

CREDICORP 

Earnings Conference Call 1Q 2020



COVID-19 dynamics at Credicorp: Our response

We are thankful for and impressed by the drive, engagement and collaboration of our teams

Ensuring the well-being of our employees and clients

Employees



- ◆ **Biosecurity protocols** activated, including deep cleaning and disinfection of work and service areas
- ◆ **Our more than 19 thousands of front-line employees have received protective equipment**, transportation services, lunch boxes, etc.
- ◆ **Incentives and performance indicators at the branch level** currently prioritize service over sales
- ◆ **95% of office support** functions working **remotely**
- ◆ Focus on fostering **physical, emotional and financial stability**

Alleviating financial pressure on clients

Clients



- ◆ **Over 1.5 million clients** have benefitted from **debt reprogramming** across Peru, Colombia and Bolivia
- ◆ **+1.5 million** retail clients have benefitted from **fee waivers** for credit cards and nationwide/interbank transfers
- ◆ **SME-Business clients are receiving liquidity facilities** through **Reactiva Perú and FAE** programs
- ◆ **Pacifico's clients** are receiving **COVID-19 coverage**; can reprogram **premium payments**; and receive **partial reimbursements** for Car premiums
- ◆ Clients across LoBs are benefiting from **digital channels**

Ensuring continuity of service provision

Business Continuity



- ◆ Effectively **implemented home-office** in each LoB
- ◆ Executed **physical and cyber security** measures
- ◆ **Reduced branch capacity** and limited working hours in line with government measures and demand
- ◆ **Provided support to suppliers and partners** to ensure **service continuity**
- ◆ Successfully **implemented a contingency plan to ensure liquidity and solvency** across our LoBs

Supporting our communities in times of crisis

Social



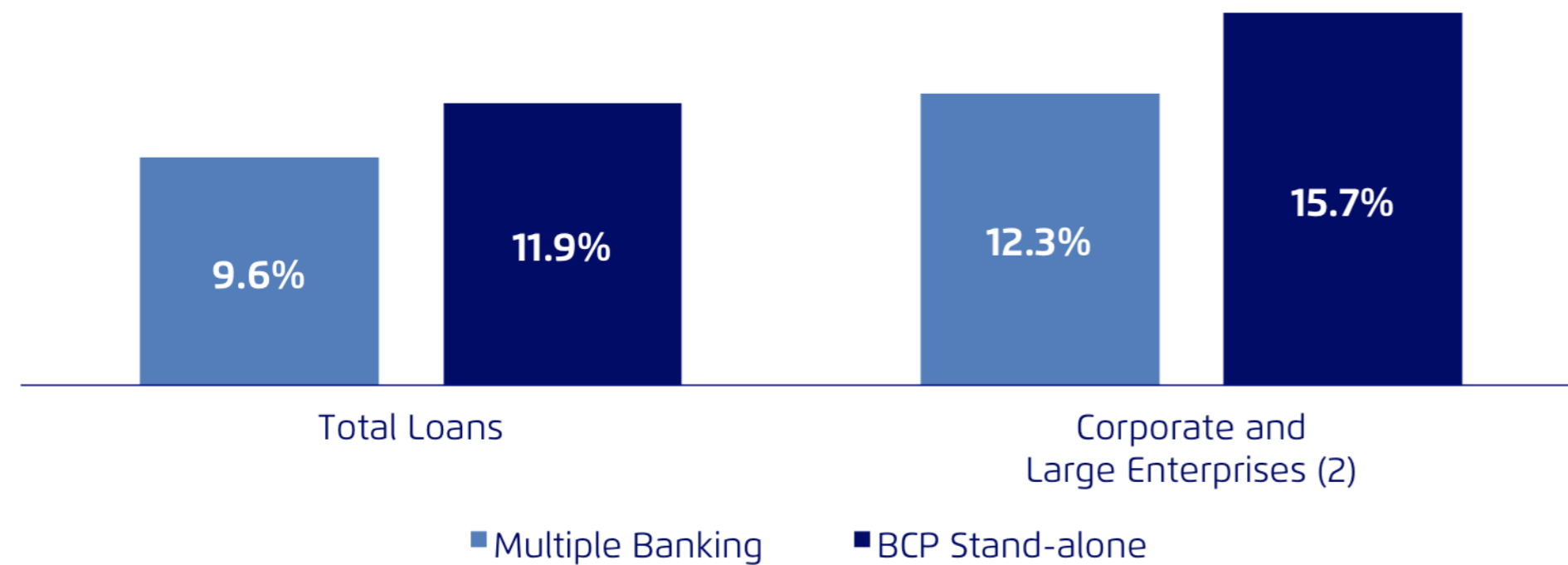
- ◆ **Benefitting 160,000 vulnerable families** through donations
- | Contributions (millions) | BCP | mibanco | Individuals & enterprises | Total |
|--------------------------|--------|---------|---------------------------|---------------|
| | S/ 100 | S/ 10 | S/ 16 | S/ 126 |
- ◆ Bolstering the wellbeing of **front-line national emergency workers** -health professionals, police and army- through a **S/5 million donation of Pacifico life insurance policies**
 - ◆ **Supporting the Health and Social Inclusion Ministries** in designing and executing relief measures through **our health and banking networks, benefiting thousands of families**

COVID-19 dynamics: Our strong franchises stand stronger

In this context, our clients rely on the strong relationships we have built and on our digital network

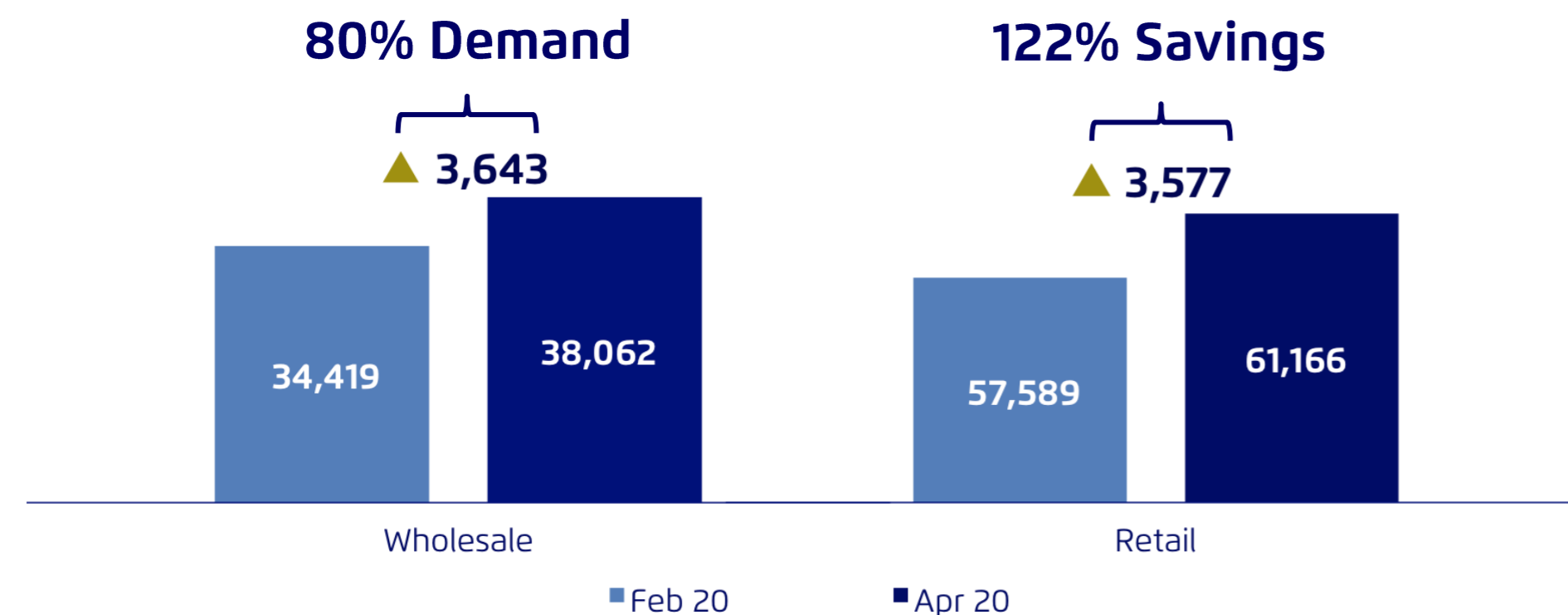
Strong relationships during challenging times

Loan Portfolio Growth (Mar 20 vs Feb 20)¹



BCP Stand-Alone Deposits³

(figures in \$/ million)



Accelerating digital adoption



2.6 MM Users

	Jan - Apr		
Users	+580K (+30%)		
Transactions (\$/)	Apr 19	Mar 20	Apr 20
	X	3.4X	3.9X
Digital Share	Apr 19	Mar 20	Apr 20
Saving Accounts Sales	2%	18%	27%
Retail Transactions	48%	64%	73%
Wholesale Payments*	32%	51%	60%

(1) Source: ASBANC. Figures from the Multiple Banking System (represents 85% of Total Financial System).

(2) SBS segment definition.

(3) Source: operational company source

(*) Wholesale Payments: Collections and Services Payments

COVID-19 dynamics : Peru's Government response

President Vizcarra implemented stringent measures to contain contagion: lockdown to last 56 days

Strong fundamentals and fast reaction

Peru's macroeconomic fundamentals 2019 (% of GDP)



Credit Ratings (rating and outlook stable)

Moody's: A3 (stable), S&P: BBB+ (stable), Fitch: BBB+ (stable)

Country	5-year CDS (bps, on May 06)
Peru	99
Chile	103
Colombia	235
Mexico	247
Brazil	328

Ample package to mitigate and stimulate¹

~16% of GDP



Other economic measures

Central Bank

- ◆ Rate cut from 2.25% to 0.25% (-200 bps)
- ◆ Relaxation of legal reserve requirements
- ◆ Liquidity provision and FX volatility mitigation

SBS

- ◆ Authorized credit extensions for up to 6 months with no effect on client credit ratings

(1) Includes Government's economic measures (12% of GDP) and other economic measures.
 (2) "Reactiva Peru" program for S/ 30 Bn and FAE (Enterprise Support Fund) enables resources for up to S/ 4 Bn.

The impacts on the economy and financial system remain uncertain

Economic Impact

The World and the region will face the worst scenario since the Great Depression.

Economic activity indicators for March and April:

- ◆ Electricity demand: -27% YoY in the 2nd half of March and -30% YoY in April
- ◆ Domestic Cement Consumption: -51% YoY in March
- ◆ Public investment: -70% YoY in April

Government has ruled stage-based economic re-opening (4 phases, from May to August). Our estimates suggest GDP in 2020 could contract between 7% to 13% depending on the degree of economic recovery during 2H20.

Peru: GDP growth forecasts (% change)

Institutions	FC date	2020	2021
JP Morgan	4-May	-2.8	4.6
S&P	4-May	-3.1	5.5
Fitch Ratings	4-May	-3.8	5.5
IMF	14-Apr	-4.5	5.2
World Bank	13-Apr	-4.7	6.6
BBVA	20-Apr	-5 to -8	+4 to +6
IPE	4-May	-6 to -10	+6 to +10
Apoyo Consultoría	3-May	- 10 to -15	-
Macroconsult	17-Apr	-11.6	8.7
Thorne & Associates	1-May	-12.3	6.2
Credicorp	7-May	-7 to -13	+4 to +8

Impact on the Financial System

If the government had failed to quickly implement economic measures, total loan growth in the financial system would certainly decline in 2020.

“Reactiva Perú” program: S/ 30 billion business liquidity program, with state guarantee (between 80%-98%) will provide fresh funding for working capital, particularly for small-and-medium size formal companies (3-year loans and 1-year grace period, with competitive rates through BCRP auctions).

FAE program will enable banks and microfinance entities to provide up to S/ 4 Billion of lending to SMEs, with state guarantee (between 90-98%). This liquidity facility for SMEs represents about 9% of the current financial system portfolio

Peru: Financial System loans 2010-2021 (% change nominal)²



(1) Source: Research reports.
(2) Source: SBS, BCP – Economic Research

Credicorp is well-positioned to manage the COVID-19 crisis

Conservative and disciplined risk management creates buffers to manage crises



Solely for comparative purposes, we disclose our LCR according to local regulatory standards. Nonetheless, Liquidity risk at Credicorp is managed through more stringent ratios aligned with Basel III

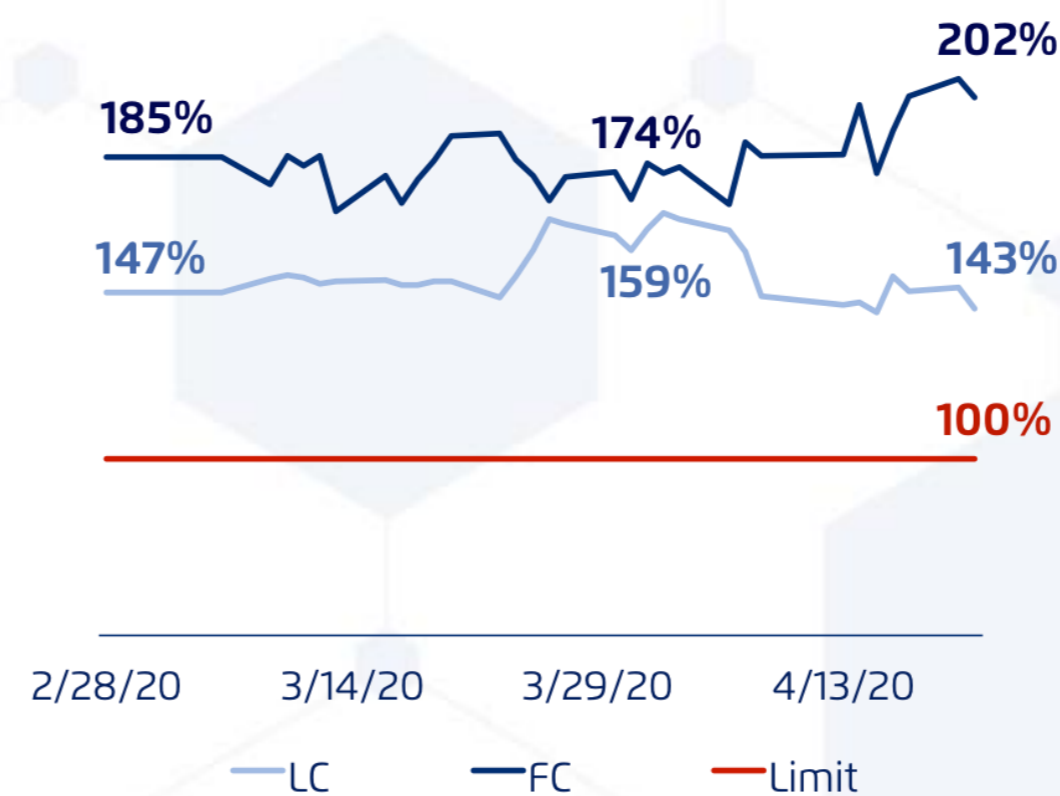
- ◆ Prudent day-to-day LCR 15, 30 and 60-day coverage in both local and foreign currency
- ◆ High-quality liquid assets at good levels
- ◆ NSFR well above limits



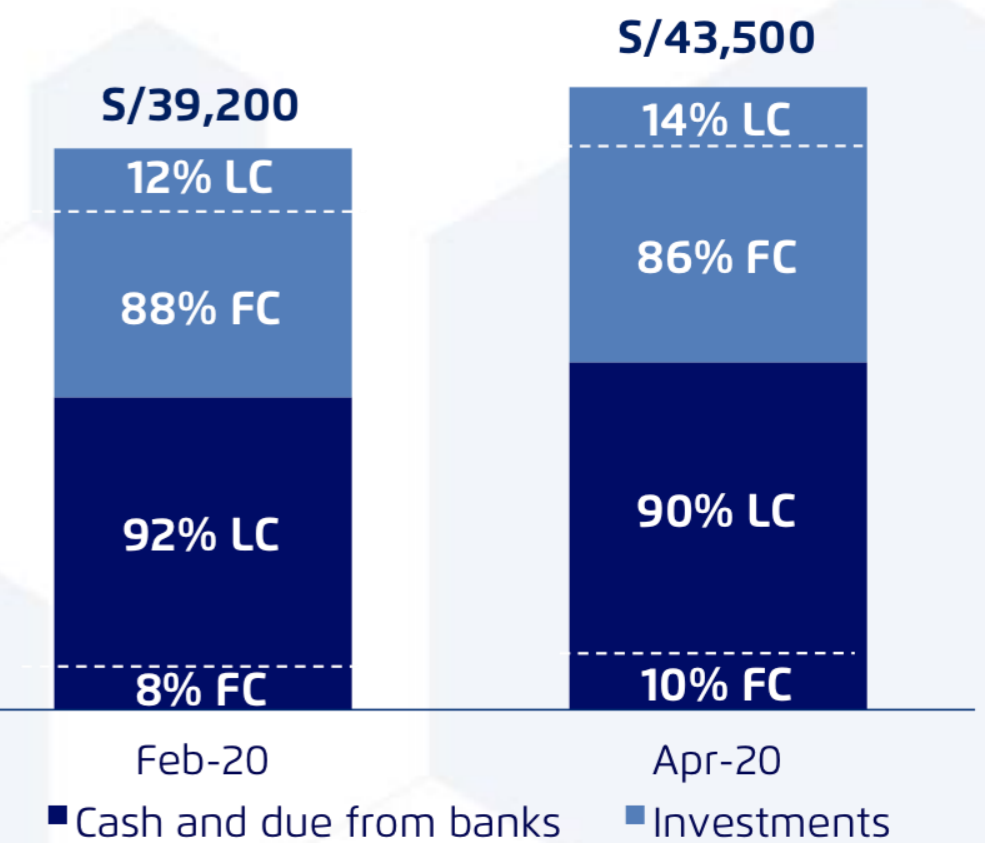
Disciplined capital management leads to strong capital ratios

- ◆ Each operating unit has adequate capital levels to ensure solvency
- ◆ BCP Stand-Alone and Mibanco CET1 fully aligned with Basel III

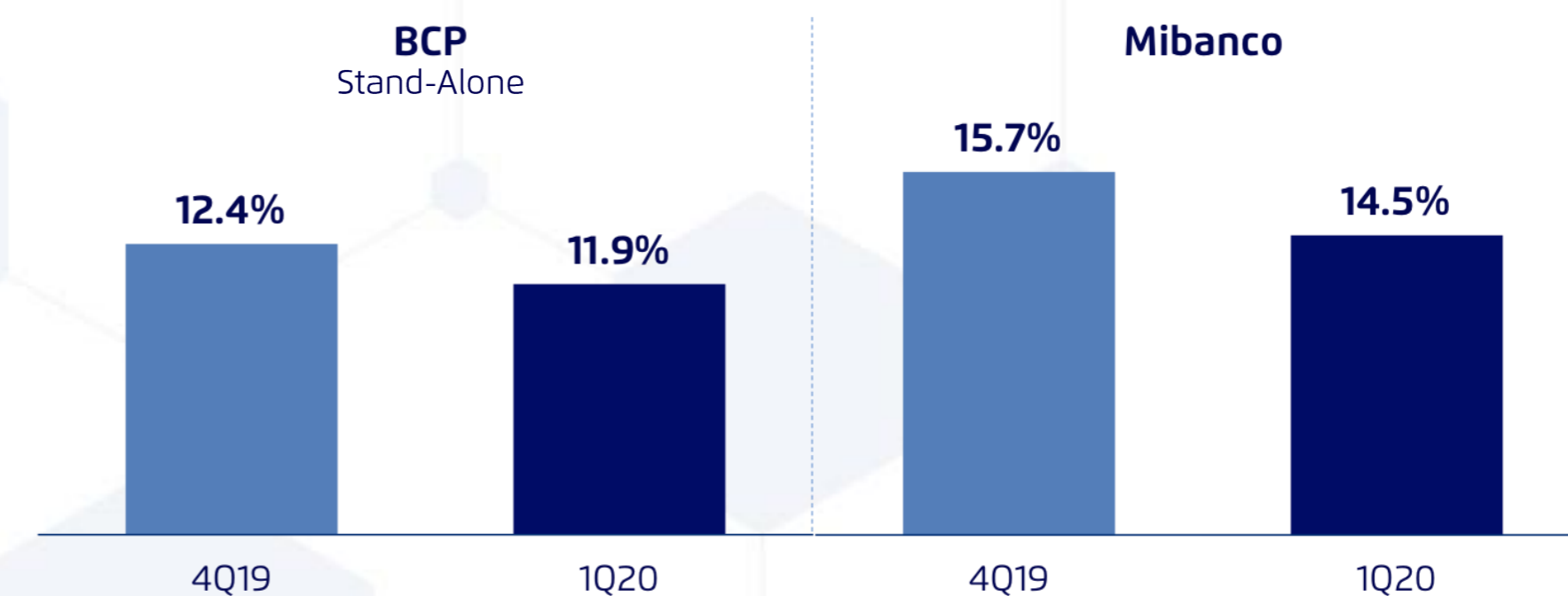
BCP Stand-Alone Regulatory LCR



BCP Stand-Alone Liquid Assets



Common Equity Tier 1



COVID-19: Asset exposure and mitigation

Exposure is managed by tailoring response by asset type and client segment

Investments

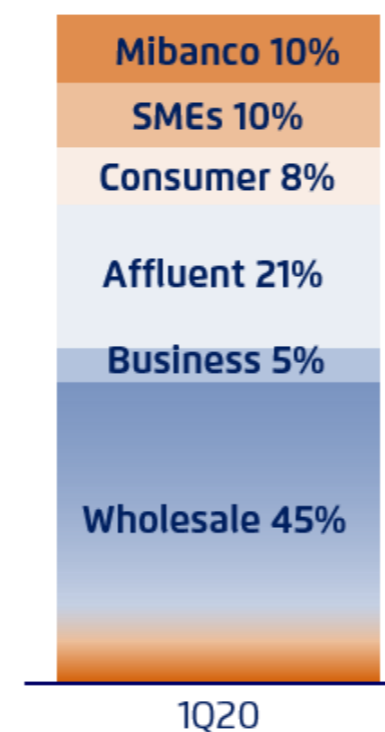
- ◆ Market volatility impacted the investment portfolio
- ◆ Around 90% in fixed income investments

Peruvian Loan Portfolio

- ◆ **The most exposed:** Mibanco and SME Pyme at BCP (18%)
- ◆ **Debt reprogramming for BCP Retail through:**
 - **Skips:** 1 or 3 payments are deferred, installments are slightly increased to cover the interests of the deferral period
 - **Installment freezing:** 2 frozen payments are financed over 2Y-4Y in monthly installments without interest
- ◆ **Mibanco reprogramming facilities:**
 - **Skips:** up to 6 installments are deferred, remaining term is increased to cover the deferred payments and interest
 - **Installment freezing:** 2 frozen payments are financed without interest but will be regularized by the end of the loan term (up to 2Y) adding 2 new payments

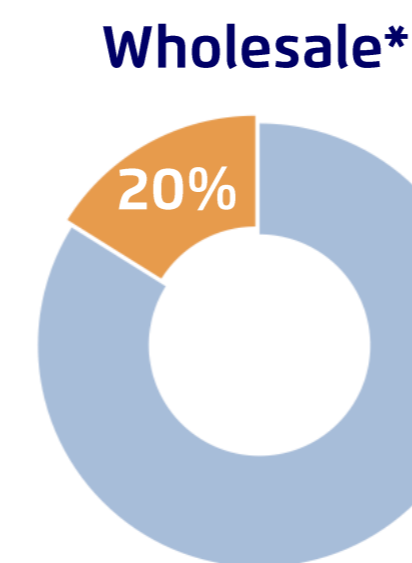
BCP Stand-Alone Portfolio by Economic Sector

- ◆ "High exposure" sectors include: retail, vehicle, real estate (residential), poultry, airlines, tourism, microfinance, transport, restaurants
- ◆ Reprogramming on a case-by-case basis

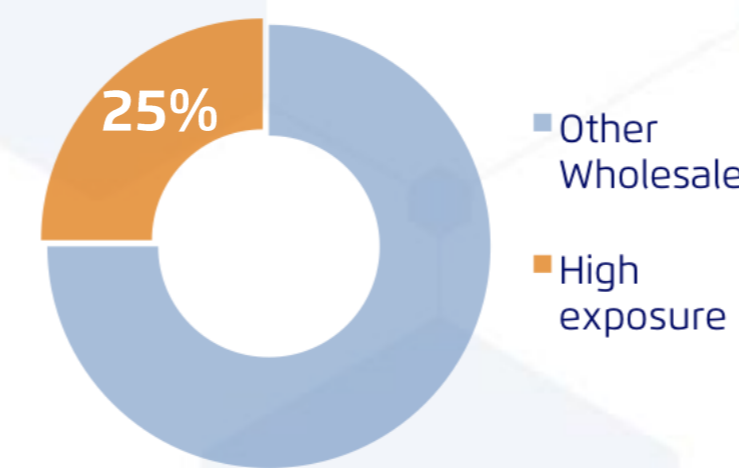


Most Exposed

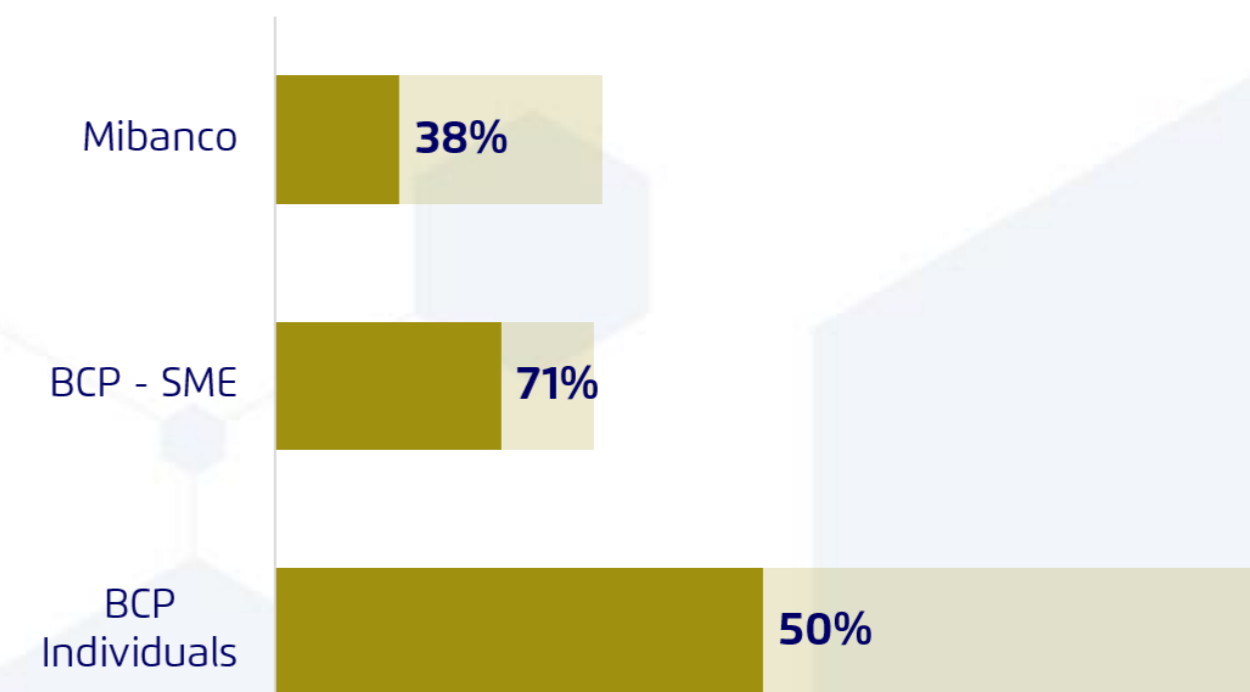
Less Exposed



Retail

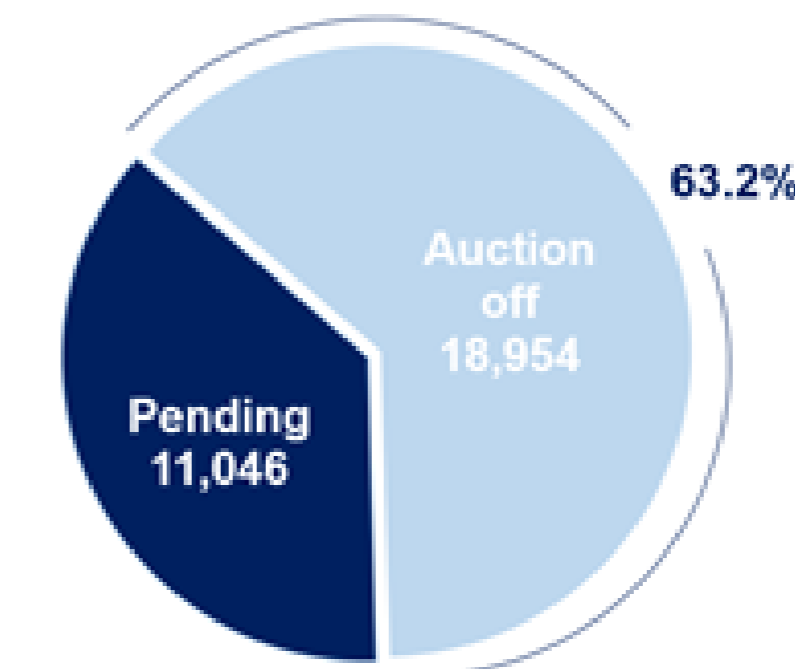


% Retail Loans Reprogrammed Apr 20



Reactiva Perú Facilities¹

(figures in S/ million)



- ◆ Average rate: 1.09%
- ◆ Demand of 2.3x
- ◆ Assigned to 14 financial institutions
- ◆ Important share gained through BCP and Mibanco

* Considering an advanced payment to an airline company, High exposure increases 90 bps

(1) As of May 4th 2020

COVID-19: Drivers that will impact Credicorp's Results

It is important to understand the drivers that will impact Credicorp's results throughout 2020

Drivers by line item

Income

- ◆ The recession, lower interest rates, and no-interest solutions for clients will impact NII
- ◆ Decrease in business activity, cost-free services and higher levels of digitalization will impact non-financial income

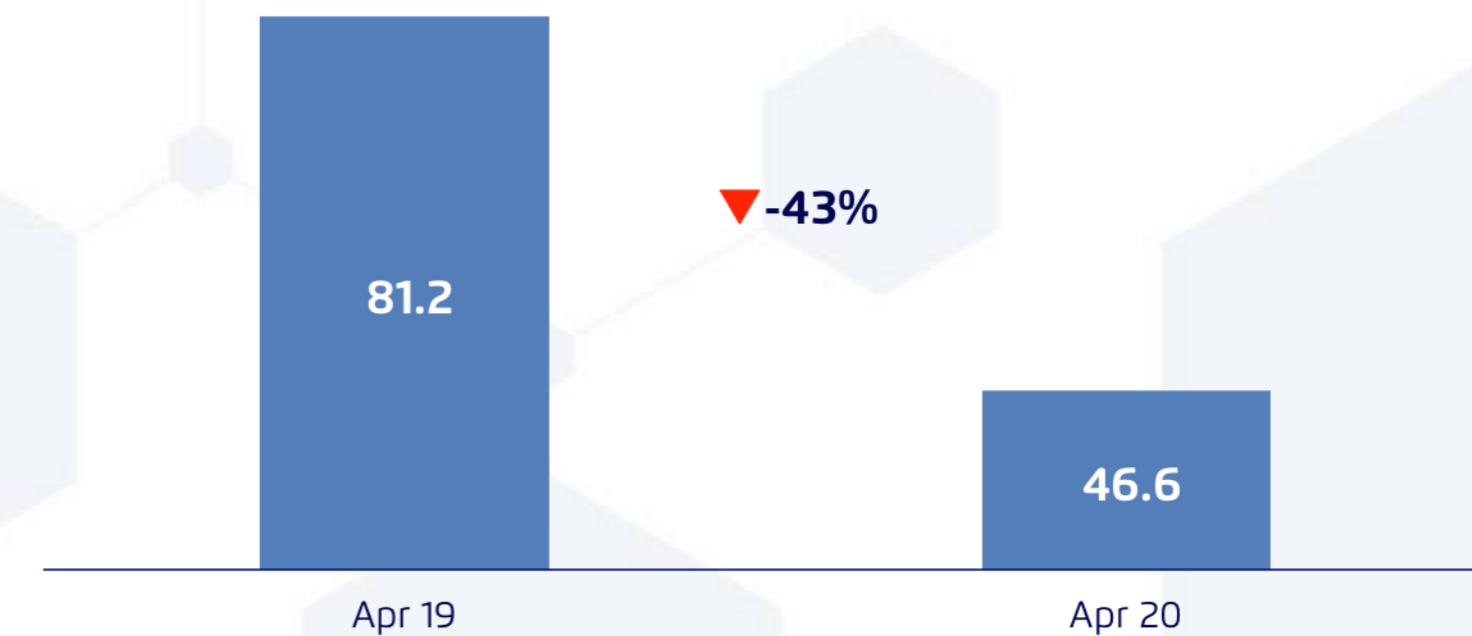
Cost of Risk

- ◆ Applied "IFRS9 in the light of coronavirus uncertainties", starting in 1Q20:
 - "Use judgement and adjust approach to determining ECLs in different circumstances"
 - "Do not continue to apply the existing ECL methodology mechanically"
 - "Measurement of ECLs should be based on reasonable and supportable information"
- ◆ For 1Q20, we registered our best estimates, based on calculations that contemplate a severe macroeconomic impact that is partially offset by reprogramming facilities and by the government's mitigation measures
- ◆ There are reporting differences between IFRS9 and the standard in local Peruvian regulation. Under local standards, credit reprogramming does not change client risk classification and deterioration is recognized once losses are incurred.

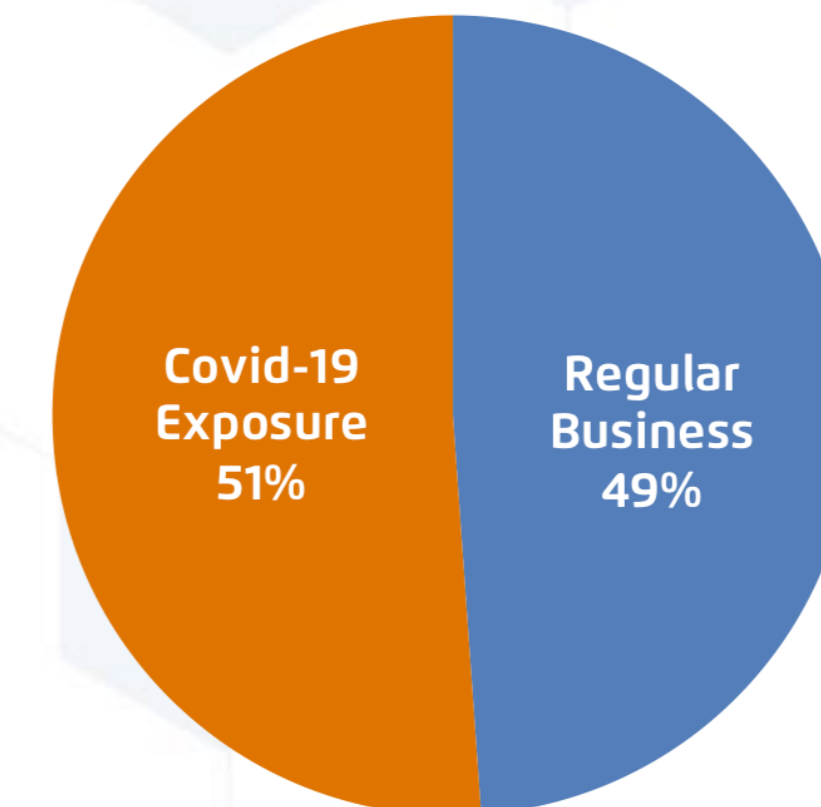
Expenses

- ◆ We are freezing recruiting and salary increases; adjusting variable compensation; and working to preserve our talent
- ◆ We are putting the brakes on non-strategic projects
- ◆ Lower levels of activity should generate some savings

Business activity during Lockdown: Monthly Monetary Transactions



Net provisions 1Q20



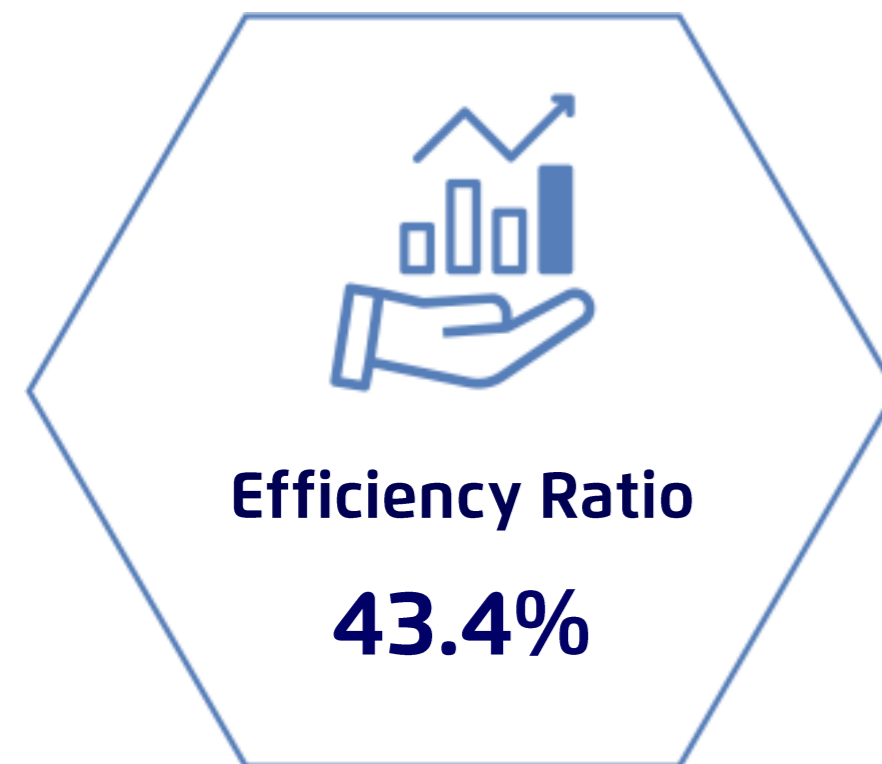
Credicorp's key financial 1Q20 highlights

As the crisis sets in this quarter, provisions offset results



▲ +11.4% YoY

▲ +4.4% QoQ



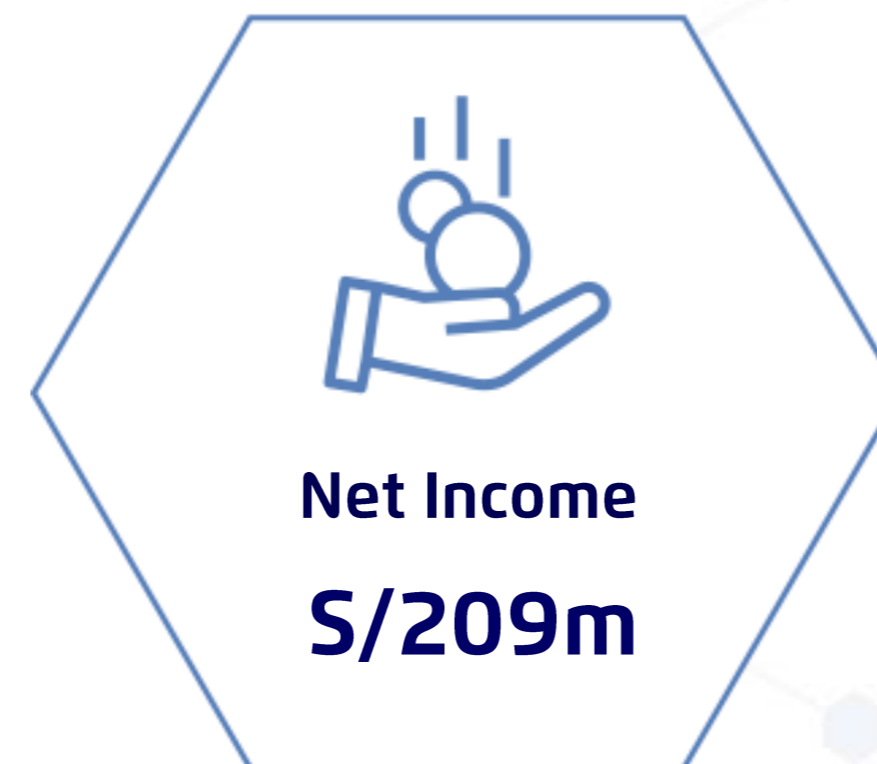
▲ +100 bps YoY

▼ -230 bps QoQ



▲ +8.3% YoY

▲ +0.6% QoQ



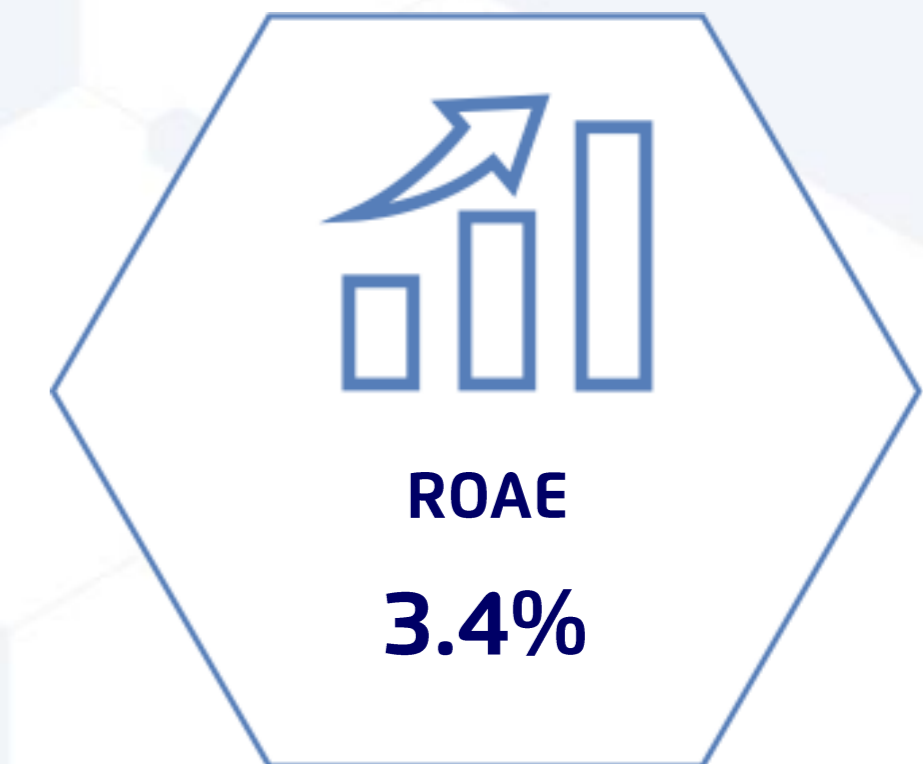
▼ -81.0% YoY

▼ -78.5% QoQ



▲ +304 pbs YoY

▲ +268 pbs QoQ



▼ -15.1 pp YoY

▼ -11.5 pp QoQ



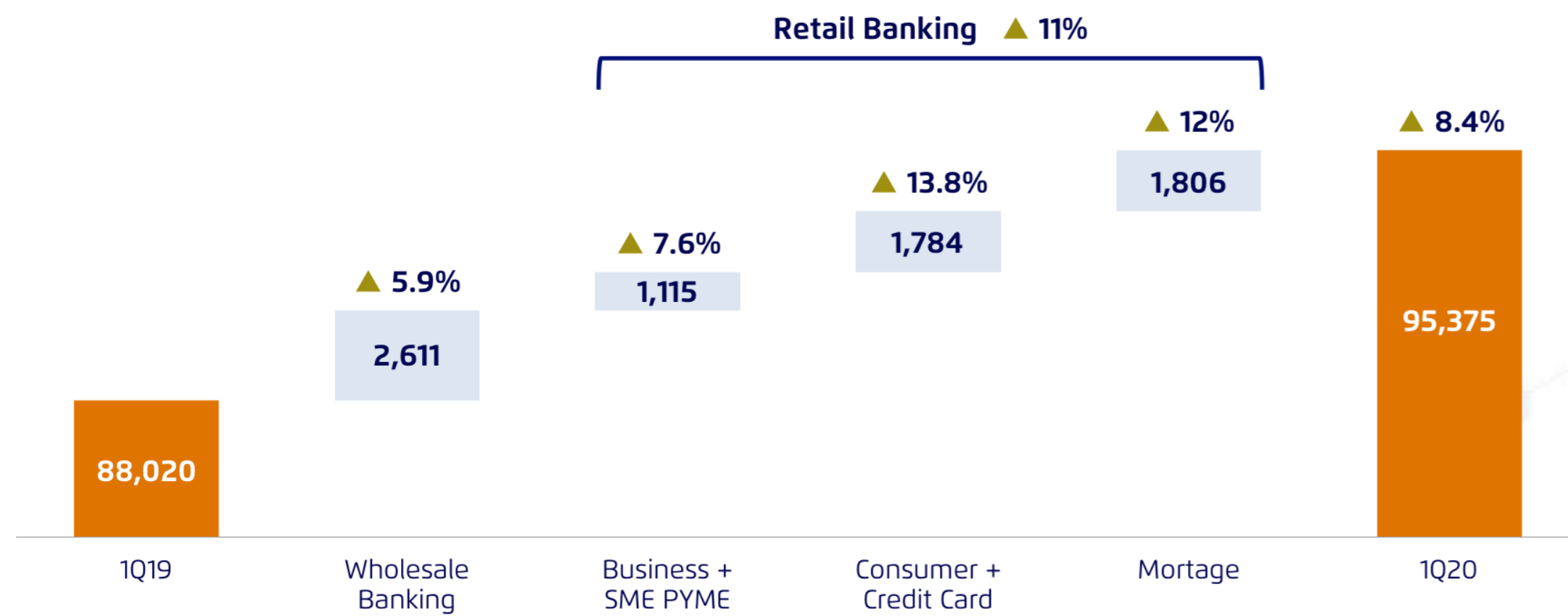
**Universal
Banking**

BCP Stand-Alone 1Q20 Loan Portfolio and Deposit Base



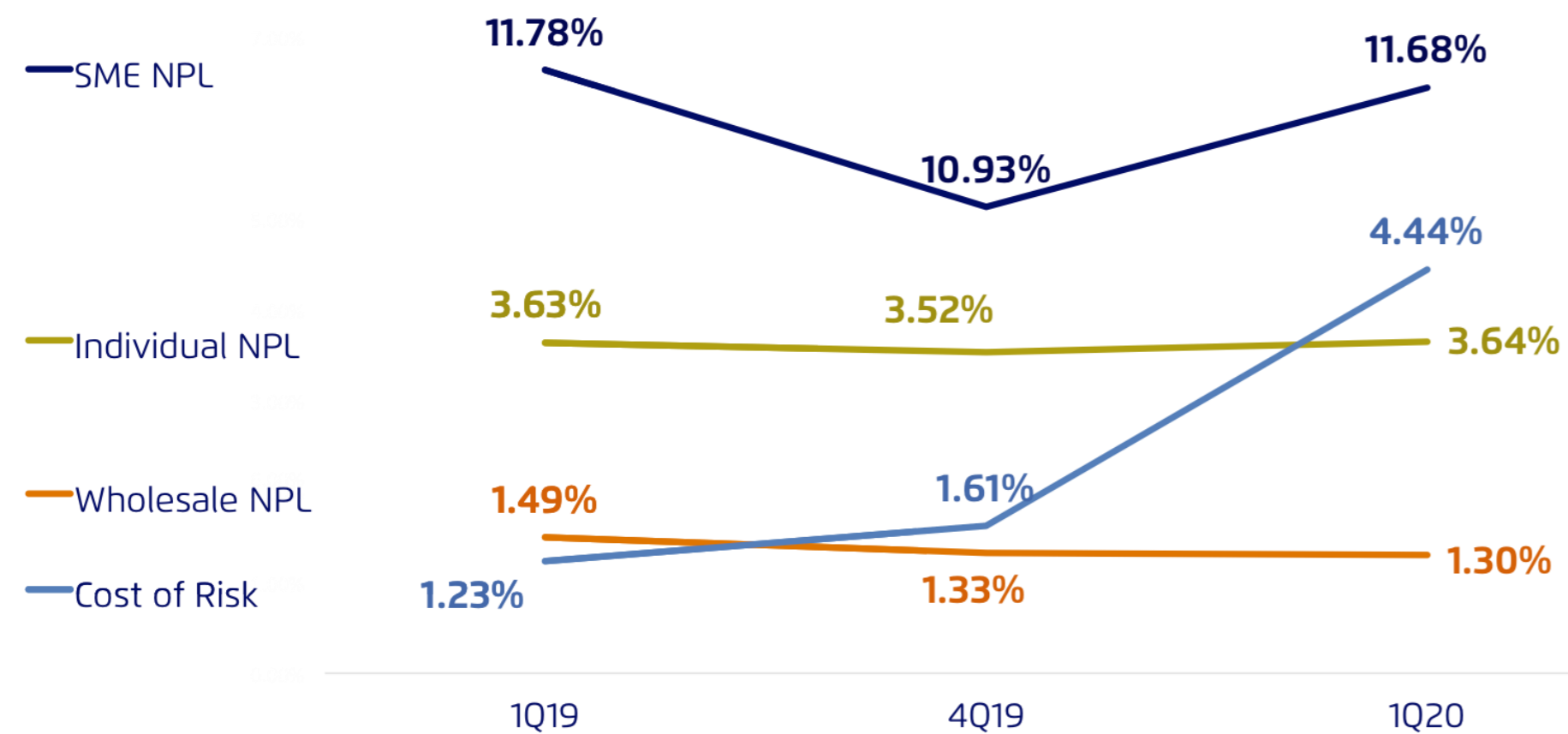
(1/2) (figures in \$/ million)

Loan portfolio in average daily balances

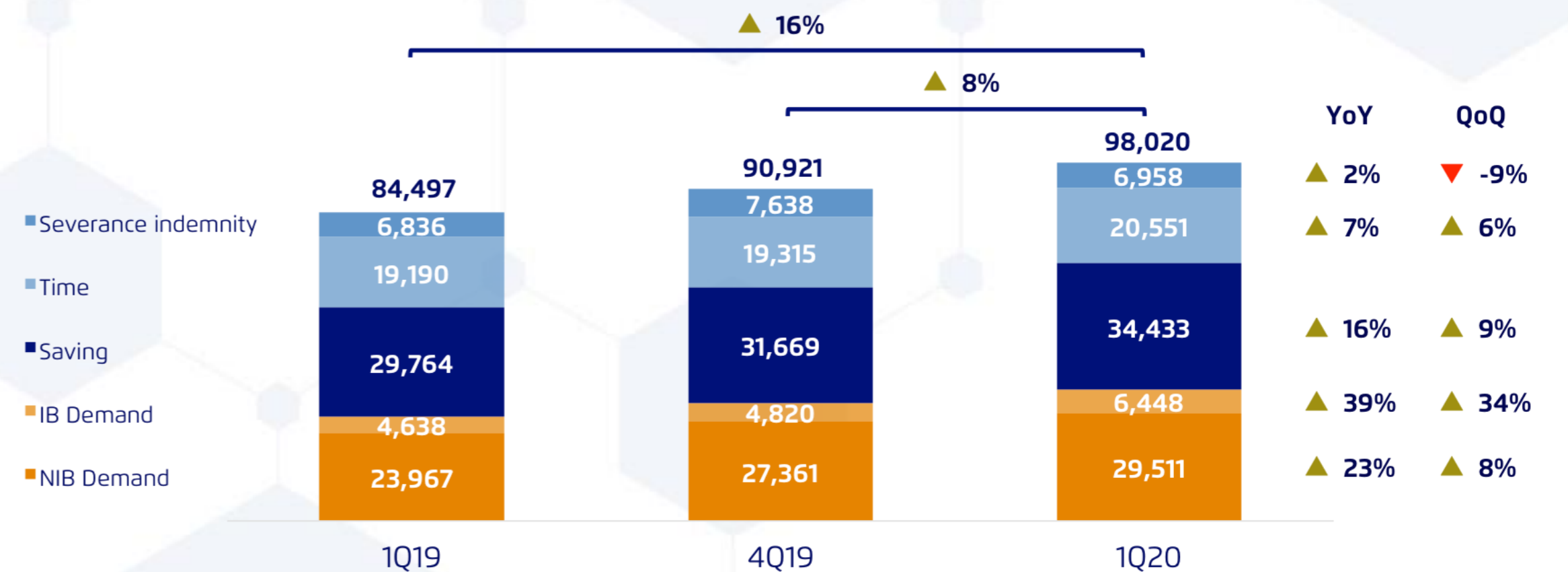


- ◆ YoY Loan portfolio growth is driven by Retail Banking in local currency
- ◆ Quarter-end figures show that loan portfolio grew 12.0% YoY and 5.4% QoQ
- ◆ The material change in the outlook for GDP; an increase in the probability of default; and adjustments to model parameters, result in a QoQ increase of 283 bps CoR
- ◆ Retail Banking NPL ratios deteriorated QoQ, mainly in SME-Pyme and Credit Card. BCP Stand-alone coverage ratio reached 118% compared to 105% in the previous quarter.
- ◆ Deposits grew 16% YoY and the mix improved, led by an increase of 23% in non-interest-bearing demand deposits and 16% in saving deposits.

Asset Quality Ratios



Deposit Base



IB Demand: Interest Bearing Demand Deposits
NIB Demand: Non interest bearing demand deposits

BCP Stand-Alone 1Q20 Performance



Contribution

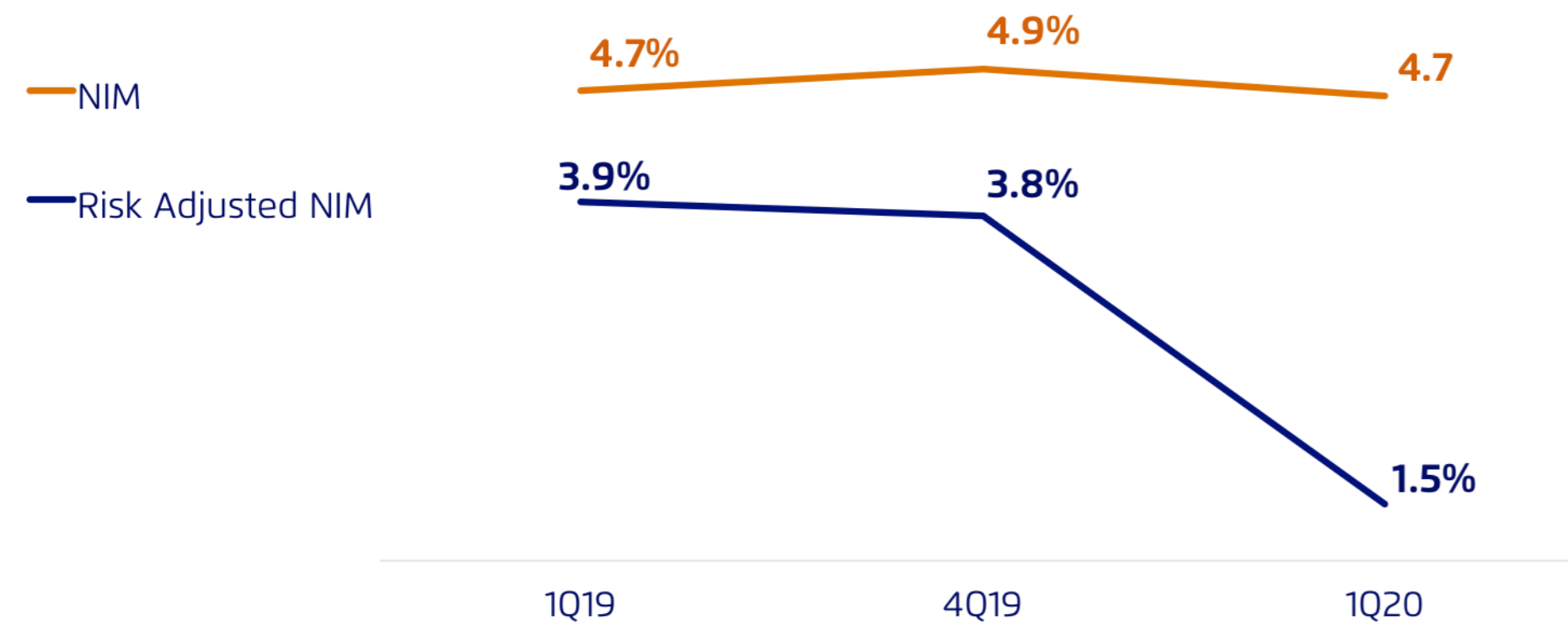
ROE (YoY)

68%

3.5%
(-19.0 pp)

(2/2) (figures in \$/ million)

NIM and Risk-Adjusted NIM



Income

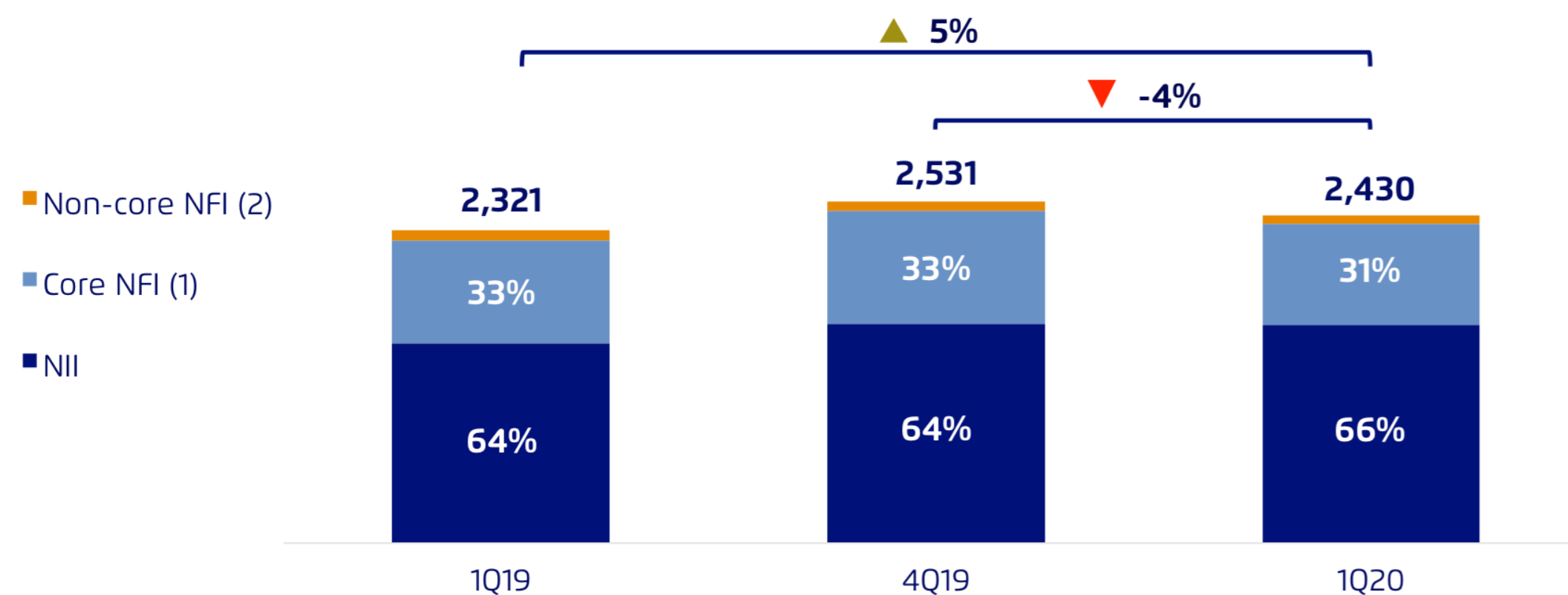
- ◆ NII grows 8.3% YoY, Lower interest rates impact NIM while the cost of risk severely affects Risk-adjusted NIM
- ◆ Still limited impact on Fee Income, since lockdown impacted 2 out of 12 weeks this quarter, but lower business activity levels and more digitalization will impact further going forward next quarter

Expenses Management

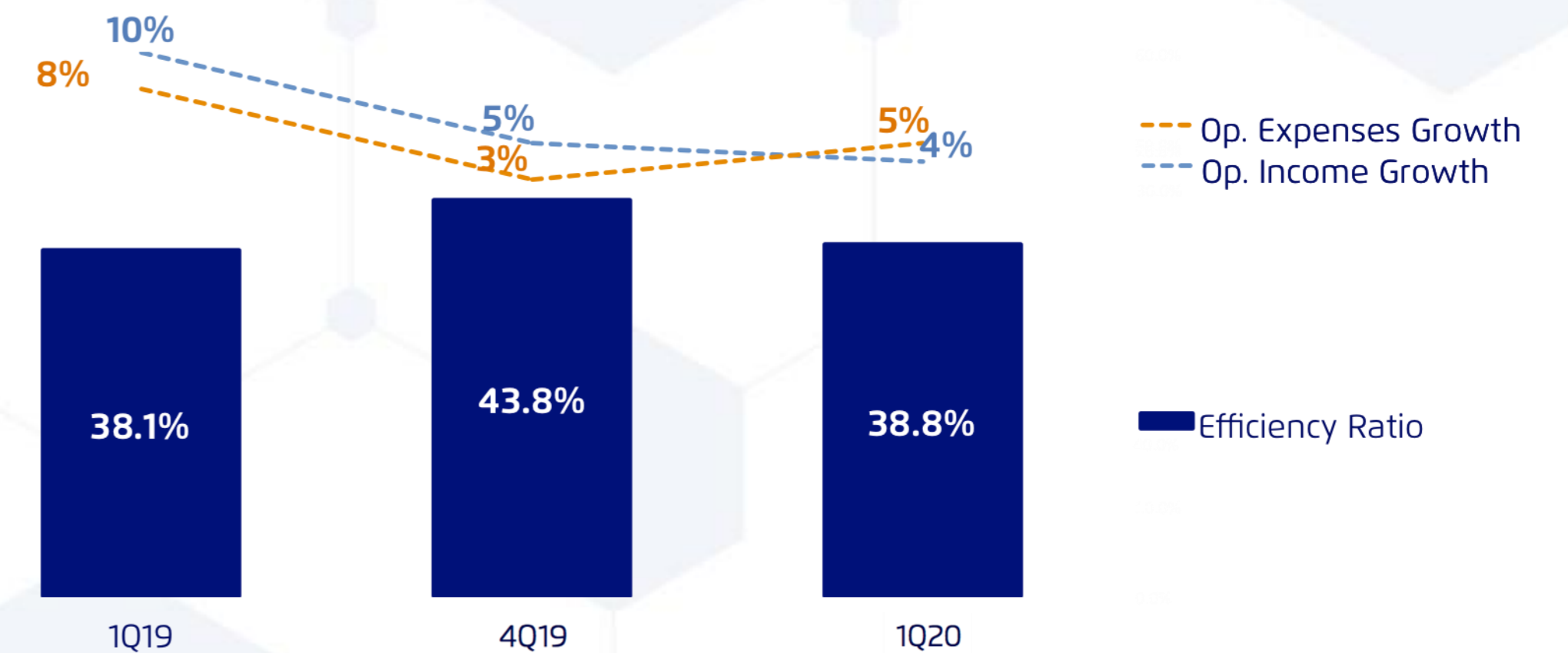
- ◆ 1Q20 Operating expenses evolved in line with seasonality and includes \$/ 15 Million in COVID-19 related expenses
- ◆ Other expenses :\$/ 100 Million non-deductible COVID-19 donation charge

BCP Stand-Alone's results are offset by COVID-19 provisions and donation

Sources of Income



Efficiency and Operating Leverage



(1) Core NFI: 77% of Fee income and 23% of Net gain on foreign exchange transactions
 (2) Non-core NI: Net gain on securities, Net gain on derivatives held for trading, Net gain from exchange differences and Others



Microfinance

Mibanco Performance in 1Q20



(figures in S/ million)

Contribution

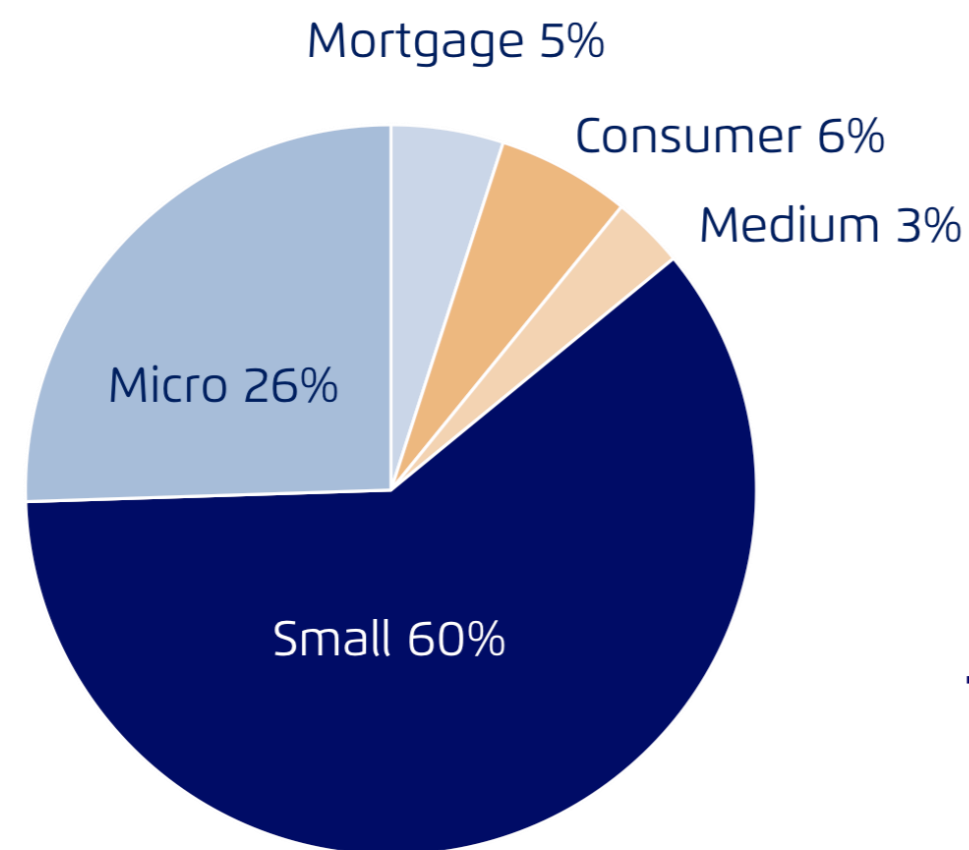
15.9%

ROE (YoY)

6.5%

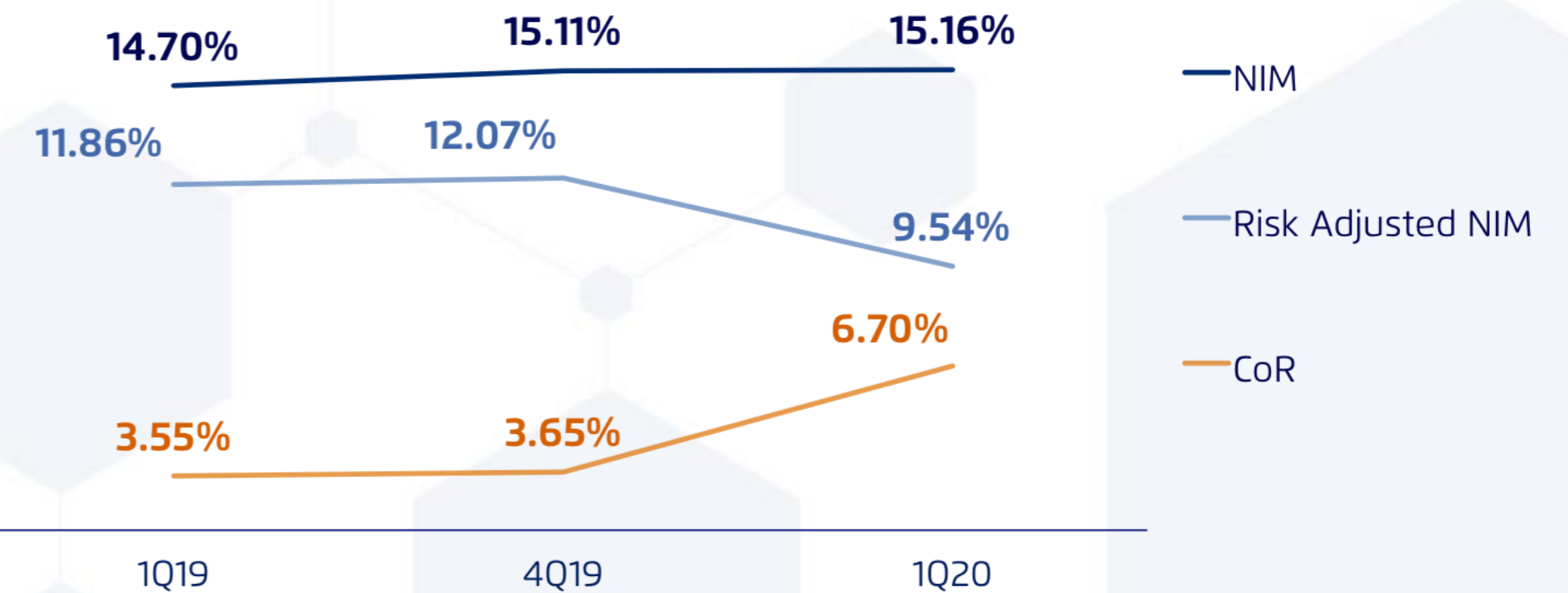
(-14.8 pp)

Loan Portfolio Structure

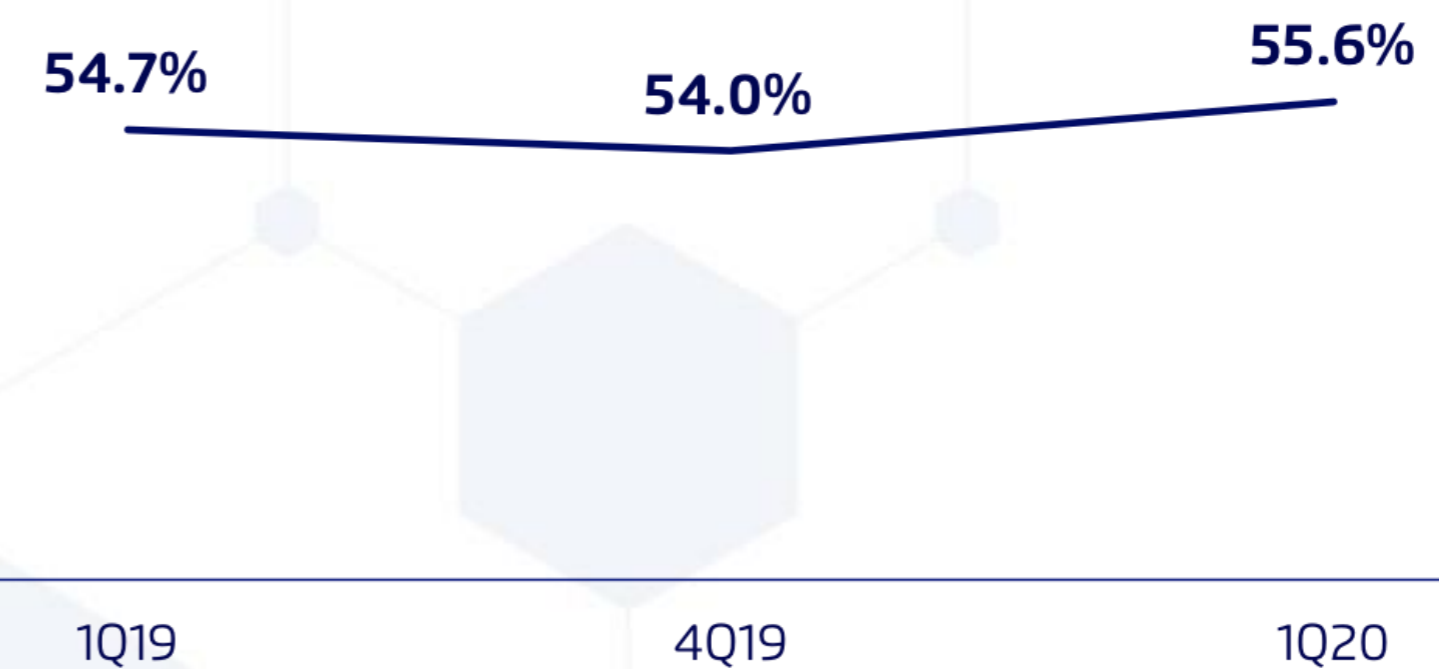


S/10,629
+7.3% YoY (ADB)

NIM, CoR and Risk-Adjusted NIM



Efficiency Ratio



- ◆ Improvement in the funding structure and the cost of funds bolstered NIM but changes in insurance fee recognition reduced non-financial income.
- ◆ Although NPLs improved after targeting better profiles in 2019, the material change in the outlook for GDP led to an QoQ increase in Cost of Risk of 305bps, impacting Risk Adjusted NIM.
- ◆ Efficiency deteriorated due to sluggish operating revenue and to an increase in expenses for personnel after the headcount for the sales force rose in 2Q2019.
- ◆ Other expenses: S/ 10MM non-deductible COVID-19 donation charge.
- ◆ Results mainly affected by a drop in income and COVID-19 forward-looking provisions.



Insurance & Pensions Funds

Insurance & Pensions 1Q20 Performance



(figures in S/ million)

Pacifico's

Contribution

47.1%

ROE (YoY)

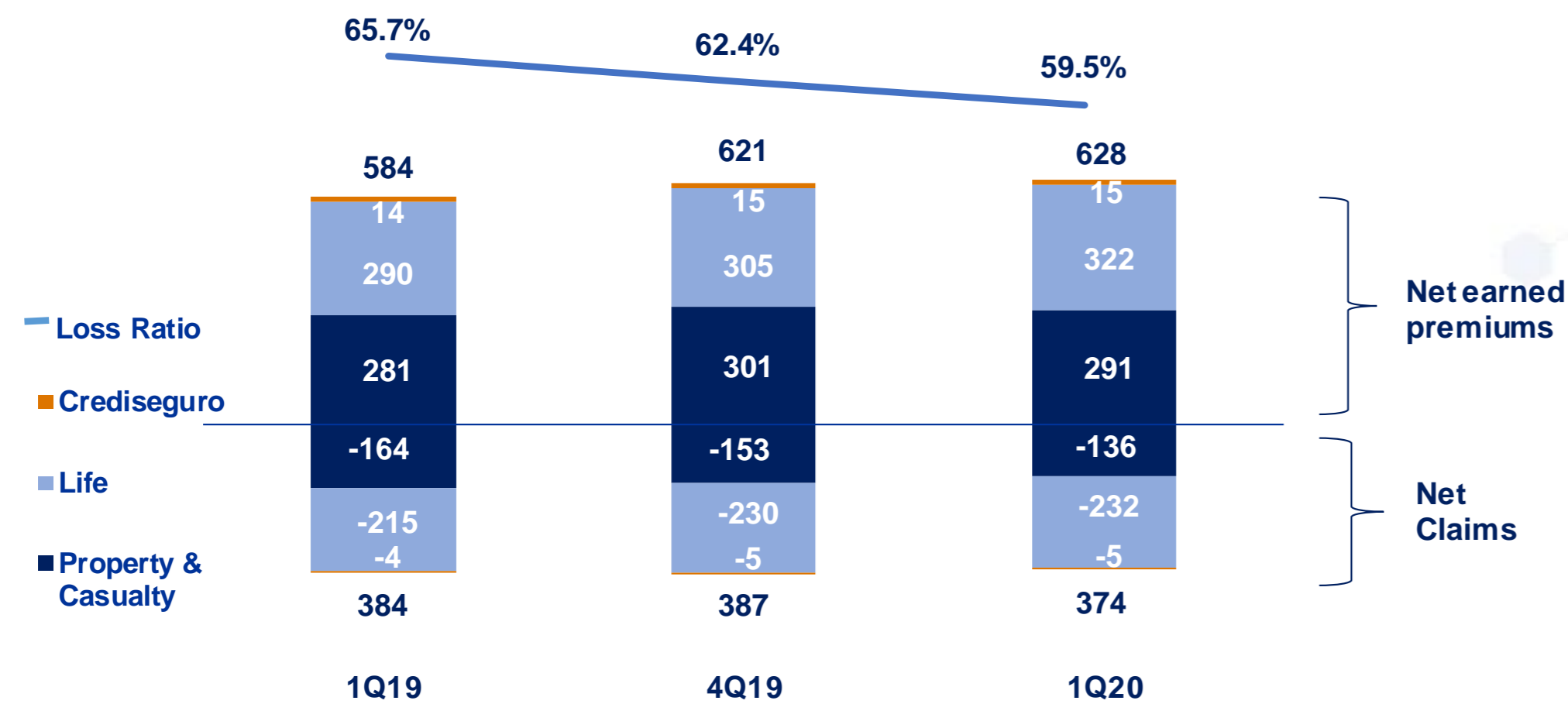
14.4%
(+2.6pp)

Prima AFP

-1.9%

-2.6%
(-40.2pp)

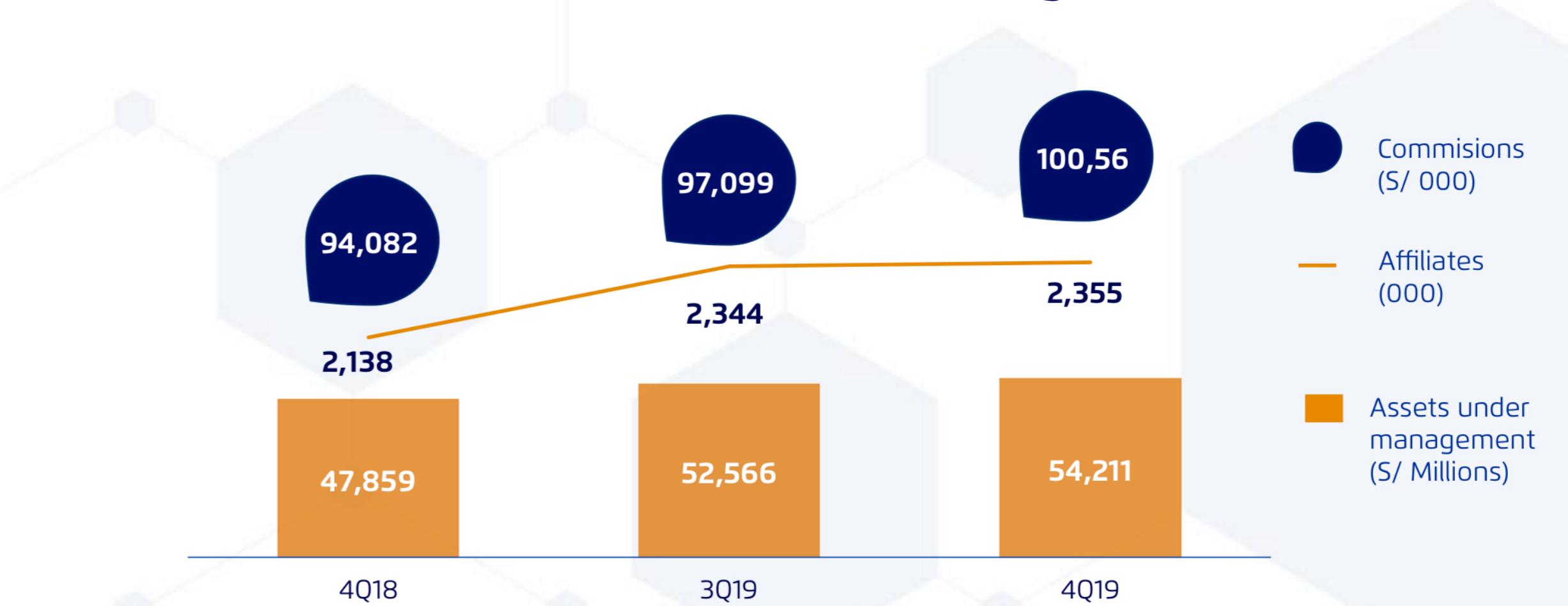
Grupo Pacifico Insurance evolution



Grupo Pacifico

- ◆ **Higher underwriting results** due to lower net claims in P&C, while the Life Business has registered an increased in net earned premiums
- ◆ **Lower activity at Health** Insurance and Health Services
- ◆ Good credit quality and **low exposure to equity assets in the** Investment Portfolio
- ◆ **COVID-19 related one-off charges:** S/ 8 Million car insurance reimbursements, and S/ 5 Million life insurance donation to front-line exposed government personnel
- ◆ **Liquidity and Capital ratios** at comfortable levels to face the crisis

Prima AFP Business Management



Prima AFP

- ◆ **Negative net income contribution** attributable to **reserve fund profitability**
- ◆ **2Q fees to be affected by the April contribution exemptions**
- ◆ **AUMs will drop due to withdrawal facilities** mandated by the government and to the recent legislation allowing affiliates to withdraw up to 25% of their pension fund (ceiling of S/ 12,900)



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capital
ASB 

 ultraserfinco
Avance con nosotros

Investment Banking & Wealth Management

IB & WM 1Q20 Performance

(figures in S/ million)

Contribution

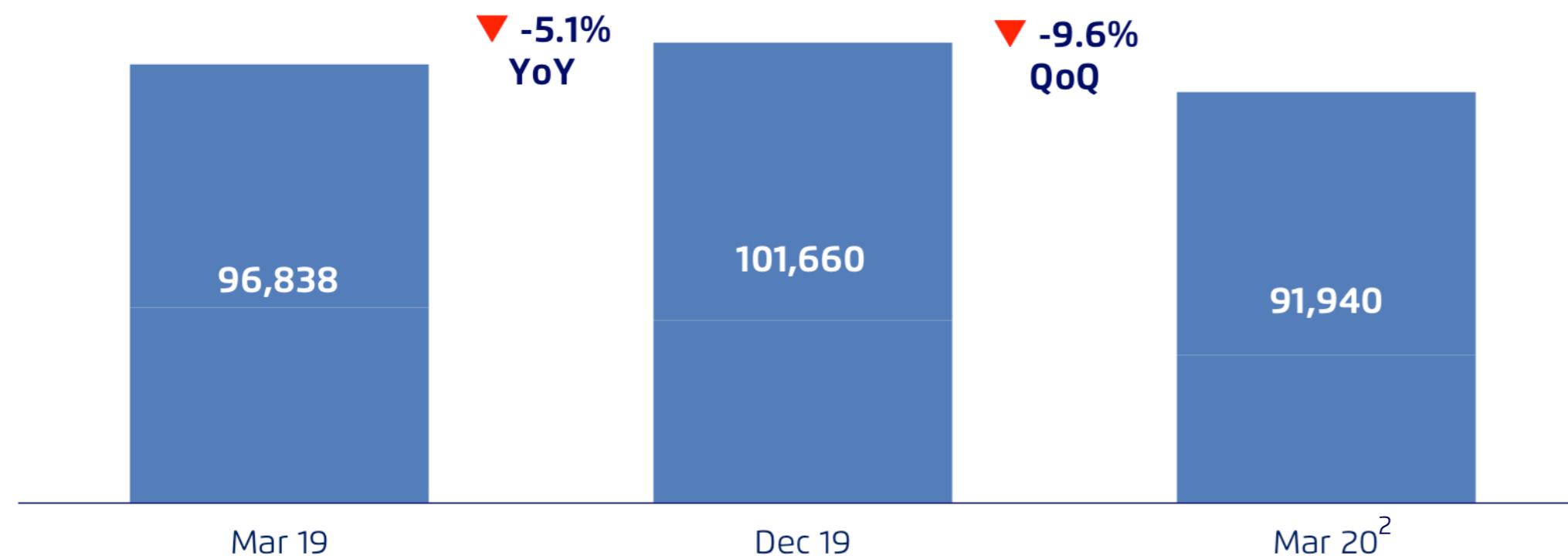
-0.1%

ROE (YoY)

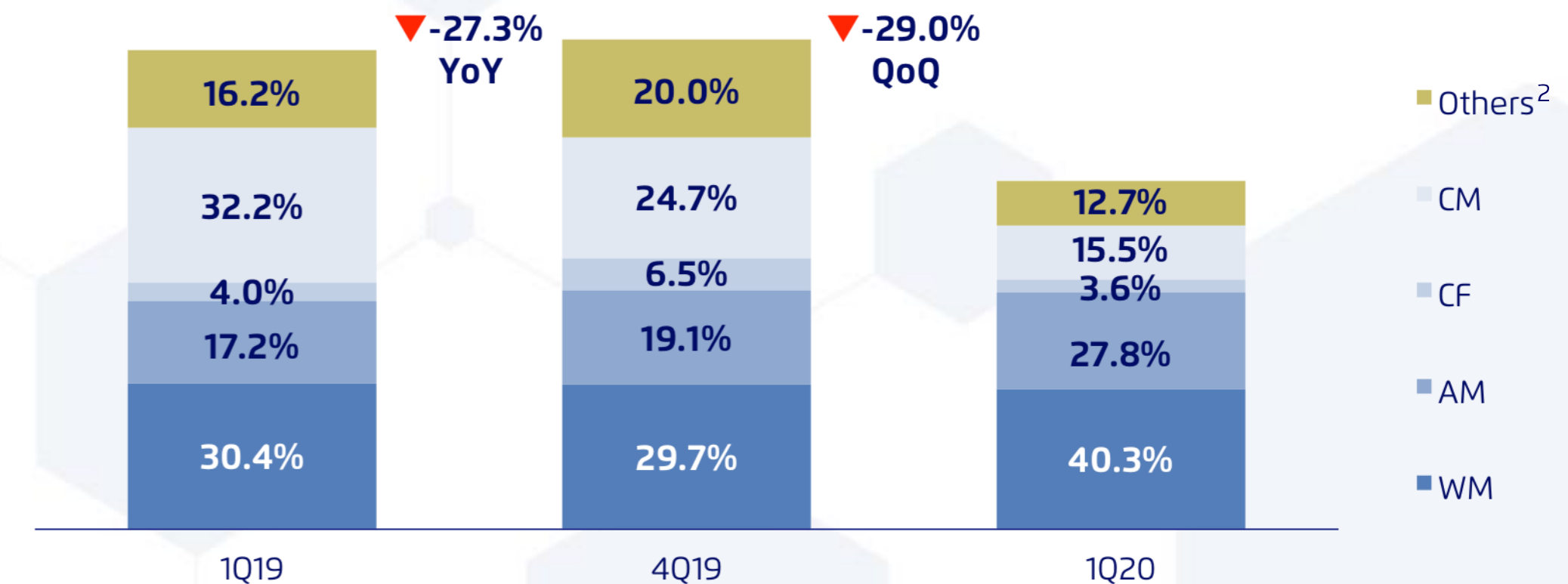
0.0%

(-18.6 pp)

Total AuMs¹



Income Contribution



- ◆ **Wealth Management (WM):** A significant client outreach effort during the crisis attenuated the drop in AUMs. Income was affected mainly by a reduction in deposits and Family Office income in Peru. Gradual recovery expected towards the end of 2Q20.
- ◆ **Asset Management (AM):** Market conditions led to withdrawals from traditional funds in the second half of March, mainly in Colombia (Fonval). Despite fund management income drop in the second half of March, income rose YoY boosted by income from alternative funds (Inmoval) and the distribution of third-party products.
- ◆ **Corporate Finance (CF):** Income reduction is attributable to projects delays due to unfavorable conditions for deals execution. We might see a couple of months of transition before deals are resumed and closed.
- ◆ **Capital Markets (CM):** Proprietary portfolios negatively impacted due COVID-19 outbreak by approximately S/ 28 Million in March, stop-loss strategy implemented.
- ◆ **Others⁽²⁾:** Treasury income fell due to the negative FX difference originated by positions in foreign currency. The structural portfolio was negatively impacted by the market in March, deteriorating Net Equity.

(1) Figures include AuMs from the Wealth Management and Asset Management businesses.
 (2) Others include Trust business and Treasury business.

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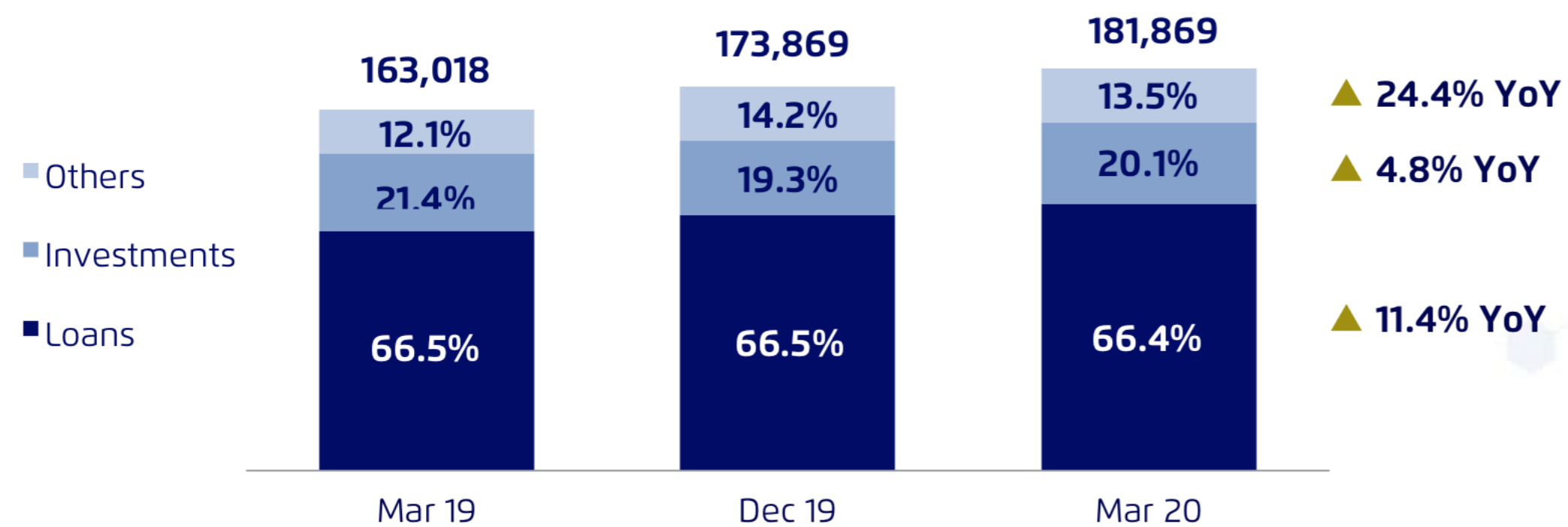
Consolidated
Performance



Interest Earning Assets (IEAs) and Funding Evolution

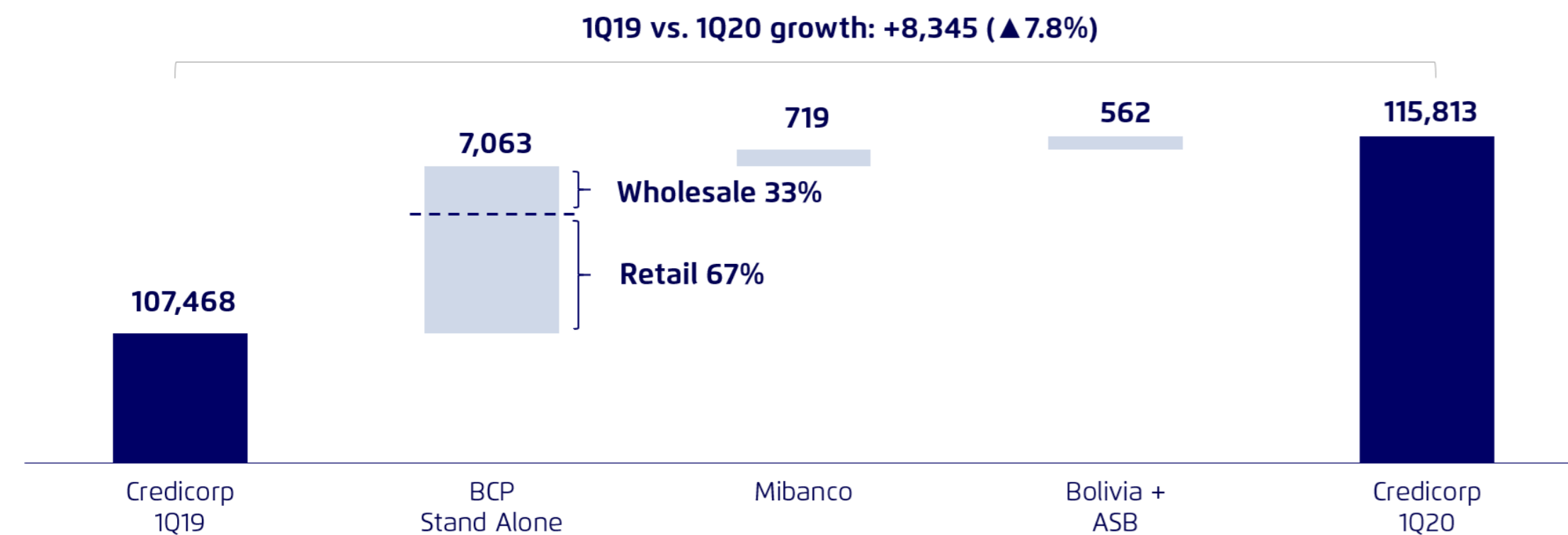
(figures in S/ million)

Evolution of IEAs (Quarter-end balances)



- ◆ Shoring up the investment portfolio by taking advantage of attractive prices
- ◆ Loan portfolio grows 11.4% YoY in quarter-end balances and 7.8% YoY measured in average daily balances, boosted mainly by BCP Stand-Alone
- ◆ Deposits grew 15.3% YoY accelerating during lockdown through low cost deposits at BCP

Evolution of the Loan Portfolio (Average daily balances)

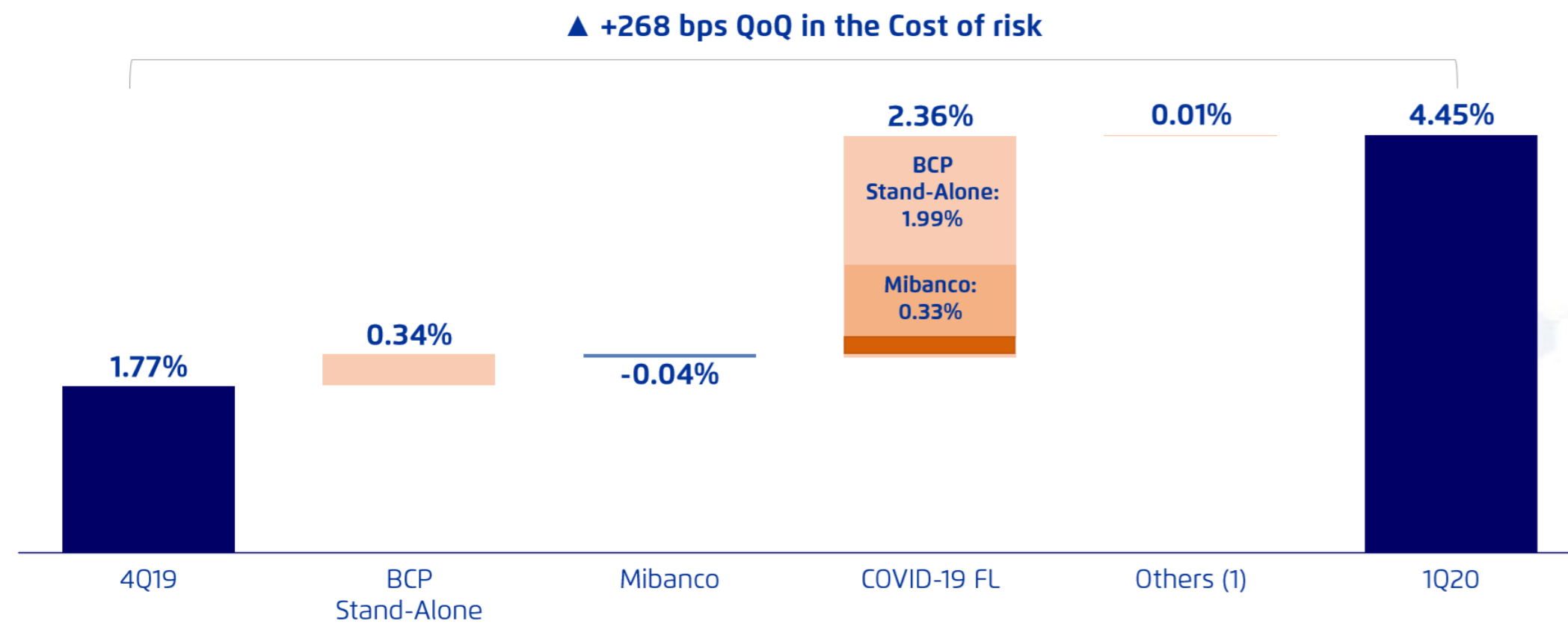


Evolution of Deposits (Quarter-end balances)

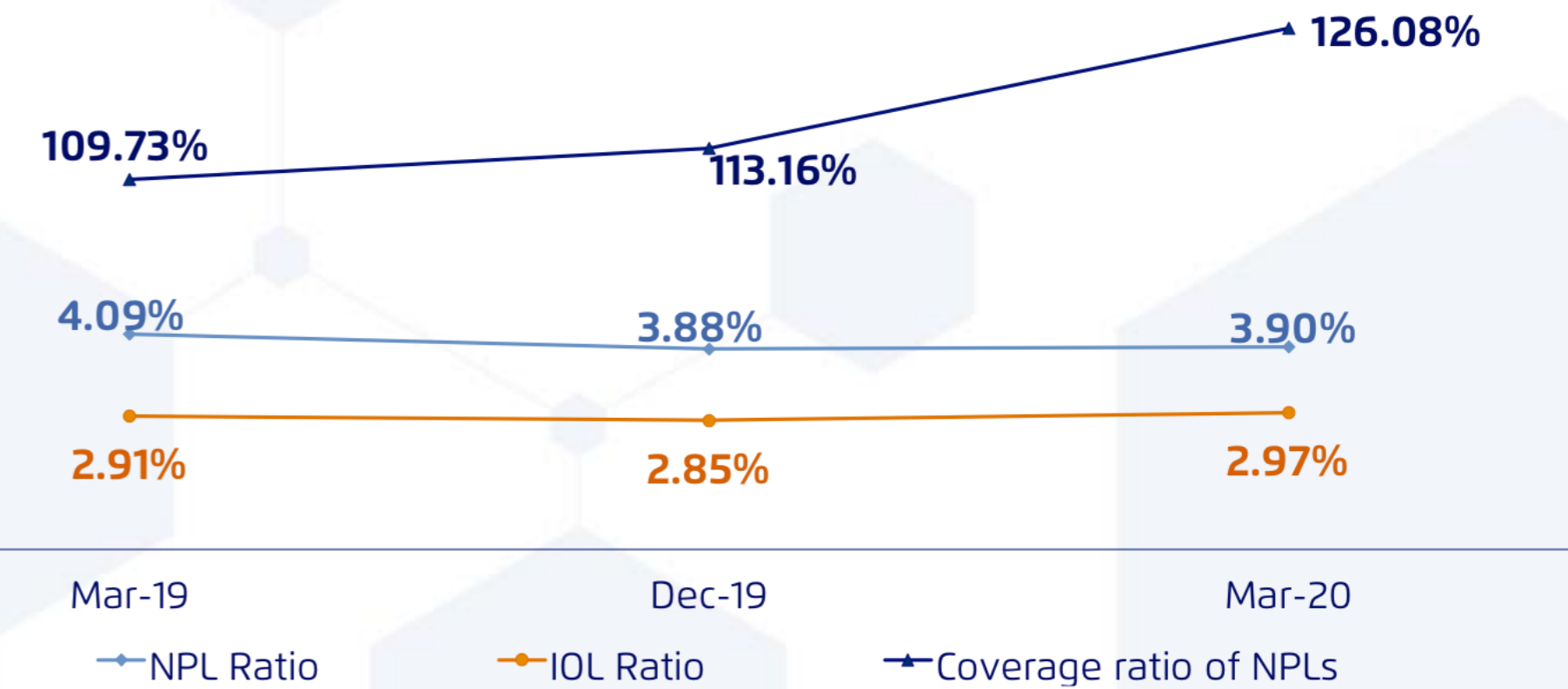


(1) Demand deposits accounts 60% (non interest-bearing represent 89% of total demand deposits increase) and Savings deposits accounts 36%.

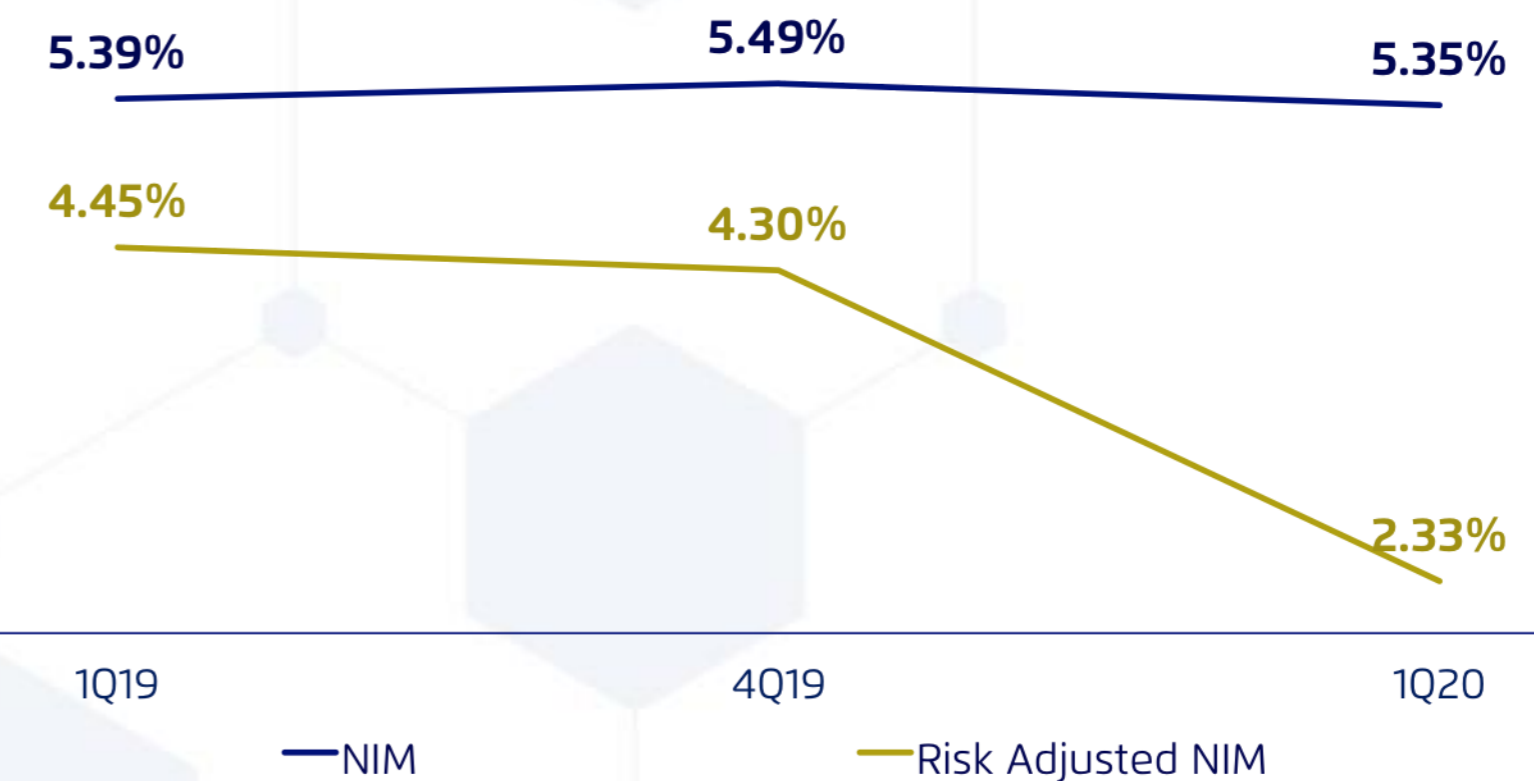
Cost of Risk QoQ evolution



Portfolio Quality Ratios evolution



NIM and Risk Adjusted NIM



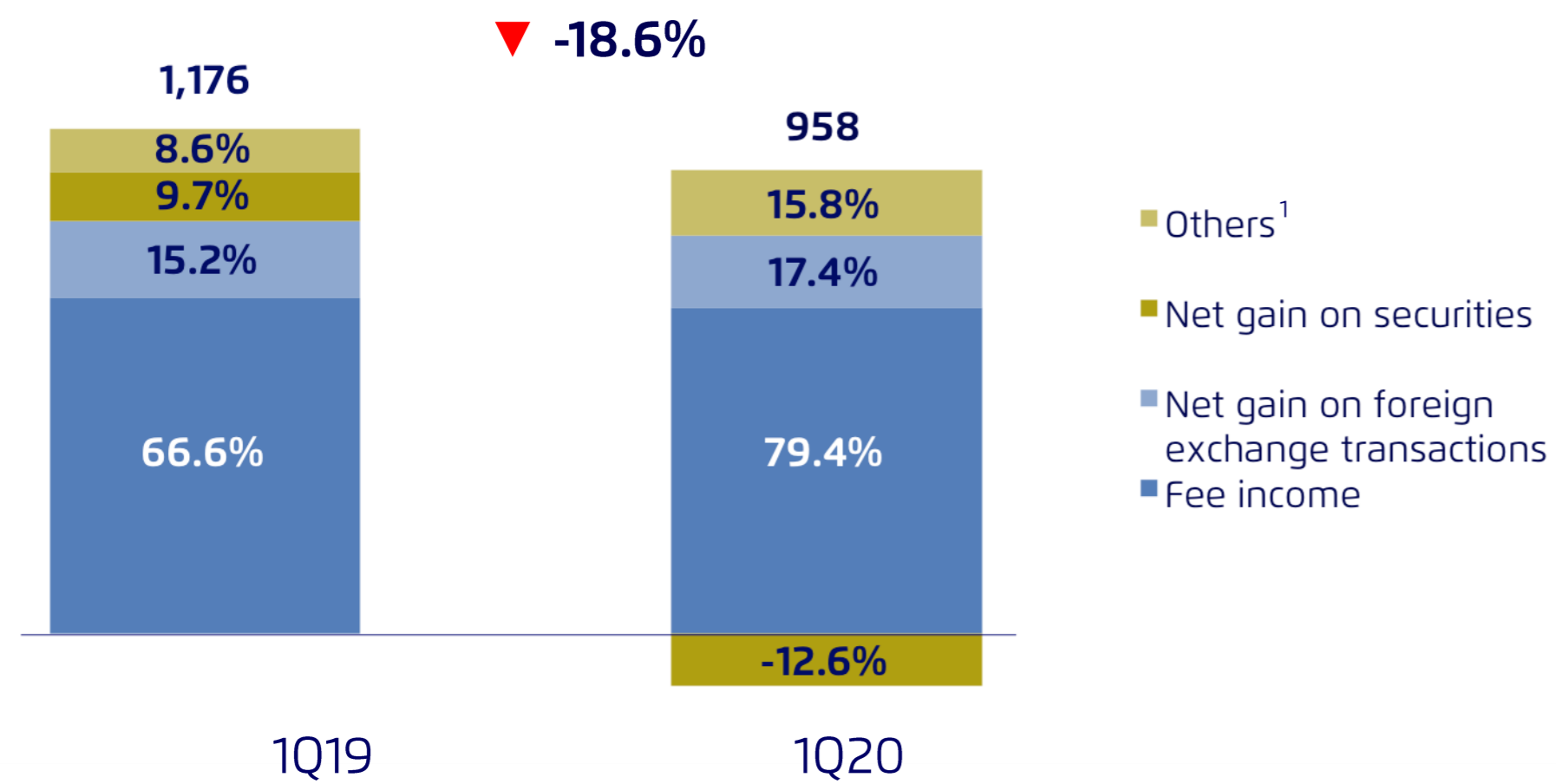
- ◆ Higher cost of risk mainly due to change in GDP outlook and increase in probability of default at BCP Stand-Alone and Mibanco
- ◆ NPL Coverage ratio reached 126.1% compared to 109.7% last year, as provisions increased at a greater pace than NPLs
- ◆ While NIM remains almost stable YoY, COVID-19 provisions impact Risk-adjusted NIM, which drops 212 bps YoY

(1) Others includes: BCP Bolivia, Bancompartir and Encumbra

Non-Financial Income and Efficiency

(figures in S/ million)

Non-Financial income evolution

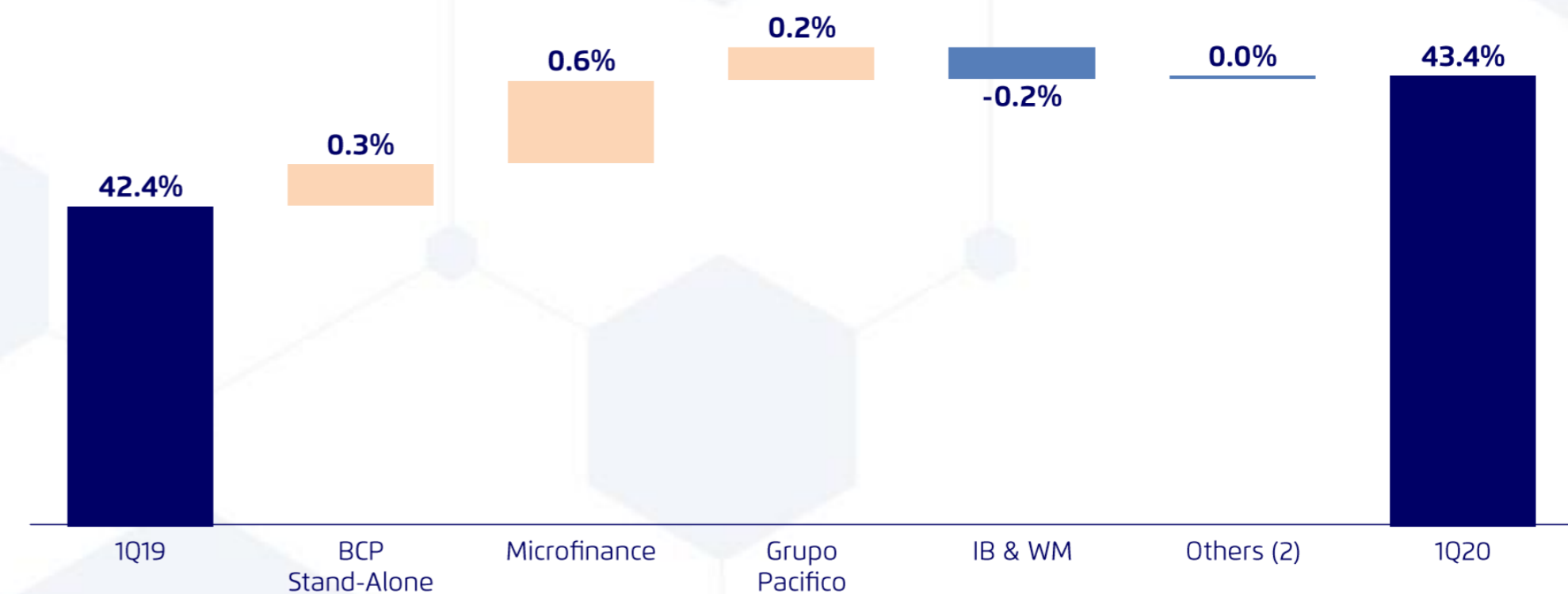


- ◆ Reduction in Fee income (-10.3%) and Net gain on FX transactions (-13.7%) QoQ is attributable to waiving and deferring fees, a decrease in credit card and debit card payments and a decrease in business activity during lockdown
- ◆ Losses in Net gain on securities (-S/120.6 million) result from market downturn, which impacted our proprietary portfolios
- ◆ Drop in Net gain on exchange difference due IFRS 16 impact, mainly at BCP Stand-Alone

Deterioration in efficiency mainly due to Microfinance, BCP and Pacifico:

- ◆ Microfinance⁽³⁾: Inclusion of Bancompartir and more personnel expenses while decelerating operating income at Mibanco
- ◆ BCP-Stand-alone: Growth in expenses in line with seasonality, while non-financial income decreased
- ◆ Grupo Pacifico: Increase in the acquisition cost partially off-set by growth in net earned premiums

Efficiency ratio 1Q20 vs 1Q19 evolution by subsidiary



(1) Others includes Net gain from associates, Net gain on derivatives held for trading, Net gain from exchange differences and Others.

(2) Others includes: Credicorp Capital, Prima AFP, BCP Bolivia, ASB, Grupo Credito, among other subsidiaries and the eliminations for consolidation purposes.

(3) Microfinance includes: Mibanco, Bancompartir and Encumbra

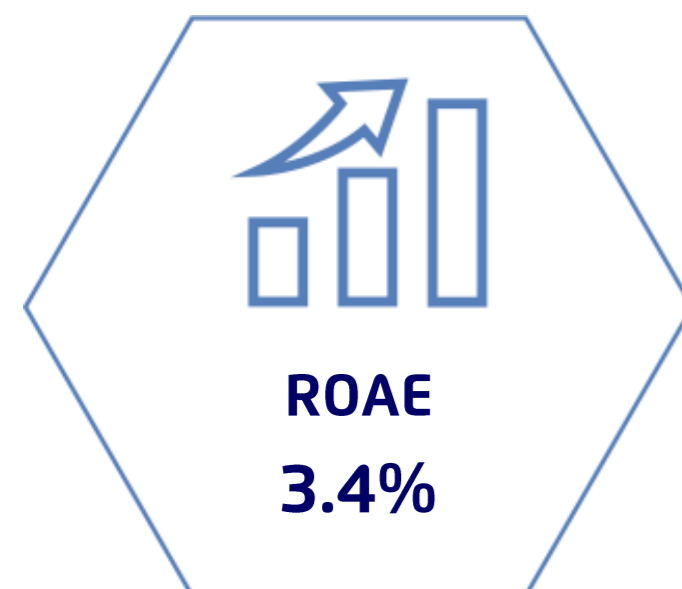
Credicorp Consolidated 1Q20 Performance

Decelerating income and high provisions, both driven by COVID-19, impact our short-term performance.

Quarterly Profitability

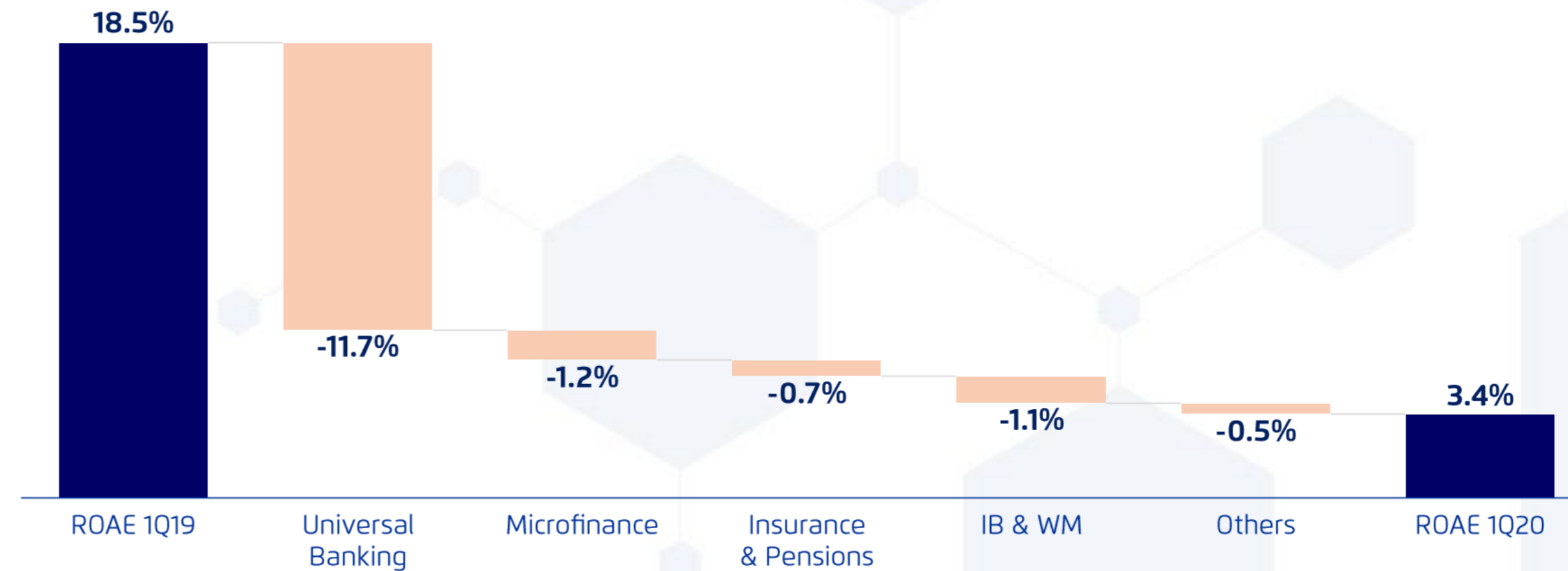


▼ -81.0% YoY
▼ -78.5% QoQ



▼ -15.1 pp YoY
▼ -11.5 pp QoQ

ROAE Evolution (YoY)



- ◆ Resilient YoY growth in Loans, Deposits and NII of 11.4%, 15.3% and 8.3% respectively
- ◆ Digital adoption accelerates during lockdown and digital capabilities stand out as competitive advantage
- ◆ COVID-19 generated negative impacts, particularly through non-financial income, provisions and expenses offset 1Q20 profitability.
- ◆ Credicorp continues to have comfortable levels of liquidity and capital. We reduced dividends at all subsidiaries to strengthen operating units' capital base.
- ◆ Given the level of uncertainty surrounding the economic impact of COVID-19, we are suspending guidance

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Outlook



We are thinking long-term: Going forward, our strategy is focused on

Universal Banking

- ◆ Engaging with customers to understand their situation and financial needs **post-COVID-19**
- ◆ Implementing **Reactiva Peru** program
- ◆ **Adjusting risk management measures** and **designing debt restructuring** initiatives
- ◆ **Re-starting sales capabilities** coupled with **dynamic pricing, and accelerating digital adoption**, Rethinking and implementing the **new operating model**
- ◆ In **Bolivia**, we are engaging with customers, adjusting risk management measures, and fostering the use of digital channels

Insurance & Pension Funds

- ◆ **Re-starting Insurance sales** force coupled with **digital capabilities**
- ◆ **Adjusting Pacifico's new operating model**
- ◆ Managing the **liquidity and profitability** of **Pensions investment portfolio** amid expected withdrawals
- ◆ **Actively participating in pension system reform.**

Microfinance

- ◆ Engaging with customers, assessing new needs and risks, and **executing refinancing initiatives**
- ◆ **Implementing FAE program**
- ◆ Accelerating the path to the **hybrid decision making model**
- ◆ Redefining the **new remote operating model**
- ◆ Finalizing **Bancompartir merger by 3Q2020**

Investment Banking & Wealth Management

- ◆ Developing **business opportunities** in **Wealth Management and Asset Management**, as well as the **Corporate Finance pipeline**
- ◆ **Improving our efficiency** by prioritizing expenses and investments
- ◆ **Finalizing the integration of Ultraserfinco** by 1H20
- ◆ Defining our **support functions and technological platforms** to improve the **consumer experience** and enable future growth

Corporate Strategy

- ◆ To further strengthen our long-term performance and competitiveness in the markets we operate, a project has been launched this month to develop a strategy aimed at integrating ESG more deeply and consistent into our business planning and activities.
- ◆ To take advantage of the new opportunities, specific initiatives at Krealo will be selected in order to be accelerated.

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Earnings Conference Call 1Q 2020

