

# Credicorp

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## Third Quarter 2025 Earnings Conference Call

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### Friday, November 14, 2025, 9:30 AM Eastern

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#### **CORPORATE PARTICIPANTS**

**Milagros Ciguenas** - *IR*

**Gianfranco Ferrari** - *CEO*

**Alejandro Perez-Reyes** - *CFO*

**Cesar Rios** - *CRO*

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## PRESENTATION

### Operator

Good morning, everyone. I would like to welcome you to the Credicorp Limited third quarter 2025 conference call. A slide presentation will accompany today's webcast, which is available in the Investors section of Credicorp's website. Today's conference call is being recorded. As a reminder, all participants will be in a listen only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you would like to ask a question, please signal by pressing star and then one on your telephone keypad. If you have connected to the call using the HD web phone on your computer, please use the keypad on your computer screen. If you are using a speaker phone, we do ask that you please make sure to -- that the mute function is turned off to allow your signal to reach our equipment. Now it is my pleasure to turn the conference call over to Credicorp's IRO, Milagros Ciguenas. You may begin.

### Milagros Ciguenas

Thank you, and good morning, everyone. Speaking on today's call will be Gianfranco Ferrari, our Chief Executive Officer, and Alejandro Perez-Reyes, our Chief Financial Officer. Participating in the Q&A session will also be Francesca Raffo, Chief Innovation Officer, Cesar Rios, Chief Risk Officer, Cesar Rivera, CFO of Insurance & Pensions, and Rocio Benavides, Mibanco's Chief Financial Officer. Before we proceed, I would like to make the following safe harbor statement. Today's call will contain forward-looking statements which are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties, and I refer you to the forward-looking statements section of our earnings release and recent filings with the SEC. We assume no obligation to update or revise any forward-looking statements to reflect new or changed events or circumstances. Gianfranco Ferrari will begin the call with remarks on key messages of our recent Investor Day, our recent political and macro environment, and a brief overview of our quarterly results followed by Alejandro Perez-Reyes, who will provide a more detailed analysis of key macroeconomic indicators, our financial performance, and our outlook for full year 2025. Gianfranco, please go ahead.

### Gianfranco Ferrari

Thank you, Milagros. Good morning, everyone, and thank you for joining us to review Credicorp's results for the third quarter of 2025. Just over a month ago, we had the pleasure of hosting our Investor Day in New York where we marked 30 years since Credicorp's listing on the New York Stock Exchange and shared our road map for sustainable growth and impact. Our strategy is anchored in three key pillars. First, we are accelerating the scalability and monetization of our digital ecosystem by financially including more people and expanding the formal cashless economy. Platforms like Yape, Tenpo, and Warda are playing a bigger role across payments, credit, and savings and are already generating new revenue streams. Second, we're unlocking growth through business synergies across all our businesses by leveraging shared capabilities in data and AI, talent, and cross-business platforms to drive revenue diversification and efficiency. And third, we're executing with discipline with a focus on profitability thresholds, capital allocation, and long-term value creation across both our core and disruptive initiatives. We also reaffirm our medium-term targets, an ROE of 19.5% and an efficiency ratio around 42% over a three- to four-year period. These goals underpinned by scalable platforms, improving asset quality and disciplined growth.

Before turning to the quarter's results, let me take a moment to acknowledge the recent political developments in Peru and macro conditions across the markets where we operate. Late on October 9th, Peru's Congress voted to impeach President Dina Boluarte, citing permanent moral incapacity. Shortly after, the Head of Congress, Jose Jeri, was sworn in as President. This follows

a period of low approval ratings and growing public frustration with crime and governance. While broad leadership transitions have unfortunately become part of Peruvian landscape, the country has also demonstrated a long history of economic resilience and institutional continuity. At Credicorp, we've built our strategy and operating model for resilience. Our geographic and business diversification, strong capital and liquidity position, and disciplined risk management allow us to stay focused on delivery even as the external environment shifts. Over the past 30 years as a listed company, we've generated an annual total shareholder return above 14%, consistently outperforming our regional peers. That track record reflects more than strong financials. It speaks to a business model built to navigate uncertainty decoupled from macro cycles and anchored in long-term value creation. That's why when events like recent political changes unfold, we remain rounded and focused on what we can control. As always, we are monitoring developments closely.

The macroeconomic environment during the quarter was relatively stable with key indicators pointing to a global recovery across the region. In Peru, GDP growth for 2025 is now projected at 3.4%, up slightly above 3%. This revision is driven by higher-than-expected export prices and a boost to consumption following the eighth pension fund withdrawal. Domestic demand is forecast to grow nearly 6%, its fastest pace in over a decade outside the pandemic rebound. Driven by a more advanced economic cycle, record terms of trade control inflation supporting real wages and rising trade demand. These trends point to improving business conditions with mining investments outlook strengthened by favorable export prices and new project ramp-ups. Despite the upcoming 2026 elections, we expect GDP growth to remain resilient, between 3% to 3.5%, largely supported by sustained gains in terms of trade. With inflation forecasted at 1.8% for 2025 and 2% for 2026, it remains comfortably within the Central Bank's 1% to 3% target range. In September, the Central Bank cut its policy rate for the third time this year to 4.25%, bringing it close to neutral level. This easing cycle is already supporting credit growth and private consumption. FX markets and external balances also remained stable, supported by high commodity prices.

In Chile, GDP growth is driven by favorable terms of trade, mining investment, and resilient consumption, with a more broad market outlook boosting medium-term expectations. Colombia's GDP is expected to grow 2.3% in 2025, up from just 1.6% in 2024, though fiscal pressures keep market sentiment cautious. In Bolivia, economic adjustment challenges remain, but Rodrigo Paz's elections ends two decades of mass rule, raising hopes for a more pragmatic reform-oriented economic agenda. All in all, we continue to navigate a dynamic external environment with prudence, agility, and a focused approach to the areas where we can drive long-term value.

With that context, let me now walk you through the key results of the third quarter. We had another strong quarter with robust performance across our core businesses and consistent delivery on our strategic priorities. These results drove an ROE of 19.6% anchored in healthy operations and a proven risk posture. Universal banking and insurance and pensions delivered very strong results while microfinance continued progressing steadily towards its medium-term profitability target. Fee-based and transactional income also grew, underscoring the strength and diversity of our platform. Our innovation portfolio contributed 7.4% of our risk-adjusted revenue, keeping us firmly on track to our 10% target for 2026.

Turning to credit activity, dynamics improved, and FX-neutral loan growth accelerated to 7% year-over-year. Origination pipelines remain healthy, particularly in retail banking and microfinance, positioning us for further momentum in the fourth quarter. The positive credit momentum also supported margins. Risk-adjusted NIM stood at 5.5% in year-to-date figures, supported by better asset quality and our structurally efficient low-cost funding base. On the deposit side, we raised the share of demand and saving accounts to 39.5%, a direct reflection of our digital engagement

strategy and the trust we've earned from our clients. Asset quality also continued to trend favorably, benefiting from enhanced origination standards, refined risk-based pricing, and stronger collection execution. Lastly, from an operational standpoint, our efficiency ratio came in at 46.4%, well within our expected range, reflecting the leverage in our digital capabilities and our disciplined cost management. Capital levels remain strong across all businesses. With that, I'll turn it over to Alejandro to discuss our results and provide more insight into our operational and financial performance. Alejandro, please go ahead.

### **Alejandro Perez-Reyes**

Thank you, Gianfranco, and good morning, everyone. This quarter's 19.6% ROE reflects sustained momentum in our core businesses and the increasing contribution of our innovation portfolio. We revalued Bolivia's balance sheet using a more market-reflective exchange rate, which generated an accounting year-over-year contraction of 2.1% in Credicorp's total assets this quarter. As I discuss the quarter's highlights, I will focus on the year-over-year operating trends. Loans measured in quarter end balances increased 1.5%, negatively impacted by the revaluation of Bolivia's balance sheet and the depreciation in BCP's dollar portfolio. Excluding these effects, FX-neutral loan growth for the quarter was 7%. This increase was driven primarily by BCP mainly through mortgages and consumer loans in retail banking and by Mibanco.

Asset quality has improved materially year-over-year. NPLs contracted across the board, and Credicorp's NPL ratio stood at 4.8% this quarter. The cost of risk fell to 1.7% on the back of fortified risk management and supported by improvements in payment performance and in the Peruvian economy. Net interest income increased 2.7%, spurred by a contraction in interest expenses after interest rates fell and low-cost deposits expanded and accounted for 58.1% of the funding base. In this context, NIM increased to stand at 6.6%. Other core income grew 11.9%. Fee income increased 8.2%, boosted by transactional activity at Yape and BCP. Gains on FX transactions rose 23.4% through higher volumes at BCP. Lastly, the insurance underwriting result grew 33.1%, reflecting a stronger insurance service results in the Life business. On the efficiency front, our cost-to-income ratio stood within guidance at 46.4%.

Next slide, please. Peru's economic outlook remains positive despite former President Boluarte's impeachment. So far, there have been no significant impacts on key financial variables such as interest rates and the exchange rate. The pace of GDP growth accelerated in the third quarter to stand around 3.5% year-over-year. Domestic demand continued to outpace overall GDP growth as it has since mid-2024, expanding at a robust 6% for the fourth consecutive quarter. This sustained momentum is attributable to the mid-cycle phase of the economy and to the fact that the terms of trade are at the most favorable level seen in the past 75 years. High-frequency indicators continue to point to robust economic activity driven by a steady recovery in employment and real wages.

In terms of private investment, business expectations, one of its key drivers, remain in optimistic territory. Meanwhile, core proxies such as heavy-duty vehicle sales, capital goods, imports, and terms of trade continue to grow at a double-digit pace. We revised our year-end GDP growth forecast upward from slightly above 3% to 3.4% based on two main factors. First, export prices for gold, copper, and silver, which together account for half of Peru's local exports, have risen significantly faster than expected, driving terms of trade to record highs. Second, the eighth pension fund withdrawal is expected to boost private spending and support household consumption. We expect economic activity to remain strong throughout the coming year with GDP growth projected in the 3% to 3.5% range despite pending elections in 2026.

Next slide, please. The Federal Reserve lowered its policy rate for the second consecutive meeting in response to signs of a cooling labor market. Fed futures have moved, another probability of one additional rate cut in December is evenly split. In Peru, annual inflation has remained below 2% for 11 consecutive months, which constitutes one of the lowest prints for both advanced and emerging economies. Following the 25 basis points rate cut in September, which brought the policy rate down up to 4.25%, the Central Bank is close to what it considers the neutral rate.

In Colombia, inflation recently accelerated to 5.2% year-over-year in September, which remains above the upper bound of the target range of 4%. Inflation concerns coupled with fiscal challenges have led the Central Bank to keep its policy rate stable at 9.25% during the last three meetings. In Chile, the Central Bank held its policy rate steady at 4.75% during its most recent meeting. Inflation slowed to 3.4% year-over-year in October, the lowest rate in more than a year, boosting expectations for a December rate cut. This Sunday, Chile will hold its general election, and expectations for a more pro-market administration are seen as supportive for future growth.

Next slide, please. BCP maintained a solid ROE of 25.6%, which reflects resilient margins, diversified revenue streams, and low cost of risk. On a quarter-over-quarter basis, total loans measured in quarter end balances rose 1.7%. In FX-neutral terms, growth reached 2.4%, mainly driven by retail banking segment, which grew 3%, while the wholesale banking portfolio increased 1.8%. NIM stood at 6.1%, increasing 10 basis points on the tail of a shift in the asset mix. Other core income grew 1.6% fueled by fee income from Yape. NPL volumes fell 0.9%. In retail banking, NPL volumes declined led by individuals and as a close second by SMEs. Provisions rose 9.6%, reflecting both the recurring dynamics of retail banking and specific impacts within wholesale banking. In retail banking, provisions for individuals remained stable while provisions for SMEs rose slightly due to a base effect stemming from higher reversals last quarter linked to increased debt repayments in SME business. In wholesale banking, there was a relevant increase in the credit risk of one corporate client, which is currently paying up to date. The cost of risk edged up to 1.3, driven by the dynamics of provisions and loan growth, which were supported by favorable macroeconomic conditions in Peru. In this context, BCP's risk adjusted NIM stood at 5.2%.

From a year-over-year perspective, I would like to highlight the following dynamics. Loan balances grew 4.6%. However, loan growth in FX-neutral terms reached 7%, led primarily by retail segments and closely followed by wholesale loans. Retail segments and consumer loans in particular were favored by positive economic conditions while lower interest rates boosted growth in mortgages. In wholesale banking, middle market loans were up this quarter, bolstered by short-term lending to agri businesses. NPLs contracted across all BCP segments, primarily in SMEs and individuals. In individuals, the reduction in NPLs was attributable to repayments, which were fueled by higher liquidity, and through improvements in loan origination and debt collections management. NIM decreased 6 basis points, riding a downward trend in the yield on interest-earning assets and partially offset by a lower funding cost, both in line with market rate trends. The cost of risk fell across retail banking segments driven by improvements in payment performance after low-risk vintages increased their share of total loans supported by a strengthening economic backlog.

Other core income rose 10.8% fueled primarily by fee income, which reflected solid results in Yape and BCP. Gains on FX transactions, which grew alongside an uptick in transactional activity in retail segments, were a secondary driver of growth in other core income. The ratio for other core income to assets maintained its upward trend, which is the result of our initiatives to diversify BCP's income streams. It is worth noting that this evolution reflects our investments in technological capabilities to bolster our transactional platform. The efficiency ratio stood at 38.7%

at the end of the third quarter. Growth in operating expenses was spurred by provisions for variable compensation and hiring of [inaudible] talent for strategic projects.

Next slide, please. Yape continues to generate value across the Credicorp ecosystem with 15.5 million monthly active users, which is the equivalent of 82% of the economically active population. We aim to expand this user base to 18 million by 2028. Current users conduct an average of 58.5 transactions per month. Only 12% of these transactions generated revenue, indicating considerable room for further monetization. From a financial standpoint, revenue per monthly active user reached PEN 7.4 while expenses per mile stood at PEN 5, reflecting continued improvement in profitability and operational scalability. Although marketing campaigns aimed at driving feature adoption led to higher expenses in the quarter, no material shift in cost structure were observed. In the last quarter, revenue grew almost 2x year-over-year. Looking ahead, we expect revenues to triple by 2028, primarily driven by higher revenue per mile as users adopt more monetizable features.

Payments remain the dominant contributor, accounting for 53% of Yape's revenue, fueled by strong growth in QR, bill payments, and checkout functionalities. Lending continues to gain momentum now accounting for 20% of Yape's revenue. To date, over 3 million clients have received disbursements, 1 million of which constituted first-ever formal loans. Looking ahead, we aim to expand our disbursed client base to 8 million by 2028 as we deepen our understanding of user payment behavior and refine our risk management capabilities. In e-commerce, GMV continues to grow driven by Yape promos and gaming, establishing a third monetization pillar. In aggregate, Yape contributed 6.6% of Credicorp's risk-adjusted revenue this quarter, advancing its mission to deepen financial inclusion, scale monetization, and strengthen its strategic growth as the growth engine of Credicorp's digital ecosystem.

Next slide, please. Ongoing economic recovery continued to exert a positive impact on Peru's microfinance sector with Mibanco outperforming sector peers. In this context, Mibanco's profitability kept rising and stood at 18.8% this quarter supported by a rebound in loan disbursements in recent quarters and strengthened credit risk management. I would like to highlight key quarter-over-quarter dynamics. Loans grew 2.4% in quarter end balances, riding an upswing in loan disbursements, which hit an all-time high in September. The NPL ratio fell for the fifth consecutive quarter to stand at 5.7%. NIM picked up 15%, boosted by a shift in the mix towards small ticket higher yield loans. In parallel, the cost of risk fell 17 basis points to stand at 5.2% while risk adjusted NIM reached a four-year high of 11%.

From a year-over-year perspective, loans measured in quarter end balances grew 8%. Our active pricing management coupled with the decrease in cost of funding helped NIM increase. The cost of risk fell 101 basis points as lower risk vintages continue to gain traction and now account for 78% of total loans. Operating expenses remained under control, and efficiency stood at 51.4%. In this context, Mibanco's year-to-date contribution to ROE was 16%, transitioning towards our target for medium-term ROE in the low 20s. Mibanco Colombia's results continue to tick up, reflecting double-digit year-over-year loan growth, controlled risk management, and optimized efficiency supported by a more favorable economic environment for the microfinance sector. As a result, profitability stood at 12.3% at quarter end.

Next slide, please. At Grupo Pacifico, insurance underwriting results remained strong this quarter supported by solid operational dynamics in both the P&C and life businesses with ROE standing at 20.9%. On a quarterly basis, net income remained relatively stable. Insurance underwriting results rose 7% on the back of life business, which reported a decrease in insurance service expenses that was primarily driven by a drop in claims. The FASA business also posted an

improvement in its underwriting results, albeit to a lesser extent. These gains were partially offset by a decline in P&C underwriting performance impacted by higher claims. Growth in underwriting results was offset by a drop in net interest income associated with life insurance contracts. On a year-over-year basis, net income rose 23%, primarily on the back of Pacifico's full consolidation of the corporate health insurance and medical services operations. Excluding the consolidation effect, net income rose 10%. Insurance underwriting results rose for the life business, driven mainly by a decrease in claims on disability and survivorship and credit lifelines, and for the P&C business, which reported growth in direct premiums in the cars and medical assistance lines. These impacts were partially offset by higher operating expenses and by an increase in the net loss on securities, which was impacted by credit downgrades on a couple of assets in the investment portfolio.

Next slide, please. Profitability of our investment management and advisory business increased this quarter with ROE standing at 17.4%. On a quarter-over-quarter basis, core income-generating businesses delivered strong results this quarter, reflecting improved capital markets activity, particularly in the trading unit and continued growth in wealth management and asset management with AUMs in U.S. dollars up 6% and 14% respectively. These dynamics were partially offset by higher operating expenses. As a result, net income increased 10%. On a year-over-year basis, net income increased by 5% mainly due to favorable performance of the trading unit in our capital markets business and stronger treasury performance. These dynamics were partially offset by higher operating expenses.

Next slide, please. Now I would like to review Credicorp's consolidated evolution regarding quarter-over-quarter dynamics. Loan growth was fueled by retail segments, leading to a higher yield interest earning asset mix. As a result, the yield on interest earning assets rose 13 basis points. On the liability side, low-cost deposits registered an increase in their share of total funding, and bond maturities triggered a decrease in interest expenses. These favorable dynamics were partially offset by an increase in the balance of time deposits at BCP. As a result, funding cost decreased 1 basis point. On a year-over-year basis, the positive impact of a higher yield interest earning asset mix was offset by the negative impact of lower market rates. As such, the yield on interest-earning assets fell 9 basis points. On the liability side, interest rate dynamics complemented by our competitive advantage in local funding led the funding cost to decline 25 basis points. In this context, NIM stood at 6.6%, up 9 basis points. Going forward, growth in retail lending powered by our strengthened risk management capabilities should sustain NIM's growth.

Next slide, please. Moving on to loan portfolio quality. Asset quality showed slight further improvement this quarter as NPL volumes continue to contract across segments, falling to levels below those reported prior to the 2023 recession. Amidst ongoing economic recovery, provisions have dropped over the past 12 months due to an improvement in payment performance and successful risk management measures at both BCP and Mibanco. The positive impact of this improvement exceeded expectations, which kept provisioning levels low once again this quarter. In this context, the NPL coverage ratio rose and stood at 110.1%. Going forward, we will continue to accelerate retail origination while managing risks. In coming quarters, asset quality may improve from the back of a rising liquidity after the eighth pension fund withdrawal is rolled out from November 2025 to February 2026. Following that, we expect loan growth to recover its pace and the cost of risk to rise but remain within our appetite.

Next slide, please. Core income expanded 5.1% year-over-year, underscoring our ability to deliver consistent growth. Net interest income rose 2.7% supported by a stronger funding mix and a higher yield loan portfolio. This helped lift NIM to 6.6%, reinforcing the resilience of our margin. Other core income grew 11.9% driven by key momentum from Yape and BCP and a 23.4%

increase in FX gains on the back of higher volumes. As highlighted during our Investor Day, other core income is expected to play a growing role in Credicorp's strategy to diversify revenue sources. This includes scaling digital monetization to Yape, expanding bancassurance, accelerating growth through remittances, and deepening transactional engagements across traditional platforms. Risk adjusted NIM rose 50 basis points year-over-year to stand at a record high of 5.5%. This evolution reflects our risk management is becoming a competitive edge that enables expansion into new market segments. The efficiency ratio for the first nine months of the year stood within guidance at 45.7%. Operating expenses grew 12.8% fueled primarily by core businesses at BCP and by investments in our innovation portfolio. Growth in core expenses at BCP was driven mainly by provisions for variable compensation and higher IT expenses. Expenses for our innovation portfolio rose 16.1% led by Yape, Tempo and Culqi, which represented 83% of disruptive expenses in the first nine months of this year.

Next slide, please. ROE for the first nine months was 20.1%, supported by solid business performance and bolstered by the extraordinary gain from the Banmedica transaction in the first quarter of the year. If we adjust for this transaction, ROE is 19.3% for the first nine months. On an accumulated basis, net income reached a record high even when excluding the gains from the Banmedica transaction. We achieved this by leveraging low cost of funding, a reduction in the cost of risk, and an increase in lending. We are committed to generating diversified and robust revenue stream as we ramp up revenues from other core income and transition toward a stronger, more resilient business model.

Now I'll move on to our guidance. Next slide, please. As previously stated, we maintained our GDP guidance as we expect GDP to grow 3.4% this year. We expect our loan book to grow around 6.5% year-over-year measured in end-of-period balances. These figures do not consider the impact of the asset revaluation at BCP Bolivia but do include the revaluation of the U.S. dollar against the Peruvian sol. Amid a more dynamic economic backdrop and strengthened origination levels in the first nine months of the year, we expect balanced growth to continue accelerating in the last quarter, driven primarily by retail banking at BCP and by Mibanco. The acceleration anticipated for loan growth in the shift in the mix -- and the shift in the mix towards retail should support NIM as interest rates trend downward. Accordingly, we expect NIM to stand within our guidance range.

While an increase in the cost of risk is anticipated in the final quarter driven by a stronger focus on lending to higher-yielding segments, we expect it to close at the lower end of the guidance range. Accordingly, we expect the risk adjusted NIM to move closer to the upper end of the guidance. On the efficiency front, we expect to be within our guidance range. Regarding fee income and insurance underwriting results, we expect growth to stand at low double digits this year, supported by an acceleration in economic activity and ongoing diversification of our income sources. As a result, we maintain our full year ROE guidance at around 19%. This figure reflects both solid core performance and sustained discipline on the risk front. While local political uncertainties remain, we believe the fundamentals are in place to support this level of profitability. With these comments, I would like to open the Q&A session.

## **QUESTION AND ANSWER**

### **Operator**

Ladies and gentlemen, at this time, we will begin the question-and-answer session. If you would like to ask a question, please signal by pressing star and then one on your telephone keypad. If you have connected to the call using the HD web phone on your computer, please use the keypad on your computer screen. If you are using a speaker phone, please make sure your mute function

is turned off to allow your signal to reach our equipment. We will pause for just a moment to allow everyone the opportunity for questions. We also ask that you please only ask one question at a time. After your question has been addressed by our speakers, you will then be allowed to ask as many follow ups as need, but again, please ask only one question at a time. Thank you. Our first question comes from Ernesto Gabilondo from Bank of America. Please go ahead with your question.

**Ernesto Gabilondo**

Thank you and good morning, Gianfranco, Alejandro, Cesar, Francesca, Milagros, and good morning to all your team. Happy Friday. Thank you for the opportunity to ask questions. My question will be related to asset quality. So, NPLs and cost of risk are behaving much better than expected this year, is well below your guidance provided. You mentioned you're expecting cost of risk to be at the low end of the guidance. It should be around 2%. So, my question is, if it's not too conservative, this guidance, because cost of risk will have to be above 2% in the last quarter, so I just wanted to hear your thoughts on that. Looking to 2026 that probably you will accelerate the growth into high-yield segment. How should we think about the cost of risk? Should we start about 2% or similar guidance that you have provided this year? Thank you.

**Gianfranco Ferrari**

Good morning, Ernesto. This is Gianfranco. Allow Cesar to get into the details.

**Cesar Rios**

Hi, Ernesto. Thank you for the question. I would say that, in fact, the results are better than we initially expected at the beginning of the year. Is a combination of better results in the measures taking in the risk management front but also a more dynamic economic backdrop. As we were mentioned and Alejandro has been highlighted, the economy is growing faster particularly if you consider consumer spending, and this is positive for the quality of the portfolio. And at the end of the year, another factor is that we are going to have liquidity events, the withdraws that are going to impact negatively, we'll say, loan growth but positive credit quality. So, this is going to contribute to the numbers that we are laying out. And actually, Alejandro mentioned in the guideline that the cost of risk is going to be around the lower end, and the lower end is 1.8%. That's the first part of the question. And the second part, what we expect for the next year is to increase gradually as we have mentioned previously the shift in the composition of the portfolio. But I will again emphasize that the positive thing is that we expect to do that, increasing the NIM. And so, the risk adjusted NIM should also increase in absolute terms in relation to the current levels.

**Ernesto Gabilondo**

Excellent. Thank you very much. And just for a second question is on OpEx growth. So, we noticed this quarter came at a double digit. As you mentioned, the idea is to have revenue growth outpacing OpEx growth over the next years. But how should we think about OpEx growth next year? I don't know if you can break it down, your expectation of OpEx growth. How much will be related to the disruptive initiatives like Yape, Tenpo, and how much to the ongoing business?

**Gianfranco Ferrari**

Alejandro?

**Alejandro Perez-Reyes**

Sure. Yes. So, we have seen important operating expenses growth this quarter, but it's inside of our guidance as we've mentioned. So, it's been planned as we are revamping capabilities both in the core business and the innovation part. We expect to continue to invest in the future but in the core business, probably at a lower speed than what we've seen in this year because again we've

done some particular projects during this year. So, it should come a little bit lower. And on the innovation side, we'll probably remain in similar numbers that will allow us to generate more income and hence go to our mid-term target that Gianfranco mentioned of 42% in the next three years -- around three years. So, you should see a little bit of a lower growth of expenses in the core business and similar growth in the innovation part.

**Ernesto Gabilondo**

Okay. Perfect. Thank you very much.

**Operator**

Thank you. Our next question comes from Brian Flores from Citi. Please go ahead with your question.

**Brian Flores**

Hey. Hi, team. Good morning. Thank you for the opportunity to ask questions. I have a question related to growth, right, because your long-term guidance of ROE is 19.5, and as you mentioned, you were ramping up. The economy is going well. Just wanted to see what should we think about the first quarter of the year given the political uncertainty. We have elections in April. So, just wondering if we might see some deceleration in the first quarter as mostly corporates tend to be a bit more cautious, and as you mentioned, there are some impacts from withdrawals probably carrying into January, February. So, if you think maybe we could see ROE levels similar to this year, which obviously are very positive, or do you think we are I would say converging into this 19.5 long term in a sooner way? And then I'll ask my second question. Thank you.

**Gianfranco Ferrari**

Sure. Hi, Brian. This is Gianfranco. I'll answer the uncertainty question regarding elections next year. And maybe based on data, if you do a back testing on what has happened in the last four or five elections, whatever, there's always -- so the previous year, there's basically no reduction in terms of growth, long-term growth or investment and so on. However, there is a slowdown over the last four elections, and there's a slowdown in the first quarter of the year of the election. So, that's in line to what you're implying in your question. Having said that, it's a tricky question because of what Cesar and Alejandro mentioned before. The pace of growth in terms of GDP, consumer -- consumption in general, trade balances and so on, some of those indicators are at record levels for the last, I don't know, 10 years. Actually, trade balances is at record levels over the last 70-plus years. So, it's tricky. So, if you force me to give you an answer, my personal opinion is that next year -- the first quarter of next year is not going to be as low as what has happened in previous elections. Regarding ROE for the upcoming years, we will provide guidance next year -- next call actually rather than nowadays -- than today. Sorry.

**Alejandro Perez-Reyes**

I also want to complement in a couple of comments. Again, Gianfranco has mentioned the economy is finishing the year very strongly. Just a couple of points. Private investment in the last quarter the third quarter of the year grew 10.4%. That's the highest since 2013. We already mentioned private consumption. So, we are entering the year with a very positive situation. So that's -- basically, there's going to be some election-related effects, but again, it's interesting to see which one is weighting more. So, we're not expecting a big change in the first quarter. Having said that, there is also the aid withdrawal from the pension plan, and what we expect is for it to have an effect of around 0.5% in growth -- in less growth but more related to the extra cash in the hands of our consumers and the prepayments in loans based on that. But again, in this economic backdrop, we expect next year to -- I mean, we'll give guidance in the next call, but we expect next year to be a strong year in growth for Credicorp.

**Brian Flores**

No. Perfect. Just to clarify, that 0.5% impact is full year or is it year-over-year in the first quarter?

**Alejandro Perez-Reyes**

It is full year, but it's going to be probably very much in the first quarter because the withdrawal starts in November and finished in February. So, it is -- the full year effect is 0.5 percentage point, but again, probably very concentrated in the first part of the year.

**Brian Flores**

No. Okay. Perfect. And then just to confirm, the -- I mean, the base line that we should think about in terms of growth is, based on what I understand, similar to this level of 2025, right, that it's in the guidance?

**Alejandro Perez-Reyes**

Well, we'll give guidance again in the next call, but the way I would put it is, if you think about 2025, the beginning -- the first half of 2025 growth wasn't very strong. It's accelerated in the last quarter. So, I would say that there's probably an opportunity to even better grow when you consider a full year in 2026.

**Brian Flores**

No. Perfect. I really appreciate the clarification because, as Gianfranco was saying, this is indeed a tricky question, and it has a lot of moving parts, so I really appreciate. If I can just very quickly on my second question. Yape's contribution nearly close to 7%. Just wondering if we can envision double-digit contribution by 2026.

**Gianfranco Ferrari**

Definitely. Yeah, very probably.

**Brian Flores**

Perfect. Thank you. Thank you, team.

**Operator**

Our next question comes from Renato Meloni from Anonymous Research. Please go ahead with your question.

**Renato Meloni**

Hi, everyone. Congrats on the results. It's Renato from Autonomous Research here. So, just a -- first, a quick follow-up on loan growth. Just like picking up on your earlier comments, just wanted to know if you should expect to reach the loan growth guidance for this year and if that's FX adjusted or just the nominal value. And then my second question is on the NIM expansion. I just wanted to reconcile your comments because, I mean, we can see the mix shift here driving yields higher, but at the same time, you're commenting on these like lower risk vintages. They're positively impacting cost of risk. So, I just wanted to put these two together and see what really happened here. Thank you.

**Gianfranco Ferrari**

Yeah. Alejandro, would you take that, the first one? The first one was the loan growth.

**Alejandro Perez-Reyes**

Sure. So, loan growth, I would say that it's -- the number we've given in guidance is nominal, but it does consider the adjustment of Bolivia's restatement, okay, which is just an accounting standard because we're using a different exchange rate. So, it's not considering any impact of the sol-dollar exchange rate. And we do expect to reach it. I mean, if we consider the retail growth we've seen in the third quarter, just by continuing with that retail growth and having some wholesale growth, we should be able to be around that area. And again, with the economic backdrop, we believe it's very achievable in this year.

**Gianfranco Ferrari**

Yeah. Go ahead, Cesar, the second question.

**Cesar Rios**

Yeah. The second question. I understand your question because you say it's a combination of better quality but after the better quality, higher cost of risk. The issue is that we are talking about fundamentally of two different portfolios. We have been improving the quality of originations, so the traditional portfolios are having less cost of risk gradually. And, as Alejandro mentioned, as the year goes, we have more of newly originated part of the portfolio in relation to the originated portfolio in year 2023 that came with higher cost of risk. So, this is a trend that goes the cost of risk down. As the year passes, we are starting to originate in new segments with purposely higher cost of risk, higher margin, and this percentage is growing gradually. So, the combination of these factors explains the initial draw, diminishing the cost of risk and the gradual improve as the year ends and the next year began. I don't know if it's clarified the points.

**Renato Meloni**

No, that's pretty clear. Thanks very much and again congrats on the results.

**Gianfranco Ferrari**

Thank you.

**Operator**

Our next question comes from Yuri Fernandes from JPMorgan. Please go ahead with your question.

**Yuri Fernandes**

Thank you for the opportunity to ask questions. I have one regarding Bolivia. I know this year has been volatile on FX, the impairments like the readjustments, right, on the portfolio deposits, but now there was an important political shift in Bolivia. I know this is small for your entire operation, but this quarter, it was already better. So, if you can comment on what you expect for Bolivia if the elections -- like the new President should have any tailwind for you going forward like any security gains you may have. Just trying to understand if Bolivia from headwind in the past years may become a tailwind for you here. Thank you.

**Gianfranco Ferrari**

Hi, Yuri. Let me take that question because I believe you know that I ran that bank for three years, so I'm quite knowledgeable about Bolivia. So, even though it's very early stages for the new government, the initial definitions or decisions they've made are -- they're giving very positive signaling. The executive cabinet is very pro-market and professional. They just appointed I believe yesterday or the day before the new Central Bank President. He's a very well-seasoned technical guy. So, the initial indicators are quite positive. As you mentioned, Bolivia has -- the Central -- BCP Bolivia, sorry, has been small for us. I've been seeing it as an option value for us. And that option may become quite relevant going forward. We're positive on what Bolivia can -- what can

happen in Bolivia as a country. Having said that, there's a lot to be done on the political and economical and social matters for the government. But we're quite positive with the potential outcomes going forward.

**Yuri Fernandes**

No, thank you, Gianfranco. We'll keep asking about the updates, but good to know that you have the optionality there. If I may, just a quick second one, payout and dividends. Your capital accumulation has been pretty strong. I know you have the cash payment of the legal debate you have on the taxes. But what should we expect here? Like guide us through capital returns for shareholders. Thank you.

**Gianfranco Ferrari**

Yes. Can you take it, Alejandro?

**Alejandro Perez-Reyes**

Yeah. Hi, Yuri. So, basically, this year, the payout has been 58%. And as you alluded, we did that in just the regular dividend. We didn't pay an extraordinary dividend. Going forward, I mean, there's growth in our business that, of course, consumes capital, but we do expect to maintain our increasing ordinary dividend and potentially with also extraordinary dividends. And I would say probably payout ratios should be higher than this year in the high 60s. But again, it's going to depend on whether there's any particular transactions. There's always the possibility of something that changes that. But in ordinary business, we should see an increase from this year not necessarily to the 2024 level where we had a payout of 75%. But we were generating a lot of income without loan growth, so that, of course, doesn't consume capital. But again, higher than this year and with increasing ordinary dividends is what I would think we're going to see in the coming years.

**Yuri Fernandes**

Right. In the case of inorganic acquisition, like which areas do you see value for? Like insurance, you just had Banmedica. But anything that is important for Credicorp nowadays?

**Gianfranco Ferrari**

So, nothing relevant, Yuri, as we speak. As we mentioned -- actually, Alejandro just mentioned it. We will retain whatever is needed for financing growth including potential inorganic operations. Everything else will be paid as dividend, and the idea is to keep increasing the regular dividend. But as we speak, there's nothing relevant in terms of M&A.

**Yuri Fernandes**

No. Perfect. Thank you, Gianfranco. Thank you, Alejandro. And congrats on the quarter this year.

**Gianfranco Ferrari**

Thank you.

**Operator**

Our next question comes from Lindsey Shema from Goldman Sachs. Please go ahead with your question.

**Lindsey Shema**

Hi. Good morning and thank you for taking my question. Just a follow-up on the impacts of the eighth pension fund withdrawal. I was wondering if you could kind of weigh the impacts against each other. I mean, it sounds like there's going to be better asset quality but slower loan growth.

And then are you seeing any impacts to Prima? And then net-net, how are you seeing the impacts on the business? And then I'll ask a second follow-up afterwards.

**Gianfranco Ferrari**

Yeah. Alejandro?

**Alejandro Perez-Reyes**

Yeah, sure. So, the withdrawal is going to be -- we expect it to be around PEN 25 billion. If we think about the usual share we've retained inside Credicorp, that could be around PEN 10 billion. So, there's a positive impact in local funding. We expected that to be around 1% more than we already expected in local funding both this year and next year. So, that's a positive. As I mentioned, in loan growth as Credicorp, we are expecting around 0.5 percentage point less of loan growth next year, so that is a negative impact for the coming year. As for Prima, the impact this year are very, very small if you consider that this actually impacts basically fee income and it's happening very late in the year. Next year, there's certainly going to be an impact in fee income of around 10% of fee income if the numbers that we're assuming of withdrawal remains in place.

**Gianfranco Ferrari**

Yeah. Maybe just a quick comment that goes beyond your question actually, and we've been saying it for a couple of years already is, unfortunately, we believe that the pension fund -- the pension system in Peru has been destroyed by the politicians. We've been quite active in the past in trying to come up -- we have reasonable proposal that hasn't been taken into consideration. So, hopefully, in the upcoming years, that pension fund system, both a public one and the private one, can be fixed, and we come up with a value proposition and structuring that is reasonable for Peruvians. Otherwise, there's going to be a major issue, I don't know, 10, 15 years down the road.

**Lindsey Shema**

Thank you. And then for my second question, you continue to see strong loan growth at Yape. Could you provide an update on the unit economics, especially as you've started to increase the multi-installment loans?

**Alejandro Perez-Reyes**

Yeah. I mean, as I mentioned, we are scaling the multi -- as you mentioned, the multi-installment loans in Yape. Today, that -- I mean, the cost of risk in that versus the rate that we're charging, it's a very positive business. It's still small, so we expect to scale it going forward. I don't have the unit economics to share at this time. But again, it is a growing business that should -- today, it represents around 20% of Yape's income, the whole lending business, and we expect it to continue growing and become an even more important contributor to Yape.

**Gianfranco Ferrari**

Maybe to complement Alejandro's answer for you to understand how we're managing the loan book at Yape, we start lending -- so, bear in mind that this is mostly unbanked or underbanked. So, we start lending mono -- installment, mono quotas, very small ticket loans. And as we gain info and data from the customers, we shift them or increase the value prop in terms of tenor and size of the ticket. Both the mono quota overall and the multi-installment are profitable businesses. So, again, we don't have the unit economics of each single loan, but we manage them by -- actually by vintages, and overall, the results are positive.

**Alejandro Perez-Reyes**

Yes, and it has a very positive in the population because it's -- for more than 1 million clients, it's the first loan that they have gained access to.

**Operator**

Our next question comes from Daniel Vaz from Safra. Please go ahead with your question.

**Daniel Vaz**

Hi. Hi, Gianfranco, Alejandro, Milagros, the whole team. Congrats on the strong performance. Very good results. I'm particularly interested on Mibanco here. It continues to surprise us, right? So, I think ROE expansion, maybe improving asset quality also with good NIMs. And you're coming from years, I guess since maybe 2023, that your loan growth has been decreasing, right? So, now -- right now, we see a loan growth on the positive side coming from like 1% last quarter to 8% right now. So, also, very strong numbers in Colombia. I noticed like 20% year-over-year growth. So, looking at the whole picture, correct me if I'm wrong, but this outperformance and also controlled asset quality should give you even more confidence to accelerate growth in Mibanco, right? So, I guess looking at -- ahead like 2026, I would expect this loan growth to migrate like from, I don't know, maybe single digit to low teens, maybe mid-teens level portfolio growth, right? So, you're seeing very, very good asset quality ROE expanding. Is this the case? I mean, should we think Mibanco like this to the upcoming quarters? Thank you.

**Gianfranco Ferrari**

Thank you, Daniel, for your question, but let me get a couple of steps back to answer -- for you to have a more holistic vision. The whole microfinance sector in Peru has been hit very harshly over the last four, five years. This is the worst combination because rates went up, so the funding -- and most of the microfinance institutions, funding is not retail funding or transactional funding, is time deposits or capital market -- local capital markets. So, rates went up that were -- they weren't able -- I'm talking as a system. They weren't able to pass through that increase in rate. Cost of risk went up. Therefore, margins were really squeezed. On top of that, and I've always been very critical about it, the microfinance institutions, at least in Peru, the whole transactional business, fee income, and so on, and this is the case of Mibanco, is very weak. So, you see that they have the perfect storm over the last three, four years. Going forward, and I totally agree with what you just said regarding lending because -- at Mibanco because we expect -- the quality of the portfolio has already improved dramatically. The new vintages are performing better than the old vintages. So, we are quite positive on the lending business going forward. On top of that, Mibanco -- and this is a more long-term strategy. On top of that, Mibanco is currently working in complementing that business. So, in the next few years, you'll see that the fee income business, transactional business is going to grow at a faster pace than the lending business or the lending of that margin because we are focusing in bringing more transactionality to Mibanco, and the collateral effect is that the cost of funding should go down also.

**Daniel Vaz**

No. Thank you. Very, very good [inaudible] upcoming quarters. Very exciting in numbers for Mibanco here. Thank you.

**Operator**

Our next question comes from Carlos Gomez from HSBC. Please go ahead with your question.

**Carlos Gomez**

Thank you. Good morning. Congratulations particularly on Yape and particularly on Bolivia. You really took my question because I know that is close to your heart. But in that regard, you have the changes in Bolivia. You have the elections in Chile, the elections in Colombia, as well as Peru, so it seems to me that you might have a target-rich environment for investment around the region.

Does that make you more inclined to perhaps invest more and distribute less? And if so, do you have a particular geographical difference right now? That will be the question, yes.

**Gianfranco Ferrari**

Yes. Good morning, Carlos. Our region -- so, again, Credicorp has been here for 30 years. BCP has been here for over 130 years. So, actually, the vision we have goes beyond the political environment. Obviously, political environment impacts the performance of our countries and our appetite. Having said all of that, we are quite positive to what could happen, especially in Bolivia, Chile, and Peru. Let me provide you more detail. It's not only because -- it's not because of the change in government and government -- the upcoming government being more pro-market or whatever. That's definitely relevant. But more relevant than that is what's going on with commodity prices, specifically copper and lithium and gold in the case of Peru. So, copper prices -- and you guys -- or your banks know more than we do. Copper prices should stay at high levels for a long period because of the investments that are being done in data centers and that data centers consume a lot of energy. And lithium, it's a matter of the transition, sorry, to electric vehicles and so on. And gold is like a hedge to the dollar basically. So, we are positive on that. And while both Chile and Bolivia are very relevant in lithium reserves, both Chile and Peru are really relevant in copper reserves. So, the whole -- there are a lot of moving pieces, but the whole environment -- we see a very much -- a much more positive environment for the upcoming years when you compare that environment to what we have had in the last, I don't know, four, five years in these three countries.

**Carlos Gomez**

We're happy to hear. Thank you so much. And if I can sneak in one more question on the rates. Could you give us an update on your sensitivity to rates, both U.S. dollars and soles? Thank you.

**Gianfranco Ferrari**

Alejandro?

**Alejandro Perez-Reyes**

Sure. Hi, Carlos. The -- again, we've talked about this before. So, we have a theoretical number of 100 basis points decrease in rate both in soles and dollars parallel shift. That number today is at 17 basis points. 15 of those come from the dollar part of the book and just two on the soles part. Again, this is a very theoretical example, and as I mentioned -- and I mentioned in the Investor Day, actually, what we've seen in practice is our NIM growing while the rates in Peru has come down more than 300 basis points. So, the theoretical [inaudible] 17 basis points. We are expecting actually NIM to continue very strong and risk adjusted NIM to grow in the coming years.

**Carlos Gomez**

Thanks for the update.

**Operator**

Our next question comes from Marcelo Mizrahi from Bradesco BBI. Please go ahead with your question. Marcelo, is it possible your phone is on mute? Okay. We'll move on to our next question. We have Andres Soto from Santander. Please go ahead with your question.

**Andres Soto**

Good morning, all. Thank you for the presentation. My question is regarding Yape and some of the numbers that you mentioned during the call. You said you expect revenue in Yape to triple by 2028. And the revenue in Yape already represents 6.5% of Credicorp total revenue, so it will be fair to assume that, by 2028, that number should increase to 15%, the revenue contribution from

Yape? And if so and making assumptions also regarding the efficiency, the contribution to the bottom line should be in excess of 20%. Is this the way that you guys look at this?

**Alejandro Perez-Reyes**

Yeah. Well, to your point, Yape is going to be a mere contributor year-over-year for Credicorp. We are expecting it to be around the 15% mark of not necessarily revenue but net result for Credicorp in the next three years or so.

**Andres Soto**

Okay. But even in that conservative assumption, Alejandro, if it represents 15% of income of earnings in 2028, currently, when you look at the fourth quarter, it represented less than 5%. For the full year, I would say 2.5%, something like that. You will see an earnings accretion in excess of 10% of the level that you have now, and the ROE of Credicorp is already at 19%, even higher than that. So, the ROE by 2028 should be 21%. My point here is the 19.5% that you present as a medium-term target sounds conservative considering the potential for earnings accretion coming from Yape.

**Alejandro Perez-Reyes**

Sure. No, I think your numbers are -- make a lot of sense. We mentioned around 19.5%. And again, we have elections in all the countries in this coming year, so we certainly -- I would say we are usually conservative in that kind of use. We're certain -- we'll come back and revise that at a later time when there's more certainty on the political outlook for other countries. But again, if everything works as planned, probably around 19.5% will be on the higher end of that concept for sure. But again, we'll come and revise that later.

**Gianfranco Ferrari**

[Inaudible]

**Alejandro Perez-Reyes**

No. I mean we're going to be around 19.5%. We're going to be on the ramp to the upside more than to the downside. That's what I'm trying to say.

**Gianfranco Ferrari**

Andres, your pushback is -- this is Gianfranco. Your pushback is correct. But again, even though we're positive on the outlook of what could happen in the region, we're still in Latin America. So, volatility is part of the game. And that growth in terms of income at Yape, there are a lot of assumptions, a lot -- there's execution risk and so on. So, you know us for a long time. Yes, our outlook or our guidance is on the positive side, and Yape may have a relevant -- positive impact on the upside of that.

**Cesar Rios**

Not today. But in three years can be also a little bit of cannibalization between several vehicles. That is not relevant at all now.

**Andres Soto**

Yeah. That's a fair assumption, Cesar, but the cannibalization will come against Mibanco, and this will be with a much higher potential for ROE. So, it will be even accretive if that comes to happen.

**Gianfranco Ferrari**

You're totally right, Andres. The cannibalization should generate value rather than destroy value.

**Andres Soto**

Okay. Sounds good. Thank you, guys, and congratulations on the results.

**Operator**

Thank you. Our next question comes from Alonso Aramburu from BTG. Please go ahead with your question.

**Alonso Aramburu**

Yes. Hi. Good morning and thank you for the call. Just following up on your recent comments. You mentioned that Yape is doing a pilot for the SME segment. So, I'm just wondering if you can give us some color on that. How different is that to the strategy you're following compared to Mibanco? Is this targeting the same Mibanco clients or are these different clients? Are you using reps to visit some of these clients? Just give us some color into how you're approaching this via Yape.

**Gianfranco Ferrari**

Good morning, Alonso. This is Gianfranco. We're approaching Yape in a very different way than -- a different model than the Mibanco model. It's basically based on transactions we gather through the app. So, there's basically no human contact. That said that model is much cheaper, much more efficient than the Mibanco model, but it's an untested model. So, we're at the very initial stages even though the vintages, which are not relevant yet are performing quite well. But you see that the Mibanco model is a more expensive model, but it's a very proven model with high ROEs, high NPS, and so on, whereas Yape is an untested model. We still see that there's a lot of space. The larger one is the unbanked or underbanked. But still, Mibanco only has 20-plus percent of -- low 20s market shares in the microfinance business. So, there's a lot of space for gaining share overall. As Cesar mentioned before, as of today, we are not worried whatsoever in terms of cannibalization between Mibanco and Yape. Maybe, I don't know, two, three years down the road, we may rethink the whole approach to the microfinance SME businesses here in Peru.

**Alonso Aramburu**

Thank you, Gianfranco.

**Operator**

Once again, if you would like to ask a question, please press star and then one. To withdraw your questions, you may press star and two. Our next question comes from Marcelo Mizrahi from Bradesco BBI. Please go ahead with your question.

**Marcelo Mizrahi**

Hello, everyone. Thank you for the question. It's my first time here. Very good to be here with you. So, my question is regarding the insurance business. So, in the last couple of quarters, the loss ratios are going down on life and also in Crediseguro [sp]. My question is to look forward if it is recurring. So, look forward, these loss ratios will return to the levels of 50% on life or not. This is a new level of loss ratios to this line and looking to the Crediseguro, the same question. Thank you.

**Alejandro Perez-Reyes**

Sure. Hi, Marcelo. There's been a particular effect on the survival business related to a restatement done from some pension plans on the number of people registered. So, the thing is it's been an unusual positive result, and it should go back to more normalized levels going forward.

**Marcelo Mizrahi**

Okay. But those levels are around 20%, 30% loss ratios, or they will come back to 50% as they was in the last year?

**Gianfranco Ferrari**

Let me -- so, the short answer is what Alejandro mentioned. There are some exceptional impact on the loss ratios this quarter. Going forward, to your question that is, is it going to be back at 50, if I were to provide a short answer it would be yes. A more structural answer is that, the further we go into the bancassurance and life insurance business on a more retail and lower-end segment, that the ratio should improve. Margins there are better, so it's not that we're going to have the ratios we have this quarter but in the medium to long run that the ratios we have in the past should be better going forward.

**Marcelo Mizrahi**

And the last one about insurance. So, do you guys believe that this line will maintain this pace of growing more than the other lines so it will generate value, add value comparing to the other lines of the bank? Thank you.

**Gianfranco Ferrari**

So -- yes, a great question. We always talk about the financial system in Peru is underpenetrated and so on. When you see the level of penetration in insurance, is -- that's even -- I don't know if the word is worse or better, worse in terms of receiving -- the Peruvian population coverage but better in terms of business opportunity. So, going to your question, we are quite positive that that business should grow at really high rates for the upcoming years, and we're working very heavily on deploying new products, new channels, improving value propositions and so on so as to reach the underinsured in Peru.

**Marcelo Mizrahi**

Okay. Thank you very much.

**Gianfranco Ferrari**

Than you.

**CONCLUSION****Operator**

And ladies and gentlemen, there appear to be no further questions at this time. I would like to turn the floor back over to Mr. Gianfranco Ferrari, Chief Executive Officer, for closing remarks.

**Gianfranco Ferrari**

Thank you. We're entering the final months of the year with strong operating foundations and a clear sense of strategic direction. I want to reiterate the core message we shared at our Investor Day. Our strategy is built not just to perform in favorable conditions but to endure and thrive across cycles. Over the past four years, we have grown net income 3x faster than Peru's nominal GDP, driven by the strength of our diversified business model, scalable platforms, and disciplined execution. In that context, we've raised our medium-term ROE target from around 18% to approximately 19.5, reflecting the benefits of a more inclusive digitally enabled business as we expand into new segments and broaden our addressable market. To get there, our strategy is focused on unlocking operating leverage and driving sustainable profitability. We will deliver higher risk-adjusted NIM through a more retail-oriented loan portfolio while increasing transactional and noninterest income from our disruptive initiatives. Together, these drivers will

accelerate income growth, enhance efficiency toward the 42% level, and strengthen our ability to generate superior long-term returns.

At the same time, we remain mindful of the broader context. While Peru continues to face political uncertainty including its seventh presidential transition in under a decade, its macroeconomic institutions remain intact. This is a familiar pattern, political volatility coexisting with economic resilience. That said, political uncertainty does carry an opportunity cost, and we hope that, in time, greater political stability will allow the country to fully unlock its growth potential. Early signs from the new administration point to a more pragmatic tone and renewed efforts to engage the private sector. Business sentiment is gradually improving with more companies planning to invest, hire, and expand activity in the upcoming quarters. In this environment, our focus is clear: execute with discipline, expand financial inclusion, and deliver long-term value for our shareholders and the societies we serve. Thank you for your continued trust and partnership.

**Operator**

Thank you, ladies and gentlemen. This concludes today's presentation. You may now disconnect your lines.

**Gianfranco Ferrari**

Thank you.