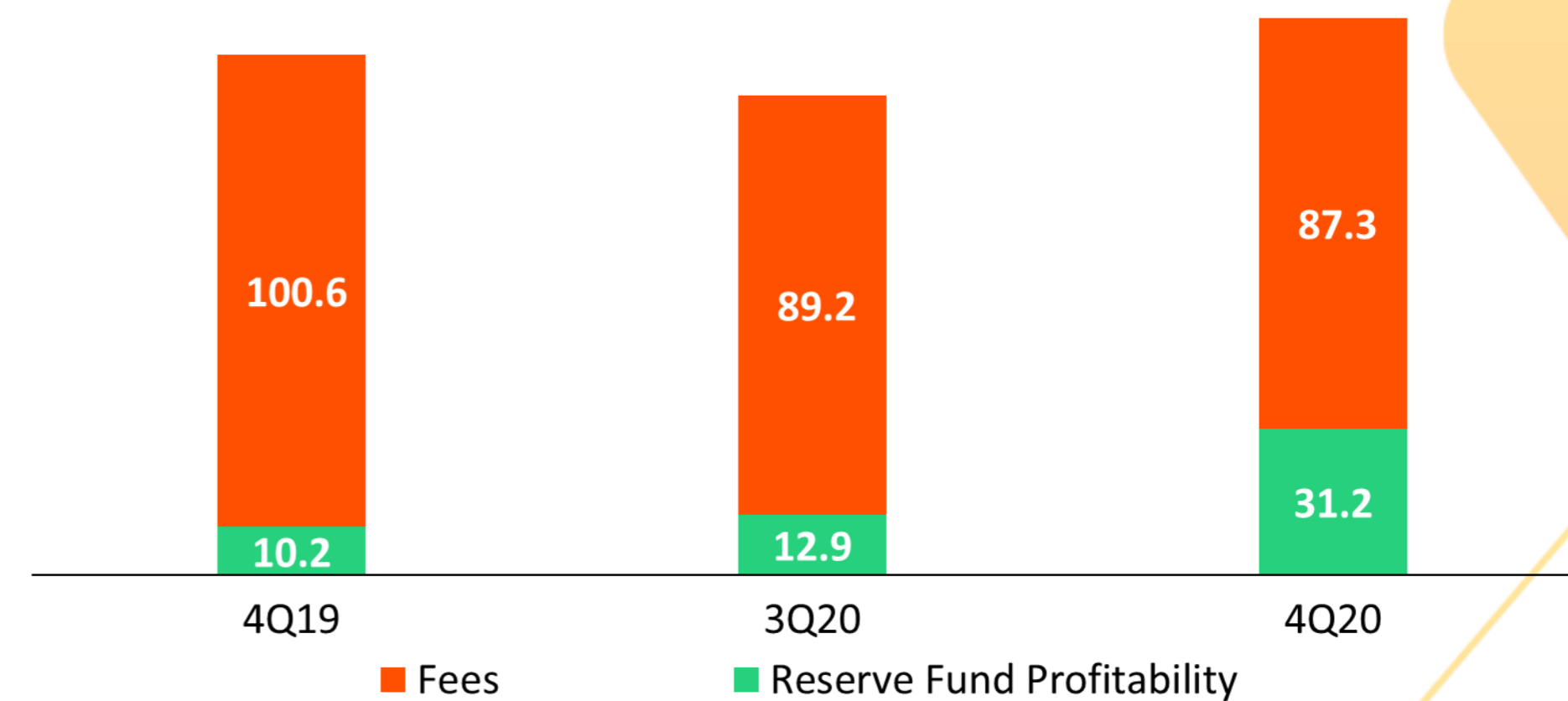
**Total AuMs of the Private Pension Fund System decreased YoY due to withdrawals**

Prima AFP - Total AuMs



**Earnings recovered this quarter boosted by the Reserve Fund profitability, while fees fell due to a decrease in affiliate income**

Prima AFP - Earnings



	FY 2019	FY 2020	% Change
Fees	403.3	352.1	-12.7%
Reserve Fund Profit	41.4	30.5	-26.3%

(1) Market share at the last month each quarter

# Investment Banking & Wealth Management





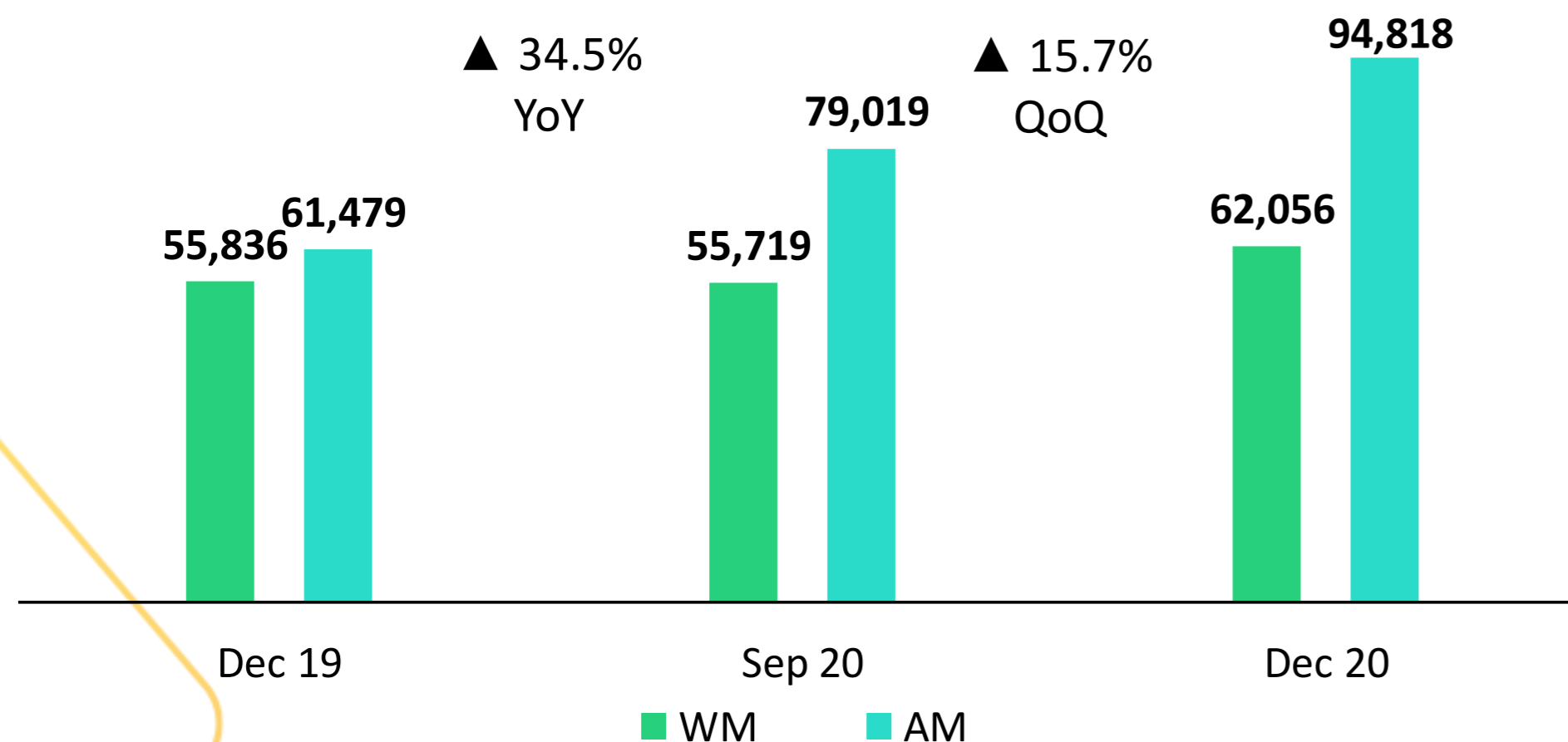
# IB & WM Year-end AuM's recovered from COVID-19's impact in 1Q20, while Profit Contribution to Credicorp contracted 8.8%

Figures in S/ millions

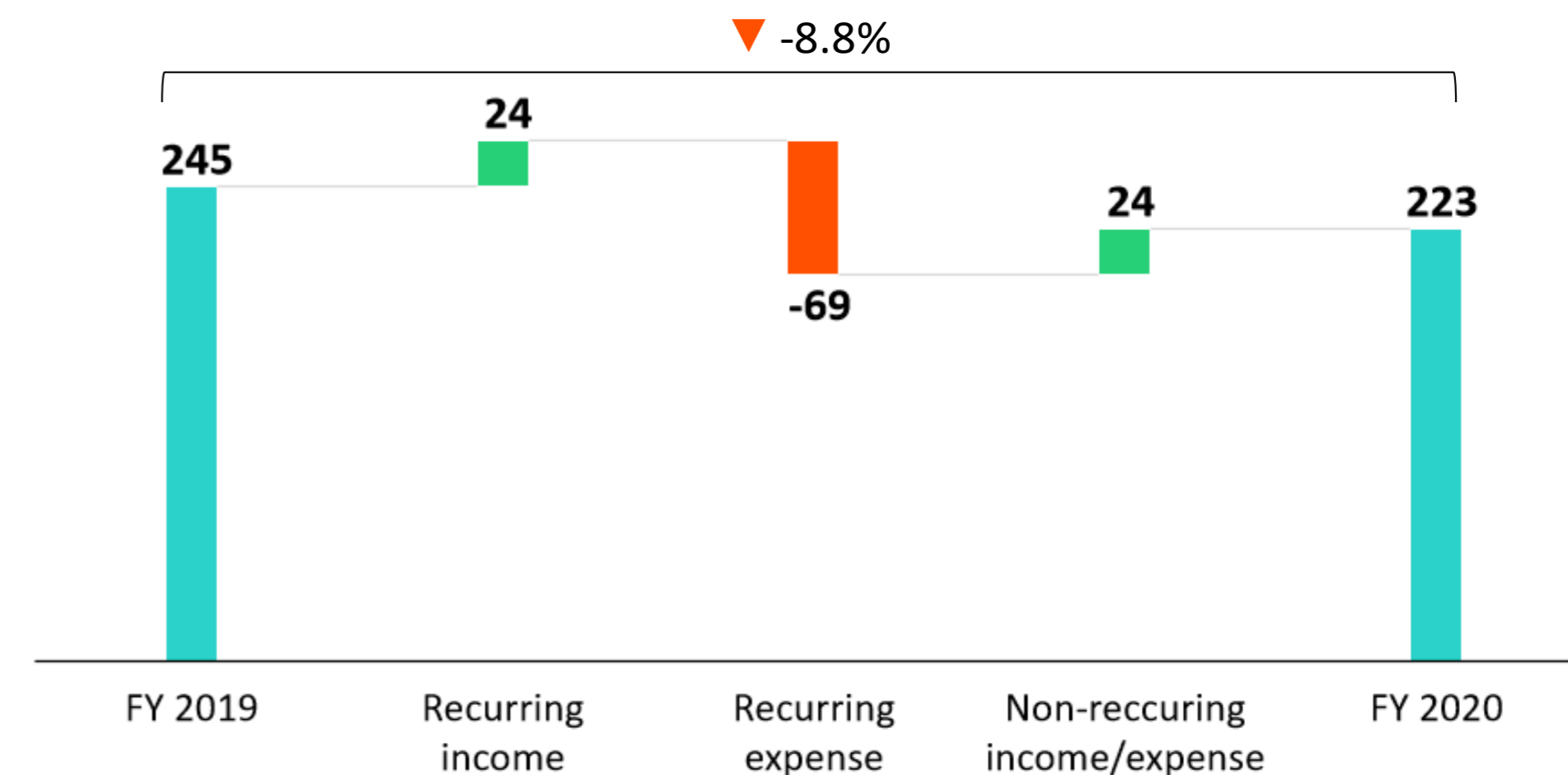
AuMs increased QoQ, fully bridging the gap produced by COVID-19 impact in 1Q20

Lower contribution is attributable to higher recurring expenses, amid investments in transforming the operational model, and one-off expenses from Ultraserfinco merger

Total AuMs <sup>(1)</sup>



Profit Contribution <sup>(2)</sup>



(1) Figures include AuMs from the Wealth Management and Asset Management businesses. Wealth Management includes Asset Management products for S/ 15,548, S/ 16,369 and S/ 19,955 million as of Dec 19, Sep 20 and Dec 20, respectively.

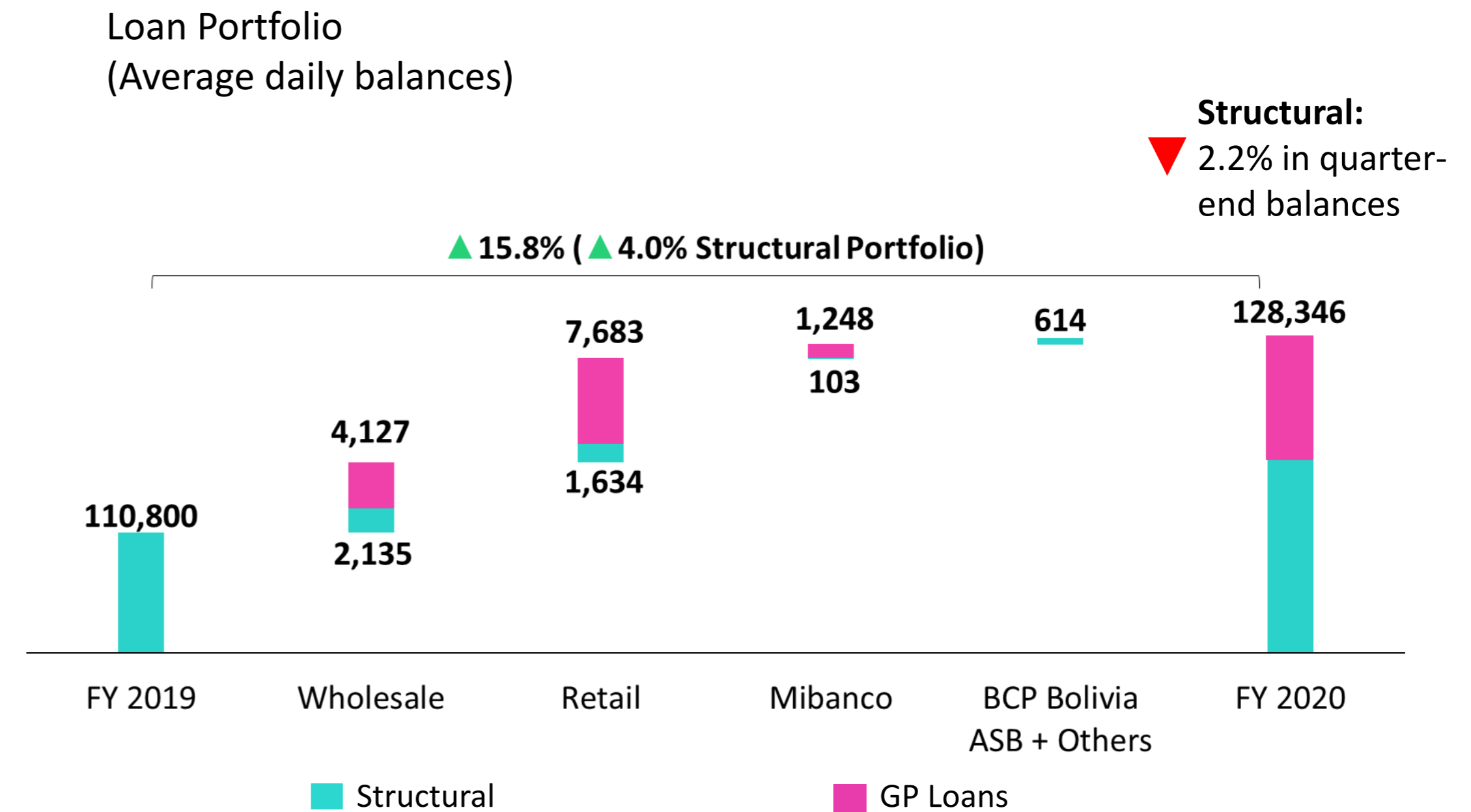
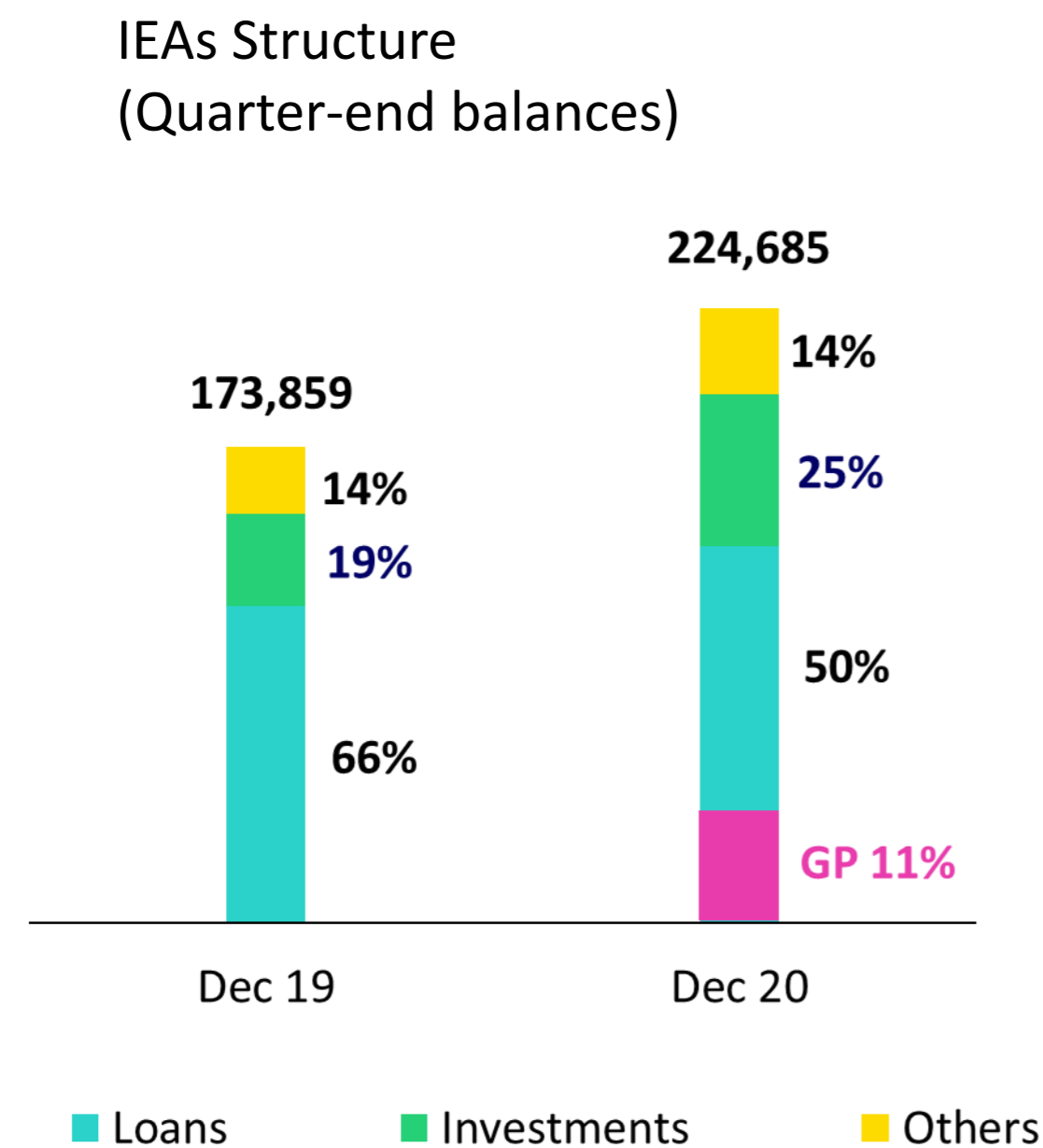
(2) Figures reported are for the management results at the LoB IB & WM. Includes Credicorp Capital, ASB and BCP Private Banking.

# Consolidated Performance

# Credicorp's 2020 Asset Growth was Driven by GP Loans and Investments, while the Funding Mix Improved due to Liquidity Measures

Figures in S/ millions

The evolution of Interest Earning Assets (IEA) was mainly driven by GP Loans and by an increase in investment activity



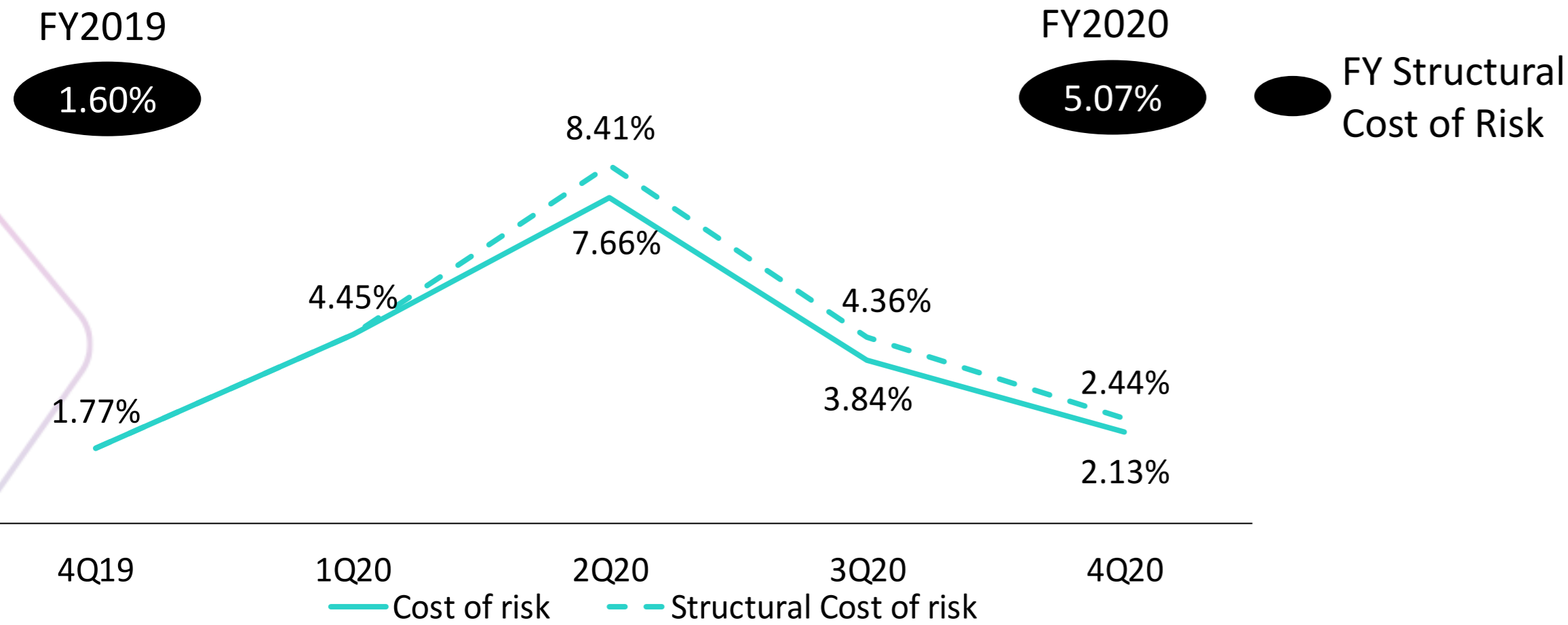
Assets financed through a better funding structure, growth in low-cost deposits and active liability management

(1) Others includes Due to banks and Repurchase agreements

# Full-Year Structural Cost of Risk Rose, while NIM contracted 109 bps

Figures in percentages

## Cost of Risk Evolution

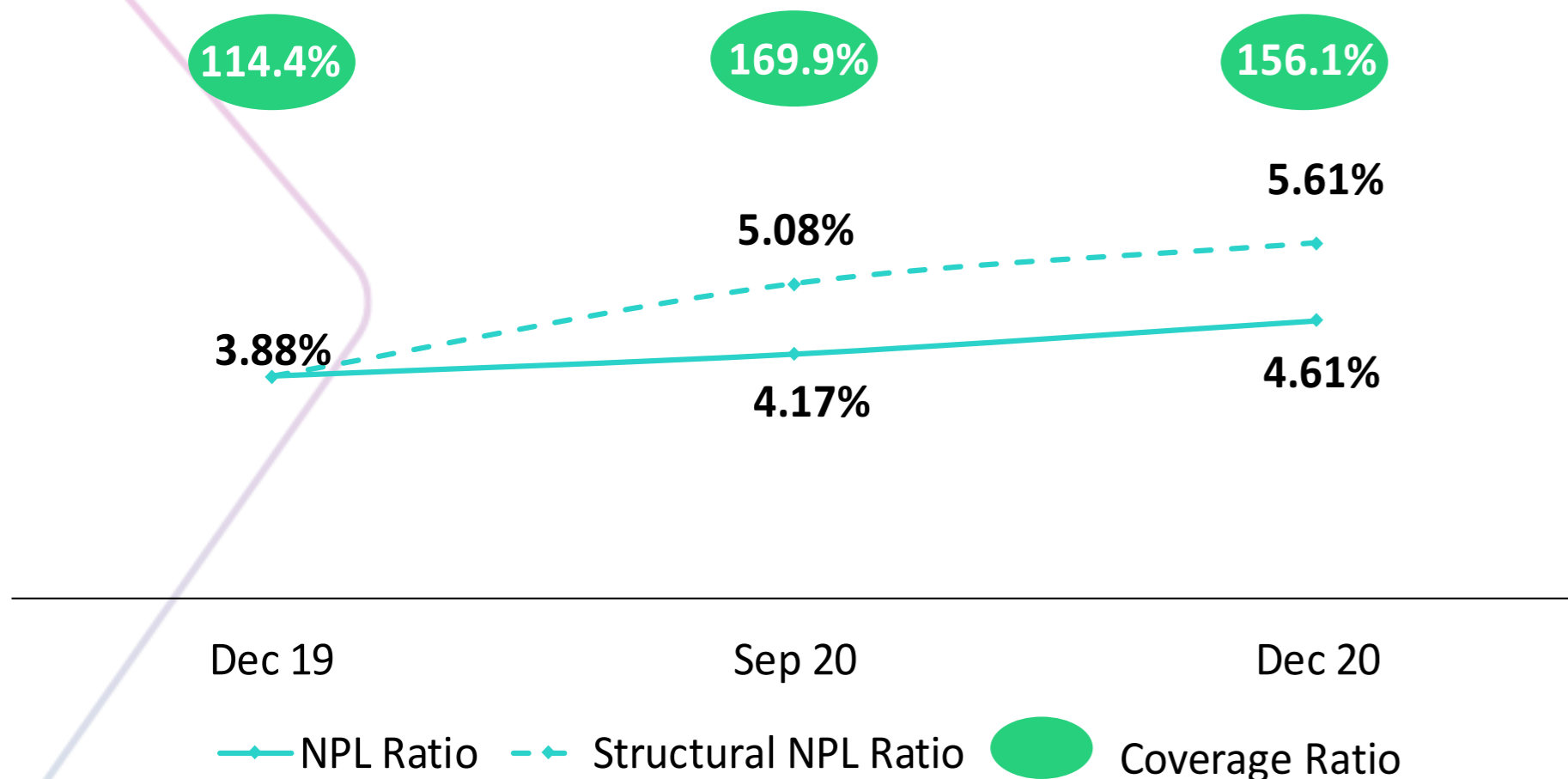


Provisions continued to follow a downward trend, while asset quality ratios deteriorated as grace periods expired

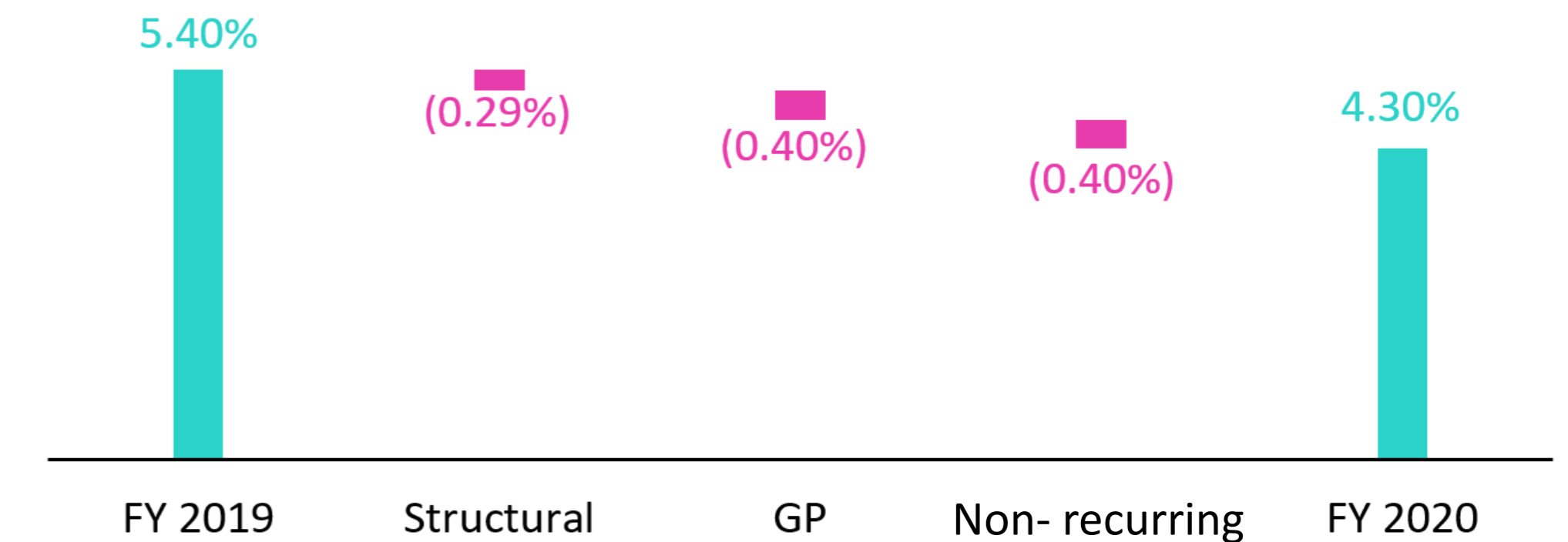
## 2020 NIM is impacted by:

- ◇ Decrease in the structural portfolio and the impact of high inflows of government loans
- ◇ Lower rates and the loan/investment portfolio mix
- ◇ Non-recurring expenses (impairment of zero-interest rate loans, bond exchange premium, interest reversals)

## Portfolio Quality Ratios



## NIM YTD Evolution

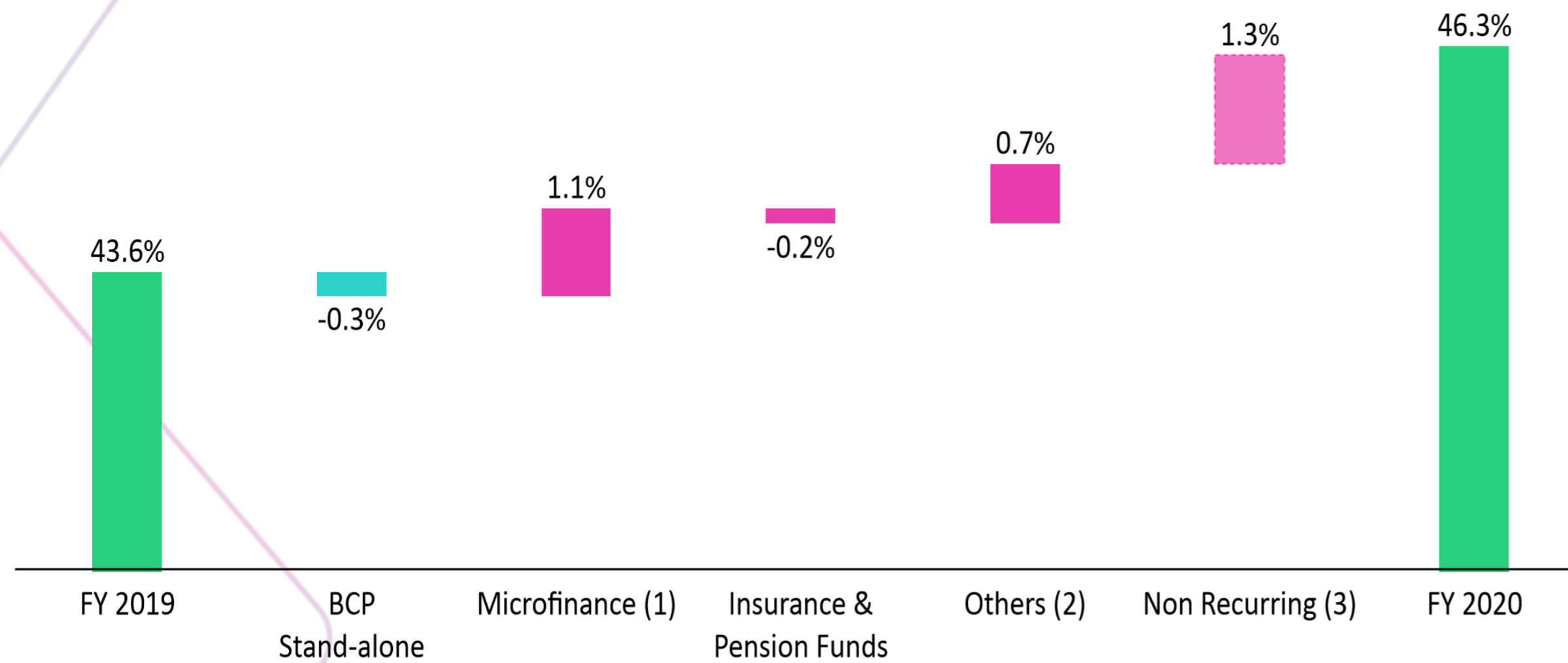


# Efficiency is Impacted by Lower Income, while Capital Ratios Remain Strong

Figures in S/ millions

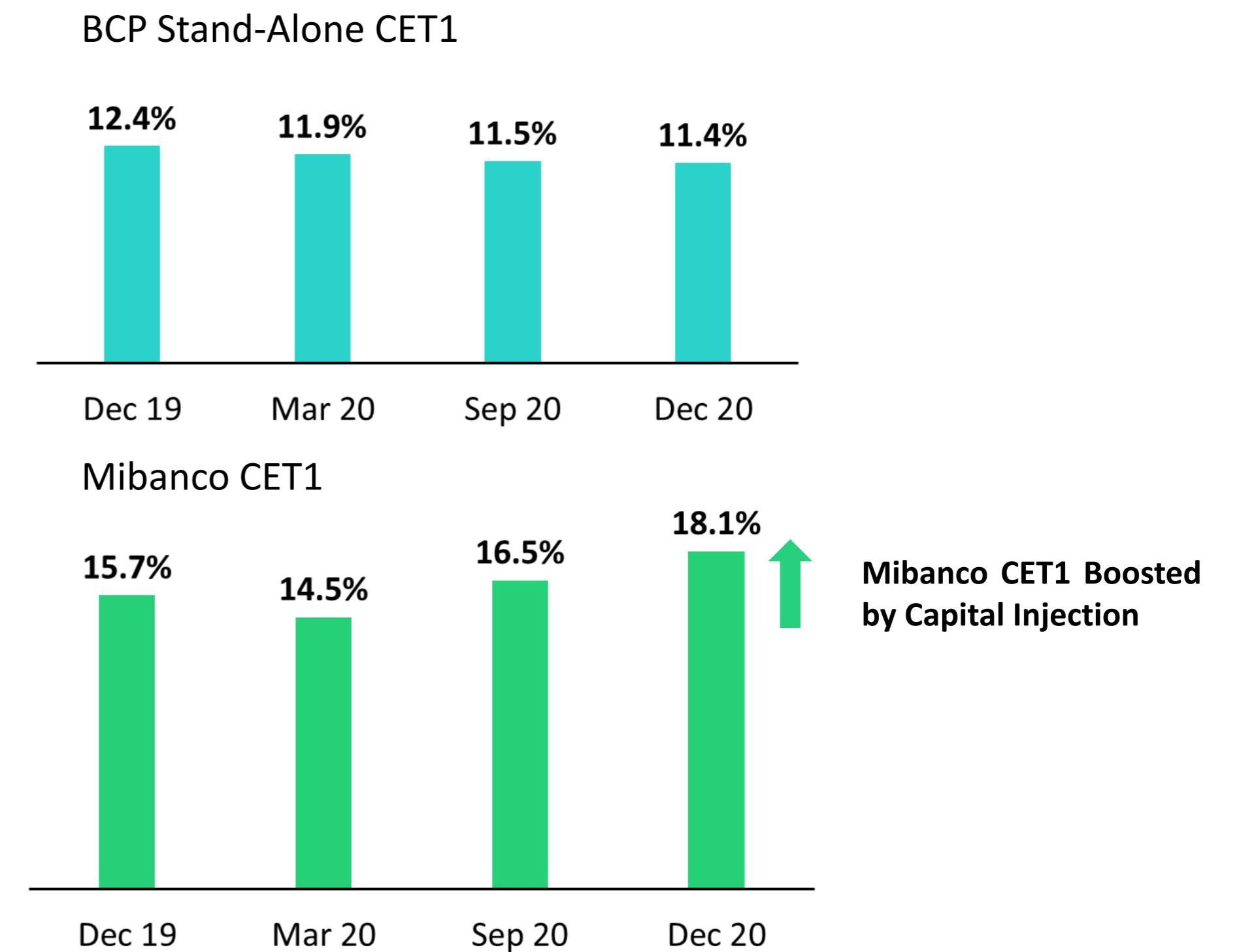
## Full-year Efficiency deteriorated due to lower income and non-recurring events in different LOBs

Efficiency (%)



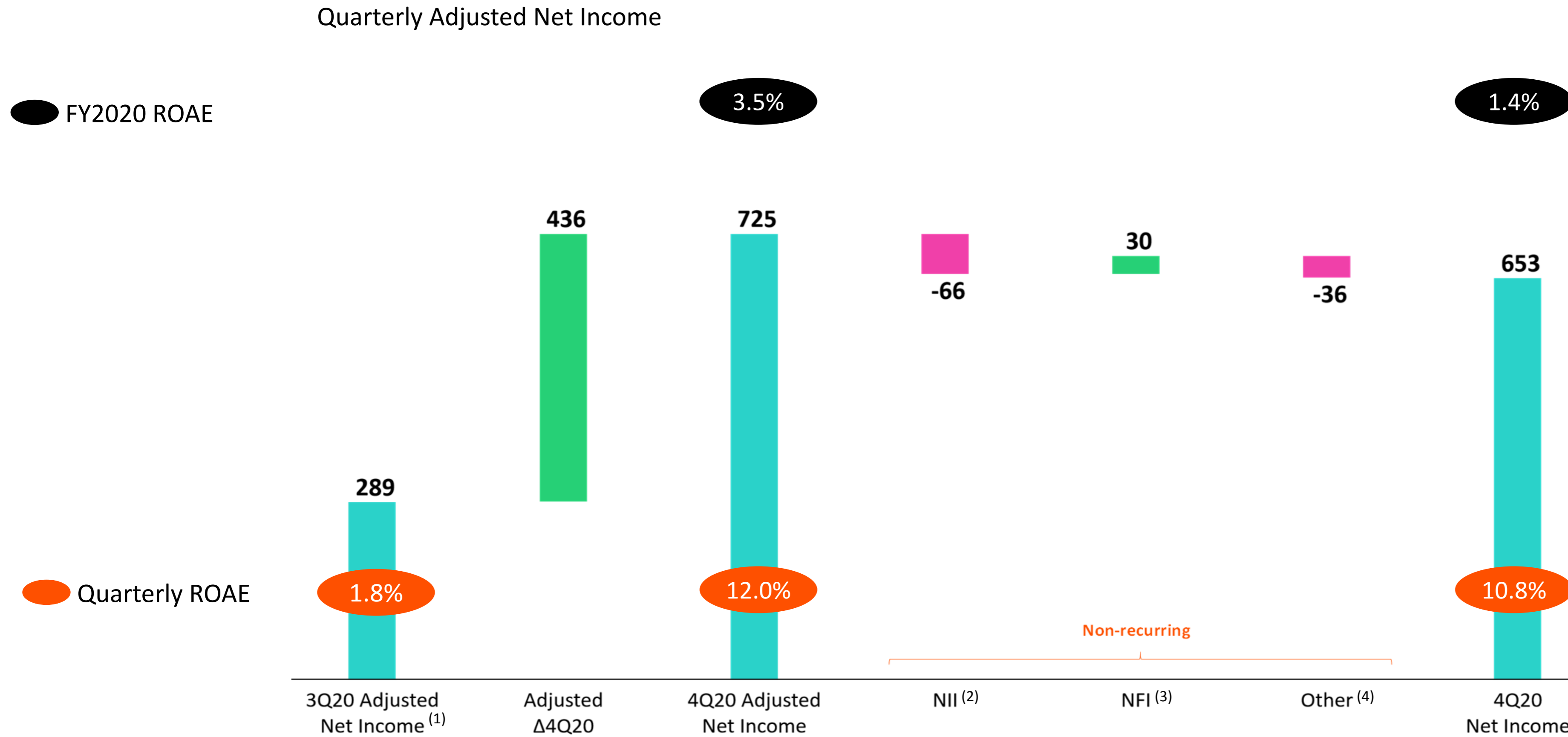
(1) Microfinance includes Mibanco, Bancompartir, and Encumbra  
 (2) Others includes: IB&WM, BCP Bolivia, Grupo Credito, among other subsidiaries and the eliminations for consolidation purposes  
 (3) Non- Recurring Includes: Zero-interest-rate loan impairments in BCP, Mibanco and BCP Bolivia; and charges related to BCP's bonds exchange  
 (4) The adjusted efficiency ratio, that excludes charges from non-recurring events, is 44.9%, while efficiency ratio including the non-recurring expenses is 46.3%

## CET1 Levels remain above our internal targets



# Adjusted ROAE Improved QoQ to 12.0%

Figures in S/ millions



(1) 3Q20 Adjusted Net Income: Adjusted for zero-interest-rate loan impairments in BCP and Mibanco, one-off interest expense for bond exchange in BCP, mark-to-market in proprietary investment and legal contingency in ASB, impairment at Private Equity Investment and Bancompartir goodwill in Holding.

(2) Non-Recurring NII: related to BCP, Mibanco and BCP Bolivias' zero-interest-rate loan impairment.  
 (3) Non-Recurring NFI: impairment at Private Equity Investment, and mark-to-market in ASB Proprietary Investment.  
 (4) Non-Recurring Other: provision expense for a legal contingency in ASHC.

<3>

Outlook

**In a Context where Uncertainties Remain, we Foresee that 2021 will be a Transition Year as we move toward a Recovery in Profitability, which assumes no more Strict Lockdowns will be imposed**

	<b>2019</b>	<b>2020</b>	<b>Guidance 2021</b>
Real GDP Growth	2.2%	-11.3%	8% - 10%
Loan Growth <sup>(1)</sup>	6.7%	16.4%	4% - 8%
Net Interest Margin	5.4%	4.3%	3.9% - 4.4%
Cost of Risk	1.6%	4.3%	1.8% - 2.3%
Efficiency Ratio	43.6%	46.3%	44.0% - 46.0%
ROAE	17.0%	1.4%	10.0% - 14.0%

(1) Average daily balances, includes Government Programs



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# Key Take-aways

## Key Take-aways

1. Economic reactivation continues, although sanitary and political uncertainties remain. We continue to closely monitor developments on the sanitary crisis and regulatory fronts.
2. Client payments, demand for loans in the Individuals segment and digital adoption continue to improve. We are prepared for a transition year towards business recovery.
3. Non-recurring events aside, fourth quarter results show that: (i) income continue to recover, (ii) Cost of Risk continue its downward trend, (iii) Expenses remain under control
4. Regarding 2021 perspectives, in a scenario of no additional strict immobilization measures, we expect to achieve low double-digit ROE this year.

# 5. Appendix

# Non-Recurring Events 4Q20 and FY 2020

Figures in S/ millions

Non-Recurring Events (Before taxes)	4Q20	FY 2020
<b>Universal Banking</b>		
BCP Zero-interest-rate loans Impairment	26.3	(95.6)
BCP's Bonds Exchange	-	(108.3)
BCB Zero-interest-rate loans Impairment	(148.0)	(148.0)
<b>Microfinance</b>		
Mibanco/Bancompartir Zero-interest-rate loans Impairment	28.4	(83.2)
<b>Net Interest Income (1)</b>	<b>(93.2)</b>	<b>(435.0)</b>
<b>IB&amp;WM</b>		
ASB Proprietary Investment	25.1	97.6
<b>Holdings</b>		
Impairment at PE Investment	5.1	(47.1)
<b>Non-Financial Income (2)</b>	<b>30.2</b>	<b>50.5</b>
<b>Universal Banking</b>		
BCP COVID-19 Donations	-	(100.0)
<b>Microfinance</b>		
Mibanco COVID-19 Donations	-	(10.0)
<b>Insurance and Pensions</b>		
PGA + Prima COVID-19 Donations	-	(8.9)
<b>IB&amp;WM</b>		
CC COVID-19 Donations	-	(2.2)
ASB Legal Contingency	-	(71.9)
<b>Holdings</b>		
ASHC Legal Contingency	(36.2)	(36.2)
Impairment in Bancompartir Goodwill	-	(54.0)
<b>Other Expenses (3)</b>	<b>(36.2)</b>	<b>(283.2)</b>
<b>Credicorp (1 + 2 + 3)</b>		
<b>Total Non-Recurring (Before Tax)</b>	<b>(99.3)</b>	<b>(667.7)</b>
<b>Total Non-Recurring (After Tax and Minority Interest)</b>	<b>(71.8)</b>	<b>(539.4)</b>

# Glossary

<b>Government Program Loans (“GP or GP loans”)</b>	Loan Portfolio related to Reactiva Peru and FAE-Mype programs to respond quickly and effectively to liquidity needs and maintain the payment chain.
<b>Structural Loans</b>	Loan Portfolio excluding GP Loans
<b>Non-Recurring Events at Interest Income</b>	Impairment or IFRS9 modification loss / amortization related to the zero-interest-rate loans to finance frozen installments
<b>Non-Recurring Events at Interest Expense</b>	Charges related to the bond exchange at BCP (3Q20)
<b>Structural Cost of risk</b>	Cost of Risk related to the Structural Loans. It excludes, in the numerator, provisions for credit losses on GP loans, and in the denominator, the total amount of GP Loans.
<b>Structural Internal Overdue Loans (IOL) ratio</b>	IOL Ratio related to the Structural Loans. It excludes the impact of GP Loans.
<b>Structural Early delinquency (&gt;60 - &lt;150)</b>	Early Delinquency Ratio related to Structural Loans. It excludes the impact of GP Loans
<b>Structural NPL ratio</b>	NPL Ratio related to Structural Loans. It excludes the impact of GP Loans.
<b>Structural NIM</b>	NIM related to structural loans and other interest earning assets. It deducts the impact from GP loans and non-recurring events from Interest Income and Interest Expenses.
<b>Structural Funding Cost</b>	Funding Cost deducting the impact in expenses and funding related to GP Loans and deducting non-recurring events from Interest Expense
<b>Adjusted Income Growth</b>	Income growth excluding non-recurring events
<b>Adjusted Efficiency ratio</b>	Efficiency ratio excluding non-recurring events from Operating income

# Earnings Conference Call 4Q/2020

