



CREDICORP LTD. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2021, AND DECEMBER 31, 2020
AND FOR THE THREE AND SIX-MONTH PERIODS
ENDED JUNE 30, 2021 AND 2020

CREDICORP LTD. AND SUBSIDIARIES

Interim condensed consolidated financial statements as of June 30, 2021 and December 31, 2020 and for the three and six-month periods ended June 30, 2021 and 2020

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US\$ = United States dollar

S/ = Sol



Report on review of interim financial statements

To the Shareholders
Credicorp Ltd. and subsidiaries

August 24, 2021

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Credicorp Ltd. and subsidiaries (the Company)** as of June 30, 2021 and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods then ended, changes in net equity and cash flows for the six-month period ended June 30, 2021, and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting'.

GAVEGLIO APARICIO Y ASOCIADOS

Countersigned by

----- (partner)

Carlos González González
Peruvian Public Accounting
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CREDICORP LTD. AND SUBSIDIARIES

Interim condensed consolidated statement of financial position

As of June 30, 2021 (unaudited) and December 31, 2020 (audited)

| | Note | As of June 30, 2021 S/(000) | As of December 31, 2020 S/(000) | | Note | As of June 30, 2021 S/(000) | As of December 31, 2020 S/(000) |
|---|-------|-----------------------------------|---------------------------------------|--|-------|-----------------------------------|---------------------------------------|
| Assets | | | | Liabilities | | | |
| Cash and due from banks: | | | | Deposits and obligations: | 14 | | |
| Non-interest-bearing | | 8,883,164 | 8,176,612 | Non-interest-bearing | | 52,879,988 | 47,623,119 |
| Interest-bearing | | 29,075,474 | 28,576,382 | Interest-bearing | | 96,281,815 | 94,742,383 |
| | 4 | 37,958,638 | 36,752,994 | | | 149,161,803 | 142,365,502 |
| Cash collateral, reverse repurchase agreements and securities borrowing | 5(a) | 1,616,654 | 2,394,302 | Payables from repurchase agreements and securities lending | 5(b) | 25,963,227 | 27,923,617 |
| Investments: | | | | Due to banks and correspondents | 15 | 6,239,161 | 5,978,257 |
| At fair value through profit or loss | 6(a) | 6,791,288 | 6,467,471 | Banker's acceptances outstanding | | 558,934 | 455,343 |
| At fair value through other comprehensive income | | 38,714,699 | 42,746,061 | Accounts payable to reinsurers | 9(b) | 317,185 | 338,446 |
| At fair value through other comprehensive income pledged as collateral | 6(b) | 1,558,701 | 997,828 | Lease liabilities | 12(b) | 706,218 | 750,578 |
| | | 40,273,400 | 43,743,889 | Financial liabilities at fair value through profit or loss | | 313,256 | 561,602 |
| Amortized cost | | 5,776,864 | 2,196,220 | Technical reserves for insurance claims and premiums | 16 | 12,157,217 | 11,675,076 |
| Amortized cost pledged as collateral | 6(c) | 1,931,092 | 2,766,162 | Bonds and notes issued | 17 | 16,951,481 | 16,319,407 |
| | | 7,707,956 | 4,962,382 | Deferred tax liabilities, net | | 134,208 | 105,529 |
| Loans, net: | 7 | | | Other liabilities | 13 | 6,948,612 | 5,487,159 |
| Loans, net of unearned income | | 143,091,752 | 137,659,885 | Total liabilities | | 219,451,302 | 211,960,516 |
| Allowance for loan losses | | (9,391,151) | (9,898,760) | | | | |
| | | 133,700,601 | 127,761,125 | Equity, net | 18 | | |
| Financial assets designated at fair value through profit or loss | 8 | 921,851 | 823,270 | Equity attributable to Credicorp's equity holders: | | | |
| Premiums and other policies receivable | 9(a) | 780,824 | 937,223 | Capital stock | | 1,318,993 | 1,318,993 |
| Accounts receivable from reinsurers and coinsurers | 9(b) | 1,043,042 | 919,419 | Treasury stock | | (207,756) | (208,433) |
| Property, furniture and equipment, net | 10 | 1,312,264 | 1,374,875 | Capital surplus | | 224,103 | 192,625 |
| Due from customers on acceptances | | 558,934 | 455,343 | Reserves | | 21,725,663 | 21,429,635 |
| Intangible assets and goodwill, net | 11 | 2,647,676 | 2,639,297 | Other reserves | | 677,159 | 1,865,898 |
| Right-of-use assets, net | 12(a) | 631,863 | 702,928 | Retained earnings (losses) | | 1,335,544 | 347,152 |
| Deferred tax assets, net | | 1,646,679 | 1,693,655 | | | 25,073,706 | 24,945,870 |
| Other assets | 13 | 7,436,560 | 5,777,990 | Non-controlling interest | | 503,222 | 499,777 |
| Total assets | | 245,028,230 | 237,406,163 | Total equity, net | | 25,576,928 | 25,445,647 |
| | | | | Total liabilities and net equity | | 245,028,230 | 237,406,163 |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CREDICORP LTD. AND SUBSIDIARIES

Interim condensed consolidated statement of income

For the three and six-month periods ended June 30, 2021 and 2020 (unaudited)

| | | For the three-month period ended June 30, 2021 and 2020 (unaudited) | | For the six-month period ended June 30, 2021 and 2020 (unaudited) | |
|---|------|--|--------------------|--|--------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | S/(000) | S/(000) | S/(000) | S/(000) |
| Interest and similar income | 22 | 2,891,579 | 2,727,369 | 5,707,652 | 5,890,978 |
| Interest and similar expenses | 22 | (582,537) | (766,019) | (1,275,227) | (1,550,101) |
| Net interest, similar income and expenses | | <u>2,309,042</u> | <u>1,961,350</u> | <u>4,432,425</u> | <u>4,340,877</u> |
| Provision for credit losses on loan portfolio | 7(c) | (441,007) | (2,557,658) | (1,063,989) | (3,946,369) |
| Recoveries of written-off loans | | 77,627 | 17,201 | 142,962 | 64,431 |
| Provision for credit losses on loan portfolio, net of recoveries | | <u>(363,380)</u> | <u>(2,540,457)</u> | <u>(921,027)</u> | <u>(3,881,938)</u> |
| Net interest, similar income and expenses, after provision for credit losses on loan portfolio | | <u>1,945,662</u> | <u>(579,107)</u> | <u>3,511,398</u> | <u>458,939</u> |
| Other income | | | | | |
| Commissions and fees | 23 | 862,411 | 503,488 | 1,693,182 | 1,263,817 |
| Net gain on foreign exchange transactions | | 232,668 | 149,308 | 412,557 | 316,291 |
| Net (loss) gain on securities | 24 | (57,645) | 295,469 | (11,953) | 194,061 |
| Net gain on derivatives held for trading | | 45,413 | 8,358 | 115,136 | 43,788 |
| Net gain from exchange differences | | 45,924 | 23,845 | 40,388 | 2,996 |
| Others | 29 | 62,923 | 35,195 | 136,914 | 152,965 |
| Total other income | | <u>1,191,694</u> | <u>1,015,663</u> | <u>2,386,224</u> | <u>1,973,918</u> |
| Insurance underwriting result | | | | | |
| Net premiums earned | 25 | 639,944 | 552,061 | 1,283,872 | 1,179,996 |
| Net claims incurred for life, general and health insurance contracts | 26 | (691,335) | (328,783) | (1,314,688) | (702,285) |
| Acquisition cost | | (84,944) | (87,598) | (170,766) | (200,105) |
| Total insurance underwriting result | | <u>(136,335)</u> | <u>135,680</u> | <u>(201,582)</u> | <u>277,606</u> |
| Other expenses | | | | | |
| Salaries and employee benefits | 27 | (882,177) | (825,997) | (1,739,736) | (1,717,180) |
| Administrative expenses | 28 | (672,805) | (510,694) | (1,253,647) | (1,052,798) |
| Depreciation and amortization | | (123,956) | (123,375) | (249,302) | (248,525) |
| Depreciation for right-of-use assets | | (39,913) | (45,935) | (81,332) | (90,744) |
| Others | 29 | (141,596) | (122,397) | (216,701) | (298,457) |
| Total other expenses | | <u>(1,860,447)</u> | <u>(1,628,398)</u> | <u>(3,540,718)</u> | <u>(3,407,704)</u> |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (CONTINUED)

| | For the three-month period ended June 30, 2021 and 2020 (unaudited) | | For the six-month period ended June 30, 2021 and 2020 (unaudited) | | |
|--|---|------------------|---|------------------|--------|
| | 2021 | 2020 | 2021 | 2020 | |
| | S/(000) | S/(000) | S/(000) | S/(000) | |
| Net result before income tax | 1,140,574 | (1,056,162) | 2,155,322 | (697,241) | |
| Income tax | <u>(423,491)</u> | <u>414,726</u> | <u>(761,090)</u> | <u>268,980</u> | |
| Net result after income tax | <u>717,083</u> | <u>(641,436)</u> | <u>1,394,232</u> | <u>(428,261)</u> | |
| Attributable to: | | | | | |
| Credicorp's equity holders | 699,469 | (620,390) | 1,360,267 | (411,116) | |
| Non-controlling interest | <u>17,614</u> | <u>(21,046)</u> | <u>33,965</u> | <u>(17,145)</u> | |
| | <u>717,083</u> | <u>(641,436)</u> | <u>1,394,232</u> | <u>(428,261)</u> | |
| Net basic and dilutive earnings (losses) per share attributable to Credicorp's equity holders (in Soles): | | | | | |
| Basic | 30 | 8.80 | (7.82) | 17.12 | (5.18) |
| Diluted | 30 | 8.78 | (7.80) | 17.09 | (5.17) |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CREDICORP LTD. AND SUBSIDIARIES

Interim condensed consolidated statement of comprehensive income
For the three and six-month periods ended June 30, 2021 and 2020 (unaudited)

| | For the three-month period ended June 30, 2021 and 2020 (unaudited) | | For the six-month period ended June 30, | |
|--|--|------------------|--|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| Net profit (loss) for the period | 717,083 | (641,436) | 1,394,232 | (428,261) |
| Other comprehensive income: | | | | |
| To be reclassified to profit or loss in subsequent periods: | | | | |
| Net (loss) gain on investments at fair value through other comprehensive income | (211,016) | 938,046 | (1,762,644) | (52,303) |
| Income tax | 17,685 | (47,904) | 22,132 | 8,463 |
| | <u>(193,331)</u> | <u>890,142</u> | <u>(1,740,512)</u> | <u>(43,840)</u> |
| Net movement on cash flow hedges | 13,513 | (1,323) | 45,074 | (20,041) |
| Income tax | (3,923) | 251 | (12,985) | 5,480 |
| | <u>9,590</u> | <u>(1,072)</u> | <u>32,089</u> | <u>(14,561)</u> |
| Insurance reserves | 77,269 | (231,207) | 454,779 | (62,892) |
| Income tax | (26,846) | – | (26,846) | – |
| | <u>50,423</u> | <u>(231,207)</u> | <u>427,933</u> | <u>(62,892)</u> |
| Exchange differences on translation of foreign operations | 67,450 | 149,683 | 167,129 | 89,615 |
| Net movement in hedges of net investments in foreign businesses | (13,678) | – | (32,096) | – |
| | <u>53,772</u> | <u>149,683</u> | <u>135,033</u> | <u>89,615</u> |
| Total | <u>(79,546)</u> | <u>807,546</u> | <u>(1,145,457)</u> | <u>(31,678)</u> |
| Not to be reclassified to profit or loss in subsequent periods: | | | | |
| Net (loss) gain in equity instruments designated at fair value through other comprehensive income | (92,871) | (5,119) | (68,973) | 90,971 |
| Income tax | 6,753 | (72) | 3,626 | 4,330 |
| Total | <u>(86,118)</u> | <u>(5,191)</u> | <u>(65,347)</u> | <u>95,301</u> |
| Total other comprehensive income | <u>(165,664)</u> | <u>802,355</u> | <u>(1,210,804)</u> | <u>63,623</u> |

| | | | | |
|---|----------------|-----------------|----------------|------------------|
| Total comprehensive income for the period, net of income tax | 551,419 | 160,919 | 183,428 | (364,638) |
| Attributable to: | | | | |
| Credicorp's equity holders | 536,047 | 171,984 | 171,528 | (347,366) |
| Non-controlling interest | <u>15,372</u> | <u>(11,065)</u> | <u>11,900</u> | <u>(17,272)</u> |
| | <u>551,419</u> | <u>160,919</u> | <u>183,428</u> | <u>(364,638)</u> |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CREDICORP LTD. AND SUBSIDIARIES

Interim condensed consolidated statement of changes in net equity
For the six-month period ended June 30, 2021 and 2020 (unaudited)

| | Attributable to Credicorp's equity holders | | | | | Other reserves | | | | | | | | | Non-controlling interest | Total net equity |
|--|--|---------------------|---------------------|-----------------|------------|---|---|---------------------------------|-------------------------|--------------------|-------------------|-------------|--------------------------------------|-------------|--------------------------|------------------|
| | Treasury stock | | | | | Instruments that will not be reclassified to income | Instruments that will be reclassified to the interim condensed consolidated statement of income | | | | Retained earnings | Total | | | | |
| | Capital stock | Shares of the Group | Share-based payment | Capital surplus | Reserves | | Investments in equity instruments | Investments in debt instruments | Cash flow hedge reserve | Insurance reserves | | | Foreign currency translation reserve | S/(000) | | |
| S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | | | |
| Balances as of January 1, 2020 | 1,318,993 | (204,388) | (3,451) | 226,037 | 19,437,645 | 550,065 | 1,255,988 | (30,104) | (658,491) | (29,269) | 4,374,935 | 26,237,960 | 508,350 | 26,746,310 | | |
| Changes in equity in 2020 - | | | | | | | | | | | | | | | | |
| Net loss for the period | - | - | - | - | - | - | - | - | - | - | (411,116) | (411,116) | (17,145) | (428,261) | | |
| Other comprehensive income | - | - | - | - | - | 95,496 | (45,516) | (14,235) | (62,237) | 90,242 | - | 63,750 | (127) | 63,623 | | |
| Total comprehensive income | - | - | - | - | - | 95,496 | (45,516) | (14,235) | (62,237) | 90,242 | (411,116) | (347,366) | (17,272) | (364,638) | | |
| Transfer of retained earnings to reserves, Note 18(c) | - | - | - | - | 1,977,091 | - | - | - | - | - | (1,977,091) | - | - | - | | |
| Dividend distribution, Note 18(d) | - | - | - | - | - | - | - | - | - | - | (2,392,844) | (2,392,844) | - | (2,392,844) | | |
| Dividends paid to interest non-controlling of subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | (32,273) | (32,273) | | |
| Purchase of treasury stock, Note 18(b) | - | - | (3,356) | (148,543) | - | - | - | - | - | - | - | (151,899) | - | (151,899) | | |
| Share-based payment transactions | - | - | 2,709 | 82,936 | (33,334) | - | - | - | - | - | - | 52,311 | - | 52,311 | | |
| Others | - | (823) | - | - | - | - | - | - | - | - | (1,311) | (2,134) | 21,223 | 19,089 | | |
| Balances as of June 30, 2020 | 1,318,993 | (205,211) | (4,098) | 160,430 | 21,381,402 | 645,561 | 1,210,472 | (44,339) | (720,728) | 60,973 | (407,427) | 23,396,028 | 480,028 | 23,876,056 | | |
| Balances as of January 1, 2021 | 1,318,993 | (204,326) | (4,107) | 192,625 | 21,429,635 | 626,914 | 1,944,819 | (42,321) | (892,598) | 229,084 | 347,152 | 24,945,870 | 499,777 | 25,445,647 | | |
| Changes in equity in 2021 - | | | | | | | | | | | | | | | | |
| Net profit for the period | - | - | - | - | - | - | - | - | - | - | 1,360,267 | 1,360,267 | 33,965 | 1,394,232 | | |
| Other comprehensive income | - | - | - | - | - | (65,348) | (1,711,893) | 31,370 | 423,098 | 134,034 | - | (1,188,739) | (22,065) | (1,210,804) | | |
| Total comprehensive income | - | - | - | - | - | (65,348) | (1,711,893) | 31,370 | 423,098 | 134,034 | 1,360,267 | 171,528 | 11,900 | 183,428 | | |
| Transfer of retained earnings to reserves, Note 18(c) | - | - | - | - | 346,994 | - | - | - | - | - | (346,994) | - | - | - | | |
| Dividend distribution, Note 18(d) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Dividends paid to interest non-controlling of subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | (4,176) | (4,176) | | |
| Purchase of treasury stock, Note 18(b) | - | - | (1,369) | (57,538) | - | - | - | - | - | - | - | (58,907) | - | (58,907) | | |
| Sale of treasury stocks, Note 18(b) | - | - | 1,369 | 58,852 | - | - | - | - | - | - | - | 60,221 | - | 60,221 | | |
| Share-based payment transactions | - | - | 677 | 30,164 | (50,966) | - | - | - | - | - | - | (20,125) | - | (20,125) | | |
| Others | - | - | - | - | - | - | - | - | - | - | (24,881) | (24,881) | (4,279) | (29,160) | | |
| Balances as of June 30, 2021 | 1,318,993 | (204,326) | (3,430) | 224,103 | 21,725,663 | 561,566 | 232,926 | (10,951) | (469,500) | 363,118 | 1,335,544 | 25,073,706 | 503,222 | 25,576,928 | | |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CREDICORP LTD. AND SUBSIDIARIES

Interim condensed consolidated statement of cash flows
For the six-month period ended June 30, 2021 and 2020 (unaudited)

| | Note | For the six-month period ended June 30, | |
|--|-------|--|-------------------|
| | | 2021 | 2020 |
| | | S/000 | S/000 |
| CASH AND CASH EQUIVALENTS FROM (USED IN) OPERATING ACTIVITIES | | | |
| Net profit (loss) for the period | | 1,394,232 | (428,261) |
| Adjustment to reconcile net profit to net cash arising from operating activities: | | | |
| Provision for credit losses on loan portfolio | 7(c) | 1,063,989 | 3,946,369 |
| Depreciation and amortization | | 249,302 | 248,525 |
| Depreciation of right-of-use assets | | 81,332 | 94,662 |
| Depreciation of investment properties | 13(g) | 3,471 | 3,375 |
| Provision for sundry risks | 29 | 56,923 | 8,058 |
| Deferred expense (income) tax | 19(b) | 95,823 | (940,627) |
| Adjustment of technical reserves | 25(a) | 368,753 | 252,149 |
| Net loss (gain) on sale of securities | 24 | 11,953 | (194,061) |
| (Gain) loss on financial assets designated at fair value through profit and loss | 25(a) | (40,412) | 6,976 |
| Net (gain) of trading derivatives | | (115,136) | (43,788) |
| Net loss (income) from sale of property, furniture and equipment | 29 | 4,357 | (10,002) |
| Net loss (gain) from sale of seized and recovered assets | 29 | 1,404 | (1,773) |
| Expense for share-based payment transactions | 27 | 44,525 | 45,620 |
| Net (gain) from sale of written off portfolio | | (10,759) | (32,755) |
| Others | | (22,183) | (2,291) |
| Net changes in assets and liabilities | | | |
| Net (increase) decrease in assets: | | | |
| Loans | | (4,743,123) | (15,384,657) |
| Investments at fair value through profit or loss | | (62,572) | (1,119,094) |
| Investments at fair value through other comprehensive income | | 2,320,955 | (5,399,554) |
| Cash collateral, reverse repurchase agreements and securities borrowings | | 883,880 | 1,562,709 |
| Sale of written off portfolio | | 18,629 | 1,085 |
| Other assets | | (1,456,354) | (1,084,547) |
| Net increase (decrease) in liabilities | | | |
| Deposits and obligations | | 2,997,249 | 14,488,951 |
| Due to banks and correspondents | | 170,934 | (748,289) |
| Payables from repurchase agreements and securities lending | | (1,979,130) | 14,710,129 |
| Bonds and notes issued | | (262,990) | 1,511,252 |
| Short-term and low-value lease payments | | (41,047) | (31,319) |
| Other liabilities | | 1,783,766 | 1,229,112 |
| Income tax paid | | (605,662) | (691,293) |
| Net cash flow from (used in) operating activities | | 2,212,109 | 11,996,661 |

Interim condensed consolidated statement of cash flows (continued)

| | Note | For the six-month period ended June 30, | |
|---|-------|--|--------------------|
| | | 2021 | 2020 |
| | | S/000 | S/000 |
| NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES | | | |
| Proceeds from sale of property, furniture and equipment | | 1,484 | 22,572 |
| Proceeds from sale and reimbursement of investment to amortized cost | | 328,618 | 586,429 |
| Purchase of property, furniture and equipment | | (23,150) | (28,145) |
| Purchase of investment property | 13(e) | (5,439) | (8,017) |
| Purchase of intangible assets | | (213,257) | (183,773) |
| Purchase of investment at amortized cost | | (2,979,747) | (963,771) |
| Net cash flows from (used in) investing activities | | (2,891,491) | (574,705) |
| NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES | | | |
| Dividends paid | 18(d) | – | (2,392,844) |
| Dividends paid to non-controlling interest of subsidiaries | | (4,176) | (32,273) |
| Principal payments of leasing contracts | | (67,317) | (85,719) |
| Interest payments of leasing contracts | | (14,320) | (17,344) |
| Purchase of treasury stock | 18(b) | (58,907) | (151,899) |
| Sale of treasury stock | | 60,221 | – |
| Subordinated bonds | | 120,201 | – |
| Net cash flows from (used in) financing activities | | 35,702 | (2,680,079) |
| Net (decrease) increase of cash and cash equivalents before effect of changes in exchange rate | | (643,680) | 8,741,877 |
| Effect of changes in exchange rate of cash and cash equivalents | | 1,823,575 | 1,388,894 |
| Cash and cash equivalents at the beginning of the period | | 36,733,767 | 25,974,042 |
| Cash and cash equivalents at the end of the period | | 37,913,662 | 36,104,813 |
| Additional information from cash flows | | | |
| Interest received | | 5,566,718 | 5,683,339 |
| Interest paid | | (1,186,754) | (1,507,616) |

Interim condensed consolidated statement of cash flows (continued)

Reconciliation of liabilities arising from financing activities:

| For the six-month period ended June 30, 2021 | As of January 01, 2021 | Changes that generate cash flows | | Changes that do not generate cash flows | | As of June 30, 2021 |
|---|---------------------------|-------------------------------------|--------------------|--|---------------|------------------------|
| | | Received | Paid | Exchange difference | Others | |
| Subordinated bonds | 5,381,323 | 2,018,806 | (1,898,605) | 359,372 | 7,297 | 5,868,193 |
| Lease liabilities | 750,578 | - | (81,637) | 25,198 | 12,079 | 706,218 |
| | <u>6,131,901</u> | <u>2,018,806</u> | <u>(1,980,242)</u> | <u>384,570</u> | <u>19,376</u> | <u>6,574,411</u> |

| For the six-month period ended June 30, 2020 | As of January 1, 2020 | Changes that generate cash flows | | Changes that do not generate cash flows | | As of June 30, 2020 |
|---|--------------------------|-------------------------------------|------------------|--|---------------|------------------------|
| | | Received | Paid | Exchange difference | Others | |
| Subordinated bonds | 4,387,743 | - | - | 285,185 | 3,667 | 4,676,595 |
| Lease liabilities | 847,504 | - | (103,063) | 38,836 | 14,670 | 797,947 |
| | <u>5,235,247</u> | <u>-</u> | <u>(103,063)</u> | <u>324,021</u> | <u>18,337</u> | <u>5,474,542</u> |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CREDICORP LTD. AND SUBSIDIARIES

Notes to the interim condensed consolidated financial statements as of June 30, 2021 and December 31, 2020 and for the three and six-month periods ended June 30, 2021 and 2020

1 OPERATIONS

Credicorp Ltd. (hereinafter “Credicorp”) is a limited liability company incorporated in Bermuda in 1995 to act as a holding company and according to Bermuda's economic substance regulation, Credicorp Ltd. as an independent legal entity, is considered a “Pure Equity Holding Entity” (PEHE). Credicorp's activity is to maintain equity interests and receive passive income such as dividends, capital gains and other income from investments in securities.

In order to keep Credicorp's structure and organization fully aligned with the new legislation on economic substance approved by the Government of Bermuda on January 11, 2019, as of October 29, 2020, the decisions of the Credicorp Board of Directors will be limited to issues related to Credicorp's strategy, objectives and goals, main action plans and policies, risk control and management, annual budgets, business plans and control of their implementation, supervision of the main expenses, investments, acquisitions and disposals, among other “passive” decisions related to Credicorp. The authority to make decisions applicable to Credicorp's subsidiaries, such as the adoption of relevant strategic or management decisions, the assumption of expenses for the benefit of its affiliates, the coordination of group activities, and the granting of credit facilities in favor of its affiliates, it has been transferred to Grupo Crédito S.A., a subsidiary of Credicorp.

Credicorp, through its banking and non-banking subsidiaries and its associate Entidad Prestadora de Salud, offers a wide range of financial, insurance and health services and products, mainly throughout Peru and in other countries (see Note 3 (b)). Its main subsidiary is Banco de Crédito del Perú (hereinafter “BCP” or the “Bank”), a multiple bank incorporated in Peru.

Credicorp's legal address is Clarendon House 2 Church Street Hamilton, Bermuda; likewise, the main offices from where Credicorp's businesses are managed are located at Calle Centenario N ° 156, La Molina, Lima, Peru.

At a Credicorp Board of Directors meeting, held on December 19, 2019, the Corporate Policy for the Prevention of Corruption and Bribery was approved. This document specifies that neither Credicorp nor any of its subsidiaries can make contributions or deliver any benefit to political organizations or their members, under any modality, directly or indirectly. Management confirms that during the first semester of the 2021 and during the 2020, none of these contributions have been made.

The consolidated financial statements as of December 31, 2020 and for the year then ended were approved by the Board of Directors on February 25, 2021. The interim condensed consolidated financial statements as of June 30, 2021 and for the three and six-month periods ended June 30, 2021 were approved by the Management on August 24, 2021 and will be submitted for their final approval by the Board of Directors; in Management's opinion, these will be approved without modifications.

Credicorp is listed on the Lima and New York Stock Exchanges.

2 SIGNIFICANT TRANSACTIONS

a) Main acquisitions, incorporations and mergers -

i) Merger by absorption between Ultralat Capital Markets, LLC and Credicorp Capital Securities, Inc. –

On February 1, 2021, we finalized the merger between Credicorp Capital Securities, Inc. and Ultralat Capital Markets, LLC, which resulted in a new company named Credicorp Capital LLC. Credicorp Capital LLC is a broker-dealer registered with the Financial Industry Regulatory Authority - FINRA and the Securities and Exchange Commission - SEC. Credicorp Capital LLC is owned by Credicorp Capital Limited, which is wholly owned by Credicorp Ltd. Credicorp Capital LLC has an affiliate investment adviser, Credicorp Capital Advisors LLC. They share the same board of directors and ownership.

This operation will not have an impact on the interim condensed consolidated financial statements of Credicorp Ltd. and Subsidiaries.

ii) Merger by absorption between Credicorp Capital Colombia S.A. and Ultraserfinco S.A. –

At the General Shareholders' Meeting - Extraordinary Meeting held on January 13, 2020, the shareholders of Credicorp Capital Colombia S.A. approved the legal merger of Ultraserfinco S.A. This operation was authorized by the Superintendency of Colombian Bank through Resolution N°0421 of April 24, 2020. Also, on June 27, 2020, Credicorp Capital Colombia S.A. (absorbing entity) acquired all the assets, liabilities, rights and obligations of Ultraserfinco S.A. (absorbed entity).

This transaction has not generated a significant impact on the Group's interim condensed consolidated financial statements.

iii) Merger by absorption between Banco Compartir S.A. and Edyficar S.A.S. –

At the General Shareholders' Meeting - Extraordinary Meeting held on August 03, 2020, the shareholders of Banco Compartir S.A. approved the legal merger of Edyficar S.A.S. This operation was authorized by the Superintendency of Colombian Bank through Resolution N°756 of August 26, 2020. Also, October 30, 2020, Banco Compartir S.A. (absorbing entity) acquired all the assets, liabilities, rights and obligations of Edyficar S.A.S. (absorbed entity). Likewise, both entities agreed that, from the date of the merger, the legal name of the new merged entity will be "MiBanco - Banco de la Microempresa de Colombia S.A.".

This transaction has not generated a significant impact on the Group's interim condensed consolidated financial statements.

b) The outbreak of the new coronavirus (hereinafter "COVID-19") –

The COVID-19 outbreak, which was first reported in Wuhan, China, in late year 2019 forced governments globally to take important measures to mitigate the spread of the disease, such as the closure of international borders, severe mobilization restrictions and quarantines. As a result, the Global Gross Domestic Product (GDP; and PBI, by its initials in Spanish) contracted sharply in 2020 and the economies in which Credicorp operates (mainly Peru, Chile, Colombia, Bolivia and Panama) were severely affected.

The main measures taken by the governments of the countries in which Credicorp operates consisted of emergency declarations, mobilization restrictions, quarantines and border closures, which have later been modified to selective quarantines in most cases. During the second semester of 2020, the economies of these countries began their reopening processes in phases or stages. However, due to the increase in cases towards the end of 2020 and beginning of 2021, mobility restrictions by risk areas were imposed. In the second quarter of 2021, as cases fell, restrictive measures were relaxed, although most countries are still under night curfews and capacity limits given the permanent risk of new outbreaks as highly infectious virus variants emerge.

The economies of the countries in which the Group mainly operates are recovering as the vaccination process accelerates. The immunization process began in December in Chile, in January in Panama and in February in Bolivia, Peru and Colombia.

Vaccination campaign
(as a % of population, as of August 3rd)

| Country | Given 1 dose | Fully vaccinated |
|----------|--------------|------------------|
| Chile | 72.5 | 64.5 |
| Panama | 48.7 | 16.2 |
| Colombia | 36.5 | 24.7 |
| Bolivia | 24.9 | 14.8 |
| Peru | 24.5 | 16.5 |

Panama

i) Government measures to counteract negative effects of the pandemic -

In 2020, the government adopted fiscal and macro-financial measures such as spending on social and health programs aimed at supporting SMEs and implemented tax relief measures. The Superintendency of Banks of Panama (SBP) allowed banks to use accumulated dynamic provisioning to absorb the impact of credit losses, allowed banks to undertake voluntary loan restructurings with distressed borrowers, and requested banks not to charge interest on unpaid interest.

In 2021, the government increased the amount of the direct transfer received by the beneficiaries of the Panama Solidarity Plan and extended the tariff reduction on medical supplies. According to the Ministry of Economy of Finance, they have allocated resources of US\$3.4 billion (9.6 percent of 2020 GDP) for this year to cope with the COVID-19 pandemic, and, on April 28, 2021, the government announced a plan for public investment and infrastructure (including maintenance), amounting US\$12.1 billion (18.1 percent of GDP). Lastly, on June 30, the temporary moratorium on servicing bank loans ended.

ii) Effects of the pandemic on the economy -

In May 2020, at the worst moment of the pandemic, GDP fell 30.6 percent “compared to the previous year” (hereinafter, “y/y”) due to the importance of the services sector, which represents more than 75.0 percent GDP and, its dependence on external demand. Its recovery has been slower than its peers, with a historic GDP contraction of 17.9 percent in 2020. In May 2021 (latest data available), the monthly economic activity indicator showed GDP grew 20.8 percent y/y, favored by a low base effect. For instance, fiscal revenues in June almost doubled the amount from June 2020 but are 29.0 percent below the June 2019 level. Accordingly, Moody’s expect the economy will grow between 8.0 and 10.0 percent in 2021 but will not return to pre pandemic levels till 2023.

In February 2021, Fitch downgraded Panama’s credit rating by one notch from BBB to BBB- to reflect a significant deterioration of public finances with the fiscal deficit and public debt reaching 10.1 percent and 69.8 percent of GDP in 2020. On March 17, 2021, Moody’s also cut its credit rating to Baa2, with stable outlook, citing as a key driver the very material weakening in Panama’s fiscal strength driven by the severe economic shock from the pandemic. Despite this, the government has been successful in selling debt in the international capital markets. Before the downgrades, in January 2021, the government raised US\$2.45 billion worth of sovereign bonds and, in June 2021, they raised US\$2 billion through the issuance of a new Treasury Bond maturing in 2031 and the reopening of the Global Bond maturing in 2050.

Bolivia

i) Government measures to counteract negative effects of the pandemic -

In 2020 the Bolivian government announced fiscal measures such as payments for the unemployed and families with children, coverage of basic services, loans to companies to cover the payment of wages, a microcredit support program, a bonus against hunger, the enactment of a tax on Large Fortunes Law and the Refund of the Value Added Tax (VAT). Meanwhile, the Central Bank injected liquidity to the local market by 1.2 percent of GDP. In relation to measures that affect the financial system:

- (i) A renewal of the deferral of the payment of bank loans and interest was approved, initially till December 2020, but was extended until June 2021 (clients have not been paying capital or interest since March 2020 when the pandemic started);
- (ii) A new law established that banks and financial companies must pay an additional 25.0 percent tax on profits if the ROE (Return on Equity) exceeds 6.0 percent; and
- (iii) In December 2020 the capitalization of 100.0 percent of the net profits obtained by banks and financial entities was approved, with the aim of strengthening the financial system and expanding credit.

In 2021, the government announced an increase in the national minimum wage by 2.0 percent (decreed in May) and is close to finalizing the approval of a bill that allows a withdrawal of 15 percent from individual pension fund accounts to those with a balance smaller than BOL 100,000 (around US\$ 14,500).

ii) Effects of the pandemic on the economy -

The economy sank almost 8.0 percent in 2020 and in the first four months of 2021, according to the Ministry of Economy, GDP grew 5.3 percent, driven by the mining sector, hydrocarbons, construction and commerce. The latest available data for the period Apr-May shows gas and oil production growing at around 40.0 percent year on year; even when comparing it with 2019 levels, gas production is 17 percent higher. The economic recovery is also reflected in a reduction of the unemployment rate from 9.7 percent in January 2021 to 7.6 percent in April and a continuous improvement of trade. Exports and imports grew 12.7.0 percent and 8.0 percent, respectively, in the second quarter of 2021, which resulted in a trade balance of US\$ 485 million (US\$ 832 in the first half of 2021). This, as a result of higher commodity prices and an increase in mining production. However, tighter restrictions in May and June amid surging COVID-19 cases could have weighed on activity later in the quarter.

On March 22, 2021, S&P affirmed the country's B+ credit rating but dropped its outlook to negative from stable on a rising governmental debt burden (public debt exceeded 70.0 percent of GDP last year). Previously, in September 2020, Fitch and Moody's lowered Bolivia's long-term foreign currency rating from B + to B due to deteriorating growth prospects and the country's public finances amid acute political tensions.

Colombia

i) Government measures to counteract negative effects of the pandemic -

In 2020 the Colombian government implemented strong fiscal measures:

- (i) households: additional transfers of social programs, VAT refunds, support to informal workers, energy subsidies;
- (ii) firms: payroll support, extraordinary bonus payments;
- (iii) VAT and import tax deductions; and

- (iv) credit lines for firms and capitalization of guarantee funds. On the other hand, the Central Bank injected about 1.4 percent of GDP to provide liquidity in the local market and cut the benchmark rate by 250 basis points to 1.75 percent, a new historical low. In relation to the financial system, grace periods and credit restructuring were given for natural and legal people.

In 2021, unspent resources from the emergency mitigation fund (FOME) created last year will be used to finance the extension of some transfer programs during the first half of 2021 as well as to fund the vaccination program.

ii) Effects of the pandemic on the economy -

Colombia has been hit hard by the pandemic. In 2020 over 5 million jobs were temporarily affected and GDP contracted by 6.8 percent, the largest recession on record. In the first quarter of 2021, the economy grew 2.9 percent over quarter (1.1 percent y/y) and at the beginning of the second quarter the political and social turmoil paused the economic recovery trend. However, the outlook has improved recently as protests have eased significantly, the vaccination process has accelerated sharply over the past months and restrictions on activity are mild. Hence, the economy is seen growing solidly this year at around 8.0 percent on the back of firming domestic activity and a recovery external sector, also supported by higher oil prices.

On April 15, 2021, the government presented a fiscal reform to the Parliament, thus maintaining a trend of tax changes every 2-3 years. The goal was to raise funds (2 percent of GDP) via mainly a VAT hike, and individual and businesses taxes. A higher tax collection sought to strengthen the main social programs and to achieve the required fiscal adjustment after the strong hit on public finances from the pandemic. However, the government withdrew the tax reform due to growing social protests. After that, the government structured another tax reform project, less ambitious than the previous one, that is currently under discussion in Congress.

On May 19, 2021, S&P removed the Investment Grade status of Colombia by cutting the sovereign rating from BBB- to BB+ (outlook stable), while Fitch followed suit with the same move on July 1, 2021.

Before this event, in April, the government issued global bonds in the international markets for US\$3.0 billion (US\$2.0 billion by 2032 and US\$1.0 billion by 2042). It was the second issuance of 2021 after placing global bonds for US\$2.8 billion in February.

Chile

i) Government measures to counteract negative effects of the pandemic -

In 2020, the Chilean government announced three fiscal stimulus packages that represent 12.0 percent of GDP, with measures mainly focused on protecting jobs and income for low- and middle-income families, as well as SMEs. The Ministry of Finance also announced an expansion of the Fund of Guarantee for Small businesses (FOGAPE, by its acronym in Spanish) to temporarily include medium and large companies. The Central Bank of Chile (BCCh, by its initials in Spanish) reduced its interest rate in 125 basis points accumulated to 0.5 percent and adopted unconventional measures such as the purchase of bank and government bonds, as well as the introduction of a new financing program for banks conditional to increased credit. Additionally, two withdrawals of 10.0 percent of the individual pension fund accounts were approved by parliament

In 2021, on March, the government expanded existing measures for the middle class and the most vulnerable by 2.0 percent of GDP. These included direct payments and loans with zero interest. Additionally, in April, parliament approved a third withdrawal of 10.0 percent from the individual pension fund accounts and, in June, an extension till September of the Emergency

Family Income (IFE, by its initials in Spanish) which will reach close to 7 million households was made official.

ii) Effects of the pandemic on the economy -

The economic impact of the pandemic is unprecedented in Chile. The economy hit its lowest point in May 2020 with a contraction of 15.5 percent y/y, after which it started its gradual recovery. GDP fell 5.8 percent in 2020 and the 2021 economic recovery has surprised to the upside thanks to an unprecedented fiscal support, favorable external conditions with copper prices, its main export product, reaching all-time highs and one of the most successful vaccination processes within the Latam region. The monthly economic activity index showed the economy grew 2.1 percent m/m (seasonally-adjusted) in June 2021, the highest increase for a month of June since we have records, and a solid result considering that in May it also accelerated at a historic pace. As a result, coupled with an inflation rate above the 2.0 percent – 4.0 percent target range, the BCCCh raised its monetary policy rate by 25 basis points to 0.75 percent in July. The month before they had improved their 2021 GDP forecast to 8.5 percent - 9.5 percent.

On October 15, 2020, Fitch downgraded Chile's long-term foreign currency rating from A to A- in response primarily to a marked deterioration in fiscal accounts. And on March 24, 2021, Standard and Poor's followed suit cutting its rating to A from A+, due to the expectation that the country's public finances will stabilize at a structurally weaker level. On the political side, on May 15-16, a Constitutional Convention Election to select the members of the body in charge of writing the new Constitution took place. The results unsettled financial markets as the left-wing parties will predominate. The process was approved by the Chilean population in a historic event; the constitutional plebiscite of October 25, 2020. Additionally, on November 21, 2021, the presidential election will take place.

Peru

i) Government measures to counteract negative effects of the pandemic -

2020

In response to the major sanitary and economic shock from COVID-19, the Ministry of Finance, the Central Bank and Congress implemented an ample package of measures to mitigate and stimulate the economy for the equivalent of around 20.0 percent of GDP, with resources coming from prudent macroeconomic policies implemented for decades.

The measures enacted include grace periods and rescheduling of credits to individuals and legal entities, tax relief, public spending, access to private savings (pension fund accounts and severance indemnity deposits), and government-backed liquidity programs.

In particular, the government supported the business sector through two government-backed programs:

- (i) "Reactiva Perú", a liquidity program aimed to give a quick and effective response to liquidity needs that companies faced due to the impact of COVID-19, ensuring the credit chain, and granting access to working capital loans guarantees to micro, small, medium and large companies. This program reached S/60 billion equivalents to 8.0 percent of GDP.

The amount of the credit in soles disbursed and the guarantee depended on the sales volume of each company, with a maximum of three months average of monthly sales in 2019. For microenterprises, an alternative to the sales level was the amount equivalent to two months average debt of the year 2019. The guaranteed coverage of the Government for these loans was 98.0 percent for loans up to S/90 thousand, and between 95.0 to 80.0 percent for loans greater than S/90 thousand and up to S/10 million.

The loans disbursed had maximum terms of up to thirty-six months, with a grace period of up to twelve months.

Likewise, financial entities undertook to offer these credits at record low rates, since the Central Reserve Bank granted funds through repurchase credit agreement with the Guarantee of the Government represented in securities, which were assigned through auctions or direct operations, with an effective annual rate of 0.5 percent and a grace period of twelve months without payment of interest or principal.

- (ii) The Enterprise Support Fund (FAE, by its acronym in Spanish) program enables banks and microfinance entities to provide Small and Micro businesses loans for up to S/4.0 billion with government guarantee coverage levels between 90.0 percent and 98.0 percent. This amount represents about 9.0 percent of the loan portfolio for SMEs (Pymes, by its Spanish initials) systemwide. Other Funds which have also been created are FAE funds for Agriculture and Tourism for S/2.0 billion and S/1.5 billion, respectively. These funds follow similar structures to the original FAE but are focused on specific sectors.

By the end of June 2021, the liquidated repurchase agreement operations with state guarantee from the Central Bank stood at S/47,968 million (S/50,729 million by ended period 2020).

2021

During 2021 the Government announced additional economic measures amid a second wave of COVID-19 and a new focalized lockdown scheme was implemented. Regarding monetary transfers, the Government implemented a new monetary transfer program of S/600 for vulnerable households for a total of S/2,434 million.

In addition, the government enabled the rescheduling of Reactiva Perú and FAE MYPE Loans for up to S/19,500 million until September 30th, 2021, which included a new grace period of up to 12 months, with an eligibility criterion depending on the size loans and the sales contraction registered during the fourth quarter of 2020, respectively.

In parallel, Congress approved a number of measures so far, among which we highlight: (i) a new private pension fund withdrawal for both contributors and non-contributors of up to S/17,600 from their individual accounts, and (ii) the withdrawal of 100.0 percent of CTS accounts until December 2021, among others.

- ii) Effects of the pandemic on the economy -

2020

Economic activity in 2020 the GDP contracted 11.1 percent as a result of the pandemic shock and the lockdown of the economy. During this time the Government issued global treasury bonds at historically low rates for a total of US\$7,000.0 million in the year, to finance the significant fiscal deficit incurred during 2020.

Despite the good intentions of the government, the higher fiscal expenditure and the issuing of new US dollar denominated debt marked a move away from the fiscal discipline of the last 20 years of fiscal.

As a consequence, in June 2020 Fitch Ratings downgraded Peru's long term local currency debt from A- to BBB+, while maintained the BBB+ rating for long term foreign currency debt and a Stable outlook. In December 2020, Fitch revised the outlook for Peru's long-term credit rating in foreign and domestic currency from Stable to Negative and maintained both with a BBB+ rating.

2021

At the same time of the implementation of a focalized lockdown scheme since February 2021, the economy started to register a notable recovery at a fast rate since March 2021 (18.2 percent y/y), resulting in a first quarter of 2021 growth of 3.8 percent, and for the growth period March-May 2021 the economy advanced 39.5 percent with respect to the same period in 2020.

In the first week of March 2021, Peru issued bonds for US\$4.0 billion: (i) US\$1,750.0 million tapping into Global bond 2031 (coupon: 2.78 percent, spread vs UST: 125 basis points), (ii) US\$1,250.0 million with a 20 year tenor and a coupon rate of 3.30 percent (spread vs UST: 140 basis points), and (iii) US\$1,000.0 million 30 year tenor and coupon rate of 3.55 percent (spread vs UST: 145 basis points). Total demand for this issuance exceeded US\$10.0 billion. Moreover, Peru also issued another bond for EUR 825 million with 12-year tenor and coupon rate of 1.25 percent. This global issuance for almost US\$ 5 billion adds up to the global issuances of last year of US\$7.0 billion (US\$3.0 billion in April 2020 and US\$4.0 billion in November 2020).

The economic activity is getting close to pre-pandemic levels, showing a rebound of around 20 percent y/y in the first half of 2021, and standing only 0.5 percent below the figure reported for the same period in 2019, amid higher copper prices, expansionary monetary and fiscal policies, and improved sanitary conditions with a vaccination rate of almost 35.0 percent of the population over 18 with at least one dose.

The notes to the interim condensed consolidated financial statements that show some impact due to COVID-19 are as follows: Note 5, Note 6, Note 7, Note 9, Note 12, Note 14, Note 16, Note 22, Note 23, Note 24, Note 26, Note 29 and Note 34.

c) Political situation of Peru –

Political instability intensified after round one of Peru's presidential elections in April 2021. Pedro Castillo, from radical left-wing party Peru Libre, led the results with 18.9 percent of valid votes, followed by Keiko Fujimori from right wing party Fuerza Popular with 13.4 percent of valid votes. Given its view that an increasingly polarized political environment would undermine the effectiveness of the country's policymaking, rating agency Moody's changed the outlook on Peru's long-term issuer rating from stable to negative in May 2021, while keeping the rating at A3.

Concerns about Peru's institutional strength and economic resilience were soon exacerbated after Pedro Castillo won the presidential runoff election with 50.126 percent of the valid votes, followed by Keiko Fujimori with 49.874 percent of the valid votes. Several financial indicators deteriorated as initial official appointments and policy announcements triggered concerns around higher levels of state intervention and attempts to modify the Constitution. In particular, the exchange rate has depreciated 12.7 percent YTD, to a historical high of S/4.10 despite active central bank intervention in the FX market via multiple instruments. Likewise, yields of local currency sovereign bonds have exceeded even the peak pandemic levels registered in 2020. Nonetheless, macro fundamentals remain solid, and Peru continues to outperform its Latin American peers in several dimensions. Net international reserves currently represent 35.0 percent of GDP, inflation stands at 3.8 percent, and the public debt balance amounts to 37.0 percent of GDP (among the lowest in the region). Additionally, our banking system maintains high liquidity compared to historic levels and holds adequate capital levels.

Regarding the financial sector, concerns revolve around the possibility of increased direct competition by government-owned public companies, new packages of national loan rescheduling facilities, more restrictive interest rate caps, increased regulation of private health and insurance systems and a structural reform of the private pension system. However, control of Congress by the opposition as well as the lack of popular and institutional support for Pedro Castillo constitute obstacles to the implementation of radical reforms. In addition, some of the potential measures may wound up being challenged with the constitutional courts.

Economy activity grew around 20.0 percent in the first half of 2021 and came close to hitting pre-pandemic levels. In particular, the construction sector grew 97.0 percent, which represents 15.0 percent with respect to the first half of 2019. In addition to a statistical rebound, recovery in the past few months has been boosted by a favorable external environment, where copper prices remain high and our main trading partners have resumed growth.

All in all, Peru's GDP is expected to grow around 9.0 percent in 2021 due to strong commodity prices and expansive monetary and fiscal policies.

The interim condensed consolidated financial statements reasonable reflect the best available information at the time of preparation, including the uncertainty and the impact on significant assumptions and estimations, that are disclosed in the main notes to the interim condensed consolidated financial statements. Those accounting estimates, in the opinion of Management, are reasonable in the circumstances.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of Credicorp's interim condensed consolidated financial statements are set out below:

a) Basis of presentation, use of estimates and changes in accounting policies -

The accompanying interim condensed consolidated financial statements as of June 30, 2021, and for the three and six-month periods ended June 30, 2021, have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated audited financial statements for the year ended December 31, 2020 (henceforth "2020 Annual consolidated financial statements"), date February 25, 2021.

The interim condensed consolidated financial statements have been prepared following the historical cost criteria, except for investments at fair value through profit or loss, investments at fair value through other comprehensive income, financial assets designated at fair value through profit or loss, derivative financial instruments, and financial liabilities at fair value through profit or loss; which have been measured at fair value.

The interim condensed consolidated financial statements are presented in Soles (S/), which is the functional currency of the Group, and all values are rounded to thousands of soles, except when otherwise indicated.

The preparation of the interim condensed consolidated financial statements in accordance with International Financial Reporting Standards (henceforth "IFRS") as issued by the International Accounting Standards Board (IASB), requires Management to make estimations and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of significant events in notes to the interim condensed consolidated financial statements.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The final results could differ from said estimates; however, the Management expects that the variations, if any, will not have a material impact on the interim condensed consolidated financial statements.

The most significant estimates included in the accompanying interim condensed consolidated financial statements are related to the calculation of the allowance of the expected credit loss on loan portfolio, the valuation of investments, the technical reserves for insurance claims and premiums, the impairment of goodwill, the expected credit loss for investments at fair value through other comprehensive income and investments at amortized cost, the valuation of share-based payment plans and the valuation of derivative financial instruments.

Furthermore, other estimates exist, such as the estimated useful life of intangible assets, property, furniture and equipment and the deferred income tax assets and liabilities.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as of January 1, 2021, as described below:

(i) Definition of Material – Amendments to IAS 1 and IAS 8 -

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- That the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- The meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

(ii) Definition of a Business – Amendments to IFRS 3 –

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

The amendments will likely result in more acquisitions being accounted as asset acquisitions.

(iii) Revised Conceptual Framework for Financial Reporting –

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- Increasing the prominence of stewardship in the objective of financial reporting.
- Reinstating prudence as a component of neutrality.
- Refining a reporting entity, which may be a legal entity, or a portion of an entity.
- Revising the definitions of an asset and a liability.
- Removing the probability threshold for recognition and adding guidance on derecognition.
- Adding guidance on different measurement basis, and
- Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards need to apply the revised Framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

The modifications indicated above had no impact on the amounts recognized in previous or current periods and are not expected to significantly affect future periods.

(iv) Amendment to IFRS 16 Leases -

On May 28, 2020, the International Accounting Standards Board (IASB) published the amendment "Lease concessions related to COVID-19 (Amendment to IFRS 16)" which modifies the standard to provide lessees with an exemption from assessing whether a lease related to COVID-19 is a lease modification. At the same time, the IASB published a Proposed Taxonomy Update to reflect this amendment.

When there is a change in lease payments, the accounting treatment will depend on whether that change meets the definition of a lease modification defined as "a change in the scope of a lease, or consideration of a lease, that was not part of the original terms and conditions of the lease (for example, adding or ending the right to use one or more underlying assets, or extend or shorten the term of the contractual lease)".

The amendment modifies IFRS 16 in the following areas:

- Provide lessees an exemption from assessing whether a lease concession related to COVID-19 is a lease modification;
- require lessees applying the exemption to take into account the concessions of leases related to COVID-19 as if they were not lease modifications;
- determine that the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- establish that there is no substantive change to other terms and conditions of the lease;
- require lessees who apply the exemption to disclose that fact;
- require lessees to apply the exemption retrospectively in accordance with IAS 8, but do not require them to adjust the balances of the financial statements from previous periods;

This amendment applies to COVID-19-related lease concessions that reduce payments for leases due on or before June 30, 2021 to capture lease concessions granted beginning in June and with a duration of 12 months. In February 2021 the International Accounting Standards Board (IASB) extended the amendment "Lease concessions related to COVID-19 (Amendment to IFRS 16)" for one more year, that is, until June 30, 2022.

The amendment went into effect on June 1, 2020, but to ensure that help is available when it is most needed, lessees can apply the amendment immediately on any financial statement, whether provisional or annual, that is not yet authorized to report.

The adoption of the amendment did not have significant effects on the Interim condensed consolidated financial statements since to date there have been no significant changes in their contracts that warrant the use of this amendment.

b) Basis of consolidation –

The interim condensed consolidated financial statements of the Group comprise the condensed financial statements of Credicorp and subsidiaries for all the years presented. The method adopted by the Group to consolidate its subsidiaries is described in Note 3(b) of the 2020 Annual Consolidated Financial Statements.

As of June 30, 2021 and December 31, 2020, the following entities comprise the Group (the individual or consolidated figures of their financial statements are presented in accordance with IFRS and before eliminations for consolidation purposes, except for the elimination of Credicorp's treasury shares and its related dividends):

| Entity | Activity and country of incorporation | Percentage of interest (direct and indirect) | | Assets | | Liabilities | | Equity | | Net income (loss) for the six-month period ended June 30, | |
|--|---|--|-------------------------|---------------------|-------------------------|---------------------|-------------------------|---------------------|-------------------------|---|-----------|
| | | As of June 30, 2021 | As of December 31, 2020 | As of June 30, 2021 | As of December 31, 2020 | As of June 30, 2021 | As of December 31, 2020 | As of June 30, 2021 | As of December 31, 2020 | 2021 | 2020 |
| | | % | % | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Grupo Crédito S.A. and Subsidiaries (i) | Holding, Peru | 100.00 | 100.00 | 218,894,229 | 210,298,709 | 193,549,663 | 189,194,894 | 25,344,566 | 21,103,815 | 1,514,992 | (635,335) |
| Pacífico Compañía de Seguros y Reaseguros S.A. and Subsidiaries (ii) | Insurance, Peru | 98.86 | 98.81 | 15,774,373 | 16,020,865 | 13,633,709 | 13,036,221 | 2,140,664 | 2,984,644 | (256,585) | 200,723 |
| Atlantic Security Holding Corporation and Subsidiaries (iii) | Capital Markets, Cayman Islands | 100.00 | 100.00 | 13,275,385 | 8,593,553 | 11,432,127 | 6,876,666 | 1,843,258 | 1,716,887 | 59,907 | 536,016 |
| Credicorp Capital Ltd. and Subsidiaries (iv) | Capital Markets and asset management, Bermuda | 100.00 | 100.00 | 5,316,482 | 4,535,200 | 4,295,851 | 3,600,354 | 1,020,631 | 934,846 | 32,747 | (9,427) |
| CCR Inc.(v) | Special purpose Entity, Bahamas | 100.00 | 100.00 | 189,425 | 259,373 | 188,087 | 257,996 | 1,338 | 1,377 | (39) | 426 |

(i) The main activity of Grupo Crédito is to invest in shares listed in the Peruvian-Stock Exchange and in unlisted shares of Peruvian companies. Below, we present the individual or consolidated figures of their financial statements are presented in accordance with IFRS and before eliminations for consolidation purposes:

| Entity | Activity and country of incorporation | Percentage of interest (direct and indirect) | | Assets | | Liabilities | | Equity | | Net income (loss) for the six-month period ended June 30, | |
|---|--|--|-------------------------|---------------------|-------------------------|---------------------|-------------------------|---------------------|-------------------------|---|-----------|
| | | As of June 30, 2021 | As of December 31, 2020 | As of June 30, 2021 | As of December 31, 2020 | As of June 30, 2021 | As of December 31, 2020 | As of June 30, 2021 | As of December 31, 2020 | 2021 | 2020 |
| | | % | % | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Banco de Crédito del Perú and Subsidiaries (a) | Banking, Peru | 97.71 | 97.71 | 200,246,075 | 195,702,525 | 181,217,649 | 177,367,887 | 19,028,426 | 18,334,638 | 1,555,594 | (636,553) |
| Inversiones Credicorp Bolivia S.A. and Subsidiaries (b) | Banking, Bolivia | 99.96 | 99.96 | 13,167,946 | 12,533,378 | 12,357,453 | 11,802,383 | 810,493 | 730,995 | 31,559 | (26,423) |
| Prima AFP (c) | Private pension fund administrator, Peru | 100.00 | 100.00 | 867,605 | 1,107,706 | 223,284 | 407,536 | 644,321 | 700,170 | 78,897 | 47,153 |
| Krealo SpA and Subsidiaries (d) | Holding, Chile | 100.00 | 100.00 | 140,528 | 95,693 | 40,579 | 22,453 | 99,949 | 73,240 | (11,277) | (7,099) |

a) BCP was established in 1889 and its activities are regulated by the Superintendency of Banks, Insurance and Pension Funds - Peru (the authority that regulates banking, insurance and pension funds activities in Peru, hereinafter "the SBS").

Its main subsidiary is MiBanco, Banco de la Microempresa S.A. (hereinafter "MiBanco"), a banking entity in Peru oriented towards the micro and small business sector. As of June 30, 2021, the assets, liabilities, equity and net result of MiBanco amount to approximately S/15,612.6 million, S/13,439.6 million, S/2,173.0 million and S/69.5 million, respectively (S/15,649.5 million, S/13,539.5 million, S/2,110.0 million, and S/(244.0) million, respectively as of December 31, 2020).

- b) Inversiones Credicorp Bolivia S.A. (hereinafter "ICBSA") was established in February 2013 and its objective is to make capital investments for its own account or for the account of third parties in companies and other entities providing financial services, exercising or determining the management, administration, control and representation thereof, both nationally and abroad, for which it can invest in capital markets, insurance, asset management, pension funds and other related financial and/or stock exchange products.

Its principal subsidiary is Banco de Crédito de Bolivia (hereinafter "BCB"), a commercial bank which operates in Bolivia. As of June 30, 2021, the assets, liabilities, equity and net result of BCB were approximately S/13,113.3 million, S/12,350.3 million, S/763.0 million and S/26.6 million, respectively (S/12,472.4 million, S/ 11,781.4 million, S/691.0 million and S/(33.0) million, respectively as of December 31, 2020).

- c) Prima AFP is a private pension fund and its activities are regulated by the SBS.
- d) Krealo SpA (hereinafter "Krealo") was established in January 2019; and is oriented to make capital investments outside the country. On July 1, 2019, Krealo acquired Tenpo SpA and Tenpo Prepago S.A. (before Multicaja Prepago S.A.).
- (ii) Pacífico Seguros is an entity regulated by the SBS and its activities comprise the contracting and management of all types of general risk and life insurance, reinsurance and property investment and financial operations. Its Subsidiaries are Crediseguro Seguros Personales, Crediseguro Seguros Generales and Pacifico Asiste and it has Pacífico EPS as an associate, which are dynamic participants in the business of multiple and health insurance, respectively.
- (iii) Its most important subsidiary is Atlantic Security Bank (ASB), which is incorporated in the Cayman Islands and operates through branches and offices in Grand Cayman and the Republic of Panama; its main activities are private and institutional banking services and trustee administration, mainly for BCP's Peruvian customers.

The decrease in results for the second quarter of 2021 with respect to the second quarter of 2020, is due to the fact that in March 2020 Credicorp paid dividends for S/441.3 million (this transaction is eliminated at the level of Credicorp's consolidated financial statements) and for the second quarter of 2021, the payment of dividends has not been made.

- (iv) Credicorp Capital Ltd. was formed in 2012, and its main subsidiaries are Credicorp Capital Holding Peru (owner of Credicorp Capital Perú S.A.A.), Credicorp Holding Colombia (owner of Credicorp Capital Colombia and MiBanco – Banco de la Microempresa de Colombia S.A.), and Credicorp Capital Holding Chile (owner of Credicorp Capital Chile), which carry out their activities in Peru, Colombia and Chile, respectively. We present below the interim consolidated financial statements for each main subsidiary, in accordance with IFRS and before eliminations for consolidation purposes:

| Entity | Percentage of interest (direct and indirect) | | Assets | | Liabilities | | Equity | | Net income (loss) for the six-month period ended June 30, | |
|--|---|-------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|---|---------|
| | As of June 30, 2021 | As of December 31, 2020 | As of June 30, 2021 | As of December 31, 2020 | As of June 30, 2021 | As of December 31, 2020 | As of June 30, 2021 | As of December 31, 2020 | 2021 | 2020 |
| | % | % | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Credicorp Holding Colombia S.A.S. and Subsidiaries (a) | 100.00 | 100.00 | 3,354,465 | 3,229,783 | 2,680,088 | 2,606,724 | 674,377 | 623,059 | 15,964 | (2,881) |
| Credicorp Capital Holding Chile and Subsidiaries (b) | 100.00 | 100.00 | 1,604,921 | 915,013 | 1,426,153 | 744,027 | 178,768 | 170,986 | (7,512) | (5,013) |
| Credicorp Capital Holding Perú S.A. and Subsidiaries (c) | 100.00 | 100.00 | 341,623 | 358,241 | 226,369 | 228,555 | 115,254 | 129,686 | 24,570 | 6,837 |

- a) Credicorp Holding Colombia was incorporated in Colombia on March 5, 2012, and its main purpose is the administration, management and increase of its equity through the promotion of industrial and commercial activity, through investment in other companies or legal persons.

Its main subsidiaries are Credicorp Capital Colombia S.A and MiBanco Colombia. Credicorp Capital Colombia S.A. which was acquired in Colombia in the year 2012 and merged with Ultraserfinco S.A. in June 2020, this subsidiary is oriented to the activities of commission agents and securities brokers. Likewise, MiBanco Colombia (before Banco Compartir S.A.) was acquired in the year 2019 and merged with Edyficar S.A.S. in October 2020, this subsidiary is oriented to grant credits to the micro and small business sector. As of June 30, 2021 and December 31, 2020, the direct and indirect interest held by Credicorp and the assets, liabilities, equity and net income were:

| Entity | Percentage of interest (direct and indirect) | | Assets | | Liabilities | | Equity | | Net income (loss) for the six-month period ended June 30, | |
|---|---|-------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|---|----------|
| | As of June 30, 2021 | As of December 31, 2020 | As of June 30, 2021 | As of December 31, 2020 | As of June 30, 2021 | As of December 31, 2020 | As of June 30, 2021 | As of December 31, 2020 | 2021 | 2020 |
| | % | % | % | % | % | % | % | % | % | % |
| Credicorp Capital Colombia S.A. | 100.00 | 100.00 | 1,754,176 | 1,630,701 | 1,600,483 | 1,438,236 | 153,693 | 192,465 | 15,795 | 20,164 |
| MiBanco – Banco de la Microempresa de Colombia S.A. | 85.58 | 83.07 | 1,223,122 | 1,207,875 | 1,011,290 | 992,611 | 211,832 | 215,264 | 7,666 | (21,099) |

- b) Credicorp Holding Chile was incorporated in Chile on July 18, 2012, and aims to invest for long-term profitable purposes, in corporeal goods (movable and immovable property) and incorporeal, located in Chile or abroad. Its main subsidiary is Credicorp Capital Chile S.A.
- c) Credicorp Capital Holding Perú S.A. was incorporated in Peru on October 30, 2014, and aims to be the Peruvian holding of investment banking. Its main subsidiary Credicorp Capital Perú S.A.A.; which has as its main activity the function of holding shares, participations and transferable securities in general, providing advisory services in corporate and financial matters, and investment in real estate.
- (v) CCR Inc. was incorporated in 2000, its main activity is to manage loans granted to BCP by foreign financial entities, See Note 17(a)(vii). These loans are collateralized by transactions performed by BCP.

c) International Financial Reporting Standards issued but not yet effective -

The Group decided not to early adopt the following standards and interpretations that were issued but are not effective as of June 30, 2021:

(i) IFRS 17 “Insurance Contracts” -

IFRS 17 was issued in May 2017 in replacement of IFRS 4 “Insurance Contracts”. This standard requires a current measurement model, where estimate is remeasured in each reporting period. The contracts are measured using the building blocks of:

- Discounted- weighted of probability cash flows
- An explicit risk adjustment, and
- A contractual service margin which represents the unearned profit of the contract recognized as income over the coverage.

IFRS 17 applies to all types of insurance contracts (life, non-life and reinsurance insurance), regardless of the type of entities that issue them, as well as certain guarantees and financial instruments with certain discretionary participation characteristics. The general objective of IFRS 17 is to provide an accounting model that is more useful and uniform for insurance entities. Unlike IFRS 4, which relies heavily on the application of existing / local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, which covers all relevant accounting aspects.

The standard permits a choice between recognizing the changes in discount rates, either in the statement of income or directly in other comprehensive income. The choice probably reflects how insurers record their financial assets according to IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model denominated “Variable commissions method” for certain contracts of insurers with life insurance in which the insured share the yields from the underlying elements. Upon applying the variable commissions’ method, the entity’s participation in changes in fair value of the underlying elements is included in the contractual service margin. Therefore, it is probable that the results of the insurers that use this model will be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

Also, its implementation will modify the recognition, measurement, presentation and disclosure of insurance contracts having a significant impact on the underlying valuation models, systems, processes, internal controls and other fundamental aspects of the insurance business.

The Group has established governance structures related to the IFRS 17 project with the Audit Committee as the highest instance. As required by the standard, currently, the entities that make up the Group are in the process of determining the impact of their application.

Initially, IFRS 17 would apply to annual periods beginning on or after January 1, 2021; however, on June 25, 2020, the IASB agreed to defer the effective date of application to annual periods beginning on or after January 1, 2023.

- (ii) Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in associates and joint ventures”: Sale or contribution of assets between an investor and its associate or joint venture –

The IASB made limited scope amendments to IFRS 10 and IAS 28.

The amendments clarify the accounting treatment of the sales or contribution of assets between an investor and his associates or joint venture. These amendments confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitutes “a business” (as defined in IFRS 3 “Business combinations”).

If the non-monetary assets constitute a business, the investor will recognize the total gain or loss on the sale or contribution of assets. If the assets do not comply with the definition of “business”, the investor will recognize the gain or loss only in proportion to the investor’s investment in the associate or joint venture. The amendments will apply prospectively.

The IASB decided to defer the application date of this amendment until it has completed its research project on the equity method.

The Group is in the process of evaluating the impact of the application of these standards, and to date, it considers that there will be no significant impact on the interim condensed consolidated financial statements, except for IFRS 17.

Likewise, there are no other standards or amendments to standards which have not yet become effective and are expected to have a significant impact on the Group, either in the current or future periods, as well as on expected future transactions.

4 CASH AND DUE FROM BANKS

a) The composition of the item is presented below:

| | As of June 30, 2021 | As of December 31, 2020 |
|--|--------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| Cash and clearing (b) | 6,793,977 | 5,233,643 |
| Deposits with Central Reserve Bank of Peru (BCRP) (b) | 22,589,684 | 26,003,415 |
| Deposits with Central Bank of Bolivia and Colombia (b) | 787,494 | 1,085,785 |
| Deposits with foreign banks (c) | 6,515,437 | 3,350,106 |
| Deposits with local banks (c) | 1,209,036 | 1,027,081 |
| Interbank funds | 16,790 | 32,222 |
| Accrued interest | 1,244 | 1,515 |
| Total cash and cash equivalents | <u>37,913,662</u> | <u>36,733,767</u> |
| Restricted funds | <u>44,976</u> | <u>19,227</u> |
| Total cash | <u>37,958,638</u> | <u>36,752,994</u> |

Cash and cash equivalents presented in the interim condensed consolidated statement of cash flows exclude restricted funds.

b) Cash and clearing and deposits with Central Reserve Banks -

These accounts mainly include the legal cash requirements that subsidiaries of Credicorp must keep to honor their obligations with the public. The composition of these funds is as follows:

| | As of June 30, 2021 | As of December 31, 2020 |
|---|--------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| Legal cash requirements (i) | | |
| Deposits with Central Reserve Bank of Peru | 11,233,087 | 16,903,941 |
| Deposits with Central Bank of Bolivia | 784,876 | 1,079,878 |
| Deposits with Republic Bank of Colombia | 2,618 | 5,907 |
| Cash in vaults of Bank | <u>5,972,674</u> | <u>4,529,683</u> |
| Total legal cash requirements | <u>17,993,255</u> | <u>22,519,409</u> |
| Additional funds | | |
| Overnight deposits with Central Reserve Bank of Peru (ii) | 9,037,693 | 2,972,744 |
| Term deposits with Central Reserve Bank of Peru (iii) | 2,275,000 | 5,988,900 |
| Cash in vaults of Bank and others | 821,303 | 703,960 |
| Other Deposits BCRP | 43,904 | 137,830 |
| Total additional funds | <u>12,177,900</u> | <u>9,803,434</u> |
| Total | <u>30,171,155</u> | <u>32,322,843</u> |

(i) As of June 30, 2021, cash and deposits that generate interest subject to legal cash requirements in local and foreign currency are subject to an implicit rate of 4.09 percent and

33.58 percent, respectively, on the total balance of obligations subject to legal cash requirements, as required by the BCRP (4.00 percent and 34.51 percent, respectively, as of December 31, 2020).

In Management's opinion, the Group has complied with the calculation legal cash requirements established by current regulations.

- (ii) As of June 30, 2021, the Group maintains four "overnight" deposits with the BCRP, of which are two denominated in soles in amount of S/2,315.90 million and two in U.S Dollars in amount of US\$1,742.30 million, equivalent to S/6,721.80 million. At said date, the deposit in soles and deposits in U.S Dollars accrue interest at annual rates of 0.15 percent and 0.07 percent, respectively, and have maturities at 1 day.

As of December 31, 2020, the Group maintains four "overnight" deposits with the BCRP, which are two denominated in soles in amount of S/559.7 million and two in U.S Dollars in amount of US\$666.4 million, equivalent to S/2,413.0 million. At said date, deposit in soles and deposits in U.S Dollars accrue interest at annual rates of 0.15 percent and 0.13 percent, respectively, and have maturities at 4 days.

- (iii) In order to temporarily control the liquidity generated by the disbursement of the credit repurchase agreement with a National Government Guarantee represented in securities, and in view of the BCRP's offer of profitable rates for short-term deposits. The Group maintains six term deposits, which are denominated in soles. The deposits accrue interest at an annual rate of 0.25 percent and have maturities at July 1, 2021.

c) Deposits with local and foreign banks -

Deposits with local and foreign banks mainly consist of balances in soles and U.S. dollars; these are cash in hand and earn interest at market rates. As of June 30, 2021, and December 31, 2020 Credicorp and its subsidiaries do not maintain significant deposits with any bank in particular.

5 CASH COLLATERAL, REVERSE REPURCHASE AGREEMENTS AND SECURITIES BORROWING AND PAYABLES FROM REPURCHASE AGREEMENTS AND SECURITIES LENDING

- a) We present below the composition of cash collateral, reverse repurchase agreements and securities borrowing:

| | <u>As of June 30, 2021</u> | <u>As of December 31, 2020</u> |
|--|--------------------------------|--|
| | <u>S/(000)</u> | <u>S/(000)</u> |
| Cash collateral on repurchase agreements and security lendings (i) | 1,013,350 | 1,601,200 |
| Reverse repurchase agreement and security borrowings | 551,782 | 626,925 |
| Receivables for short sales | <u>51,522</u> | <u>166,177</u> |
| Total | <u>1,616,654</u> | <u>2,394,302</u> |

- (i) As of June 30, 2021, the balance mainly comprises cash collateral for approximately US\$82.3 million, equivalent to S/317.7 million, delivered to BCRP to secure a borrowing in soles of approximately S/285.0 million from the same entity (cash collateral for approximately US\$305.1 million, equivalent to S/1,104.7 million, and borrowing of approximately S/1,055 million, as of December 31, 2020).

Cash collateral granted bears interest at an average annual effective interest rate according to market rates. The related liability is presented in "Payables from repurchase agreements and securities lending" of the interim condensed consolidated statement of financial position, see paragraph (c) below.

b) Credicorp, through its subsidiaries, obtains financing through “Payables from repurchase agreements and securities lending” by selling financial instruments and committing to repurchase them at future dates, including interest at a fixed rate. The details of said transactions are as follows:

| | | <u>As of June 30, 2021</u> | | | | | <u>As of December 31, 2020</u> | | | | | | |
|--|------------------------------|----------------------------|--------------------------|--------------------------|------------------------|--|--------------------------------|---------------------|--------------------------|--------------------------|------------------------|--|-------------------|
| <u>Currency</u> | <u>Average interest rate</u> | <u>Up to 3 days</u> | <u>From 3 to 30 days</u> | <u>More than 30 days</u> | <u>Carrying amount</u> | <u>Fair value of underlying assets</u> | <u>Average interest rate</u> | <u>Up to 3 days</u> | <u>From 3 to 30 days</u> | <u>More than 30 days</u> | <u>Carrying amount</u> | <u>Fair value of underlying assets</u> | |
| | <u>%</u> | <u>S/(000)</u> | <u>S/(000)</u> | <u>S/(000)</u> | <u>S/(000)</u> | <u>S/(000)</u> | <u>%</u> | <u>S/(000)</u> | <u>S/(000)</u> | <u>S/(000)</u> | <u>S/(000)</u> | <u>S/(000)</u> | |
| Debt instruments (c) | | 623,617 | - | 24,624,798 | 25,248,415 | 25,165,484 | | - | 383,020 | 26,781,748 | 27,164,768 | 28,960,995 | |
| Instruments issued by the Colombian Government | Colombian pesos | 5.27 | 230,129 | 351,949 | 1,692 | 583,770 | 582,501 | 4.62 | - | 700,719 | - | 700,719 | 700,637 |
| Instruments issued by the Chilean Government | Chilean pesos | 0.03 | 34,584 | - | - | 34,584 | 34,584 | 0.09 | 17,865 | - | - | 17,865 | 17,865 |
| Other instruments | | 2.96 | 36,063 | 49,731 | 10,664 | 96,458 | 95,981 | 1.19 | 31,245 | 9,020 | - | 40,265 | 40,276 |
| | | | <u>924,393</u> | <u>401,680</u> | <u>24,637,154</u> | <u>25,963,227</u> | <u>25,878,550</u> | | <u>49,110</u> | <u>1,092,759</u> | <u>26,781,748</u> | <u>27,923,617</u> | <u>29,719,773</u> |

c) As of June 30, 2021 and December 31, 2020, the Group has repurchase agreements secured with: (i) cash, see Note 5(a), (ii) investments, see Note 6(b) and Credits from the Reactiva Peru Program, see Note 7(a). This item consists of the following:

| Counterparties | Currency | As of June 30, 2021 | | | As of December 31, 2020 | | |
|--------------------------------------|-----------------|-------------------------------|-------------------------|---|-------------------------------|-------------------------|---|
| | | Maturity | Carrying amount S/(000) | Collateral | Maturity | Carrying amount S/(000) | Collateral |
| BCRP - Reactiva Perú (*) | Soles | May 2023 / December 2023 | 19,629,927 | Loans guaranteed by National Government | May 2023 / December 2023 | 20,916,438 | Loans guaranteed by National Government |
| BCRP | Soles | July 2021 / July 2024 | 2,594,263 | Investments | March 2021 / July 2024 | 2,903,266 | Investments |
| BCRP - Reactiva Perú Especial (*) | Soles | June 2023 / December 2023 | 756,387 | Loans guaranteed by National Government | June 2023 / December 2023 | 756,387 | Loans guaranteed by National Government |
| Banco Central de Bolivia | Bolivianos | February 2022 / December 2022 | 691,612 | Cash | February 2021 / December 2022 | 486,331 | Cash |
| Banco de la República de Colombia | Colombian pesos | July 2021 | 623,202 | Investments | January 2021 | 319,481 | Investments |
| BCRP, note 5(a)(i) | Soles | March 2022 / March 2023 | 285,000 | Cash with BCRP | February 2021 / March 2023 | 1,055,000 | Cash with BCRP |
| Natixis S.A. | Soles | August 2028 | 270,000 | Investments | August 2028 | 270,000 | Investments |
| Citigroup Global Markets Limited (i) | U.S. Dollar | August 2026 | 173,610 | Investments | August 2026 | 162,945 | Investments |
| Natixis S.A. (ii) | U.S. Dollar | August 2026 | 96,450 | Investments | August 2026 | 90,525 | Investments |
| Natixis | U.S. Dollar | September 2021 | 35,879 | Investments | - | - | - |
| Other minors to S/92.0 million | | July 2021 / April 2033 | 18,493 | Investments | January 2021 / April 2033 | 91,160 | Investments |
| Accrued interest | | | 73,592 | | | 113,235 | |
| | | | <u>25,248,415</u> | | | <u>27,164,768</u> | |

(*) It corresponds to Agreement Transactions where BCP and MiBanco sell representing credit securities guaranteed by the BCRP, they receive soles and are obliged to buy them back at a later date. The credit representing securities with guarantee of the National Government may have the form of a portfolio of credit representing titles or of Certificates of Participation in trustee of the loan portfolio guaranteed by the National Government. The BCRP will charge a fixed interest annual rate in soles of 0.5 percent for the operation and will include a grace period of twelve months without payment of interest or principal. See more details of the Reactiva Peru program in Note 2(b).

As of June 30, 2021, the repurchase agreements secured with investments accrue interest at fixed and variable rates between 0.33 percent and 6.73 percent and between Libor 6M + 1.68 percent and Libor 6M + 1.90 percent, respectively, (between 0.5 percent and 6.73 percent and between Libor 6M + 1.68 percent and Libor 6M + 1.90 percent, respectively, as of December 31, 2020). Also, certain repurchase agreements were hedged using interest rate swaps (IRS) and cross-currency swaps (CCS), see Note 13(c).

6 INVESTMENTS

a) Investment at fair value through profit or loss consist of the following:

| | As of June 30, 2021 | As of December 31, 2020 |
|-------------------------------------|--------------------------------|--|
| | S/(000) | S/(000) |
| Government treasury bonds (i) | 2,102,472 | 1,584,913 |
| Certificates of deposit BCRP (ii) | 1,408,560 | 1,872,875 |
| Mutual funds (iii) | 1,009,700 | 979,296 |
| Corporate bonds | 470,397 | 328,315 |
| Investment funds | 443,521 | 362,493 |
| Restricted mutual funds (iv) | 415,089 | 436,881 |
| Participation in RAL Funds (v) | 297,282 | 278,819 |
| Subordinated bonds | 156,820 | 103,162 |
| Hedge funds | 141,794 | 126,938 |
| ETF (Exchange - Traded Fund) | 113,015 | 32,085 |
| Shares (vi) | 107,766 | 289,349 |
| Multilateral organization bonds | 51,956 | 14,765 |
| Central Bank of Chile bonds | 18,377 | 15,306 |
| RPI International Holding, LP (vii) | - | 5,641 |
| Others | 28,621 | 23,259 |
| Balance before accrued interest | <u>6,765,370</u> | <u>6,454,097</u> |
| Accrued interest | <u>25,918</u> | <u>13,374</u> |
| Total | <u>6,791,288</u> | <u>6,467,471</u> |

(i) As of June 30, 2021 and December 31, 2020, the balance of these instruments includes the following government treasury bonds:

| | As of June 30, 2021 | As of December 31, 2020 |
|--------------------------|--------------------------------|--|
| | S/(000) | S/(000) |
| Colombian Treasury bonds | 1,349,743 | 1,120,991 |
| Peruvian Treasury bonds | 646,534 | 349,219 |
| Brasil Treasury bonds | 53,087 | 53,857 |
| Panama Treasury bonds | 32,199 | 20,644 |
| Mexico Treasury bonds | 17,975 | 19,130 |
| Chile Treasury bonds | <u>2,934</u> | <u>21,072</u> |
| Total | <u>2,102,472</u> | <u>1,584,913</u> |

(ii) As of June 30, 2021, the balance corresponds to 3,652 certificates of deposit for US\$365.1 million, equivalent to S/1,408.6 million, whose interest rates are from 0.25 percent to 0.34 percent, and with maturity from July to August 2021 (5,174 certificates of deposit for US\$517.23 million, equivalent to S/1,872.9 million, accruing interest at an effective annual rate from 0.25 percent to 0.28 percent, and with maturity from January to March 2021, as of December 31, 2020). The variation corresponds to the sale of this instruments.

(iii) As of June 30, 2021, the balance corresponds to mutual funds from Luxembourg, Bolivia, Ireland and other countries, which represent 57.2 percent, 30.0 percent, 5.7 percent and 7.1 percent of the total, respectively, (from Peru, Luxembourg, Bolivia and other countries, which represent 30.9 percent, 29.5 percent, 28.8 percent and 10.8 percent of the total, respectively, as of December 31, 2020).

- (iv) The restricted mutual funds comprise the participation quotas in the private pension funds managed by PRIMA AFP and are maintained in compliance with the legal regulations in Peru. Their availability is restricted and the yield received is the same as that received by the private pension funds managed.
- (v) As of June 30, 2021, these funds are approximately Bs 320.5 million, equivalent to S/180.5 million, and US\$30.3 million, equivalent to S/116.8 million, (Bs 325.1 million, equivalent to S/173.2 million, and US\$29.2 million, equivalent to S/105.6 million, as of December 31, 2020) and comprise the investments made by the Group in the Central Bank of Bolivia as collateral for deposits received from the public. These funds have restrictions for their use and are required from all banks in Bolivia.
- (vi) The decrease of the balance corresponds mainly to the sale of Royalty Pharma plc's ordinary shares. As of June 30, 2021, all of these shares were sold (757,692 shares for US\$37.9 million, equivalent to S/137.2 million, as of December 31, 2020).
- (vii) During the first trimester of 2021, all participations were liquidated.

As of December 31, 2020, the balance corresponds to participations in RPI International Holding, LP, who invests in a series of subordinate funds whose objective is to invest in Royalty Pharma Investments, an investment fund established under the laws of Ireland. This investment fund is dedicated to buying medical and biotechnology patents. Participations in RPI International Holdings, LP, are not liquid and require authorization for negotiation.

b) Investments at fair value through other comprehensive income consist of the following:

| | <u>As of June 30, 2021</u> | | | | <u>As of December 31, 2020</u> | | | |
|---|---------------------------------------|----------------------------|---------------------------|---|---------------------------------------|----------------------------|---------------------------|---|
| | <u>Unrealized gross amount</u> | | | <u>Estimated fair value S/(000)</u> | <u>Unrealized gross amount</u> | | | <u>Estimated fair value S/(000)</u> |
| | <u>Amortized cost S/(000)</u> | <u>Profits S/(000)</u> | <u>Losses S/(000)</u> | | <u>Amortized cost S/(000)</u> | <u>Profits S/(000)</u> | <u>Losses S/(000)</u> | |
| Debts instruments: | | | | | | | | |
| Certificates of deposit BCRP (i) | 14,306,817 | 13,107 | - | 14,319,924 | 15,343,851 | 20,431 | - | 15,364,282 |
| Corporate bonds (ii) | 13,698,456 | 767,019 | (165,620) | 14,299,855 | 12,177,023 | 1,132,719 | (52,953) | 13,256,789 |
| Government treasury bonds (iii) | 8,983,976 | 289,233 | (285,693) | 8,987,516 | 11,051,662 | 1,158,845 | (5,458) | 12,205,049 |
| Securitization instruments (iv) | 709,356 | 24,656 | (44,629) | 689,383 | 703,920 | 63,131 | (21,471) | 745,580 |
| Negotiable certificates of deposit (v) | 784,935 | 16,578 | (1,047) | 800,466 | 873,218 | 14,093 | (1,420) | 885,891 |
| Subordinated bonds | 215,261 | 11,753 | (2,002) | 225,012 | 191,966 | 19,933 | (317) | 211,582 |
| Others | 143,996 | 7,984 | (2,602) | 149,378 | 147,327 | 14,802 | (44) | 162,085 |
| | <u>38,842,797</u> | <u>1,130,330</u> | <u>(501,593)</u> | <u>39,471,534</u> | <u>40,488,967</u> | <u>2,423,954</u> | <u>(81,663)</u> | <u>42,831,258</u> |
| Equity instruments designated at the initial recognition | | | | | | | | |
| Shares issued by: | | | | | | | | |
| Inversiones Centenario | 112,647 | 112,882 | - | 225,529 | 112,647 | 168,132 | - | 280,779 |
| Bolsa de Valores de Lima | 19,423 | 4,615 | - | 24,038 | 19,423 | 3,942 | - | 23,365 |
| Alicorp S.A.A. | 12,198 | 134,185 | - | 146,383 | 12,198 | 153,935 | - | 166,133 |
| Bolsa de Comercio de Santiago | 5,369 | 4,847 | - | 10,216 | 15,306 | - | (3,995) | 11,311 |
| Compañía Universal Textil S.A. | 227 | - | (54) | 173 | 9,597 | - | (3,163) | 6,434 |
| Pagos Digitales Peruanos S.A. | 5,197 | - | (5,197) | - | 5,197 | - | (5,197) | - |
| Bolsa de Valores de Colombia | 4,627 | 563 | (149) | 5,041 | 5,380 | 118 | - | 5,498 |
| Others | 16,866 | 1,882 | (3,618) | 15,130 | 7,640 | 1,786 | (396) | 9,030 |
| | <u>176,554</u> | <u>258,974</u> | <u>(9,018)</u> | <u>426,510</u> | <u>187,388</u> | <u>327,913</u> | <u>(12,751)</u> | <u>502,550</u> |
| Balance before accrued interest | <u>39,019,351</u> | <u>1,389,304</u> | <u>(510,611)</u> | <u>39,898,044</u> | <u>40,676,355</u> | <u>2,751,867</u> | <u>(94,414)</u> | <u>43,333,808</u> |
| Accrued interest | | | | <u>375,356</u> | | | | <u>410,081</u> |
| Total | | | | <u>40,273,400</u> | | | | <u>43,743,889</u> |

The Management of Credicorp has determined that the unrealized losses on investment at fair value through other comprehensive income as of June 30, 2021 and December 31, 2020 are of a temporary nature, considering factors such as intended strategy in relation with the identified security or portfolio, its underlying collateral and credit rating of the issuers. As of June 30, 2021, as a result of assessment of the impairment of its investments at fair value through other comprehensive income, the Group recorded a recovery of credit of S/5.7 million (provision of credit loss of S/37.7 million during the six-month period ended June 30, 2020), which is shown in "Net gain on securities" in the interim condensed consolidated statement of income. Also, Management has decided and has the ability to hold each investment for a period of time sufficient to allow for an anticipated recovery in fair value, until the earlier of its anticipated recovery or maturity.

The maturities and annual market rates of investments at fair value through other comprehensive income as of June 30, 2021 and December 31, 2020, are as follows:

| | Maturities | | Annual effective interest rate | | | | | | | | | | | |
|-------------------------------------|----------------------------|--------------------------------|---------------------------------------|------------|-------------|------------|--------------|------------|--------------------------------|------------|-------------|------------|--------------|------------|
| | As of June 30, 2021 | As of December 31, 2020 | As of June 30, 2021 | | | | | | As of December 31, 2020 | | | | | |
| | | | S/ | | US\$ | | Other | | S/ | | US\$ | | Other | |
| | | | Min | Max | Min | Max | Min | Max | Min | Max | Min | Max | Min | Max |
| | | | % | % | % | % | % | % | % | % | % | % | % | % |
| Certificates of deposit BCRP | Jul-2021 / Mar-2023 | Jan-2021 / Mar-2023 | 0.25 | 0.47 | - | - | - | - | 0.25 | 0.73 | - | - | - | - |
| Corporate bonds (*) | Jul-2021 / Nov-2095 | Jan-2021 / Jul-2070 | (0.59) | 16.88 | (3.51) | 15.15 | 0.57 | 7.53 | (0.31) | 16.21 | 0.01 | 10.51 | 0.78 | 6.25 |
| Government treasury bonds (**) | Jul-2021 / Feb-2055 | Jan-2021 / Feb-2055 | (0.57) | 6.55 | 0.04 | 4.61 | - | - | (1.20) | 5.08 | 0.03 | 4.61 | 0.07 | 0.41 |
| Securitization instruments | Aug-2021 / Sep-2045 | Jan-2021 / Sep-2045 | 2.80 | 21.06 | 3.16 | 10.93 | 1.68 | 6.00 | 1.32 | 13.36 | 1.51 | 9.19 | - | 6.00 |
| Negotiable certificates of deposits | Jul-2021 / Jul-2033 | Jan-2021 / Jul-2033 | - | - | 2.48 | 4.40 | 0.05 | 5.90 | - | - | 2.48 | 4.57 | 0.05 | 5.90 |
| Subordinated bonds | Apr-2022 / Aug-2045 | Apr-2022 / Aug-2045 | (0.39) | 6.91 | 0.37 | 5.25 | - | - | (0.04) | 5.74 | 0.16 | 4.76 | - | - |
| Others | Sep-2021 / Feb-2035 | Jan-2021 / Feb-2035 | 0.00 | 7.74 | 3.39 | 4.92 | - | - | (0.18) | 5.84 | 3.38 | 4.52 | - | - |

(*) As of June 30, 2021, the annual effective interest rate of (0.59) and (3.51) percent correspond a bonds issued by the Banco de Desarrollo de America Latina (CAF) and by Barclays PLC, respectively; excluding such interest rate, the rates tend to be positive.

(**) As of June 30, 2021, the annual effective interest rate of (0.57) percent corresponds to a bond issued by the Peruvian Treasury; excluding such interest rate, the range starts from 0.92 percent.

The negative rates correspond to bonds, whose nominal value is subject to a daily readjustment index for inflation determined by the BCRP. Said negative rates correspond to the market behavior in the face of the decrease in the BCRP's reference interest rate occurred a more of a year ago, approximately.

Likewise, as of June 30, 2021, the Group entered into repurchase agreement transactions for corporate bonds, multilateral organization bonds and foreign government bonds classified as investments at fair value through other comprehensive income, for an estimated fair value of S/1,558.7 million (S/997.8 million as of December 31, 2020), of which the related liability is presented in "Payables from repurchase agreements and securities lending" of the interim condensed consolidated statement of financial position, see Note 5(c).

- (i) As of June 30, 2021, the Group maintains 143,332 certificates of deposits BCRP (153,760 as of December 31, 2020); which are instruments issued at discount through public auction, traded on the Peruvian secondary market and payable in soles.
- (ii) As of June 30, 2021, the balance corresponds to corporate bonds issued by companies from Peru, United States, Chile and other countries, which represent 40.1 percent, 35.7 percent, 4.8 percent and 19.4 percent of the total, respectively, (issued by companies from Peru, United States, Colombia and other countries, which represent 43.6 percent, 32.3 percent, 4.6 percent and 19.5 percent of the total, respectively, as of December 31, 2020).

As of June 30, 2021, the most significant individual unrealized loss amounted to approximately S/10.1 million (S/13.0 million at December 31, 2020).

The largest unrealized loss compared to the balance of 2020 is due to the COVID-19 crisis. As of June 30, 2021, the balance mainly includes S/34.1 million from Peruvian company Rutas de Lima S.A.C. (S/40.5 million from the Peruvian company Rutas de Lima S.A.C. as of December 31, 2020).

- (iii) As of June 30, 2021 and December 31, 2020, the balance includes the following Government Treasury Bonds:

| | <u>As of June 30, 2021</u> | <u>As of December 31, 2020</u> |
|--|--------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| Peruvian treasury bonds (*) | 7,559,033 | 11,343,664 |
| U.S. treasury and federal agency bonds | 1,156,371 | 564,380 |
| Colombian treasury bonds | 87,522 | 101,741 |
| Chilean treasury bonds | 83,858 | 81,502 |
| Bolivian treasury bonds | 76,107 | 74,248 |
| Others | 24,625 | 39,514 |
| Total | <u>8,987,516</u> | <u>12,205,049</u> |

- (*) In relation to Peruvian treasury bonds, the largest unrealized loss compared to the balance in 2020 is due to the political uncertainty of the country about the recent presidential elections. See Note 2(c).

- (iv) As of June 30, 2021 and December 31, 2020, the balance of securitization instruments includes the following:

| | <u>As of June 30, 2021</u> | <u>As of December 31, 2020</u> |
|----------------------------------|--------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| Inmuebles Panamericana | 146,279 | 164,091 |
| Abengoa Transmisión del Norte | 97,557 | 99,112 |
| Colegios Peruanos S.A. | 57,116 | 63,268 |
| Costa de Sol S.A. | 46,901 | 51,483 |
| Nessus Hoteles Perú S.A. | 40,648 | 40,050 |
| Industrias de Aceite S.A. | 29,297 | 37,175 |
| Fábrica Nacional de Cemento S.A. | 36,382 | 34,537 |
| Homecenters Peruanos S.A. | 30,270 | 32,308 |
| Concesionaria La Chira S.A. | 28,202 | 32,138 |
| Others | 176,731 | 191,418 |
| Total | <u>689,383</u> | <u>745,580</u> |

The instruments have semiannual payments until 2045. The pool of underlying assets consists mainly of accounts receivable from income, revenues for services and from maintenance and marketing contributions (Inmuebles Panamericana), accounts receivable for electrical transmission services from the Carhuamayo - Cajamarca line (Abengoa Transmisión Norte) and accounts receivable for the transformation and commercialization of agribusiness products (Industrias de Aceite S.A.).

- (v) As of June 30, 2021, the balance corresponds to certificates for US\$1.98 million, equivalent to S/7.6 million; and in other currencies, equivalent to S/792.9 million, issued mainly by the financial system of Colombia and Bolivia (US\$6.65 million, equivalent to S/24.1 million; and in other currencies, equivalent to S/861.8 million, issued by the financial system of Colombia and Bolivia, as of December 31, 2020).

c) Amortized cost investments consist of the following:

| | As of June 30, 2021 | |
|--|----------------------------|-----------------------|
| | Carrying amount | Fair value |
| | S/(000) | S/(000) |
| Peruvian sovereign bonds (i) | 7,126,632 | 7,293,727 |
| Corporate bonds (i) | 225,378 | 225,199 |
| Certificates of payment on work progress (CRPAO) (ii) | 83,626 | 83,964 |
| Subordinated bonds (i) | 81,668 | 81,165 |
| Foreign government bonds (i) | 32,008 | 31,730 |
| Sub total | 7,549,312 | 7,715,785 |
| Accrued interest | 160,030 | 160,030 |
| Total investments at amortized cost | 7,709,342 | 7,875,815 |
| Provision for credit losses | (1,386) | (1,386) |
| Total investments at amortized cost, net | 7,707,956 | 7,874,429 |

| | As of December 31, 2020 | |
|--|--------------------------------|-----------------------|
| | Carrying amount | Fair value |
| | S/(000) | S/(000) |
| Peruvian sovereign bonds (i) | 4,740,275 | 5,439,612 |
| Certificates of payment on work progress (CRPAO) (ii) | 89,095 | 93,602 |
| Foreign government bonds (i) | 28,909 | 28,695 |
| Sub total | 4,858,279 | 5,561,909 |
| Accrued interest | 104,801 | 104,801 |
| Total investments at amortized cost | 4,963,080 | 5,666,710 |
| Provision for credit losses | (698) | (698) |
| Total investments at amortized cost, net | 4,962,382 | 5,666,012 |

(i) As of June 30, 2021, said bonds have maturities between July 2021 and February 2042, accruing interest at an annual effective interest rate between 0.92 percent and 6.44 percent on bonds denominated in soles, between (4.59) percent and 4.06 percent on bonds denominated in U.S. dollars, and between 0.00 percent and 2.52 percent annual on bonds issued in other currencies (as of December 31, 2020, have maturities between January 2021 and February 2042, accruing interest at an annual effective interest rate between 0.74 percent and 5.06 percent on bonds denominated in soles and between 0.0 percent and 3.05 percent on bonds issued in other currencies).

It is worth mentioning that the instruments with an interest rate of 0.00 percent corresponds to bonds issued by the Colombian Government, whose issue indicators on the date of acquisition were at very low levels; however, MiBanco Colombia invested in these instruments because it is a Colombian company and must invest in them according to local regulations, with the objective that the funds acquired by the Colombian Government are destined for the development and incentive of certain economic sectors.

Likewise, Credicorp Management has determined that as of June 30, 2021, the difference between amortized cost and the fair value of these investments is temporary in nature and Credicorp has the intention and ability to hold each of these investments until its maturity.

As of June 30, 2021, the Group has repurchased agreement transactions for investments at amortized cost for an estimated fair value of S/1,931.1 million (S/2,766.2 million as of December 31, 2020), the related liability for which is presented in the caption "Payables from repurchase agreements and securities lending" in the interim condensed consolidated statement of financial position, see Note 5(c).

(ii) As of June 30, 2021, there are 105 certificates of Annual Recognition of Payment on Work Progress - CRPAO from Spanish acronym (121 CRPAOs as of December 31, 2020), issued by the Peruvian Government to finance projects and concessions. Said issuance is a mechanism established in the concession agreement signed between the State and the concessionaire, which allows the latter to obtain financing to continue with the work undertaken. Said investment mature between July 2021 and April 2026, accruing interest at an annual effective rate between 2.45 percent and 4.07 percent as of June 30, 2021 (between January 2021 and April 2026, accruing interest at an annual effective rate between 2.42 percent and 3.47 percent as of December 31, 2020).

d) The table below shows the balance of investments classified by maturity, without consider accrued interest or provision for credit loss:

| As of June 30, 2021 | | | |
|----------------------------|---|---|---------------------------|
| | At fair value through profit or loss | At fair value through other comprehensive income | Amortized cost |
| | S/(000) | S/(000) | S/(000) |
| Up to 3 months | 1,490,283 | 11,717,868 | 12,879 |
| From 3 months to 1 year | 272,241 | 5,036,650 | 114,855 |
| From 1 to 3 years | 674,508 | 4,284,746 | 385,097 |
| From 3 to 5 years | 755,993 | 4,311,402 | 991,804 |
| More than 5 years | 1,483,836 | 14,120,868 | 6,044,677 |
| Without maturity | 2,088,509 | 426,510 | - |
| Total | 6,765,370 | 39,898,044 | 7,549,312 |

| As of December 31, 2020 | | | |
|--------------------------------|---|---|---------------------------|
| | At fair value through profit or loss | At fair value through other comprehensive income | Amortized cost |
| | S/(000) | S/(000) | S/(000) |
| Up to 3 months | 1,973,038 | 14,564,360 | 11,518 |
| From 3 months to 1 year | 94,554 | 2,606,845 | 42,398 |
| From 1 to 3 years | 462,168 | 4,272,547 | 163,144 |
| From 3 to 5 years | 486,310 | 3,770,438 | 631,832 |
| More than 5 years | 1,290,057 | 17,617,068 | 4,009,387 |
| Without maturity | 2,147,970 | 502,550 | - |
| Total | 6,454,097 | 43,333,808 | 4,858,279 |

7 LOANS, NET

a) This item consists of the following:

| | As of June 30, 2021 | As of December 31, 2020 |
|---|--------------------------------|--|
| | S/(000) | S/(000) |
| Direct loans - | | |
| Loans | 119,544,232 | 115,213,536 |
| Credit cards | 5,067,971 | 5,629,189 |
| Leasing receivables | 5,742,391 | 5,775,917 |
| Factoring receivables | 2,577,173 | 2,153,689 |
| Discounted notes | 1,981,564 | 1,483,723 |
| Advances and overdrafts in current account | 196,752 | 52,807 |
| Refinanced loans | 1,810,404 | 1,669,395 |
| Total direct loans | 136,920,487 | 131,978,256 |
| Internal overdue loans and under legal collection loans | 5,067,319 | 4,685,569 |
| | <u>141,987,806</u> | <u>136,663,825</u> |
| Add (less) - | | |
| Accrued interest | 1,252,118 | 1,197,489 |
| Unearned interest | (148,172) | (201,429) |
| Total direct loans | 143,091,752 | 137,659,885 |
| Allowance for loan losses (c) | (9,391,151) | (9,898,760) |
| Total direct loans, net | 133,700,601 | 127,761,125 |

The credits granted as part of the Reactiva Perú program are guaranteed by the Peruvian Government. The total granted through this program as of June 2021 is S/22,661 million. (S/24,286 million as of December 31, 2020). Likewise, in June 2021, loans from the Reactiva Perú program were rescheduled for an amount of S/1,002.9 million. See more details of this program in the Note 2(b). See more details of this program in the Note 2(b).

The government, to serve small companies that the Reactiva Perú program does not reach, has established the Business Support Fund for the MYPE (FAE-MYPE) which represents for MiBanco a total of S/36.8 million and S/267.4 million for FAE-MYPE 1 and FAE-MYPE 2, respectively as of June 30, 2021 (S/79.9 million and S/273.6 million for FAE-MYPE 1 and FAE-MYPE 2, respectively as of December 31, 2020). See more details of this program in the Note 2(b).

Likewise, due COVID-19 Pandemic effects, BCP and MiBanco, the main Subsidiaries of Credicorp have offered its clients the opportunity to reschedule their loans for 30 or 90 days without incurring in overdue fees and interest on capital. As of June 30, 2021, the rescheduled portfolio amounted to S/16,755.2 million (S/24,813.2 million as of December 31, 2020).

In the loan portfolio, the most vulnerable segments are: MiBanco and within BCP stand-alone SME-Pyme and individuals, where debt reprogramming rates reached 26.9 percent, 16.7 percent and 19.6 percent respectively at the end of June 30, 2021 (15.3 percent, 20.8 percent and 33.5 percent respectively as of December 31, 2020).

- b) As of June 30, 2021, and December 31, 2020, the composition of the gross credit balance is as follows:

| | As of June 30, 2021 | As of December 31, 2020 |
|----------------------------------|--------------------------------|--|
| | S/(000) | S/(000) |
| Direct loans | 141,987,806 | 136,663,825 |
| Indirect loans, Note 21(a) | 22,723,385 | 20,973,810 |
| Banker's acceptances outstanding | 558,934 | 455,343 |
| Total | 165,270,125 | 158,092,978 |

The composition of gross balance of direct and indirect loans and the allowance for loan losses by stages is as follows:

| Loans by class | Direct and indirect loans | | Allowance for loan losses of direct and indirect loans | |
|------------------------------|----------------------------------|--|---|--|
| | As of June 30, 2021 | As of December 31, 2020 | As of June 30, 2021 | As of December 31, 2020 |
| | S/000 | S/000 | S/000 | S/000 |
| Stage 1 | | | | |
| Commercial loans | 93,081,689 | 84,366,795 | 756,008 | 721,503 |
| Residential mortgage loans | 18,624,139 | 18,063,315 | 133,244 | 157,935 |
| Micro-business loans | 11,529,616 | 11,580,793 | 616,398 | 610,188 |
| Consumer loans | 9,964,308 | 9,980,504 | 309,626 | 355,436 |
| Total | 133,199,752 | 123,991,407 | 1,815,276 | 1,845,062 |
| Stage 2 | | | | |
| Commercial loans | 9,604,980 | 10,090,159 | 716,146 | 666,002 |
| Residential mortgage loans | 989,988 | 1,360,460 | 90,520 | 111,739 |
| Micro-business loans | 6,879,549 | 8,451,947 | 794,543 | 1,087,978 |
| Consumer loans | 2,501,368 | 2,584,176 | 744,583 | 946,312 |
| Total | 19,975,885 | 22,486,742 | 2,345,792 | 2,812,031 |
| Stage 3 | | | | |
| Commercial loans | 7,050,501 | 6,850,481 | 2,308,877 | 2,229,427 |
| Residential mortgage loans | 1,389,630 | 1,144,605 | 768,531 | 639,750 |
| Micro-business loans | 2,191,155 | 1,978,448 | 1,482,786 | 1,445,988 |
| Consumer loans | 1,463,202 | 1,641,295 | 1,220,465 | 1,463,365 |
| Total | 12,094,488 | 11,614,829 | 5,780,659 | 5,778,530 |
| Consolidated 3 Stages | | | | |
| Commercial loans | 109,737,170 | 101,307,435 | 3,781,031 | 3,616,932 |
| Residential mortgage loans | 21,003,757 | 20,568,380 | 992,295 | 909,424 |
| Micro-business loans | 20,600,320 | 22,011,188 | 2,893,727 | 3,144,154 |
| Consumer loans | 13,928,878 | 14,205,975 | 2,274,674 | 2,765,113 |
| Total | 165,270,125 | 158,092,978 | 9,941,727 | 10,435,623 |

As of June 30, 2021, the gross balance of direct and indirect loans increased compared to December 31, 2020. This was driven by Commercial loans, due to higher disbursements of working capital loans and medium-term financing, due to the recovery of economic activity and the financing needs of the Wholesale Banking portfolio.

As of June 30, 2021, the allowance for loan losses of direct and indirect loans decreased compared to December 31, 2020. This is mainly explained by due to an improvement in the probability of default (PD) of Consumer and Micro-business loans, explained by an improvement in the credit behavior of clients and calibrations in the credit risk models.

- c) The allowance for loan loss for direct and indirect loans was determined under the expected credit loss model as established in IFRS 9. The movement of the allowance for loan loss for direct and indirect loans is shown below:

| | For the six-month period ended June 30, | |
|---------------------------------------|--|------------------|
| | 2021 | 2020 |
| | S/(000) | S/(000) |
| Balance at beginning of period | 10,435,623 | 5,507,759 |
| Provision for credit losses on loan | 1,063,989 | 3,946,369 |
| Written-offs loans | (1,566,330) | (600,976) |
| Exchange differences and others (*) | 8,445 | 29,846 |
| Balance ended of period (**) | 9,941,727 | 8,882,998 |

(*) Includes S/38.7 million of portfolio sale during the 2021 (S/23.3 million for the first six months of 2020).

(**) The movement in the allowance for loan losses for the six-month period ended June 30, 2021 includes the allowance for direct and indirect loans for approximately S/9,391.2 million and S/550.6 million, respectively (approximately S/9,898.8 million and S/536.9 million, respectively, as of December 31, 2020). The expected loan loss for indirect loan is included in "Other liabilities" of the interim condensed consolidated statement of financial position, Note 13(a). In Management's opinion, the allowance for loan losses recorded as of June 30, 2021 and December 31, 2020 has been established in accordance with IFRS 9 and is sufficient to cover incurred losses on the loan portfolio.

- d) Interest rates on loans are set considering the rates prevailing in the markets where the Group's subsidiaries operate.

- e) A portion of the loan portfolio is collateralized with guarantees received from customers, which mainly consist of mortgages, trust assignments, securities and industrial and mercantile pledges.
- f) The following table presents the gross direct loan portfolio as of June 30, 2021 and December 31, 2020 by maturity based on the remaining period to the payment due date:

| | As of June 30, 2021 | As of December 31, 2020 |
|---------------------------------|--------------------------------|--|
| | <u>S/(000)</u> | <u>S/(000)</u> |
| Outstanding loans - | | |
| Up to 1 year | 60,434,491 | 51,346,112 |
| From 1 to 3 years | 37,974,819 | 40,897,556 |
| From 3 to 5 years | 9,924,917 | 12,812,446 |
| More than 5 years | <u>28,586,260</u> | <u>26,922,142</u> |
| | 136,920,487 | 131,978,256 |
| Internal overdue loans - | | |
| Overdue up to 90 days | 1,127,526 | 984,630 |
| Over 90 days | <u>3,939,793</u> | <u>3,700,939</u> |
| | 5,067,319 | 4,685,569 |
| Total | <u>141,987,806</u> | <u>136,663,825</u> |

See credit risk analysis in Note 34.1.

8 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group issues Investment Link life insurance contracts whereby the policyholder takes the investment risk on the assets held in the Investment Link funds as the policy benefits are directly linked to the value of the assets in the fund. The Group's exposure to market risk is limited to the extent that income arising from asset management charges is based on the value of assets in the fund.

The profit resulting from these assets is shown in "Net premiums earned" in the interim condensed consolidated statement of income. The composition of the generated returns is presented below:

| | <u>As of June 30, 2021</u> | <u>As of December 31, 2020</u> |
|---|--------------------------------|------------------------------------|
| | <u>S/(000)</u> | <u>S/(000)</u> |
| Net profit on sale of financial investments | 45,110 | 38,055 |
| Changes in the fair value of financial assets | (10,994) | 68,311 |
| Dividends, interests and others | <u>6,296</u> | <u>9,261</u> |
| Total | <u>40,412</u> | <u>115,627</u> |

During the second quarter, volatility in the fixed income markets was reduced due to the reactivation of the global economy after the implementation of vaccines, as well as the normalization of inflation and job creation expectations, causing interest rates in the US bond market to fall. This positively affected corporate bonds and emerging market assets, such as Latin American assets, which generated profits during this period, in contrast to the first quarter, when their valuation fell due to the sharp rise in interest rates in the US bond market.

Equities performed positively as a result of continued market optimism, as well as lower interest rates on the US Treasury bond curve. At the regional level, there was a preference for developed markets, mainly in the US and Europe.

However, in both fixed income and equity markets, the Peruvian market was affected by a negative performance due to the slowdown of growth in China, and local electoral uncertainty.

At the date of this report, there has been a recovery of the global indices, and what Credicorp seeks is to control the volatility of the portfolio in order to minimize the losses of our clients in these difficult times.

The offsetting of this effect is included in the technical reserve adjustment, which is part of the item "Net premiums earned" of the interim condensed consolidated statement of income, see Note 25(a).

9 ACCOUNTS RECEIVABLE AND PAYABLE FROM INSURANCE CONTRACTS

- a) As of June 30, 2021 and December 31, 2020, "Premiums and other policies receivable" in the interim condensed consolidated statement of financial position includes balances for approximately S/780.8 million and S/937.2 million, respectively, which are primarily of current maturity, have no specific collateral and present no material past due balances.
- b) The movements of the captions "Accounts receivable and payable to reinsurers and coinsurers" are as follows:

Accounts receivable:

| | As of June 30, 2021 | As of December 31, 2020 |
|--|--------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| Balances as of January 1 | 919,419 | 791,704 |
| Reported claims of premiums ceded, Note 26 | 222,163 | 283,041 |
| Reserve risk in progress of premiums ceded, Note 25 a (***) | (45,613) | 23,186 |
| Settled claims of premiums ceded by reinsurance contracts | (147,992) | (229,729) |
| Collections and others, net | 95,065 | 51,217 |
| Balances at the end of the period | 1,043,042 | 919,419 |

Accounts receivable as of June 30, 2021 and December 31, 2020, include S/214.0 million and S/282.0 million, respectively, which correspond to the assigned portion of technical reserves for premiums ceded to the reinsurers.

Accounts Payable:

| | As of June 30, 2021 | As of December 31, 2020 |
|--|--------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| Balances as of January 1 | 338,446 | 216,734 |
| Premiums ceded for automatic contracts (mainly excess of loss), Note 25 a (***) | 185,690 | 244,112 |
| Premiums ceded to reinsurers in facultative contracts, Note 25 a (***) | 141,083 | 327,098 |
| Coinsurance granted | 720 | 753 |
| Payments and other, net | (348,754) | (450,251) |
| Balances at the end of the period | 317,185 | 338,446 |

Accounts payable to reinsurers are primarily related to proportional facultative contracts (on an individual basis) for ceded premiums, automatic non-proportional contracts (excess loss) and reinstallation premiums. For facultative contracts the Group transfers to the reinsurers a percentage or an amount of an insurance contract or individual risk, based on the premium and the coverage period.

10 PROPERTY, FURNITURE AND EQUIPMENT, NET

a) The composition of property, furniture and equipment and accumulated depreciation as of June 30, 2021 and December 31, 2020 and 2019 was as follows:

| | Land | Buildings and other constructions | Installations | Furniture and fixtures | Computer hardware | Vehicles and equipment | Work in progress | As of June 30, 2021 | As of December 31, 2020 | As of December 31, 2019 |
|------------------------------------|----------------|-----------------------------------|----------------|------------------------|-------------------|------------------------|------------------|---------------------|-------------------------|-------------------------|
| | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Cost - | | | | | | | | | | |
| Balance as of January 1 | 403,205 | 1,171,785 | 675,940 | 474,432 | 612,891 | 115,407 | 61,542 | 3,515,202 | 3,512,477 | 3,573,580 |
| Additions | 1,200 | 175 | 1,571 | 3,473 | 5,869 | 1,072 | 9,790 | 23,150 | 98,120 | 134,776 |
| Acquisition of business, Note 2(a) | - | - | - | - | - | - | - | - | - | 29,893 |
| Transfers | - | 1,900 | 2,484 | 1,065 | 4,597 | 1,085 | (11,131) | - | - | - |
| Disposals and others | (3,360) | 459 | 862 | (8,279) | 1,692 | (5,878) | (7,362) | (21,866) | (95,395) | (225,772) |
| Balance as of June 30 | <u>401,045</u> | <u>1,174,319</u> | <u>680,857</u> | <u>470,691</u> | <u>625,049</u> | <u>111,686</u> | <u>52,839</u> | <u>3,516,486</u> | <u>3,515,202</u> | <u>3,512,477</u> |
| Accumulated depreciation - | | | | | | | | | | |
| Balance as of January 1 | - | 689,061 | 503,973 | 318,705 | 537,990 | 90,598 | - | 2,140,327 | 2,084,304 | 2,092,878 |
| Depreciation of the period | - | 15,495 | 14,895 | 16,234 | 21,100 | 2,971 | - | 70,695 | 142,092 | 146,066 |
| Acquisition of business, Note 2(a) | - | - | - | - | - | - | - | - | - | 19,299 |
| Transfers | - | - | - | 2 | (2) | - | - | - | - | - |
| Disposals and others | - | 102 | 476 | (4,825) | 750 | (3,303) | - | (6,800) | (86,069) | (173,939) |
| Balance as of June 30 | <u>-</u> | <u>704,658</u> | <u>519,344</u> | <u>330,116</u> | <u>559,838</u> | <u>90,266</u> | <u>-</u> | <u>2,204,222</u> | <u>2,140,327</u> | <u>2,084,304</u> |
| Net carrying amount | <u>401,045</u> | <u>469,661</u> | <u>161,513</u> | <u>140,575</u> | <u>65,211</u> | <u>21,420</u> | <u>52,839</u> | <u>1,312,264</u> | <u>1,374,875</u> | <u>1,428,173</u> |

Banks, financial institutions and insurance entities operating in Peru are not allowed to pledge their fixed assets.

During the six-month period ended June 30, 2021 and during 2020, the Group did not have any significant commitments to purchase property, furniture and equipment. Likewise, as part of the investment in fixed assets made annually, it has made disbursements related mainly to the remodeling of its headquarters located in La Molina and the comprehensive remodeling of the Café Dasso office. During the year 2019, the Bank has made disbursements mainly related to the remodeling of its headquarters in La Molina and integral remodeling to the Sucursal Cusco.

Credicorp's subsidiaries hold insurance contracts over its main assets in accordance with the policies established by Management.

Management periodically reviews the residual value, useful life and method of depreciation of the Group's property, furniture and equipment to ensure that they are consistent with their actual economic benefits and life expectations. In Management's opinion, as of June 30, 2021 and December 31, 2020 and 2019 there is no evidence of impairment of the Group's property, furniture and equipment.

11 INTANGIBLE ASSETS AND GOODWILL, NET

a) Intangible assets -

The composition of intangible assets with limited useful life and accumulated amortization as of June 30, 2021 and December 31, 2020 and 2019 was as follows:

| Description | Client relationships (i) S/(000) | Brand name (ii) S/(000) | Fund manager contract (iii) S/(000) | Relationships with holders S/(000) | Software and developments S/(000) | Intangible in progress S/(000) | Other S/(000) | As of June 30, 2021 S/(000) | As of December 31, 2020 S/(000) | As of December 31, 2019 S/(000) |
|------------------------------------|--|----------------------------|--|---------------------------------------|--------------------------------------|-----------------------------------|------------------|--------------------------------|------------------------------------|------------------------------------|
| Cost - | | | | | | | | | | |
| Balances at January 1 | 384,521 | 171,864 | 103,700 | 21,100 | 3,014,099 | 550,639 | 47,941 | 4,293,864 | 3,804,989 | 3,406,333 |
| Additions | - | - | - | - | 44,732 | 168,525 | - | 213,257 | 535,241 | 371,957 |
| Acquisition of business, Note 2(a) | - | - | - | - | - | - | - | - | - | 126,128 |
| Transfers | - | - | - | - | 125,559 | (125,559) | - | - | - | - |
| Disposals and others | 618 | - | (397) | - | (6,833) | (16,194) | 3,385 | (19,421) | (46,366) | (99,429) |
| Balance as of June 30 | 385,139 | 171,864 | 103,303 | 21,100 | 3,177,557 | 577,411 | 51,326 | 4,487,700 | 4,293,864 | 3,804,989 |
| Accumulated amortization - | | | | | | | | | | |
| Balance at January 1 | 273,968 | 46,479 | 19,369 | 21,100 | 2,082,795 | - | 31,755 | 2,475,466 | 2,138,724 | 1,941,961 |
| Amortization of the period | 10,411 | 3,530 | 2,227 | - | 158,719 | - | 3,720 | 178,607 | 355,818 | 308,966 |
| Acquisition of business, Note 2(a) | - | - | - | - | - | - | - | - | - | 3,104 |
| Disposals and others | 414 | - | (53) | - | 586 | - | (1,504) | (557) | (19,076) | (115,307) |
| Balance as of June 30 | 284,793 | 50,009 | 21,543 | 21,100 | 2,242,100 | - | 33,971 | 2,653,516 | 2,475,466 | 2,138,724 |
| Net carrying amount | 100,346 | 121,855 | 81,760 | - | 935,457 | 577,411 | 17,355 | 1,834,184 | 1,818,398 | 1,666,265 |

During the six-month period ended June 30, 2021 and during 2020, the Group did not have any significant commitments to purchase or make intangibles. Likewise, the main intangibles activated during the year 2020 correspond to projects the Identify Access Management, Bidirectional Communication for Fraud alerts, HomeBanking 2.0 projects, among others. During the year 2019, the Group has made disbursements mainly related with the implementation and development of various IT projects such as DataLake, Holístico, SpotLigth, DWH, Operating Model, Client 360, Connex, Mainframe, Kalignite NDC, Small and medium businesses (PYME, from Spanish acronym) Loans Online, Information Cube and others.

(i) Client relationships -

This item consists of the following:

| | As of June 30, 2021 | As of December 31, 2020 |
|---|--------------------------------|--|
| | S/(000) | S/(000) |
| Prima AFP - AFP Unión Vida | 63,788 | 69,974 |
| Credicorp Capital Holding Chile - Inversiones IMT | 20,618 | 20,782 |
| Ultraserfinco | 11,714 | 12,592 |
| Culqi | 1,999 | 2,167 |
| Tenpo | 2,227 | 2,031 |
| MiBanco | - | 3,007 |
| Net carrying amount | 100,346 | 110,553 |

(ii) Brand name -

| | As of June 30, 2021 | As of December 31, 2020 |
|----------------------------|--------------------------------|--|
| | S/(000) | S/(000) |
| MiBanco | 121,197 | 124,610 |
| Culqi | 658 | 775 |
| Net carrying amount | 121,855 | 125,385 |

(iii) Fund management contract -

| | As of June 30, 2021 | As of December 31, 2020 |
|---|--------------------------------|--|
| | S/(000) | S/(000) |
| Credicorp Capital Colombia | 39,756 | 42,328 |
| Credicorp Capital Holding Chile - Inversiones IMT | 38,763 | 38,553 |
| Ultraserfinco S.A. | 3,241 | 3,450 |
| Net carrying amount | 81,760 | 84,331 |

Management has assessed at each reporting date that there was no indication that customer relationships, brand name, fund management contract and software and developments may be impaired.

b) Goodwill -

Goodwill acquired through business combinations has been allocated to each subsidiary or groups of them, which are also identified as a CGU for the purposes of impairment testing.

| | As of June 30, 2021 | As of December 31, 2020 |
|--|--------------------------------|--|
| | S/(000) | S/(000) |
| MiBanco - Edyficar Perú | 273,694 | 273,694 |
| MiBanco Colombia (antes Bancompartir) | 131,015 | 135,658 |
| Prima AFP - AFP Unión Vida | 124,641 | 124,641 |
| Credicorp Capital Colombia | 120,439 | 124,447 |
| Banco de Crédito del Perú | 52,359 | 52,359 |
| Pacífico Seguros | 36,354 | 36,354 |
| Atlantic Security Holding Corporation | 29,795 | 29,795 |
| Tenpo SpA | 27,400 | 26,602 |
| Tenpo Prepago S.A. (before "Multicaja Prepago S.A.") | 15,404 | 14,956 |
| Compañía Incubadora de Soluciones Móviles S.A.- | 2,295 | 2,297 |
| Crediseguro Seguros Personales | 96 | 96 |
| Net carrying amount | 813,492 | 820,899 |

The recoverable amount of all of the CGUs has been determined based in the present value of the discounted cash flows or dividends determined principally with assumptions of revenue and expenses projection (based on efficiency ratios).

Goodwill balance from Credicorp Holding Colombia (due to the acquisition of Credicorp Capital Colombia S.A, Banco Compartir S.A. and Ultraserfinco S.A.) and Krealo SpA (due to the acquisition of Tenpo SpA and Multicaja Prepago S.A.) are affected by the volatility effect of the local exchange rate currency of the country in which they operate against the exchange rate of functional currency of Credicorp Ltd. and subsidiaries.

As of June 30, 2021, the Group has evaluated the impairment of goodwill by making an interim estimate based on the information available to date about the unusual and uncertain situation generated by COVID-19, concluding that there is no evidence of impairment at said date; therefore, during the six-month period ended June 30, 2021 the Group did not recorded any impairment loss.

During the year 2020, the Group recorded a gross impairment loss amounting to S/64.0 million for MiBanco Colombia (before Banco Compartir S.A.) as a result of its assessment of the recoverable amount (S/54.0 million of impairment correspond to the participation of Credicorp and 10.0 million correspond to the minority participation). For determination this impairment, a fair value of 366,691 Colombian Pesos was estimated, equivalent to US\$95.7 million, and a book value of 434,825 Colombian Pesos, equivalent to US\$113.4 million. For the estimation, a discount rate of 13.2 percent and a growth rate in perpetuity of 4.0 percent were used as assumptions. Likewise, payments from 2021 to 2025 of 0.0 percent, 98.0 percent, 94.0 percent, 94.0 percent and 80.0 percent, respectively, and a perpetual payment of 80.0 percent, have been considered. Finally, the dividend tax rate considered has been 10.0 percent and the exchange rate of the Colombian Peso to the dollar was 3.833.

12 RIGHT-OF-USE ASSETS AND LEASE LIABILITES

a) Right-of-use

The Group has leased agreements according to the following composition:

| | Property: Agencies and offices | Servers and technology platforms | Transport units | Other leases | 2021 | 2020 |
|-----------------------------------|---|---|----------------------------|---------------------|----------------|----------------|
| | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Cost - | | | | | | |
| Balance as of January 1, | 797,854 | 161,634 | 2,855 | 27,805 | 990,148 | 997,817 |
| Additions | 26,371 | - | 696 | 8,122 | 35,189 | 194,501 |
| Disposal and others | (32,940) | (10,048) | (811) | (1,175) | (44,974) | (202,170) |
| Balance as of June 30 | 791,285 | 151,586 | 2,740 | 34,752 | 980,363 | 990,148 |
| Accumulated depreciation - | | | | | | |
| Balance as of January 1, | 257,432 | 20,754 | 1,953 | 7,081 | 287,220 | 175,977 |
| Depreciation of the period | 63,306 | 14,811 | 245 | 2,970 | 81,332 | 172,005 |
| Disposal and others | (14,073) | (3,843) | (811) | (1,325) | (20,052) | (60,762) |
| Balance as of June 30 | 306,665 | 31,722 | 1,387 | 8,726 | 348,500 | 287,220 |
| Net carrying amount | 484,620 | 119,864 | 1,353 | 26,026 | 631,863 | 702,928 |

b) Lease Liabilities

The Group maintains contracts, with certain renewal options and for which the Group has reasonable certainty that this option will be exercised. In these cases, the period of lease used to measure the liability and assets corresponds to an estimation of future renovations.

13 OTHER ASSETS AND OTHER LIABILITIES

a) This item consists of the following:

| | As of June 30, 2021 | As of December 31, 2020 |
|---|--------------------------------|--|
| | S/(000) | S/(000) |
| Other assets - | | |
| Financial instruments: | | |
| Receivables (b) | 1,917,013 | 1,307,187 |
| Derivatives receivable (c) | 1,483,830 | 1,214,497 |
| Receivables from sale of investments (d) | 1,223,591 | 271,066 |
| Operations in process (e) | <u>77,140</u> | <u>245,303</u> |
| | <u>4,701,574</u> | <u>3,038,053</u> |
| Non-financial instruments: | | |
| Deferred fees (f) | 1,030,304 | 1,039,557 |
| Investment in associates (g) | 627,683 | 645,886 |
| Investment properties, net (h) | 469,112 | 466,859 |
| Income tax prepayments, net | 350,561 | 303,838 |
| Adjudicated assets, net | 128,825 | 135,089 |
| Improvements in leased premises | 77,344 | 90,146 |
| VAT (IGV) tax credit | 41,935 | 49,364 |
| Others | <u>9,222</u> | <u>9,198</u> |
| | <u>2,734,986</u> | <u>2,739,937</u> |
| Total | <u>7,436,560</u> | <u>5,777,990</u> |
| | | |
| | As of June 30, 2021 | As of December 31, 2020 |
| | S/(000) | S/(000) |
| Other liabilities - | | |
| Financial instruments: | | |
| Accounts payable (i) | 2,278,632 | 1,788,956 |
| Derivatives payable (c) | 1,282,515 | 1,205,213 |
| Accounts payable for acquisitions of investments (d) | 1,060,588 | 260,786 |
| Salaries and other personnel expenses | 641,989 | 614,349 |
| Allowance for indirect loan losses, Note 7(c) | 550,576 | 536,863 |
| Operations in process (e) | <u>105,638</u> | <u>72,800</u> |
| | <u>5,919,938</u> | <u>4,478,967</u> |
| Non-financial instruments: | | |
| Taxes | 261,556 | 293,873 |
| Provision for sundry risks | 566,262 | 514,382 |
| Others | <u>200,856</u> | <u>199,937</u> |
| | <u>1,028,674</u> | <u>1,008,192</u> |
| Total | <u>6,948,612</u> | <u>5,487,159</u> |

- b) As of June 30, 2021, the balance is mainly made up of accounts receivable from deferred currency sale for S/801.1 million, margin call for derivatives for S/584.8 million, works for taxes for S/160.3 million, visa account for payments to establishments for S/132.1 million, taxes paid on account from third parties and other accounts receivable related to taxes for S/77.4 million, accounts receivable from financial intermediation for S/ 36.8 million, accounts receivable from associate for S/6.8 million, among others (as of December 31, 2020, the balance is mainly made up of the margin call for derivatives for S/242.3 million, works for taxes for S/169.8 million, visa account for payments to establishments for S/81.1 million, taxes paid on account from third parties and other accounts receivable related to taxes for S/75.3 million, accounts receivable from financial intermediation for S/64.4 million, accounts receivable from deferred currency sale for S/60.2 million, accounts receivable from associate for S/6.5 million, among others).

c) The risk in derivative contracts arises from the possibility of the counterparty failing to comply with the terms and conditions agreed and that the reference rates at which the transactions took place change.

The table below shows as of June 30, 2021 and December 31, 2020 the fair value of derivative financial instruments, recorded as an asset or a liability, together with their notional amounts and maturities. The nominal amount, recorded gross, is the amount of a derivative's underlying asset and is the basis upon which fair value of derivatives is measured.

| | As of June 30, 2021 | | | | As of December 31, 2020 | | | | 2021 and 2020 |
|---|---------------------|------------------|-------------------|----------------------------|-------------------------|------------------|-------------------|-------------------------------|-----------------------|
| | Assets | Liabilities | Notional amount | Maturity | Assets | Liabilities | Notional amount | Maturity | Related instruments |
| | S/(000) | S/(000) | S/(000) | | S/(000) | S/(000) | S/(000) | | |
| Derivatives held for trading (i) - | | | | | | | | | |
| Foreign currency forwards | 288,171 | 403,662 | 28,693,796 | July 2021 / June 2023 | 256,891 | 257,999 | 22,030,623 | January 2021 / October 2022 | - |
| Interest rate swaps | 443,306 | 424,822 | 21,132,360 | July 2021 / December 2031 | 600,718 | 613,624 | 20,447,415 | January 2021 / December 2031 | - |
| Currency swaps | 698,843 | 380,255 | 13,652,269 | July 2021 / January 2033 | 323,425 | 181,454 | 9,095,243 | January 2021 / January 2033 | - |
| Foreign exchange options | 5,759 | 10,459 | 1,239,708 | July 2021 / February 2022 | 2,673 | 3,547 | 426,848 | January 2021 / June 2021 | - |
| Futures | 3,024 | 3,704 | 62,114 | September 2021 | 2,694 | 2,616 | 32,589 | March 2021 | - |
| | <u>1,439,103</u> | <u>1,222,902</u> | <u>64,780,247</u> | | <u>1,186,401</u> | <u>1,059,240</u> | <u>52,032,718</u> | | |
| Derivatives held as hedges | | | | | | | | | |
| Cash flow hedges - | | | | | | | | | |
| Interest rate swaps (IRS) | - | 1,903 | 115,740 | March 2022 | - | 2,525 | 108,630 | March 2022 | Bonds issued |
| Interest rate swaps (IRS) | - | - | - | - | - | 315 | 362,100 | March 2021 | Debt to banks |
| Interest rate swaps (IRS) | - | - | - | - | - | 1,473 | 253,470 | March 2021 | Bonds issued |
| Interest rate swaps (IRS) | - | - | - | - | - | 72 | 181,050 | March 2021 | Debt to banks |
| Interest rate swaps (IRS) | - | - | - | - | - | 60 | 181,050 | March 2021 | Debt to banks |
| Cross currency swaps (CCS) | 20,854 | 27,040 | 353,087 | July 2021 / September 2024 | 18,224 | 74,677 | 487,046 | January 2021 / September 2024 | Investments (*) |
| Cross currency swaps (CCS) | 21,948 | - | 192,900 | January 2025 | 5,090 | - | 181,050 | January 2025 | Bonds issued |
| Cross currency swaps (CCS) | - | 6,188 | 173,650 | August 2021 | 4,782 | - | 175,345 | August 2021 | Bonds issued |
| Cross currency swaps (CCS) | - | 3,535 | 173,610 | August 2026 | - | 29,001 | 162,945 | August 2026 | Repurchase agreements |
| Cross currency swaps (CCS) | 1,925 | - | 96,450 | August 2026 | - | 11,797 | 90,525 | August 2026 | Repurchase agreements |
| Fair value hedges - | | | | | | | | | |
| Interest rate swaps (IRS) | - | 20,947 | 669,826 | March 2022 / May 2023 | - | 26,053 | 628,677 | March 2022 / May 2023 | Investments (*) |
| | <u>44,727</u> | <u>59,613</u> | <u>1,775,263</u> | | <u>28,096</u> | <u>145,973</u> | <u>2,811,888</u> | | |
| | <u>1,483,830</u> | <u>1,282,515</u> | <u>66,555,510</u> | | <u>1,214,497</u> | <u>1,205,213</u> | <u>54,844,606</u> | | |

(*) Corresponds to investments classified at the fair value through other comprehensive income under IFRS 9 as of June 30, 2021 and December 31, 2020.

The increase in the nominal value of currency swaps as of June 30, 2021 respect to December 31, 2020 is mainly due to new operations with the BCRP.

- (i) Held-for-trading derivatives are principally negotiated to satisfy customers' needs. On the other hand, the Group may also take positions with the expectation of profiting from favorable movements in prices or rates. Also, this caption includes any derivatives which do not comply with IFRS 9 hedge accounting requirements. Fair value of derivatives held for trading classified by contractual maturity is as follows:

| | As of June 30, 2021 | | | | | | As of December 31, 2020 | | | | | |
|---------------------------|---------------------|-------------------------|-------------------|-------------------|----------------|------------------|-------------------------|-------------------------|-------------------|-------------------|----------------|------------------|
| | Up to 3 months | From 3 months to 1 year | From 1 to 3 years | From 3 to 5 years | Over 5 years | Total | Up to 3 months | From 3 months to 1 year | From 1 to 3 years | From 3 to 5 years | Over 5 years | Total |
| | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Foreign currency forwards | 223,430 | 64,140 | 601 | - | - | 288,171 | 148,076 | 108,541 | 274 | - | - | 256,891 |
| Interest rate swaps | 14,942 | 27,289 | 31,222 | 35,260 | 334,593 | 443,306 | 4,025 | 25,005 | 81,209 | 46,101 | 444,378 | 600,718 |
| Currency swaps | 80,813 | 171,332 | 198,535 | 85,823 | 162,340 | 698,843 | 12,324 | 11,499 | 122,673 | 36,219 | 140,710 | 323,425 |
| Foreign exchange options | 4,291 | 1,468 | - | - | - | 5,759 | 379 | 2,294 | - | - | - | 2,673 |
| Futures | 3,024 | - | - | - | - | 3,024 | 2,694 | - | - | - | - | 2,694 |
| Total assets | 326,500 | 264,229 | 230,358 | 121,083 | 496,933 | 1,439,103 | 167,498 | 147,339 | 204,156 | 82,320 | 585,088 | 1,186,401 |
| | As of June 30, 2021 | | | | | | As of December 31, 2020 | | | | | |
| | Up to 3 months | From 3 months to 1 year | From 1 to 3 years | From 3 to 5 years | Over 5 years | Total | Up to 3 months | From 3 months to 1 year | From 1 to 3 years | From 3 to 5 years | Over 5 years | Total |
| | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Foreign currency forwards | 222,764 | 180,355 | 543 | - | - | 403,662 | 145,781 | 111,956 | 262 | - | - | 257,999 |
| Interest rate swaps | 14,325 | 26,145 | 39,136 | 55,815 | 289,401 | 424,822 | 12,794 | 23,211 | 80,629 | 64,995 | 431,995 | 613,624 |
| Currency swaps | 28,712 | 33,004 | 188,079 | 53,759 | 76,701 | 380,255 | 15,122 | 33,147 | 86,265 | 20,344 | 26,576 | 181,454 |
| Foreign exchange options | 10,224 | 235 | - | - | - | 10,459 | 676 | 2,871 | - | - | - | 3,547 |
| Futures | 3,704 | - | - | - | - | 3,704 | 2,616 | - | - | - | - | 2,616 |
| Total liabilities | 279,729 | 239,739 | 227,758 | 109,574 | 366,102 | 1,222,902 | 176,989 | 171,185 | 167,156 | 85,339 | 458,571 | 1,059,240 |

- d) As of June 30, 2021 and December 31, 2020, corresponds to accounts receivable and payable for the sale and purchase of financial investments negotiated during the last days of the month, which were settled during the first days of the following month.
- e) Transactions in process include deposits received, granted and collected loans, funds transferred and other similar types of transactions, which are made in the final days of the month and not reclassified to their final accounts in the interim condensed consolidated statement of financial position until the first days of the following month. The regularization of these transactions does not affect the Group's net income.
- f) As of June 30, 2021 the balances corresponds mainly to the payment in favor of Latam Airlines Group S.A. Sucursal Peru for US\$142.9 million, equivalent to S/551.2 million (US\$165.1 million, equivalent to S/597.9 million, as of December 31, 2020) on account of Latam Pass Miles that the Bank must acquire from January 2020. This advance granted is applied to the mileage awards granted to our customers when they pay with Latam Pass credit cards and then they can use those miles directly with Latam to redeem tickets, goods or services offered by Latam. Management considers that this asset will be fully recovered.
- g) Credicorp's principal associate is Entidad Prestadora de Salud (EPS), whose balance amounts to S/580.0 million and S/603.4 million as of June 30, 2021 and December 31, 2020, respectively.
- h) Investment properties -

The movement of investment properties is as follows:

| | As of June 30, 2021 | | | As of December 31, 2020 |
|---------------------------------|----------------------------|------------------|----------------|--------------------------------|
| | Own assets | | | |
| | Land | Buildings | Total | Total |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| Cost | | | | |
| Balance at January 1 | 263,439 | 250,479 | 513,918 | 491,366 |
| Additions (i) | 5,439 | - | 5,439 | 26,533 |
| Sales (ii) | - | - | - | (233) |
| Disposals and others | 230 | 62 | 292 | (3,748) |
| Ending Period | 269,108 | 250,541 | 519,649 | 513,918 |
| Accumulated depreciation | | | | |
| Balance at January 1 | - | 45,649 | 45,649 | 39,027 |
| Depreciation for the period | - | 3,471 | 3,471 | 7,018 |
| Sales (ii) | - | - | - | (148) |
| Disposals and others | - | 7 | 7 | (248) |
| Ending Period | - | 49,127 | 49,127 | 45,649 |
| Impairment losses (iii) | 689 | 721 | 1,410 | 1,410 |
| Net carrying amount | 268,419 | 200,693 | 469,112 | 466,859 |

Land and buildings are mainly used for office rental, which are free of all encumbrances.

- (i) As of June 30, 2021, in order to consolidate the real estate projects, the Group has made disbursements of improvements for S/5.4 million. As of December 31, 2020, the main additions correspond to the acquisition of land located in the Comas district in the city of Lima for the amount of S/12.5 million. Likewise, in order to consolidate the real estate projects, the Group has made disbursements mainly for the improvements of buildings one of them located in

Arequipa for the amount of S/5.1 million, the other located in Trujillo for approximately S/3.8 million and also improvements on the 13th floor of Panorama building located in the district of Santiago de Surco, Lima amounted of S/2.4 million.

- (ii) No sales have been made during the 2021. The amount for sales for the 2020 period is mainly due to the sale of a store N° 112 located in the Jr. Huallaga (Lima) building, whose sale value was S/0.08 million (disposal cost amounted to S/0.09 million).
 - (iii) The Group's Management has determined that the recoverable value of its investment properties is greater than their net carrying amount.
- i) As of June 30, 2021, the balance corresponds mainly to accounts payable for the purchase of deferred foreign currency for S/778.6 million, accounts payable to suppliers for S/167.5 million, interbank operations to be settled with the BCRP for S/153.7 million, accounts payable to policyholders for S/105.4 million, accounts payable to intermediaries for S/80.9 million, repurchase agreements to be settled for S/65.1 million, accounts payable for premiums to the Deposit Insurance Fund for S/48.1 million, Liquidation Funds of Financiera TFC for S/12.4 million, accounts payable to an associate for S/8.8 million, among others (as of December 31, 2020, the balance corresponds mainly to accounts payable to suppliers for S/215.0 million, accounts payable to policyholders for S/91.5 million, accounts payable to intermediaries for S/87.3 million, accounts payable for the purchase of deferred foreign currency for S/65.9 million, accounts payable for premiums to the Deposit Insurance Fund for S/46.4 million, interbank operations to be settled with the BCRP for S/39.6 million, Liquidation Funds of Financiera TFC for S/12.5 million, repurchase agreements to be settled for S/9.5 million, accounts payable to an associate for S/3.9 million, among others).

14 DEPOSITS AND OBLIGATIONS

a) This item consists of the following:

| | <u>As of June 30, 2021</u> | <u>As of December 31, 2020</u> |
|--------------------------------|--------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| Demand deposits | 59,998,764 | 54,530,355 |
| Saving deposits | 52,687,270 | 50,069,129 |
| Time deposits (c) | 29,036,479 | 28,121,094 |
| Severance indemnity deposits | 5,456,510 | 7,736,747 |
| Bank's negotiable certificates | 1,265,624 | 1,202,996 |
| Total | <u>148,444,647</u> | <u>141,660,321</u> |
| Interest payable | 717,156 | 705,181 |
| Total | <u>149,161,803</u> | <u>142,365,502</u> |

The Group has established a policy to remunerate demand deposits and savings accounts according to a growing interest rate scale, based on the average balance maintained in those accounts; on the other hand, according to its policy, balances that are lower than a specified amount for each type of account do not bear interest. Also, time deposits earn interest at market rates.

Interest rates are determined by the Group considering the interest rates prevailing in the market in which each of the Group's subsidiaries operates.

b) The amounts of non-interest-bearing and interest-bearing deposits and obligations without consider accrued interest are presented below:

| | <u>As of June 30, 2021</u> | <u>As of December 31, 2020</u> |
|-------------------------------|--------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| Non-interest-bearing - | | |
| In Peru | 48,565,729 | 44,037,934 |
| In other countries | 4,314,259 | 3,585,185 |
| | <u>52,879,988</u> | <u>47,623,119</u> |
| Interest-bearing - | | |
| In Peru | 84,937,344 | 82,907,313 |
| In other countries | 10,627,315 | 11,129,889 |
| | <u>95,564,659</u> | <u>94,037,202</u> |
| Total | <u>148,444,647</u> | <u>141,660,321</u> |

c) The balance of time deposits classified by maturity is as follows:

| | As of June 30, 2021 | As of December 31, 2020 |
|-------------------------|--------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| Up to 3 months | 12,720,969 | 13,750,133 |
| From 3 months to 1 year | 10,230,527 | 6,849,436 |
| From 1 to 3 years | 2,601,784 | 4,143,040 |
| From 3 to 5 years | 592,793 | 473,479 |
| More than 5 years | 2,890,406 | 2,905,006 |
| Total | 29,036,479 | 28,121,094 |

In Management's opinion the Group's deposits and obligations are diversified with no significant concentrations as of June 30, 2021 and December 31, 2020.

As of June 30, 2021 and December 31, 2020, of the total balance of deposits and obligations, approximately S/45,128.4 million and S/45,448.1 million, respectively, are secured by the Peruvian "Fondo de Seguro de Depósitos" (Deposit Insurance Fund). At said dates, maximum amount of coverage per depositor recognized by "Fondo de Seguro de Depósitos" totaled S/107,198 and S/101,522, respectively.

As of June 30, 2021 and December 31, 2020, of the total balance of deposits and obligations, MiBanco Colombia, account with approximately 222,843.6 million Colombian pesos (equivalent to S/229.5 million) and 214,426.3 million Colombian pesos (equivalent to S/228.4 million), respectively, are secured by the Colombian "Financial Institutions Guarantee Fund" (Fogafín, for its Spanish acronym). At said dates, maximum amount of coverage per depositor recognized by "Fogafín" totaled 50,000,000.0 Colombian pesos (equivalent to S/51,500) and 50,000,000.0 Colombian pesos (equivalent to S/53,250), respectively.

15 DUE TO BANKS AND CORRESPONDENTS

a) This item consists of the following:

| | As of June 30, 2021 | As of December 31, 2020 |
|------------------------------------|--------------------------------|--|
| | S/(000) | S/(000) |
| International funds and others (b) | 2,792,070 | 2,710,224 |
| Promotional credit lines (c) | 3,344,294 | 3,203,263 |
| Inter-bank funds | 19,312 | - |
| | <u>6,155,676</u> | <u>5,913,487</u> |
| Interest payable | 83,485 | 64,770 |
| Total | <u>6,239,161</u> | <u>5,978,257</u> |

b) This item consists of the following:

| | As of June 30, 2021 | As of December 31, 2020 |
|---|--------------------------------|--|
| | S/(000) | S/(000) |
| Wells Fargo Bank, N.A. | 771,600 | 181,050 |
| Corporación Financiera de Desarrollo (COFIDE) | 473,910 | 624,480 |
| Bank of America, N.A. | 204,284 | - |
| Banco de la Nación | 185,000 | 260,000 |
| The Toronto Dominion Bank | 173,610 | 271,575 |
| Banco BBVA Perú | 171,043 | 107,900 |
| Scotiabank Perú S.A.A. | 137,030 | 100,000 |
| Bancoldex | 124,263 | 118,516 |
| Banco ITAU | 99,105 | - |
| Banco Santander | 76,554 | - |
| Banco Internacional del Perú S.A.A. (Interbank) | 75,000 | - |
| Bancolombia S.A. | 73,537 | 28,008 |
| Banco de Bogotá | 69,787 | - |
| Banco ICBC | 50,000 | - |
| Citibank N.A. | - | 362,100 |
| Bank of New York Mellon | - | 181,051 |
| Sumitomo Mitsui Banking Corporation | - | 181,050 |
| Bankinter | - | 72,420 |
| Other minors than S/49.2 million | 107,347 | 222,074 |
| Total | <u>2,792,070</u> | <u>2,710,224</u> |

As of June 30, 2021 the loans have maturities between July 2021 and March 2032 (between January 2021 and March 2032, as of December 31, 2020) and accrue interest in foreign currency at rates that fluctuate between 0.4 percent and 8.3 percent and accrue interest in soles at rates that fluctuate between 0.9 percent and 7.52 percent (between 0.4 percent and

8.3 percent and between 0.92 percent and 4.3 percent, respectively as of December 31, 2020).

- c) Promotional credit lines represent loans granted by Corporación Financiera de Desarrollo and Fondo de Cooperación para el Desarrollo Social (COFIDE and FONCODES for their Spanish acronyms, respectively) to promote the development of Peru, they mature between July 2021 and January 2032 and bear annual interest in soles at rates that fluctuate between 6.0 percent and 7.6 percent and interest in foreign currency at 7.75 percent as of June 30, 2021 (between January 2021 and July 2029 and with annual interest in soles at rates that fluctuate between 3.98 percent and 7.25 percent and interest in foreign currency at 6.4 percent as of December 31, 2020). These credit lines are secured by a loan portfolio totaling S/3,344.3 million and S/3,203.3 million, as of June 30, 2021 and December 31, 2020, respectively.
- d) The following table presents the maturities of due to banks and correspondents as of June 30, 2021 and December 31, 2020 based on the period remaining to maturity:

| | As of June 30, 2021 | As of December 31, 2020 |
|-------------------------|--------------------------------|--|
| | S/(000) | S/(000) |
| Up to 3 months | 1,296,933 | 2,343 |
| From 3 months to 1 year | 1,138,075 | 1,854,351 |
| From 1 to 3 years | 973,120 | 819,991 |
| From 3 to 5 years | 689,766 | 601,258 |
| More than 5 years | 2,057,782 | 2,635,544 |
| Total | 6,155,676 | 5,913,487 |

- e) As of June 30, 2021 and December 31, 2020, lines of credit granted by various local and foreign financial institutions, to be used for future operating activities total S/6,136.4 million and S/5,913.5 million, respectively.
- f) Certain debts to banks and correspondents include standard covenants addressing observance of financial ratios, the use of the funds and other administrative matters; which, in Management's opinion, do not limit the Group's operations and have been complied with at the date of the interim condensed consolidated financial statements.

16 TECHNICAL RESERVES FOR INSURANCE CLAIMS AND PREMIUMS

a) This item consists of the following:

| | As of June 30, 2021 | | |
|-------------------|--------------------------------------|--|-------------------|
| | Technical reserves for claims | Technical reserves for premiums | Total |
| | S/(000) | S/(000) | S/(000) |
| Life insurance | 1,697,961 | 8,865,978 | 10,563,939 |
| General insurance | 649,781 | 598,805 | 1,248,586 |
| Health insurance | 144,561 | 200,131 | 344,692 |
| Total | 2,492,303 | 9,664,914 | 12,157,217 |

| | As of December 31, 2020 | | |
|-------------------|--------------------------------------|--|-------------------|
| | Technical reserves for claims | Technical reserves for premiums | Total |
| | S/(000) | S/(000) | S/(000) |
| Life insurance | 1,288,056 | 8,784,732 | 10,072,788 |
| General insurance | 629,330 | 656,963 | 1,286,293 |
| Health insurance | 133,088 | 182,907 | 315,995 |
| Total | 2,050,474 | 9,624,602 | 11,675,076 |

Insurance claims reserves represent reported claims and an estimate for incurred but non reported claims (IBNR). Reported claims are adjusted on the basis of technical reports received from independent adjusters.

Insurance claims to be paid by reinsurers and co-insurers represents ceded claims, which are presented in "Accounts receivable from reinsurers and coinsurers" of the interim condensed consolidated statement of financial position, See Note 9(b).

As of June 30, 2021, the reserves for direct claims include reserves for IBNR for life, general and health insurance for an amount of S/796.0 million, S/42.0 million and S/126.0 million, respectively (S/602.7 million, S/42.5 million and S/125.3 million, respectively, as of December 31, 2020).

As of June 30, 2021, and in previous years, the differences between the estimates for the incurred and non-reported claims and the settled and pending liquidation claims have not been significant. In the case of general risks and health, retrospective analysis indicates that the amounts accrued are adequate and Management believes that the estimated IBNR reserve is sufficient to cover any liability as of June 30, 2021 and December 31, 2020.

Technical reserves for premiums include reserves for obligations for future benefits under insurance of life and personal accidents in force; and the unearned premium reserves in respect of the portion of premiums written that is allocable to the unexpired portion of the related policy periods of related coverage.

The adjustment of market rates in the pension funds is recorded in other comprehensive incomes, which responds to the fluctuation of the market values of the investments

17 BONDS AND NOTES ISSUED

a) This item consists of the following:

| | Annual interest rate % | Interest payment | As of June 30, 2021 | | | As of December 31, 2020 | | |
|---|---------------------------|------------------|-------------------------------|------------------------|----------------------------|------------------------------|------------------------|----------------------------|
| | | | Maturity | Issued amount (000) | Carrying amount S/(000) | Maturity | Issued amount (000) | Carrying amount S/(000) |
| Senior notes - BCP (i) | 4.25 | Semi-annual | April 2023 | US\$716,301 | 2,729,563 | April 2023 | US\$716,301 | 2,552,985 |
| Senior notes - BCP (ii) | From 2.70 to 5.38 | Semi-annual | January 2025 | US\$700,000 | 2,625,703 | January 2025 | US\$700,000 | 2,453,353 |
| Senior notes - BCP (iii) | From 4.65 to 4.85 | Semi-annual | September 2024 | S/2,900,000 | 2,481,831 | September 2024 | S/2,900,000 | 2,469,832 |
| Senior notes - Credicorp Ltd. (iv) | 2.75 | Semi-annual | June 2025 | US\$500,000 | 1,843,596 | June 2025 | US\$500,000 | 1,737,139 |
| Senior notes - BCP (v) | 0.42 | Semi-annual | August 2021 | ¥5,000,000 | 173,609 | August 2021 | ¥5,000,000 | 175,087 |
| Senior notes - BCP (vi) | Libor 3M + 55 pb | Quarterly | March 2022 | US\$30,000 | 115,647 | March 2022 | US\$30,000 | 108,479 |
| Senior notes - BCP (vii) | Libor 3M + 100 pb | Quarterly | March 2021 | US\$70,000 | - | March 2021 | US\$70,000 | 253,412 |
| MMT 100 - Secured notes- CCR Inc. (viii) 2012 Series C Floating rate certificates | 4.75 | Monthly | July 2022 | US\$315,000 | 188,078 | July 2022 | US\$315,000 | 257,996 |
| Corporate bonds - | | | | | | | | |
| Fourth program | | | | | | | | |
| Tenth issuance (Series A, B and C) - BCP | From 5.31 to 7.25 | Semi-annual | December 2021 / November 2022 | S/550,000 | 528,171 | December 2021/ November 2022 | S/550,000 | 527,794 |
| Fifth program | | | | | | | | |
| Third issuance (Series C) - BCP | 4.25 | Semi-annual | July 2022 | S/109,310 | 109,071 | July 2022 | S/109,310 | 108,980 |
| Third issuance (Series A) - BCP | 4.59 | Semi-annual | July 2021 | S/70,770 | 69,235 | July 2021 | S/70,770 | 69,178 |
| Third issuance (Series D) - BCP | 3.88 | Semi-annual | August 2022 | S/42,660 | 42,517 | August 2022 | S/42,660 | 42,456 |
| Third issuance (Series B) - BCP | 4.88 | Semi-annual | October 2021 | S/42,200 | 42,189 | October 2021 | S/42,200 | 42,169 |
| | | | | | <u>791,183</u> | | | <u>790,577</u> |

| | Annual interest rate % | Interest payment | As of June 30, 2021 | | | As of December 31, 2020 | | |
|--|---------------------------|------------------|------------------------|------------------------|----------------------------|-------------------------|--------------------------|----------------------------|
| | | | Maturity | Issued amount (000) | Carrying amount S/(000) | Maturity | Issued amount S/(000) | Carrying amount S/(000) |
| Subordinated bonds - BCP (ix) | From 3.13 to 6.13 | Semi-annual | April 2027 / July 2030 | US\$1,350,000 | 5,085,050 | April 2027 / July 2030 | US\$1,144,700 | 4,028,266 |
| Subordinated bonds - BCP | 6.88 | Semi-annual | September 2026 | - | - | September 2026 | US\$181,505 | 651,176 |
| Subordinated bonds - | | | | | | | | |
| First program | | | | | | | | |
| First issuance (Series A) - Pacífico Seguros | 6.97 | Quarterly | November 2026 | US\$60,000 | 231,480 | November 2026 | US\$60,000 | 217,260 |
| First issuance (Series A) - BCP | 6.22 | Semi-annual | May 2027 | S/15,000 | 15,000 | May 2027 | S/15,000 | 15,000 |
| Second program | | | | | | | | |
| Second issuance (Series A) - Pacífico | 4.41 | Semi-annual | December 2030 | US\$50,000 | 175,645 | December 2030 | US\$50,000 | 164,784 |
| First issuance (Series B) - MiBanco | 7.22 | Semi-annual | June 2027 | S/30,000 | 30,000 | June 2027 | S/30,000 | 30,000 |
| First issuance (Series A) - MiBanco | 8.50 | Semi-annual | May 2026 | S/100,000 | - | May 2026 | S/100,000 | 100,000 |
| Third program | | | | | | | | |
| Issuance II - Banco de Crédito de Bolivia | 5.25 | Semi-annual | August 2022 | Bs137,200 | 77,605 | August 2022 | Bs137,200 | 73,546 |
| Issuance III - Banco de Crédito de Bolivia | 6.00 | Semi-annual | August 2030 | Bs100,000 | 56,304 | August 2030 | Bs100,000 | 53,278 |
| Issuance I - Banco de Crédito de Bolivia | 6.25 | Semi-annual | August 2028 | Bs70,000 | 39,413 | August 2028 | Bs70,000 | 37,295 |
| Fourth program | | | | | | | | |
| First issuance (Series A) - MiBanco | 5.84 | Semi-annual | March 2031 | S/155,000 | 146,275 | - | - | - |
| | | | | | <u>771,722</u> | | | <u>691,163</u> |
| Negotiable certificate of deposit - MiBanco | From 1.71 to 5.80 | Annual | July 2021 / July 2024 | S/1,309 | 1,309 | January 2021 / November | S/1,385 | 1,385 |
| Subordinated negotiable certificates - BCP | Libor 3M + 279 bp | Quarterly | November 2021 | US\$2,960 | 11,420 | November 2021 | US\$2,960 | 10,718 |
| Interest payable | | | | | 16,818,711 | | | 16,181,568 |
| Total | | | | | <u>132,770</u> | | | <u>137,839</u> |
| | | | | | <u>16,951,481</u> | | | <u>16,319,407</u> |

During the first quarter of 2018, in accordance with the risk exposure strategy of the interest rate, the Group discontinued the fair value hedge of certain bonds, issued in U.S. Dollars at a fixed rate, through the liquidation of the IRS. The accumulated profit of the fair value of these bonds at the time of the liquidation of the derivatives amounted to US\$22.0 million (equivalent to S/71.7 million), recorded in the liability, which has been transferred to the consolidated statement of income up to the date of maturity of said bonds. As of June 30, 2021, the liability amounts to US\$1.3 million, equivalent to S/5.0 million, (US\$2.6 million, equivalent to S/9.4 million, as of December 31, 2020). The amount recorded in the interim condensed consolidated statement of income ended June 30, 2021, amounts to US\$1.4 million, equivalent to S/5.1 million (US\$2.5 million, equivalent to S/8.5 million, during the period ended June 30, 2020).

- (i) The Bank can redeem the total or part of the notes in any time, having as a penalty an interest rate equal to the Treasury of the United States of America's rate plus 50 basis point. The payment of principal will take place on the due date of the notes or when the Bank redeems these notes.
- (ii) In September 2019, the Bank announced a repurchase offer and propose an exchange to the holders of senior notes of the US\$ 800.0 million issued in September of 2010, managing to repurchase US\$ 220.3 million and exchanging US\$ 205.0 million with new senior notes, at market rates, whose terms and conditions are very similar to the previous issue. At the end of said offer, the Bank kept a notional value payable amounting to US\$374.6 million, which matured in September 2020.

In the same way, in September 2019, the Bank issued senior notes of approximately US\$700 million (that amount includes the US\$205.0 million of the exchange mentioned in the paragraph before). The Bank can redeem all or part of the notes at any date, between October 11, 2021 and December 10, 2024, at a redemption price equal to or greater than: (i) 100 percent of the aggregate principal amount of the notes to be redeemed; and (ii) the sum of the present value of each remaining scheduled payment discounted at interest rate equal to the Treasury of the United States of America's rate plus 20 basis points. From December 11, 2024 onwards, the Bank can redeem the total or part of the notes to a redemption price equal to 100 percent of the aggregate principal amount of the notes to be redeemed.

The payment of principal will take place on the due date or when the Bank redeems the notes.

At June 30, 2021, the Bank maintains a CCS which was designated as cash flows hedges of a part of senior notes in U.S dollars subject to exchange rate risk for a notional amount of US\$50.0 million, equivalent to S/192.9 million (US\$50.0 million equivalent to S/181.1 million, as of December 31, 2020), see note 13(c). By means of the CCS, the cover part of senior notes was economically converted to soles.

- (iii) In September 2019, the Bank announced a repurchase offer and propose an exchange to the holders of senior notes of the S/2,000 million issued in October of 2017, managing to repurchase S/291.2 million and exchanging S/1,308.8 million with new senior notes, at market rates, whose terms and conditions are very similar to the previous issue. At the end of said offer, the Bank keeps a notional value payable amounting to S/400.0 million, which was fully redeemed in October 2020.

At the same date, the Bank issued senior notes for approximately S/2,500.0 million (this amount includes the S/1,308.8 million of the exchange mentioned in the paragraph before). The Bank can redeem the whole or part of the senior notes between October 17, 2021 and August 16, 2024, at a redemption price equal to or greater than: (i) 100 percent of the aggregate principal amount of the notes, and (ii) the sum of the present value of cash flows discounted at interest rate equivalent to sovereign bonds issued by the government of Peru or other comparable titles plus 25 basis points. As of August 17, 2024, the Bank may redeem all or part of the senior notes at a redemption price equal to 100 percent of the aggregate amount of the principal to be redeemed.

The payment of principal will take place on the due date or when the Bank redeems the notes.

- (iv) In June 2020, Credicorp Ltd. issued Senior Notes for approximately US\$500.0 million, equivalent to S/1,929.0 million as of June 30, 2021 (US\$500.0 million, equivalent to S/1,810.5 million as of December 31, 2020) at fixed interest rate, whose maturity date is on June 17, 2025.

These Senior Notes can redeem the whole or part mainly by the following ways (i) at any time prior to May 17, 2025, make whole or partial call, at Treasury plus 40 basis points, and (ii) at any time on or after May 17, 2025, at par value.

The payment of principal will take place on the due date or when Credicorp Ltd. redeems the notes.

In December 2020, the Group designated as a hedge of a net investment of a foreign operation a portion of these bonds issued for approximately US\$135.4 million, equivalent to S/522.4 million, as of June 30, 2021 (US\$135.4 million, equivalent to S/490.3 million, as of December 31, 2020), which hedges by the same amount the exposure of the net investment in the subsidiary Atlantic Security Holding Corporation (ASHC), established in Cayman Islands and whose functional currency is the US dollar, see note 34.2(b)(ii). This hedge covers the fluctuation in the exchange rate risk associated with the conversion of the net investment held in ASHC to the Group's functional currency (Soles).

- (v) In July of 2019, the Bank issued Senior Notes for approximately JPY5,000.0 million, equivalent to S/173.7 million as of June 30, 2021 (JPY5,000.0 million, equivalent to S/175.3 million as of December 31, 2020) at fixed interest rate, whose maturity date is on August 2, 2021.

As of June 30, 2021, the cash flows of the notes issued in yen subject to exchange rate risk have been hedged through a CCS designated as a cash flow hedge, for a notional amount of JPY5,000.0 million, equivalent to S/173.7 million (JPY5,000.0 million, equivalent to S/175.3 million as of December 31, 2020), see note 13(c). By means of the CCS, the note was economically converted to soles.

- (vi) At June 30, 2021, the Group maintains an IRS for a notional amount of US\$30.0 million, equivalent to S/115.7 million (US\$30.0 million equivalent to S/108.6 million, as of December 31, 2020), see note 13(c), which was designated as cash flows hedge of a corporate bond issued in US dollar at a variable rate. By means of the IRS, this bond was economically converted to a fixed interest rate.
- (vii) In February of 2019, the Bank issued Senior Notes for approximately US\$70.0 million, equivalent to S/270.1 million as of June 30, 2021 at variable rate. These Notes matured in March 2021.

At March 31, 2021, an interest rate swap (IRS), which was designated as cash flows hedge of these Senior Notes, matured for a notional amount of US\$70.0 million, equivalent to S/263.0 million (US\$70.0 million equivalent to S/253.5 million as of December 31, 2020), see note 13(c). By means of the IRS, the note was economically converted to a fixed interest rate.

- (viii) This issue is guaranteed by the future collection of electronic payment orders sent to BCP (including foreign branches) through the Society Worldwide Interbank Financial Telecommunications, through which the correspondent bank uses the network to places orders of payment to beneficiary that is not a financial institution.
- (ix) In July 2020, The Bank repurchased US\$294.6 million from the total US\$476.1 million outstanding amount of "6.875% Fixed- to-Floating Rate Subordinated Notes due 2026". Also, the Bank repurchased US\$224.9 and exchanged US\$200.4 million from the total US\$720 million outstanding amount of "6.125% Fixed-to-Floating Rate Subordinated Notes due 2027".

Also, on July 1, 2020, the Bank issued Subordinated Notes under the Medium-Term Bond Program for a total amount of US\$850.0 million at a semi-annual coupon rate of 3.125 percent maturing in July 2030 under the name of "3.125% Subordinated Fixed-to-Fixed Rate Notes due 2030 (Callable 2025)". On July 1, 2025, the Bank may redeem all or part of the notes at a redemption price equal to 100% of the aggregate amount of the principal of the notes to be

redeemed. From now on, the Bank may redeem all or part of the notes at a redemption price equal to the higher of (1) 100% of the principal amount of the notes and (2) the sum of the remaining cashflows discounted at a rate equivalent to the US Treasury interest rate plus 45 basis points. The payment of principal will take place on the due date or when the Bank redeems the notes.

Through a repurchase offer announced in March 2021, the Bank repurchased US\$88.5 million and exchanged US\$11.0 million from the total US\$294.7 million outstanding amount of “6.125% Fixed-to-Floating Rate Subordinated Notes due 2027”, which were registered and settled on March 31, 2021. Also, in June 2021, US\$60.6 million were repurchased from the total US\$181.5 million outstanding amount of “6.875% Fixed-to-Floating Rate Subordinated Notes due 2026”.

On March 29, 2021, the Bank announced its decision to exercise the Make-Whole Redemption option of the entire two subordinated Notes, “6.875% Fixed-to-Floating Rate Subordinated Notes due 2026” and “ 6.125% Fixed-to-Floating Rate Subordinated Notes due 2027 ”, whose holders have not accepted. The redemption date for both bonds was effective on April 28, 2021.

On the other hand, effective on March 30, 2021, the Bank issued Subordinated Notes under the Medium-Term Bond Program amounting to US\$500.0 million at a semi-annual rate of 3.25 percent maturing in September 2031 called “3.250% Subordinated Fixed-to-Fixed Rate Notes due 2031 (Callable 2026)”. As of September 30, 2026, It will be paid a fixed interest rate equal to U.S. Treasury interest rate, comparable to 5 years, plus 245.0 basis points .On September 30, 2026, the Bank may redeem all or part of the notes at a redemption price equal to 100% of the aggregate amount of the principal of the notes to be redeemed. From now on, the Bank may redeem all or part of the notes at a redemption price equal to the higher of (1) 100% of the principal amount of the notes and (2) the sum of the remaining cashflows discounted at a rate equivalent to the U.S. Treasury interest rate plus 40 basis points. The payment of the principal will take place on the expiration date of the notes or when the Bank redeems them.

b) The table below shows the bonds and notes issued, classified by maturity, without accrued interests:

| | <u>As of June 30, 2021</u> | <u>As of December 31, 2020</u> |
|-------------------------|----------------------------|--------------------------------|
| | <u>S/(000)</u> | <u>S/(000)</u> |
| Up to 3 months | 282,405 | 291,866 |
| From 3 months to 1 year | 428,304 | 547,325 |
| From 1 to 3 years | 3,373,269 | 3,294,335 |
| From 3 to 5 years | 6,955,566 | 6,714,223 |
| More than 5 years | 5,779,167 | 5,333,819 |
| Total | <u>16,818,711</u> | <u>16,181,568</u> |

18 EQUITY

a) Capital stock -

As of June 30, 2021 and December 31, 2020, a total of 94,382,317 shares have been issued at US\$5 per share.

b) Treasury stock -

We present below the stocks of Credicorp Ltd., that the entities of the Group maintain as of June 30, 2021 and 2020:

| As of June 30, 2021 | Number of shares | | |
|---|---------------------|--------------------------|-------------------|
| | Shares of the Group | Shared-based payment (*) | Total |
| Atlantic Security Holding Corporation | 14,620,846 | - | 14,620,846 |
| BCP | - | 134,133 | 134,133 |
| Grupo Crédito | - | 23,006 | 23,006 |
| Pacífico Seguros | - | 22,966 | 22,966 |
| Credicorp Capital Servicios Financieros | - | 15,561 | 15,561 |
| Otras Subsidiarias | - | 49,718 | 49,718 |
| | <u>14,620,846</u> | <u>245,384</u> | <u>14,866,230</u> |

| As of June 30, 2020 | Number of shares | | |
|---|---------------------|--------------------------|-------------------|
| | Shares of the Group | Shared-based payment (*) | Total |
| Atlantic Security Holding Corporation | 14,620,846 | - | 14,620,846 |
| BCP | - | 159,339 | 159,339 |
| Grupo Crédito | 62,678 | 32,512 | 95,190 |
| Pacífico Seguros | - | 29,845 | 29,845 |
| Credicorp Capital Servicios Financieros | - | 17,598 | 17,598 |
| Otras Subsidiarias | - | 54,575 | 54,575 |
| | <u>14,683,524</u> | <u>293,869</u> | <u>14,977,393</u> |

(*) Corresponds to treasury stock that were granted to employees and senior management, for which they have the right to vote; also, these stocks are not vested at said dates. See more detail in Note 20.

During the six-month period ended June 30, 2021 and 2020, the Group purchased 97,951 and 240,151 shares of Credicorp Ltd., respectively, for a total of US\$16.1 million (equivalent to S/58.9 million) and US\$44.4 million (equivalent to S/151.9 million), respectively.

c) Reserves -

Certain Group's subsidiaries are required to keep a reserve that equals a percentage of paid-in capital (20, 30 or 50 percent, depending on its activities and the country in which production takes place); this reserve must be constituted with annual transfers of not less than 10 percent of net profits. As of June 30, 2021, and December 31, 2020, the balance of this reserves amounts approximately to S/7,113.9 million, S/6,990.1 million, respectively.

At the Board meetings held on February 25, 2021 and February 27, 2020, the decision was made to transfer from "Retained earnings" to "Reserves" the amounts of S/347.0 million and S/1,977.1 million, respectively.

d) Dividend distribution -

During the six-month period ended June 30, 2021, no dividends were distributed and paid.

In the Board of Directors held in February 27, 2020, Credicorp paid cash dividends, net of the effect of treasury shares, for approximately US\$702.1 million (equivalent to approximately S/2,392.8 million). In this sense, as of December 31, 2020 cash dividend payouts per share for 30.0 soles, dividends were paid on May 8, 2020 at the exchange rate published by the SBS of 3.4081 soles.

In accordance with current Peruvian legislation, there is no restriction for overseas remittance of dividends or the repatriation of foreign investment. As of June 30, 2021, and December 31, 2020, dividends paid by the Peruvian subsidiaries to Credicorp are subject to a 5.0 percent withholding tax.

e) Regulatory capital -

As of June 30, 2021 and December 31, 2020, the regulatory capital requirement ("patrimonio efectivo" in Peru) applicable to Credicorp subsidiaries engaged in financial services and insurance activities in Peru, determined under the provisions of the Peruvian banking and insurance regulator, SBS, totals approximately S/29,851.9 million and S/28,969.3 million, respectively. At those dates, the Group's regulatory requirement exceeds by approximately S/11,241.3 million and S/7,973.9 million, respectively, the minimum regulatory capital required by the SBS.

19 TAX SITUATION

- a) Credicorp is not subject to income tax or any taxes on capital gains, equity or property in Bermuda. Credicorp's Peruvian Subsidiaries are subject to the Peruvian tax regime.

The income tax rate in Peru as of June 30, 2021 and December 31, 2020 was 29.5 percent of the taxable income after calculating the worker's participation, which is determined using a rate of 5.0 percent.

The income tax rate in Bolivia is 25.0 percent as of June 30, 2021 and December 31, 2020. Financial entities have an additional rate if the ROE exceeds 6.0 percent; in that case, they must consider an additional 25.0 percent, with which the rate would be 50.0 percent.

In the case of Chile, there were two tax regimes: partially integrated regime and attributed regime. Credicorp Capital Holding Chile and all their Subsidiaries was taxed under the partially integrated regime, whose first category income tax rate for domiciled legal entities was 27.0 percent as of June 30, 2021.

With the change in tax legislation of Chile in 2020, two new regimes currently in force are established: the general regime and the Pro-SME regime, for smaller companies. Credicorp Capital Holding Chile, like all its subsidiaries, is taxed under the general tax regime, whose first category income tax rate for domiciled legal entities remains at 27.0 percent as of June 30, 2021.

On the other hand, individuals or legal entities not domiciled in Chile will be subject to a tax called "Additional income tax" whose rates are between 4.0 percent and 35.0 percent, depending on the nature of the income. Additionally, Chile has signed treaties to avoid double taxation with different countries so certain income could be released from withholding tax or for the use of reduced rates.

In the case of Colombia, as determined by Law 2010 of 2019, the income tax rate for 2020 was 32.0 percent of taxable income, plus 4.0 percent for companies considered as financial institutions (*) the income tax rate for the year 2021 is 31.0 percent of taxable income, plus 3.0 percent for companies considered as financial institutions (*), for the year 2022 the income tax will be 30.0 percent, plus 3.0 percent for companies considered as financial institutions (*), for the year 2023 onwards, the income tax rate for all companies will be 30 percent and will not have an additional percentage in the case of institutions financial, the taxes rates are as follows:

| <u>Taxable year</u> | <u>Rate</u> | <u>Additional rate (surcharge) (*)</u> |
|---------------------|-------------|--|
| 2020 | 32 | 4 |
| 2021 | 31 | 3 |
| 2022 | 30 | 3 |
| As of 2023 | 30 | - |

- (*) The additional rate will be applicable only to financial institutions that in the corresponding taxable year have a taxable income equal to or greater than 120,000 Tax Value Unit (UVT), which as of June 30, 2021 is equivalent to a total of S/4.4 million, in that sense, Credicorp Capital Colombia, Credicorp Capital Fiduciaria and MiBanco must pay income tax taking into account the aforementioned".

b) Income tax expense comprises:

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|--------------------|--|------------------|--|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| Current - | | | | |
| In Peru | 334,449 | 283,113 | 579,547 | 595,990 |
| In other countries | 40,483 | 29,893 | 85,720 | 75,661 |
| | <u>374,932</u> | <u>313,006</u> | <u>665,267</u> | <u>671,651</u> |
| Deferred - | | | | |
| In Peru | 43,053 | (686,478) | 98,146 | (895,257) |
| In other countries | 5,506 | (41,303) | (2,323) | (45,370) |
| | <u>48,559</u> | <u>(727,781)</u> | <u>95,823</u> | <u>(940,627)</u> |
| Total | <u>423,491</u> | <u>(414,775)</u> | <u>761,090</u> | <u>(268,976)</u> |

The variation in deferred tax in Peru between the six-month period ended June 30, 2020 and 2021, was mainly due to a higher provision for credit losses for the loan portfolio in 2020 compared to 2021 due to the effects of COVID-19 on the financial system.

The deferred income tax has been calculated on all temporary differences, considering the income tax rates effective where Credicorp's Subsidiaries are located.

c) The Peruvian Tax Authority has the power to review and, if applicable, make a new determination of the Income Tax calculated by the Peruvian subsidiaries up to four years after the filing date of the statement that contains it. The Income Tax returns of the main subsidiaries open to review by the Tax Authority are as follows:

| | |
|---|--------------|
| Banco de Crédito del Perú S.A. | 2014 to 2020 |
| MiBanco, Banco de la Microempresa S.A. | 2016 to 2020 |
| Prima AFP S.A. | 2016 to 2020 |
| Pacífico Compañía de Seguros y Reaseguros | 2017 to 2020 |
| Credicorp Capital Holding Peru S.A.A. | 2016 to 2020 |
| Credicorp Capital Perú S.A.A. | 2016 to 2020 |
| Solución Empresa Administradora Hipotecaria S.A | 2016 to 2020 |
| Credicorp Capital SAB | 2016 to 2020 |
| Credicorp Capital Servicios Financieros | 2016 to 2020 |

The Tax Authority began the inspection of the determination of the third category Income Tax for the periods 2014 and 2015, respectively, of the Banco de Crédito del Perú, processes that are still in process. The Tax Administration notified in June 2021 the 2013 Income Tax Determination Resolution. It is important to mention that the Tax Authority of Peru is auditing the Income Tax determined for the years 2015 of MiBanco.

The Tax Authorities of Bolivia, Chile and Colombia have the power to review and, if applicable, make a new determination of the Income Tax of the Credicorp subsidiaries located in those countries, in which deadlines for subsequent review are also regulated, to the presentation of the Income Tax declarations. Additionally, in the case of Colombia, a period of 6 years was established for taxpayers obliged to apply the rules on Transfer Pricing or taxpayers who declare tax losses. The annual determinations of Income Tax pending review by foreign Tax Authorities are the following:

| | |
|------------------------------------|--------------|
| Banco de Crédito de Bolivia | 2014 to 2020 |
| Credicorp Capital Holding Colombia | 2017 to 2020 |

The Tax Authority began the inspection of the Income Tax for the year 2019, of the Credicorp Capital Holding Chile, processes that are still are in process.

Given that tax regulations are subject to interpretation by the different Tax Authorities in whose jurisdictions Credicorp's subsidiaries are located, it is not possible to determine as of the current date whether significant additional liabilities may arise from eventual tax inspections in said subsidiaries. Any resulting unpaid taxes, tax penalties or interest that may arise will be recognized as expenses in the year in which they are determined. However, Credicorp's Management, its subsidiaries and legal advisors consider that any increase in the determination of taxes would not have a significant impact on the interim condensed consolidated financial statements as of June 30, 2021 and December 31, 2020.

20 SHARE-BASED COMPENSATION PLANS

On March of each year, the Group grants its own shares to certain key employees. The awarded shares are liberated in the three following years for up to 33.3 percent of the shares granted in each of the three previous years. The Group assumes the payment of the related income tax on behalf of its employees, which depend on the country of residence and the annual compensation of the employee.

As of June 30, 2021 and December 31, 2020, the Group has granted 89,045 and 176,212 Credicorp shares, of which 245,384 and 293,888 shares not vested as of June 30, 2021 and December 31, 2020, respectively. During the six-month period ended June 30, 2021 and 2020, the recorded expense amounted to approximately S/44.5 million and S/45.6 million, respectively, see Note 27.

21 OFF-BALANCE SHEET ACCOUNTS

- a) This item consists of the following:

| | As of June 30, 2021 | As of December 31, 2020 |
|---|--------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| Contingent credits – indirect loans (b) | | |
| Guarantees and standby letters | 20,382,502 | 18,562,120 |
| Import and export letters of credit | <u>2,340,883</u> | <u>2,411,690</u> |
| Sub-total, Note 7(b) | 22,723,385 | 20,973,810 |
| Responsibilities under credit line agreements (c) | <u>91,280,633</u> | <u>86,074,859</u> |
| Total | <u>114,004,019</u> | <u>107,048,669</u> |

Reference values of operations with derivatives are recorded in off-balance sheet accounts in the committed currency, as shown in Note 13(c).

- b) In the normal course of their business, the Group's banking Subsidiaries are party to transactions with off-balance sheet risk. These transactions expose them to credit risk in addition to the amounts recognized in the interim condensed consolidated statement of financial position.

Credit risk for contingent credits is defined as the possibility of sustaining a loss because one of the parties to a financial instrument fails to comply with the terms of the contract. The risk of credit losses is represented by the contractual amounts specified in the related contracts. The Group applies the same credit policies in making contingent commitments and other obligations as it does for on-balance sheet instruments (Note 7(a)), including the requirement to obtain collateral when it is deemed necessary.

Collateral held varies, but may include deposits in financial institutions, securities or other assets. Many of the contingent transactions reach maturity without any performance being required; therefore, the total committed amounts do not necessarily represent future cash requirements.

- c) Lines of credit include consumer loans and other consumer loan facilities (credit card receivables) granted to customers and are cancelable upon related notice to the customer.

22 **INTEREST, SIMILAR INCOME AND SIMILAR EXPENSES**

This item consists of the following:

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|---|---|------------------|---|--------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| Interest and similar income | | | | |
| Interest on loans (i) | 2,476,187 | 2,353,285 | 4,908,948 | 5,123,636 |
| Interest on investments at fair value through other comprehensive income | 286,773 | 275,494 | 574,773 | 536,683 |
| Interest on investments at amortized | 80,096 | 59,124 | 143,128 | 109,972 |
| Interest on due from banks (ii) | 6,076 | 9,263 | 13,972 | 58,376 |
| Interest on investments at fair value through profit or loss | 15,271 | 16,000 | 27,203 | 26,697 |
| Dividends received | 11,536 | 4,867 | 14,757 | 12,746 |
| Other interest and similar income | 15,640 | 9,336 | 24,871 | 22,868 |
| Total | 2,891,579 | 2,727,369 | 5,707,652 | 5,890,978 |
| Interest and similar expense | | | | |
| Interest on deposits and obligations (iii) | (210,275) | (320,169) | (432,918) | (684,276) |
| Interest on bonds and notes issued | (178,664) | (199,348) | (445,635) | (397,462) |
| Interest on due to banks and correspondents | (101,265) | (157,819) | (213,493) | (294,945) |
| Deposit Insurance Fund | (51,336) | (44,070) | (102,494) | (84,100) |
| Interest on lease liabilities | (6,948) | (9,319) | (14,320) | (16,895) |
| Other interest and similar expense | (34,049) | (35,294) | (66,367) | (72,423) |
| Total | (582,537) | (766,019) | (1,275,227) | (1,550,101) |

- (i) The half-year variation was mainly due to lower revenues generated in the corporate, large corporate and consumer segments. In the case of corporate and business banking, the most affected products were working capital and medium-term loans, due to the lower volume and average rate of disbursed amounts.
- (ii) As of June 30, 2021, the item suffered a decrease that is mainly due to a significant drop in the interest rate paid by the BCRP to the ordinary reserve accounts. See note 4.
- (iii) The variation corresponds mainly to a decrease in interest on time and demand deposits as a result of lower rates offered in the market, as well as a reduce in severance indemnity deposits after the government released access to these funds.

23 COMMISSIONS AND FEES

This item consists of the following:

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|---|---|-----------------|---|------------------|
| | 2021 S/(000) | 2020 S/(000) | 2021 S/(000) | 2020 S/(000) |
| Maintenance of accounts, transfers and credit and debit card services | 343,875 | 165,342 | 676,707 | 472,248 |
| Funds and equity management | 193,605 | 135,965 | 378,207 | 316,272 |
| Contingent loans and foreign trade fees | 111,998 | 81,255 | 222,662 | 171,851 |
| Commissions for banking services | 70,503 | 60,093 | 145,304 | 117,971 |
| Collection services | 25,451 | 14,677 | 49,990 | 43,661 |
| Brokerage, securities and custody services | 47,993 | (2,021) | 63,244 | 20,101 |
| Penalty commissions | 10,957 | 5,137 | 24,775 | 24,946 |
| Commissions for consulting and technical studies | 12,270 | 9,331 | 26,159 | 24,834 |
| Commissions for salary advance and payment of services | 11,995 | 6,224 | 22,394 | 18,894 |
| Others | 33,764 | 27,485 | 83,740 | 53,039 |
| Total | <u>862,411</u> | <u>503,488</u> | <u>1,693,182</u> | <u>1,263,817</u> |

During the second quarter of 2021 higher operation than the second quarter of 2020 have been recorded due to the increase of business activity as a result to the economic recovery, see Note 2(b).

24 **NET (LOSS) GAIN ON SECURITIES**

This item consists of the following:

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|---|--|----------------|--|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| Net (loss) gain on investments at fair value through other comprehensive income (i) | (101,688) | 116,807 | (1,868) | 154,338 |
| Net (loss) gain on financial assets at fair value through profit or loss (ii) | 32,736 | 189,617 | (55,807) | 43,597 |
| Net gain in associates (iii) | 12,303 | 14,906 | 41,707 | 34,131 |
| Recovery (loss) due to impairment of investments at fair value through other comprehensive income (iv), Note 6(b) | 377 | (25,929) | 5,729 | (37,681) |
| Others | (1,373) | 68 | (1,714) | (324) |
| Total | (57,645) | 295,469 | (11,953) | 194,061 |

(i) The variation is due to the result mainly from the following subsidiaries occurred during the six-month period ended June 30, 2021:

- Banco de Crédito del Perú had net loss for approximately S/95.8 million mainly from realized loss on the sale of government treasury bonds. (during the six-month period ended June 30, 2020, net profit for S/105.3 million).
- Credicorp Capital Colombia S.A. had net profit for approximately S/30.7 million (during the six-month period ended June 30, 2020, net profit for S/4.5 million).
- Atlantic Security Bank (ASB) had net profit for approximately S/19.4 million (during the six-month period ended June 30, 2020, net profit for S/1.7 million).
- Credibolsa S.A. Agente de Bolsa had net profit for approximately S/8.5 million (during the six-month period ended June 30, 2020, net profit for S/1.1 million).

(ii) The variation is due to the result mainly from the following subsidiaries occurred during the six-month period ended June 30, 2021:

- Atlantic Security Bank (ASB) had net loss for approximately S/9.6 million (during the six-month period ended June 30, 2020, net profit for S/113.4 million correspond mainly to unrealized profit from the Royalty Pharma plc's shares).
- Credicorp Capital Colombia S.A. had net loss for approximately S/51.6 million mainly to the fluctuation of the treasury titles issued by the Colombian Government due to the increase of COVID-19 cases and to the quarantine presented in different cities of the country. (during the six-month period ended June 30, 2020, net profit for S/36.2 million).
- Banco de Crédito del Perú had net profit for approximately S/5.9 million (during the six-month period ended June 30, 2020, net loss for S/50.7 million).

- Prima AFP had net profit for approximately S/7.1 million (during the six-month period ended June 30, 2020, loss for S/21.2 million correspond to unrealized losses due to the drop of the restricted mutual funds).
- (iii) It mainly includes the gain of its associated “Entidad Prestadora de Salud” for approximately S/32.2 million during the six-month period ended June 30, 2021 (S/34.0 million during the six-month period ended June 30, 2020).
- (iv) As a result of the assessment of the impairment, during the six-month period ended June 30, 2021 corresponds to the recovery of market values recorded mainly by the following subsidiaries: (i) S/2.4 million by Pacífico Seguros, (ii) S/0.5 million recorded by Atlantic Security Bank (ASB) and (iii) S/0.4 million recorded by Banco de Crédito de Bolivia. The result during the six-month period ended June 30, 2020, corresponds to loss recorded mainly by the following subsidiaries: (i) S/18.3 million by Pacífico Seguros, (ii) S/8.6 million by Banco de Crédito de Perú and (iii) S/8.4 million by Atlantic Security Bank (ASB), due to mainly COVID-19. See more details of the impact of COVID-19 in Note 2(b).

25 NET PREMIUMS EARNED

a) This item consists of the following:

| For the three-month period ended June 30, | Gross written premiums S/(000) | Technical reserve adjustment (*) S/(000) | Total gross written premiums (**) S/(000) | Premiums ceded to reinsurers and co-insurers, net (***) S/(000) | Results of financial assets designated at fair value through profit and loss, note 8 S/(000) | Total Net premiums earned S/(000) |
|---|-----------------------------------|---|--|--|---|--------------------------------------|
| 2021 | | | | | | |
| Life insurance | 559,804 | (185,698) | 374,106 | (51,576) | 24,368 | 346,898 |
| Health insurance | 163,386 | (15,414) | 147,972 | (3,550) | - | 144,422 |
| General insurance | 219,723 | 68,919 | 288,642 | (140,018) | - | 148,624 |
| Total | 942,913 | (132,193) | 810,720 | (195,144) | 24,368 | 639,944 |
| 2020 | | | | | | |
| Life insurance | 442,540 | (226,370) | 216,170 | (25,626) | 91,267 | 281,811 |
| Health insurance | 144,785 | (8,609) | 136,176 | (3,100) | - | 133,076 |
| General insurance | 211,835 | 32,981 | 244,816 | (107,642) | - | 137,174 |
| Total | 799,160 | (201,998) | 597,162 | (136,368) | 91,267 | 552,061 |
| For the six-month period ended June 30, | Gross written premiums S/(000) | Technical reserve adjustment (*) S/(000) | Total gross written premiums (**) S/(000) | Premiums ceded to reinsurers and co-insurers, net (***) S/(000) | Results of financial assets designated at fair value through profit and loss, note 8 S/(000) | Total Net premiums earned S/(000) |
| 2021 | | | | | | |
| Life insurance | 1,145,255 | (376,320) | 768,935 | (104,851) | 40,412 | 704,496 |
| Health insurance | 318,567 | (27,134) | 291,433 | (7,330) | - | 284,103 |
| General insurance | 475,164 | 80,314 | 555,478 | (260,205) | - | 295,273 |
| Total | 1,938,986 | (323,140) | 1,615,846 | (372,386) | 40,412 | 1,283,872 |
| 2020 | | | | | | |
| Life insurance | 955,486 | (275,237) | 680,249 | (55,756) | (6,976) | 617,517 |
| Health insurance | 292,542 | (17,036) | 275,506 | (6,381) | - | 269,125 |
| General insurance | 452,685 | 68,354 | 521,039 | (227,685) | - | 293,354 |
| Total | 1,700,713 | (223,919) | 1,476,794 | (289,822) | (6,976) | 1,179,996 |

(*) The variation in life insurance is mainly higher sales in annuities and the private pension system, generating an initial higher reserve.

(**) This item includes earned premiums, reinsurance premiums accepted, and coinsurance premiums accepted and received.

(***) "Premiums ceded to reinsurers and coinsurers, net" include:

| | For the three-month period ended June 30, | |
|--|--|------------------|
| | 2021 | 2020 |
| | S/(000) | S/(000) |
| Premiums ceded for automatic contracts (mainly excess of loss), Note 9(b) | (93,075) | (56,821) |
| Premiums ceded for facultative contracts, Note 9(b) | (53,329) | (86,935) |
| Variation of reserve risk in progress of premiums ceded, Note 9(b) | (48,740) | 7,388 |
| | <u>(195,144)</u> | <u>(136,368)</u> |

| | For the six-month period ended June 30, | |
|--|--|------------------|
| | 2021 | 2020 |
| | S/(000) | S/(000) |
| Premiums ceded for automatic contracts (mainly excess of loss), Note 9(b) | (185,690) | (134,905) |
| Premiums ceded for facultative contracts, Note 9(b) | (141,083) | (126,687) |
| Variation of reserve risk in progress of premiums ceded, Note 9(b) | (45,613) | (28,230) |
| | <u>(372,386)</u> | <u>(289,822)</u> |

b) Gross written premiums by insurance type are described below:

| | For the three-month period ended June 30, | | | |
|-------------------------|---|---------------|----------------|---------------|
| | 2021 | | 2020 | |
| | S/(000) | % | S/(000) | % |
| Life insurance (i) | 374,106 | 46.14 | 216,170 | 36.20 |
| Health insurance (ii) | 147,972 | 18.25 | 136,176 | 22.80 |
| General insurance (iii) | 288,642 | 35.61 | 244,816 | 41.00 |
| Total | 810,720 | 100.00 | 597,162 | 100.00 |

| | For the six-month period ended June 30, | | | |
|-------------------------|---|---------------|------------------|---------------|
| | 2021 | | 2020 | |
| | S/(000) | % | S/(000) | % |
| Life insurance (i) | 768,935 | 47.59 | 680,249 | 46.06 |
| Health insurance (ii) | 291,433 | 18.04 | 275,506 | 18.66 |
| General insurance (iii) | 555,478 | 34.37 | 521,039 | 35.28 |
| Total | 1,615,846 | 100.00 | 1,476,794 | 100.00 |

(i) The breakdown of life insurance gross written premiums is as follows:

| | For the three-month period ended June 30, | | | |
|-----------------------------|---|---------------|----------------|---------------|
| | 2021 | | 2020 | |
| | S/(000) | % | S/(000) | % |
| Credit life | 139,608 | 37.32 | 124,509 | 57.60 |
| Disability and survival (*) | 154,886 | 41.40 | 100,869 | 46.66 |
| Individual life (**) | 17,262 | 4.61 | (50,650) | (23.43) |
| Group life | 37,492 | 10.02 | 29,781 | 13.78 |
| Annuities | 24,858 | 6.65 | 11,661 | 5.39 |
| Total | 374,106 | 100.00 | 216,170 | 100.00 |

| | For the six-month period ended June 30, | | | |
|-----------------------------|---|---------------|----------------|---------------|
| | 2021 | | 2020 | |
| | S/(000) | % | S/(000) | % |
| Credit life | 284,101 | 36.95 | 279,404 | 41.07 |
| Disability and survival (*) | 313,929 | 40.83 | 224,393 | 32.99 |
| Individual life (**) | 45,283 | 5.89 | 85,266 | 12.53 |
| Group life | 70,957 | 9.23 | 61,486 | 9.04 |
| Annuities | 54,665 | 7.10 | 29,700 | 4.37 |
| Total | 768,935 | 100.00 | 680,249 | 100.00 |

(*) This item includes Complementary Work Risk Insurance ("SCTR" from its Spanish acronym).

(**) Individual life insurance premiums include Investment Link insurance contracts.

(ii) Health insurance gross written premiums after adjustments include medical assistance which amounts to S/252.3 million and personal accident insurance for S/39.1 million during the six-month period ended June 30; and represents 86.58 percent and 13.42 percent respectively.

(iii) General insurance gross written premiums consist of the following:

| | For the three-month period ended June 30, | | | |
|----------------------------------|---|---------------|----------------|---------------|
| | 2021 | | 2020 | |
| | S/(000) | % | S/(000) | % |
| Automobile | 83,651 | 28.98 | 80,510 | 32.89 |
| Fire and allied lines | 75,521 | 26.16 | 63,941 | 26.12 |
| Theft and robbery | 27,274 | 9.45 | 10,126 | 4.14 |
| Technical lines (*) | 15,661 | 5.43 | 12,782 | 5.22 |
| Third party liability | 33,514 | 11.61 | 13,088 | 5.35 |
| Transport | 14,504 | 5.02 | 8,207 | 3.35 |
| SOAT (Mandatory automobile line) | 6,478 | 2.24 | 8,127 | 3.32 |
| Marine Hull | 7,085 | 2.45 | 5,194 | 2.12 |
| Aviation | 9,936 | 3.45 | 13,877 | 5.67 |
| Others | 15,018 | 5.21 | 28,964 | 11.82 |
| Total | 288,642 | 100.00 | 244,816 | 100.00 |

| | For the six-month period ended June 30, | | | |
|----------------------------------|---|---------------|----------------|---------------|
| | 2021 | | 2020 | |
| | S/(000) | % | S/(000) | % |
| Automobile | 162,334 | 29.22 | 171,467 | 32.91 |
| Fire and allied lines | 146,000 | 26.28 | 131,609 | 25.26 |
| Theft and robbery | 57,961 | 10.43 | 43,366 | 8.32 |
| Technical lines (*) | 30,591 | 5.51 | 30,215 | 5.80 |
| Third party liability | 59,661 | 10.74 | 27,532 | 5.28 |
| Transport | 27,187 | 4.89 | 19,541 | 3.75 |
| SOAT (Mandatory automobile line) | 13,165 | 2.37 | 17,675 | 3.39 |
| Marine Hull | 13,398 | 2.41 | 11,374 | 2.18 |
| Aviation | 19,088 | 3.44 | 29,187 | 5.60 |
| Others | 26,093 | 4.71 | 39,073 | 7.51 |
| Total | 555,478 | 100.00 | 521,039 | 100.00 |

(*) Technical lines include Contractor's All Risk (CAR), Machinery breakdown, All Risk (EAR), Electronic equipment (EE), All Risk Contractor's Equipment (ARCE).

26 NET CLAIMS INCURRED FOR LIFE, GENERAL AND HEALTH INSURANCE CONTRACTS

This item consists of the following:

| | For the three-month period ended June 30, | | | |
|-----------------------------|--|--------------------------|-------------------------|----------------|
| | Life insurance | General insurance | Health insurance | Total |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| 2021 | | | | |
| Gross claims | 665,847 | 89,074 | 83,567 | 838,488 |
| Ceded claims | (110,678) | (34,568) | (1,907) | (147,153) |
| Net insurance claims | 555,169 | 54,506 | 81,660 | 691,335 |

| | For the three-month period ended June 30, | | | |
|-----------------------------|--|--------------------------|-------------------------|----------------|
| | Life insurance | General insurance | Health insurance | Total |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| 2020 | | | | |
| Gross claims | 254,719 | 86,352 | 57,343 | 398,414 |
| Ceded claims | (10,221) | (53,159) | (6,251) | (69,631) |
| Net insurance claims | 244,498 | 33,193 | 51,092 | 328,783 |

| | For the six-month period ended June 30, | | | |
|-----------------------------|--|--------------------------|-------------------------|------------------|
| | Life insurance | General insurance | Health insurance | Total |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| 2021 | | | | |
| Gross claims | 1,241,052 | 144,526 | 151,273 | 1,536,851 |
| Ceded claims | (176,819) | (42,854) | (2,490) | (222,163) |
| Net insurance claims | 1,064,233 | 101,672 | 148,783 | 1,314,688 |

| | For the six-month period ended June 30, | | | |
|-----------------------------|--|--------------------------|-------------------------|----------------|
| | Life insurance | General insurance | Health insurance | Total |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| 2020 | | | | |
| Gross claims | 514,841 | 166,672 | 132,811 | 814,324 |
| Ceded claims | (33,828) | (72,587) | (5,624) | (112,039) |
| Net insurance claims | 481,013 | 94,085 | 127,187 | 702,285 |

As of June 30, the increase in net insurances claims for Life Insurances was mainly due to the impact of COVID-19, generating an increase for the Reserve for Occurred and Unreported Claims (IBNR). The variation in gross claims was mainly due to the impact of COVID 19.

27 **SALARIES AND EMPLOYEES BENEFITS**

This item consists of the following:

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|---|--|----------------|--|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| Salaries | 501,991 | 511,366 | 994,107 | 1,005,055 |
| Vacations, medical assistance and others | 81,443 | 66,558 | 150,145 | 153,292 |
| Bonuses | 70,822 | 70,854 | 139,093 | 140,359 |
| Additional participation (i) | 61,786 | 12,566 | 126,581 | 75,813 |
| Social security | 50,937 | 51,650 | 107,628 | 111,936 |
| Workers' profit sharing | 59,015 | 51,596 | 101,706 | 108,698 |
| Severance indemnities | 36,355 | 35,907 | 75,951 | 76,407 |
| Share-based payment plans (Note 20) | 19,828 | 25,501 | 44,525 | 45,620 |
| Total | 882,177 | 825,997 | 1,739,736 | 1,717,180 |

(i) The variation is explained by higher provisions for additional participations, given the Covid-19 situation during 2020, lower provisions were allocated for this concept.

28 ADMINISTRATIVE EXPENSES

This item consists of the following:

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|--|--|----------------|--|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| Repair and maintenance (i) | 116,692 | 98,069 | 223,317 | 174,120 |
| Publicity (ii) | 104,862 | 53,505 | 177,132 | 128,761 |
| Taxes and contributions | 77,406 | 63,344 | 146,214 | 131,361 |
| Consulting and professional fees | 57,720 | 46,412 | 98,578 | 85,897 |
| Transport and communications | 51,169 | 30,156 | 93,866 | 65,622 |
| IBM services expenses | 42,826 | 33,006 | 83,271 | 63,315 |
| Comissions by agents | 25,218 | 19,076 | 50,254 | 40,505 |
| Security and protection | 15,691 | 15,823 | 31,651 | 31,802 |
| Sundry supplies | 14,171 | 9,908 | 28,990 | 33,547 |
| Leases of low value, short-term and variable payments | 20,145 | 15,091 | 41,047 | 36,394 |
| Electricity and water | 12,709 | 13,133 | 23,400 | 24,946 |
| Subscriptions and quotes | 13,462 | 12,219 | 26,645 | 22,971 |
| Insurance | 5,320 | 3,195 | 13,594 | 8,105 |
| Electronic processing | 11,123 | 6,840 | 21,091 | 15,477 |
| Cleaning | 5,206 | 5,522 | 10,488 | 11,040 |
| Audit Services | 2,206 | 1,220 | 3,464 | 2,470 |
| Services by third-party and others (iii) | 96,879 | 84,175 | 180,645 | 176,465 |
| Total | 672,805 | 510,694 | 1,253,647 | 1,052,798 |

- (i) The increase is due to higher expenses on cybersecurity and digitization.
- (ii) The increase is mainly due to higher expenses incurred during 2021 period in digital marketing and advertising plans for financial products such as “Yape”, savings account, personal loan and credit card.
- (iii) The balances consist mainly of outsourcing services, digitization and archiving service, appraisal, representation among other concepts.

29 OTHER INCOME AND EXPENSES

This item consists of the following:

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|--|---|---------------|---|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| Other income | | | | |
| Rental income | 8,262 | 1,899 | 16,276 | 11,861 |
| Revenue from sale of loan portfolio (i) | - | - | 10,759 | 26,078 |
| Income from de-recognition of contracts IFRS 16 | 4,651 | - | 5,568 | - |
| Recoveries of other accounts receivable and other assets | 402 | 51 | 2,848 | 270 |
| Net income from the sale of property, furniture and equipment | - | (317) | - | 10,002 |
| Net gain from sale of seized and recovered assets | (2,514) | 461 | - | 1,773 |
| Others (ii) | 52,122 | 33,101 | 101,463 | 102,981 |
| Total other income | 62,923 | 35,195 | 136,914 | 152,965 |

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|--|---|----------------|---|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| Other expenses | | | | |
| Provision for sundry risks | 56,923 | 2,286 | 56,923 | 8,058 |
| Association in participation (iii) | 8,879 | 17,944 | 22,785 | 24,374 |
| Losses due to operational risk | 11,770 | 9,935 | 22,620 | 18,265 |
| Provision for other accounts receivable | 1,829 | 5,087 | 21,354 | 8,454 |
| Expenses on improvements in building for rent | 6,342 | 6,636 | 12,207 | 13,374 |
| Various operating expenses (iv) | (4,719) | 50,656 | 9,517 | 52,971 |
| Donations (v) | 4,206 | 5,563 | 4,545 | 120,017 |
| Net loss from the sale of property, furniture and equipment | 3,100 | - | 4,357 | - |
| Net loss from sale of seized and recovered assets | 1,404 | - | 1,404 | - |
| Administrative and tax penalties | 131 | 216 | 706 | 478 |
| Others (vi) | 51,731 | 24,074 | 60,283 | 52,466 |
| Total other expenses | 141,596 | 122,397 | 216,701 | 298,457 |

- (i) The income from portfolio sale is explained by to the transfer of written-off and judicial portfolio in the modality of assignment of rights to Deutsche Bank AG / SPV I S.A.C. with a capital of S/61,418.0 million, generating a profit of S/10,759.0 million. (Income from portfolio sale is explained by to the transfer of judicial portfolio in the modality of assignment of rights to Deutsche Bank AG/ SPVI S.A.C with a capital of S/111,453.0 million, generating a profit of S/26,077.6 million).

- (ii) During the six-month period ended June 30, 2021 and 2020, the balance is mainly composed of sale of goods, policy revision fee, penalty for breach of contract, penalties to customers related to the leasing product, payment refunds, among others.
- (iii) The balance corresponds entirely to the results attributed by the joint venture agreement between Asistencia Médica (AMED), through its subsidiary domiciled in Peru, Empremédica S.A., and Pacífico Seguros.
- (iv) It corresponds to the expenses incurred by the health emergency such as safety equipment, mobility vouchers, medical expenses, food, rapid tests, temperature measurement, among others.
- (v) In 2020 the Group has made donations in the mainly through its subsidiaries BCP and MiBanco, a donation of S/100.0 million was the fundraising campaign called "#YoMeSumo" from BCP and S/10.0 million a donation from MiBanco, in both cases, in order to raise funds for the poorest families affected by COVID-19.
- (vi) The balance is mainly composed of expenses incurred for the write-off of intangible assets, system failures and agency closures, among others.

30 EARNING PER SHARE

The net earnings per ordinary share were determined based on the net (loss) income attributable to equity holders of the Group as follows:

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|--|--|------------------|--|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net loss (income) attributable to equity holders of Credicorp (in thousands of Soles) | <u>699,469</u> | <u>(620,390)</u> | <u>1,360,267</u> | <u>(411,116)</u> |
| Number of stock | | | | |
| Ordinary stock, Note 18(a) | 94,382,317 | 94,382,317 | 94,382,317 | 94,382,317 |
| Less – opening balance of treasury stock | (14,914,734) | (14,872,164) | (14,914,734) | (14,872,164) |
| Acquisition of treasury stock, net | <u>4,046</u> | <u>(98,995)</u> | <u>4,046</u> | <u>(98,995)</u> |
| Weighted average number of ordinary shares for basic earnings | 79,471,629 | 79,411,158 | 79,471,629 | 79,411,158 |
| Plus - dilution effect - stock awards | <u>143,827</u> | <u>145,977</u> | <u>143,827</u> | <u>145,977</u> |
| Weighted average number of ordinary shares adjusted for the effect of dilution | 79,615,456 | 79,557,135 | 79,615,456 | 79,557,135 |
| Basic earnings (losses) per share (in Soles) | 8.80 | (7.82) | 17.12 | (5.18) |
| Diluted earnings (losses) per share (in Soles) | 8.78 | (7.80) | 17.09 | (5.17) |

31 OPERATING SEGMENTS

In the Credicorp Board of Directors organized the Group's subsidiaries according to the types of financial services provided and the sectors on which they are focused; with the objective of optimizing the management thereof. Next, we present the Group's business lines:

a) Universal Banking –

Includes the operations related to the granting of various credits and financial instruments to individuals and legal entities, from the segments of wholesale and retail banking, such as the obtaining of funds from the public through deposits and current accounts, obtaining of funding by means of initial public offerings and direct indebtedness with other financial institutions. This business line incorporates the results and balances of the Banco de Crédito del Perú (BCP) and Banco de Crédito de Bolivia (BCB).

b) Insurance and Pensions –

- Insurance: includes, mainly, the issue of insurance policies to cover losses in commercial property, transport, marine vessels, automobiles, life, health and pensions, operations carried out through Pacifico Compañía de Seguros y Reaseguros.
- Pensions: provides Management Service of private pension funds to the affiliates, operation carried out from Prima AFP.

c) Microfinance –

Includes the management of loans, credits, deposits and current accounts of the small and microenterprises: carried out through MiBanco, Banco de la Microempresa S.A. and MiBanco – Banco de la Microempresa de Colombia S.A.

d) Investment Banking and Wealth Management –

Brokerage service and investment management services offered to a broad and diverse clientele, which includes corporations, institutional investors, governments and foundations; also, the structuring and placement of issues in the primary market, as well as the execution and negotiation of transactions in the secondary market. Additionally, it structures securitization processes for corporate customers and manages mutual funds.

All these services are provided through Credicorp Capital Ltd. and subsidiaries; Atlantic Security Bank (ASB) and the Wealth Management team of BCP.

Management of these business lines is designed to:

- Promote the joint action of our businesses in order to take advantage of the synergies which resulting from the diversification of our portfolio.
- Strengthening our leadership in the financial sector through our growth in new businesses, and the establishment of an investment banking platform available not only to the corporate world, but also to the retail segment, especially to the Small and Medium Enterprise (SME) and Consumer sectors.
- Improve the ongoing search to bring to adapt our business models, processes and procedures into line with best practices worldwide.

The operating results of the Group's new business lines are monitored separately by the Board of Directors and Senior Management on a monthly basis, in order to make decisions regarding the allocation of resources and the evaluation of the performance of each one of the segments. The Chief Operating Decision Maker (CODM) of Credicorp is the Chief Executive Officer (CEO). The performance of the segments is evaluated based on the operating profits or losses and is measured

consistently with the operating profits and losses presented in the interim condensed consolidated statement of income.

Financial information by segment is prepared subject to the minimum controls necessary and on a uniform basis, with coherent grouping according to the type of activity and customer. The transfer prices used for determining income and expenses generated among the operating segments are similar to the prices that would be applicable to transactions carried out at arm's length.

None of the income derives from transactions carried out with a single customer or counterparty which is equal to or greater than 10 percent or more of the total income of the Group for the first six-month period ended June 30, 2021 and the first six-month period ended June 30, 2020

(i) The following table presents information recorded in the results and for certain items of the assets corresponding to the Group's reportable segments (in millions of soles):

| | For the six-month period ended June 30, 2021 | | | | | | | | | As of June 30, 2021 | |
|--|--|--------------------------|---|-------------------------|---|-------------------------------|--------------|-------------------|--|-------------------------|-------------------|
| | Income (*) | | | | | | | | | | |
| Operating segments | External | From other segments (**) | Net interest, similar income and expenses | Other income, net (***) | Provision for credit losses on loan portfolio | Depreciation and amortization | Income tax | Net profit (loss) | Additions of fixed asset, intangibles and goodwill | Total assets | Total liabilities |
| Universal Banking | | | | | | | | | | | |
| Banco de Crédito del Perú | 5,428 | 171 | 3,000 | 1,577 | (774) | (211) | (597) | 1,486 | 158 | 185,732 | 168,944 |
| Banco de Crédito de Bolivia | 414 | 6 | 155 | 68 | 21 | (11) | (35) | 27 | 7 | 13,113 | 12,350 |
| Insurance and Pension funds | | | | | | | | | | | |
| Pacífico Seguros y subsidiarias | 1,696 | 17 | 273 | (76) | - | (29) | (3) | (257) | 37 | 15,780 | 13,639 |
| Prima AFP | 206 | - | (1) | 205 | - | (10) | (37) | 79 | 5 | 868 | 223 |
| Microfinance | | | | | | | | | | | |
| MiBanco | 985 | - | 862 | (11) | (291) | (41) | (34) | 69 | 21 | 15,613 | 13,439 |
| MiBanco Colombia (****) | 141 | - | 105 | 17 | (19) | (7) | (4) | 8 | 3 | 1,223 | 1,011 |
| Investment Banking and Wealth Management | 476 | 30 | 51 | 384 | - | (20) | (14) | 96 | 4 | 17,228 | 15,334 |
| Other segments | 32 | 11 | (13) | 21 | (1) | (2) | (37) | (114) | 1 | 3,714 | 2,607 |
| Eliminations | - | - | - | - | - | - | - | - | - | (8,243) | (8,096) |
| Total consolidated | 9,378 | 235 | 4,432 | 2,185 | (1,064) | (331) | (761) | 1,394 | 236 | 245,028 | 219,451 |
| | For the six-month period ended June 30, 2020 | | | | | | | | | As of December 31, 2020 | |
| | Income (*) | | | | | | | | | | |
| Operating segments | External | From other segments (**) | Net interest, similar income and expenses | Other income, net (***) | Provision for credit losses on loan portfolio | Depreciation and amortization | Income tax | Net profit (loss) | Additions of fixed asset, intangibles and goodwill | Total assets | Total liabilities |
| Universal Banking | | | | | | | | | | | |
| Banco de Crédito del Perú | 5,314 | 217 | 3,039 | 1,209 | (3,168) | (210) | 223 | (396) | 127 | 180,766 | 164,632 |
| Banco de Crédito de Bolivia | 380 | 4 | 170 | 47 | (139) | (11) | 2 | (33) | 7 | 12,472 | 11,781 |
| Insurance and Pension funds | | | | | | | | | | | |
| Pacífico Seguros y subsidiarias | 1,539 | 31 | 262 | 369 | - | (29) | (3) | 201 | 23 | 16,025 | 13,039 |
| Prima AFP | 156 | 1 | (6) | 155 | - | (11) | (21) | 47 | 3 | 1,108 | 408 |
| Microfinance | | | | | | | | | | | |
| MiBanco | 996 | 16 | 750 | 27 | (598) | (45) | 103 | (244) | 44 | 15,649 | 13,540 |
| MiBanco Colombia (****) | 125 | 16 | 91 | 12 | (41) | (7) | 8 | (21) | 3 | 1,208 | 993 |
| Investment Banking and Wealth Management | 532 | 6 | 32 | 436 | - | (17) | (9) | 138 | 4 | 11,715 | 9,995 |
| Other segments | 3 | 8 | 3 | (3) | - | (9) | (34) | (120) | 1 | 3,484 | 2,531 |
| Eliminations | - | - | - | - | - | - | - | - | - | (5,021) | (4,958) |
| Total consolidated | 9,045 | 299 | 4,341 | 2,252 | (3,946) | (339) | 269 | (428) | 212 | 237,406 | 211,961 |

(*) Corresponds to total interest and similar income, other income (includes income and expenses on commissions) and net earned premiums from insurance activities.

(**) Corresponds to income derived from transactions with other segments, which were eliminated in the interim condensed consolidated statement of income.

(***) Corresponds to other income (include income and expenses for commissions) and insurance underwriting result.

(****) Banco Compartir S.A. and Edyficar S.A.S merged in October 2020 to form MiBanco Colombia. See more detail in note 2(a).

(ii) The following table presents (in millions of soles) the distribution of the total revenue, operating revenue and non-current assets of the Group; all assigned based on the location of the clients and assets, respectively:

| | For the six-month period ended June 30, 2021 | | As of June 30, 2021 | | For the six-month period ended June 30, 2020 | | As of December 31, 2020 | |
|---------------------------|--|-----------------------|--------------------------------|-------------------|--|-----------------------|--------------------------------|-------------------|
| | Total income (*) | Operating income (**) | Total non current assets (***) | Total liabilities | Total income (*) | Operating income (**) | Total non current assets (***) | Total liabilities |
| Peru | 8,415 | 3,902 | 3,719 | 188,718 | 8,060 | 4,304 | 3,825 | 187,291 |
| Bermuda | 4 | - | 134 | 2,069 | 22 | (2) | 134 | 1,930 |
| Panama | (1) | - | - | 539 | - | - | - | 491 |
| Cayman Islands | 134 | 57 | 32 | 11,454 | 184 | 52 | 32 | 6,913 |
| Bolivia | 456 | 173 | 108 | 12,416 | 419 | 189 | 101 | 11,870 |
| Colombia | 282 | 99 | 430 | 2,682 | 288 | 76 | 451 | 2,607 |
| United States of America | 15 | - | 2 | 5 | 17 | - | 3 | 6 |
| Chile | 73 | - | 167 | 1,568 | 55 | (1) | 171 | 853 |
| Total consolidated | 9,378 | 4,231 | 4,592 | 219,451 | 9,045 | 4,618 | 4,717 | 211,961 |

(*) Including total interest and similar income, other income and net premiums earned from insurance activities.

(**) Operating income includes the income from interest and similar expenses from banking activities and insurance underwriting result.

(***) Non-current assets consist of property, furniture and equipment (fixed assets), intangible assets and goodwill and right-for-use assets, net.

32 TRANSACTIONS WITH RELATED PARTIES

- a) The Group's interim condensed consolidated financial statements as of June 30, 2021 and December 31, 2020 include transactions with related companies, the Board of Directors, the Group's key executives (defined as the Management of Credicorp) and the companies which are controlled by these individuals through their majority shareholding or their role as Chairman or CEO.
- b) The following table presents the main transactions with related parties:

| | As of June 30, 2021 | As of December 31, 2020 |
|--|--------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| Statement of financial position - | | |
| Direct loans | 1,613,931 | 1,909,516 |
| Investments (*) | 1,502,163 | 1,165,661 |
| Deposits (**) | (740,478) | (1,582,412) |
| Derivatives at fair value | 3,456 | 4,408 |

(*) The balance includes mainly S/243.0 million of corporate bonds and S/146.9 million of shares of Alicorp S.A.A., S/176.3 million of corporate bonds issued by Cementos Pacasmayo S.A., and S/225.5 million of shares of Inversiones Centenario. The increase in the balance corresponds mainly to the participations in funds managed by Credicorp Capital Asset Management.

(**) The decrease is due to cancellations in deposits.

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|---------------------------------------|--|----------------|--|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| Statement of income | | | | |
| Interest income related to loans | 13,541 | 14,018 | 20,528 | 22,030 |
| Interest expenses related to deposits | (5,075) | (4,098) | (7,537) | (6,892) |
| Other income | 3,852 | 2,652 | 5,483 | 4,172 |

- c) All transactions with related parties are made in accordance with normal market conditions available to other customers. As of June 30, 2021, direct loans to related companies are secured by collateral, had maturities between July 2021 and December 2029, at an annual soles average interest rate of 6.02 percent and at an annual foreign currency average interest rate of 3.74 percent (as of December 31, 2020, maturities were between January 2021 and March 2036, and the annual soles average interest rate was 5.33 percent and the annual foreign currency average interest rate was 4.45). Also, as of June 30, 2021 and December 31, 2020, the Group maintains an allowance for loan losses for related parties amounting to S/18.1 million and S/9.1 million, respectively.

- d) As of June 30, 2021 and December 31, 2020, directors, officers and employees of the Group have been involved, directly and indirectly, in credit transactions with certain subsidiaries of the Group, as permitted by Peruvian Banking and Insurance Law N°26702, which regulates and limits certain transactions with employees, directors and officers of a bank or an insurance company. As of June 30, 2021 and December 31, 2020, direct loans to employees, directors, key management and family members amounted to S/1,054.2 million and S/1,062.1 million, respectively; they are repaid monthly and earn interest at market rates.
- e) The Group's key executives' compensation (including the related income taxes assumed by the Group) as of as of June 30, 2021 and June 30, 2020 was as follows:

| | For the three-month period ended June 30, | | For the six-month period ended June 30, | |
|---------------------------------|--|----------------|--|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| Director's compensation | 1,815 | 1,611 | 3,449 | 3,385 |
| Senior Management Compensation: | | | | |
| Remuneration | 3,285 | 6,176 | 14,811 | 23,599 |
| Stock awards vested | 7,763 | 5,689 | 10,351 | 11,378 |
| Total | 12,863 | 13,476 | 28,611 | 38,362 |

- f) As of June 30, 2021, and December 31, 2020 the Group holds interests in various funds managed by certain of the Group's subsidiaries. The details of the funds are presented below:

| | As of June 30, 2021 | As of December 31, 2020 |
|--|--------------------------------|--|
| | S/(000) | S/(000) |
| At fair value through profit or loss: | | |
| Mutual funds, investment funds and hedge funds | | |
| U.S. Dollars | 419,098 | 427,012 |
| Bolivianos | 104,485 | 138,887 |
| Colombian pesos | 79,601 | 67,284 |
| Soles | 49,274 | 117,177 |
| Chilean pesos | 1,803 | 1,522 |
| Total | 654,261 | 751,882 |
| Restricted mutual funds, Note 6(a)(iv) | 415,089 | 436,881 |

33 FINANCIAL INSTRUMENTS CLASSIFICATION

The table below shows the carrying amounts of the financial assets and liabilities captions in the interim condensed consolidated statement of financial position, by categories as defined under IFRS 9 as of June 30, 2021 and December 31, 2020:

| | As of June 30, 2021 | | | | | | As of December 31, 2020 | | | | | |
|--|---|-------------------------------------|---|-------------------------------------|---|--------------------|---|-------------------------------------|---|-------------------------------------|---|--------------------|
| | Financial assets and liabilities at fair value through profit or loss | | Financial assets at fair value through other comprehensive income | | | | Financial assets and liabilities at fair value through profit or loss | | Financial assets at fair value through other comprehensive income | | | |
| | Investments and hedges | Investments designated at inception | Investments | Investments designated at inception | Financial assets and liabilities measured at amortized cost | Total | Investments and hedges | Investments designated at inception | Investments | Investments designated at inception | Financial assets and liabilities measured at amortized cost | Total |
| S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Assets | | | | | | | | | | | | |
| Cash and due from banks | - | - | - | - | 37,958,638 | 37,958,638 | - | - | - | - | 36,752,994 | 36,752,994 |
| Guarantee funds, reverse repurchase agreements and securities borrowings | - | - | - | - | 1,616,654 | 1,616,654 | - | - | - | - | 2,394,302 | 2,394,302 |
| At fair value through profit or loss | 6,791,288 | - | - | - | - | 6,791,288 | 6,467,471 | - | - | - | - | 6,467,471 |
| Investments at fair value through other comprehensive income, Note 6(b) | - | - | 39,846,890 | 426,510 | - | 40,273,400 | - | - | 43,241,339 | 502,550 | - | 43,743,889 |
| Amortized cost investments | - | - | - | - | 7,707,956 | 7,707,956 | - | - | - | - | 4,962,382 | 4,962,382 |
| Loans, net | - | - | - | - | 133,700,601 | 133,700,601 | - | - | - | - | 127,761,125 | 127,761,125 |
| Financial assets designated at fair value through profit or loss | - | 921,851 | - | - | - | 921,851 | - | 823,270 | - | - | - | 823,270 |
| Premiums and other policies receivable | - | - | - | - | 780,824 | 780,824 | - | - | - | - | 937,223 | 937,223 |
| Accounts receivable from reinsurers and coinsurers | - | - | - | - | 1,043,042 | 1,043,042 | - | - | - | - | 919,419 | 919,419 |
| Due from customers on acceptances | - | - | - | - | 558,934 | 558,934 | - | - | - | - | 455,343 | 455,343 |
| Other assets, Note 13(a) | 1,483,830 | - | - | - | 3,217,744 | 4,701,574 | 1,214,497 | - | - | - | 1,823,556 | 3,038,053 |
| | <u>8,275,118</u> | <u>921,851</u> | <u>39,846,890</u> | <u>426,510</u> | <u>186,584,393</u> | <u>236,054,762</u> | <u>7,681,968</u> | <u>823,270</u> | <u>43,241,339</u> | <u>502,550</u> | <u>176,006,344</u> | <u>228,255,471</u> |
| Liabilities | | | | | | | | | | | | |
| Deposits and obligations | - | - | - | - | 149,161,803 | 149,161,803 | - | - | - | - | 142,365,502 | 142,365,502 |
| Payables from repurchase agreements and securities lending | - | - | - | - | 25,963,227 | 25,963,227 | - | - | - | - | 27,923,617 | 27,923,617 |
| Due to banks and correspondents | - | - | - | - | 6,239,161 | 6,239,161 | - | - | - | - | 5,978,257 | 5,978,257 |
| Bankers' acceptances outstanding | - | - | - | - | 558,934 | 558,934 | - | - | - | - | 455,343 | 455,343 |
| Accounts payable to reinsurers and coinsurers | - | - | - | - | 317,185 | 317,185 | - | - | - | - | 338,446 | 338,446 |
| Lease liabilities | - | - | - | - | 706,218 | 706,218 | - | - | - | - | 750,578 | 750,578 |
| Financial liabilities at fair value through profit or loss | 313,256 | - | - | - | - | 313,256 | 561,602 | - | - | - | - | 561,602 |
| Bonds and notes issued | - | - | - | - | 16,951,481 | 16,951,481 | - | - | - | - | 16,319,407 | 16,319,407 |
| Other liabilities, Note 13(a) | 1,282,515 | - | - | - | 4,637,423 | 5,919,938 | 1,205,213 | - | - | - | 3,273,754 | 4,478,967 |
| | <u>1,595,771</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>204,535,432</u> | <u>206,131,203</u> | <u>1,766,815</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>197,404,904</u> | <u>199,171,719</u> |

34 FINANCIAL RISK MANAGEMENT

The Group's activities involve principally the use of financial instruments, including derivatives. It also accepts deposits from customers at both fixed and floating rates, for various periods, and invests these funds in high-quality assets. Additionally, it places these deposits at fixed and variable rates with legal entities and individuals, considering the finance costs and expected profitability.

The Group also trades in financial instruments where it takes positions in traded and over-the-counter instruments, derivatives included, to take advantage of short term market movements on securities, bonds, currencies and interest rates.

Given the Group's activities, it has a framework for risk appetite, a corner stone of the management. The risk management processes involve continuous identification, measurement, treatment and monitoring. The Group is exposed, principally, to operating risk, credit risk, liquidity risk, market risk, strategic risk and insurance technical risk. Finally, it reports on a consolidated basis the risks to which the Group is exposed.

a) Risk management structure -

The Board of Directors of the Group and of each subsidiary are ultimately responsible for identifying and controlling risks; however, there are separate independent instances in the major subsidiaries responsible for managing and monitoring risks, as further explained below:

(i) Group's Board of Directors -

Credicorp Board of Directors -

The Credicorp Board of Directors is responsible for the overall approach to risk management of Credicorp Ltd., including the approval of its appetite for risk.

Likewise; take knowledge of the level of compliance of the appetite and the level of risk exposure, as well as the relevant improvements in the integral risk management of Grupo Crédito and Subsidiaries of Credicorp (Group).

Grupo Crédito's Board of Directors -

Grupo Crédito's Board of Directors is responsible for the general approach to risk management of the Group's subsidiaries and the approval of the risk appetite levels that it is willing to assume. Furthermore, it approves the guidelines and policies for Integral Risk Management, promotes an organizational culture that emphasizes the importance of risk management, oversees the internal control system and ensures the adequate performance of the Group's regulatory compliance function.

Group Company Boards -

The Board of each company of the Group is responsible for aligning the risk management established by the Board of Grupo Crédito with the context of each one of them. For that, it establishes a framework for risk appetite, policies and guidelines.

(ii) Credicorp Risk Committee -

Represents the Credicorp Board of Directors, proposes the levels of risk appetite for Credicorp Ltd. Also, it is aware of the level of compliance of the risk appetite and the level of exposure assumed by Grupo Crédito and Credicorp subsidiaries and the relevant improvements in integral management of risks of said entities.

The Committee will be made up of no less than three directors of Credicorp, at least one of which must be independent. Additionally, the Board of Directors may incorporate as a member one or more directors of Credicorp subsidiaries. Likewise, the coordinator of the Committee will be the Credicorp Risk Manager, with the Internal Audit Manager as an observer member (without voice or vote). Finally, the following officials will attend the sessions as guests, according to the agenda of topics to be discussed and at the invitation of the Coordinator: General Manager, Finance Manager, Manager of the Risk Management Division of BCP, and all those people who criteria assist with the development of the session.

(iii) Grupo Crédito Risk Committee -

Represents the Board of Grupo Crédito in risk management decision-making. Furthermore, proposes to Grupo Crédito's Board of Directors the levels of risk appetite. This Committee defines the strategies used for the adequate management of the different types of risks and the supervision of risk appetite. In addition to it, they establish principles, policies and general limits.

The Risk Committee is presided by no less than three Board member of Grupo Crédito, at least one of which must be independent. Additionally, the Board of Directors may incorporate as a member one or more directors of the Group. Likewise, the coordinator of the Committee will be the Grupo Crédito Risk Manager, with the Internal Audit Manager as an observer member (without voice or vote). Finally, the following officials will attend the sessions as guests, according to the agenda of topics to be discussed and at the invitation of the Coordinator: General Manager, Finance Manager, Manager of the Risk Management Division of BCP, and all those people who criteria assist with the development of the session.

In addition to effectively managing all the risks, the Grupo Crédito Risk Committee is supported by the following committees which report periodically on all relevant changes or issues relating to the risks being managed:

Corporate credit Risk Committees (retail and non-retail)-

The Corporate credit Risk Committees (retail and non-retail) are responsible for reviewing the tolerance level of the credit risk appetite, the limits of exposure and the actions for the implementation of corrective measures, in case there are deviations. In addition, they propose credit risk management norms and policies within the framework of governance and the organization for the integral management of credit risk. Furthermore, they propose the approval of any changes to the functions described above and important findings to the Grupo Crédito Risk Committee.

Corporate Treasury and ALM (Asset Liability Management) Risk Committee -

The corporate Treasury and ALM Risk Committee are responsible for analyzing and proposing the corporate objectives, guidelines and policies for Treasury Risk Management and ALM of all the companies of the Group. As well as, monitoring the indicators and limits of the Group market risk appetite and each of the companies of the Group. Further, they are responsible of be aware of the actions for the implementation of the corrective measures if there are deviations from appetite levels and risk tolerance assumed by the companies of Group. Furthermore, they are responsible for proposing the approval of any changes in the functions described above and for reporting any finding to the Grupo Crédito Risk Committee.

Corporate Model Risk Committee -

The Corporate Model Risk Committee is responsible for analyzing and proposing the actions corrections in case there are deviations with respect to the degrees of exposure assumed in the Appetite for Model Risk. Likewise, it proposes the creation and/or modification of the government for model risk management, monitoring compliance with the same. The Model Risk Committee monitors the Group's data and analytical strategy and the health status of the model portfolio. They are also responsible to inform the Committee of Grupo Crédito Risks on exposures, related to model risk, which involve variations in the risk profile.

Corporate Operational Risk Methodology Committee -

The Corporate Methodological Committee of Operational Risk has as main responsibilities to review the main indicators of Operational Risk of the companies of the Group, as well as the progress of the methodologies deployed for Operational Risk and Business Continuity. Likewise, share best practices regarding the main challenges faced by Group companies.

(iv) Central Risk Management of Credicorp -

The Central Risk Management of Credicorp informs the Credicorp Risk Committee of the level of compliance of the risk appetite and the level of exposure assumed by Grupo Crédito and Credicorp subsidiaries. Likewise, it reports the relevant improvements in the integral risk management of Grupo Crédito and Credicorp subsidiaries. In addition, it proposes to the Credicorp Risk Committee the risk appetite levels for Credicorp Ltd.

(v) Central Risk Management of Grupo Crédito -

The Central Risk Management is responsible for the implementation of policies, procedures, methodologies and the actions to be taken to identify, measure, monitor, mitigate, report and control the different types of risks to which the Group is exposed. In addition, it is responsible for participating in the design and definition of the strategic plans of the business units to ensure that they are aligned within the risk parameters approved by the Grupo Crédito Board of Directors. Likewise, it disseminates the importance of adequate risk management, specifying in each of the units, the role that corresponds to them in the timely identification and definition of the corresponding actions.

The units of the Central Risk Management that manage risk at the corporate level are the following:

Credit Division -

The Credit Division proposes credit policies and evaluation criteria and credit risk management that the Group assumes with segment customers wholesaler. Evaluate and authorize loan proposals until their autonomy and propose their approval to the higher instances for those that exceed it. These guidelines are established on the basis of the policies set by the Grupo Crédito Board, respecting the laws and regulations in force. In addition, it assesses the evolution of the risk of wholesale clients and identifies problematic situations, taking actions to mitigate or resolve them.

Risk Management Division -

The Risk Management Division is responsible for ensuring that risk management directives and policies comply with the established by the Board of Directors. In addition, it is responsible for supervising the process of risk management and for coordinating with the companies of Credicorp involved in the whole process, promoting homogeneous risk management and aligned with the best practices. It also has the task of informing Board of Directors regarding: global exposure and by type of risk, as well as the specific exposure of each Group company.

Retail Banking Risk Division -

The Retail Banking Risk Division is responsible for managing the risk profile of the retail portfolio and developing credit policies that are in accordance with the guidelines and risk levels established by Grupo Crédito's Board of Directors. Likewise, it participates in the definition of products and campaigns aligned to these policies, as well as in the design, optimization and integration of credit evaluation tools and income estimation for credit management.

Non-financial Risks Division -

The Non-financial Risks Division is responsible for defining a non-financial risks strategy aligned with the objectives and risk appetite set by the Board of Grupo Crédito. This strategy seeks to strengthen the management process, generate synergies, optimize resources and achieve better results among the units responsible for managing non-financial risks in the Group. Additionally, in order to achieve the objectives defined in the non-financial risk strategy, the Division is responsible for promoting risk culture, developing talent, defining indicators and generating and following-up strategic projects and initiatives.

The Non-Financial Risks Division is made up of the following areas: Cybersecurity Area Management, Corporate Security Area Management, Operational Risk Management Area Management, and the Digital Risk Project Management Office.

(vi) Internal Audit Division and Compliance Division -

The Audit Division is in charge of monitoring on an ongoing basis the effectiveness and efficiency of the risk management function in the Group, verifying compliance with regulations, policies, objectives and guidelines set by the Board of Directors. On the other hand, it evaluates sufficiency and integration level of Group's information and database systems. Finally, it ensures that independence is maintained between the functions of the risk management and business units, for each of the Group's companies.

The Corporate Compliance and Ethics Division reports to the Board of Directors and is responsible of providing corporate policies for ensure that Group companies specifically comply with regulations that specified them, and the guidelines established in the Code of Ethics.

b) Risk measurement and reporting systems -

The risk is measured according to models and methodologies developed for the management of each type of risk. Risk reports that allow to monitor at the level added and detailed the different types of risks of each company which is exposed. The system provides the facility to meet the appetite review needs by risk requested by the committees and areas described above; as well as comply with regulatory requirements.

c) Risk mitigation -

Depending on the type of risk, mitigating instruments are used to reduce its exposure, such as guarantees, derivatives, controls and insurance, among others. Furthermore, it has policies linked to risk appetite and established procedures for each type of risk.

The Group actively uses guarantees to reduce its credit risks.

d) Risk appetite -

Based on corporate risk management, Grupo Crédito's Board of Directors approves the risk appetite framework to define the maximum level of risk that the organization is willing to take as seeks its strategic and financial objectives, maintaining a corporate vision in individual decisions of each entity. This Risk Appetite framework is based on "core" and specific metrics:

Core metrics are intended to preserve the organization's strategic pillars, defined as solvency, liquidity, profit and growth, income stability and balance sheet structure.

Specific metrics objectives are intended to monitor on a qualitative and quantitative basis the various risks, to which the Group is exposed, as well as defining a tolerance threshold of each of those risks, so the risk profile set by the Board is preserved and any risk focus is anticipated on a more granular basis.

Risk appetite is instrumented through the following elements:

- Risk appetite statement: Establishes explicit general principles and the qualitative declarations which complement the risk strategy.
- Metrics scorecards: These are used to define the levels of risk exposure in the different strategic pillars.
- Limits: Allows control over the risk-taking process within the tolerance threshold established by the Board. They also provide accountability for the risk-taking process and define guidelines regarding the target risk profile.
- Government scheme: Seeks to guarantee compliance of the framework through different roles and responsibilities assigned to the units involved.

The appetite is integrated into the processes of strategic and capital guidelines, as well as in the definition of the annual budget, facilitating the strategic decision making of the organization.

e) Risk concentration -

Concentrations arise when a reduced and representative number of all of the counterparties of the Group are engaged in similar business activities, or activities in the same geographic region, or have similar economic and political conditions among others.

In order to avoid excessive concentrations of risk, the policies and procedures include specific guidelines and limits to guarantee a diversified portfolio

34.1 Credit risk -

- a) The Group takes on exposure to credit risk, which is the probability of suffering losses caused by debtors or counterparties failing to comply with payment obligations in on or off the balance sheet exposures.

Credit risk is the most important risk for the Group's business; therefore, Management carefully manages its exposure to credit risk. Credit exposures arise principally from lending activities that lead to direct loans; they also result from investment activities. There is also credit risk in off-balance sheet financial instruments, such as contingent credits (indirect loans), which expose Credicorp to risks similar to direct loans. Likewise, credit risk arises from derivative financial instruments that present showing positive fair values. Finally, all exposure to credit risk (direct or indirect) is mitigated by the control processes and policies.

As part of managing this type of risk, provisions for impairment of its portfolio are assigned as of the date of the statement of financial position.

Credit risk levels are defined based on risk exposure limits, which are frequently monitored. Said limits are established in relation to one borrower or group of borrowers, geographical and industry segments. Furthermore, the risk limits by product, industry sector and by geographical segment are approved by the Risk Committee of Credicorp.

Exposure to credit risk is managed through regular analysis of the ability of debtors and potential debtors to meet interest and principal repayment obligations and by changing the credit limits when it is appropriate. Other specific control measures are outlined below:

(i) Collateral -

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is collateralization which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The main types of collateral obtained are as follows:

- For loans and advances, collateral includes, among others, mortgages on residential properties; liens on business assets such as plants, inventory and accounts receivable; and liens on financial instruments such as debt securities and equity securities.
- For repurchase agreements and securities lending, collateral consists of fixed income instruments, cash and loans.

Long-term loans and financing to corporate entities are generally guaranteed. Loans to micro business generally have no collateral. In order to minimize credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators arise.

Collateral held as security for financial assets other than loans is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of assets backed securities and similar instruments, which are secured by portfolios of financial instruments.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses. As part of the Group's policies, the recovered goods are sold in seniority order. The proceeds of the sale are used to reduce or amortize the outstanding credit. In general, the Group does not use recovered assets for its operational purposes.

(ii) Derivatives -

The amount subject to credit risk is limited to the current and potential fair value of instruments that are favorable to the Group (fair value is positive). In the case of derivatives this is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as a portion of the total credit limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for this type of risk exposure.

(iii) Credit-related commitments -

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and letters of credit have the same credit risk as direct loans. Documentary and commercial letters of credit - which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions - are collateralized by the underlying shipments of goods to which they relate and therefore have less risk than a direct loan. The Group has no mandatory commitments to extend credit.

- b) The maximum exposure to credit risk as of June 30, 2021 and as of December 31, 2020, before the effect of mitigation through any collateral, is the carrying amount of each class of financial assets indicated in Notes 34.10(a), 34.10(b) and the contingent credits detailed in Note 21(a).

Management is confident of its ability to continue controlling and maintaining minimal credit risk exposure within the Group, considering both its loan and securities portfolio.

c) Credit risk management for loans -

Credit risk management is mainly based on the rating and scoring internal models of each company of the Group. In Credicorp, quantitative and qualitative analysis are made for each client, regarding their financial position, credit behavior in the financial system and the market in which they operate or are located. This analysis is carried out continuously to characterize the risk profile of each operation and client with a credit position in the Group.

In the Group, a loan is internally classified as past due according to three criteria: the number of days past due based on the contractually agreed due date, the subsidiary and the type of credit. The detail is shown below:

- Banco de Crédito del Perú, MiBanco, MiBanco Colombia and Solución Empresa Administradora Hipotecaria internally classify a loan as past due:
 - For corporate, large and medium companies, when it has more than 15 days in arrears.
 - For small and microbusiness when it has more than 30 days in arrears.
 - For overdrafts when it has more than 30 days in arrears.
 - For consumer, mortgage and leasing operations, installments are internally classified as past due when they are between 30 and 90 days in arrears; after 90 days, the pending loan balance is considered past due.
- Atlantic Security Bank internally classifies a loan as past due when it has 1 or more days in arrears.
- Banco de Crédito de Bolivia internally classifies a loan as past due when it has 30 or more days in arrears.

Estimate of the expected credit loss -

The measurement of the expected credit loss is based on the product of the following risk parameters: (i) probability of default (PD), (ii) loss given default (LGD), and (iii) exposure at default (EAD); discounted at the reporting date, using the effective interest rate. The definition of the parameters is presented below:

- Probability of default (PD): this is a measurement of credit rating given internally to a client, designed to estimate their probability of default within a specific time horizon. The process of obtaining the PD is carried out through scoring and rating tools.

The Group considers that a financial instrument is in default if it meets the following conditions, according to the type of asset:

- Consumer products, credit card and SME: if the client, at some certain point, presents arrears equal to or greater than 60 days and/or has operations that are refinanced, restructured, in pre-judicial, judicial proceedings or written off.
 - Mortgage products: if the client, at some certain point, presents arrears equal to or greater than 120 days and/or has operations that are refinanced, restructured, in pre-judicial, judicial proceedings or written off.
 - Commercial products: if the client is in the collections portfolio or has a risk classification of Deficient, Doubtful or Loss, or has refinanced, pre-judicial, judicial or written off operations. Also, a client can be considered as Default if it shows signs of significant qualitative impairment.
 - Investments: if the instrument has a Default rating according to external rating agencies such as Fitch, Standard & Poors or Moody's, or if it has an indicator of arrears equal to or greater than 90 days. In addition, an issuer can be considered as Default if it shows signs of significant qualitative impairment or if it is in stage 3 according to the expected credit loss for the loan portfolio. When an issuer is classified as Default, all its instruments are also classified as Default, that is, in stage 3.
- Loss given default (LGD): this is a measurement which estimates the severity of the loss that would be incurred at the time of the default. It has two approaches in the estimate of the severity of the loss, according to the stage of the client:
 - LGD workout: this is the real loss of the clients that arrived at the stage of default. The recoveries and costs of each one of the operations are used to calculate this parameter (includes open and closed recovery processes).
 - LGD ELBE (expected loss best estimate): this is the loss of the contracts in a default situation based on the time in arrears of the operation (the longer the operation is in default, the greater will be the loss).

Exposure at Default (EAD): this is a measurement which estimates the exposure at the time of the client's default, considering changes in future exposure, for example, in the case of prepayments and/or greater utilization of unused credit lines.

The estimate of the risk parameters considers information regarding the actual conditions, as well as the projections of future macroeconomic events and conditions in three scenarios (base, optimistic and pessimistic), which are weighted to obtain the expected credit loss.

The fundamental difference between the expected credit loss of a loan allocated in stage 1 or stage 2 is the PD's time horizon. The estimates in stage 1 use a PD with a maximum time horizon of 12 months, while those in stage 2 use a PD measured for the remaining lifetime of the instrument. The estimates in stage 3 are carried out based on an LGD "best estimate".

For those portfolios that are not material and/or do not have specific credit scoring models, the option was to extrapolate the expected credit loss ratio of portfolios with comparable characteristics.

During 2020, because of the COVID-19 pandemic, methodological adjustments were made to the internal credit risk models. The main ones are described below:

- Internal credit risk models were reviewed, and upgrades were carried out using representative and updated COVID-19 impact surveys made to our clients and using updated information on their transactions after confinement. This made it possible to characterize the different types of clients in order to assign them the corresponding level of risk in a granular manner and in line with the first observed indicators of early payment of the transactions and portfolio maturities.
- LGD estimates were adjusted with updated information on assumptions, recovery costs and payments from clients in arrears, in order to collect the impact of COVID-19 on recoveries, which have been affected by delays in lawsuits, deterioration in the value of guarantees and increased penalties.

Both methodological adjustments were still maintained as of June 30, 2021. Updates were made on them to include more recent information and better measure the actual risk level of the loan portfolio.

Prospective information -

The measurement of the expected credit loss for each stage and the evaluation of significant increase in credit risk consider information on previous events and current conditions, as well as reasonable projections based on future events and economic conditions.

For the estimate of the risk parameters (PD, LGD, EAD), used in the calculation of the expected credit loss in stages 1 and 2, the significance of the macroeconomic variables (or their variations) that have the greatest influence on each portfolio was tested. Each macroeconomic scenario used in the estimate of the expected credit loss considers projections of relevant macroeconomic variables, such as the gross domestic product (GDP), employment, terms of trade, inflation rate, among others, for a period of 3 years and a long-term projection.

The expected credit loss for stages 1, 2 and 3 is a weighted estimate that considers three future macroeconomic scenarios (base, optimistic and pessimistic). These scenarios, as well as the probability of occurrence of each one, are projections provided by the internal team of Economic Studies and approved by the Senior Management. The scenario design is revised quarterly. All the scenarios considered apply to the portfolios subject to expected credit loss with the same probabilities.

Changes from one stage to another -

The classification of an instrument as stage 1 or stage 2 depends on the concept of "significant increase in credit risk" at the reporting date compared to the origin date. This classification is updated monthly. As the IFRS 9 states, this classification depends on the following criteria:

- An account is classified in stage 2 if it has more than 30 days in arrears.
- Additionally, significant risk thresholds were established based on absolute and relative thresholds that depend on the risk level in which the instrument was originated. The thresholds differ for each of the portfolios considered.
- Additional qualitative reviews are carried out based on the risk segmentation used in the management of Retail Banking and an individual review is carried out in Wholesale Banking.

Additionally, all those accounts classified as Default at the reporting date, according to the definition used by the Group, are considered as stage 3.

Evaluations of significant increase in credit risk from initial recognition and credit impairment are carried out independently on each reporting date. Assets can be moved in both directions from one stage to another; in this sense, a financial asset that migrated to stage 2 will return to stage 1, if its credit risk did not increase significantly from its initial recognition until a subsequent reporting period. Likewise, an asset that is in stage 3 will return to stage 2 if the asset is no longer considered to be impaired.

Expected life -

For the instruments in stage 2 or 3, the allowance for loan losses will cover the expected credit loss during the expected time of the remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life, adjusted by expected anticipated payments. In the case of revolving products, a statistical analysis was carried out to determine what would be the expected life period.

The following is a summary of the direct loans classified into three important groups and their respective allowance for loan losses, for each type of credit. Impaired loans are loans in default that are allocated in stage 3:

- (i) Loans neither past due nor impaired, which comprise those direct loans which currently do not have characteristics of delinquency and which are not in default.
- (ii) Past due but not impaired loans, which comprise all of the direct loans of clients that are not in default but have failed to make a payment at the contractual maturity, according to the IFRS 7.
- (iii) Impaired loans, those considered to be in stage 3 or default, as detailed in note 34.1(c).

| | As of June 30, 2021 | | | | As of December 31, 2020 | | | |
|--|---------------------|--------------------|--------------------|--------------------|-------------------------|--------------------|--------------------|--------------------|
| | Stage 1 S/(000) | Stage 2 S/(000) | Stage 3 S/(000) | Total S/(000) | Stage 1 S/(000) | Stage 2 S/(000) | Stage 3 S/(000) | Total S/(000) |
| Commercial loans | | | | | | | | |
| Neither past due nor impaired | 72,452,021 | 7,447,677 | - | 79,899,698 | 66,039,657 | 8,159,561 | - | 74,199,218 |
| Past due but not impaired | 861,882 | 486,318 | - | 1,348,200 | 371,432 | 266,533 | - | 637,965 |
| Impaired | - | - | 5,257,777 | 5,257,777 | - | - | 5,062,586 | 5,062,586 |
| Gross | 73,313,903 | 7,933,995 | 5,257,777 | 86,505,675 | 66,411,089 | 8,426,094 | 5,062,586 | 79,899,769 |
| Less: Allowance for loan losses | 694,210 | 709,014 | 1,827,575 | 3,230,799 | 717,445 | 659,272 | 1,755,096 | 3,131,813 |
| Total, net | 72,619,693 | 7,224,981 | 3,430,202 | 83,274,876 | 65,693,644 | 7,766,822 | 3,307,490 | 76,767,956 |
| Residential mortgage loans | | | | | | | | |
| Neither past due nor impaired | 18,068,172 | 757,156 | - | 18,825,328 | 17,760,423 | 1,069,247 | - | 18,829,670 |
| Past due but not impaired | 555,967 | 232,831 | - | 788,798 | 303,647 | 291,165 | - | 594,812 |
| Impaired | - | - | 1,389,630 | 1,389,630 | - | - | 1,143,896 | 1,143,896 |
| Gross | 18,624,139 | 989,987 | 1,389,630 | 21,003,756 | 18,064,070 | 1,360,412 | 1,143,896 | 20,568,378 |
| Less: Allowance for loan losses | 133,244 | 90,520 | 768,531 | 992,295 | 160,945 | 109,666 | 638,845 | 909,456 |
| Total, net | 18,490,895 | 899,467 | 621,099 | 20,011,461 | 17,903,125 | 1,250,746 | 505,051 | 19,658,922 |
| Microbusiness loans | | | | | | | | |
| Neither past due nor impaired | 11,312,189 | 6,324,049 | - | 17,636,238 | 11,494,102 | 7,936,951 | - | 19,431,053 |
| Past due but not impaired | 167,976 | 554,161 | - | 722,137 | 64,318 | 522,530 | - | 586,848 |
| Impaired | - | - | 2,191,122 | 2,191,122 | - | - | 1,972,003 | 1,972,003 |
| Gross | 11,480,165 | 6,878,210 | 2,191,122 | 20,549,497 | 11,558,420 | 8,459,481 | 1,972,003 | 21,989,904 |
| Less: Allowance for loan losses | 616,302 | 794,298 | 1,482,783 | 2,893,383 | 568,588 | 1,118,054 | 1,406,014 | 3,092,656 |
| Total, net | 10,863,863 | 6,083,912 | 708,339 | 17,656,114 | 10,989,832 | 7,341,427 | 565,989 | 18,897,248 |
| Consumer loans | | | | | | | | |
| Neither past due nor impaired | 9,772,753 | 2,269,005 | - | 12,041,758 | 9,891,072 | 2,324,121 | - | 12,215,193 |
| Past due but not impaired | 191,555 | 232,363 | - | 423,918 | 102,003 | 260,839 | - | 362,842 |
| Impaired | - | - | 1,463,202 | 1,463,202 | - | - | 1,627,739 | 1,627,739 |
| Gross | 9,964,308 | 2,501,368 | 1,463,202 | 13,928,878 | 9,993,075 | 2,584,960 | 1,627,739 | 14,205,774 |
| Less: Allowance for loan losses | 309,626 | 744,583 | 1,220,465 | 2,274,674 | 415,223 | 974,113 | 1,375,499 | 2,764,835 |
| Total, net | 9,654,682 | 1,756,785 | 242,737 | 11,654,204 | 9,577,852 | 1,610,847 | 252,240 | 11,440,939 |
| Consolidated of credits | | | | | | | | |
| Total gross direct credits, Note 7(a) | 113,382,515 | 18,303,560 | 10,301,731 | 141,987,806 | 106,026,654 | 20,830,947 | 9,806,224 | 136,663,825 |
| Total allowance for loan losses, Note 7(a) | 1,753,382 | 2,338,415 | 5,299,354 | 9,391,151 | 1,862,201 | 2,861,105 | 5,175,454 | 9,898,760 |
| Total net direct credits | 111,629,133 | 15,965,145 | 5,002,377 | 132,596,655 | 104,164,453 | 17,969,842 | 4,630,770 | 126,765,065 |

In accordance with IFRS 7, the entire loan balance is considered past due when clients have failed to make a payment when contractually due.

The explanation on variations in the allowance for loan losses is presented in note 7(b).

The detail of the gross amount of impaired direct loans by type of credit, together with the fair value of the related collateral and the amounts of its allowance for loan losses, are as follows:

| | As of June 30, 2021 | | | | | As of December 31, 2020 | | | | |
|---------------------------|---------------------|----------------------------|---------------------|----------------|------------|-------------------------|----------------------------|---------------------|----------------|-----------|
| | Commercial loans | Residential mortgage loans | Microbusiness loans | Consumer loans | Total | Commercial loans | Residential mortgage loans | Microbusiness loans | Consumer loans | Total |
| | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Impaired loans | 5,257,777 | 1,389,630 | 2,191,122 | 1,463,202 | 10,301,731 | 5,062,586 | 1,143,896 | 1,972,003 | 1,627,739 | 9,806,224 |
| Fair value of collateral | 4,681,411 | 1,177,872 | 427,856 | 285,890 | 6,573,029 | 4,414,346 | 975,834 | 433,151 | 233,665 | 6,056,996 |
| Allowance for loan losses | 1,827,575 | 768,531 | 1,482,783 | 1,220,465 | 5,299,354 | 1,755,096 | 638,845 | 1,406,014 | 1,375,499 | 5,175,454 |

The breakdown of direct loans classified by maturity is shown below, according to the following criteria:

- Current loans, which comprise those direct loans which do not currently have characteristics of delinquency, nor are they in default or stage 3, according to the rules of IFRS 9.
- Current but impaired loans, which comprise those direct loans which do not currently have characteristics of delinquency, but are in default or stage 3, according to IFRS 9.
- Loans with delays in payments of one day or more but not considered internal overdue loans, which comprise those direct loans of clients that have failed to make a payment at its contractual maturity, that is, with at least one day past due. However, the days of delinquency are insufficient to be considered as past due under the Group's internal criteria.
- Internal overdue loans, which comprise past due loans under internal criteria.

The sum of the following concepts reflects the totality of past due loans consistent with IFRS 7: (i) loans with delays in payments of one day or more but not considered internal overdue loans, and (ii) internal overdue loans.

| | As of June 30, 2021 | | | | | | As of December 31, 2020 | | | | | | |
|-------------------------------|---------------------|----------------------------|--|------------------------|--------------------|-----------------------------|-------------------------|----------------------------|--|------------------------|--------------------|-----------------------------|-------|
| | Current loans | Current but impaired loans | Loans with delays in payments of one day or more but not considered internal overdue loans | Internal overdue loans | Total | Total past due under IFRS 7 | Current loans | Current but impaired loans | Loans with delays in payments of one day or more but not considered internal overdue loans | Internal overdue loans | Total | Total past due under IFRS 7 | |
| | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | |
| Neither past due nor impaired | 128,403,010 | - | - | 11 | 128,403,021 | 11 | 124,673,294 | - | - | - | 1,839 | 124,675,133 | 1,839 |
| Past due but not impaired | - | - | 2,816,057 | 466,996 | 3,283,053 | 3,283,053 | - | - | 1,824,361 | 358,107 | 2,182,468 | 2,182,468 | |
| Impaired debt | - | 4,936,784 | 764,636 | 4,600,312 | 10,301,732 | 5,364,948 | - | 4,860,127 | 620,472 | 4,325,625 | 9,806,224 | 4,946,097 | |
| Total | 128,403,010 | 4,936,784 | 3,580,693 | 5,067,319 | 141,987,806 | 8,648,012 | 124,673,294 | 4,860,127 | 2,444,833 | 4,685,571 | 136,663,825 | 7,130,404 | |

The classification of direct loans by type of credit and maturity is as follows:

| | As of June 30, 2021 | | | | | As of December 31, 2020 | | | | |
|----------------------------|---------------------|----------------------------|--|------------------------|--------------------|-------------------------|----------------------------|--|------------------------|--------------------|
| | Current loans | Current but impaired loans | Loans with delays in payments of one day or more but not considered internal overdue loans | Internal overdue loans | Total | Current loans | Current but impaired loans | Loans with delays in payments of one day or more but not considered internal overdue loans | Internal overdue loans | Total |
| | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Commercial loans | 79,899,696 | 2,900,911 | 1,270,651 | 2,434,417 | 86,505,675 | 74,198,115 | 3,117,851 | 683,060 | 1,900,743 | 79,899,769 |
| Residential mortgage loans | 18,825,328 | 537,588 | 961,418 | 679,422 | 21,003,756 | 18,828,934 | 376,053 | 744,339 | 619,052 | 20,568,378 |
| Microbusiness loans | 17,636,227 | 659,793 | 712,908 | 1,540,569 | 20,549,497 | 19,431,050 | 683,370 | 520,062 | 1,355,422 | 21,989,904 |
| Consumer loans | 12,041,759 | 838,492 | 635,716 | 412,911 | 13,928,878 | 12,215,195 | 682,853 | 497,372 | 810,354 | 14,205,774 |
| Total | 128,403,010 | 4,936,784 | 3,580,693 | 5,067,319 | 141,987,806 | 124,673,294 | 4,860,127 | 2,444,833 | 4,685,571 | 136,663,825 |

The expected credit loss for direct and indirect loans is a weighted estimate of three macroeconomic scenarios: base, optimistic and pessimistic, that are based on macroeconomic projections provided by the internal team of Economic Studies and approved by Senior Management. In each scenario, the Group bases itself on a wide variety of prospective information such as economic inputs, including: the growth of the gross domestic product (GDP), employment, terms of trade, inflation rate, among others.

Macroeconomic scenario -

The expected credit loss is a weighted estimate of three macroeconomic scenarios: base, optimistic and pessimistic, that are calculated with macroeconomic projections provided by the internal team of Economic Studies and approved by the Senior Management. The local and international information flows available during the analysis period are used to feed projections, which reflect the fact that Peru is a small and open economy, and in this context approximately 60.0 percent of the volatility in economic growth is driven by external factors, including terms of trade, the growth of Peru's trading partners and the external interest rates. Information on each of these factors is gathered to construct each scenario for the next three years.

The variables mentioned above, together with local variables (fiscal and monetary variables), are incorporated in the economic models. Two types of models are used in this regard:

- i) Structural projection model.
- ii) Financial programming model.

The first is a dynamic stochastic general equilibrium model, which is constructed with expectations. The second is built with the main identities of national accounts in accordance with the financial programming methodology designed by the IMF (International Monetary Fund) and the methodologies used by a battery of econometric models.

Through this process, we obtain figures for GDP growth, inflation, reference rate, exchange rate and other variables for the years 2021, 2022 and 2023. Thus, we estimate the economy to rebound 9 percent in 2021 (real figure of 2020: (11.1) percent). This estimate is the same as that projected in September 2020, due to the following reasons:

- i) Recovery of our main trading partners.
- ii) Greater capital flows to emerging markets.
- iii) Higher copper price (10-year highs).
- iv) Additional stimuli from the MEF-BCRP to mitigate social isolation measures.

However, two factors exert downward risks on our forecast. First, if the duration and intensity of the third wave of COVID-19 is similar to or greater than the first or second wave, new restrictive measures cannot be ruled out. Second, the results of the second round of the general elections held on June 6 were still uncertain as of June 30, 2021. While we wait for specific events and decisions from the new administration (e.g. appointments in the BCRP, Multiannual Macroeconomic Framework, fiscal rules, among others), we maintain our GDP growth forecasts unchanged. Although the economy may rebound 9 percent this year, this figure may be misleading: (i) in seasonally adjusted terms, the level of GDP will be very similar to the 4Q2020, (ii) most markets in 2021 will still be smaller than in 2019, and (iii) the labor market will remain heavily hit and even more informal. Finally, in this scenario, the economy is expected to grow around 4 percent in 2022, only this year reaching the levels of 2019 (pre-pandemic).

Regarding the probabilities of each scenario, probabilities of 50.0 percent, 20.0 percent and 30.0 percent were considered for the base, optimistic and pessimistic scenarios, respectively, as of June 30, 2021 (80.0 percent, 15.0 percent and 5.0 percent, respectively, as of December 31, 2020). The expected value of the three GDP projections gives us a rebound of around 9 percent. The probabilities assigned to each scenario and projection year are validated through a fan chart analysis, which uses a probability function to identify and analyze:

- i) The central tendency of the projections.
- ii) The dispersion that is expected around this value.
- iii) The values that are higher or lower than the central value that are more or less probable.

The following table provides a comparison between the carrying amount of the allowance for loan losses for direct and indirect loans and its estimation under three scenarios: base, optimistic and pessimistic.

| | As of June 30, 2021 | As of December 31, 2020 |
|------------------------|--------------------------------|--|
| | <u>S/(000)</u> | <u>S/(000)</u> |
| Carrying amount | 9,941,727 | 10,435,623 |
| Scenarios: | | |
| Optimistic | 9,630,447 | 10,100,156 |
| Base Case | 9,958,473 | 10,460,012 |
| Pessimistic | 10,121,337 | 11,018,666 |

d) Credit risk management on reverse repurchase agreements and securities borrowing -

Most of these operations are performed by Credicorp Capital. The Group has implemented credit limits for each counterparty and most of transactions are collateralized with investment grade financial instruments and financial instruments issued by Governments.

e) Credit risk management on investments -

The Group evaluates the credit risk identified of each of the investments, disclosing the risk rating granted to them by a risk rating agency. For investments traded in Peru, risk ratings used are those provided by the three most prestigious Peruvian rating agencies (authorized by Peruvian regulator) and for investments traded abroad, the risk-ratings used are those provided by the three most prestigious international rating agencies. On May 21, 2021, one of these rating agencies placed Peru's rating on negative outlook.

In the event that any subsidiary uses a risk-rating prepared by any other risk rating agency, said risk-ratings are standardized with those provided by the above-mentioned institutions.

The following table shows the analysis of the risk-rating of the investments, provided by the institutions referred to above:

| | As of June 30, 2021 | | As of December 31, 2020 | |
|-----------------------------------|----------------------------|-------------|--------------------------------|-------------|
| | S/(000) | % | S/(000) | % |
| Instruments rated in Peru: | | | | |
| AAA | 21,564 | - | - | - |
| AA- a AA+ | - | - | - | - |
| A- to A+ | 1,849,892 | 3.4 | 1,369,969 | 2.5 |
| BBB- to BBB+ (i) | 19,786,177 | 36.1 | 21,395,476 | 38.8 |
| BB- to BB+ | 865,994 | 1.6 | 901,934 | 1.6 |
| Lower and equal to +B | 76,607 | 0.1 | 5,590 | - |
| Unrated: | | | | |
| BCRP certificates of deposit (ii) | 15,728,484 | 28.8 | 17,237,158 | 31.3 |
| Listed and unlisted securities | 440,130 | 0.8 | 514,297 | 0.9 |
| Restricted mutual funds | 415,089 | 0.8 | 436,881 | 0.8 |
| Investment funds | 259,883 | 0.5 | 212,951 | 0.4 |
| Mutual funds | 19,635 | - | 302,212 | 0.5 |
| Hedge funds | 8,270 | - | 4,505 | - |
| Other instruments | 13,233 | 0.1 | 78,159 | 0.1 |
| Subtotal | 39,484,958 | 72.2 | 42,459,132 | 76.9 |

| | As of June 30, 2021 | | As of December 31, 2020 | |
|----------------------------------|----------------------------|--------------|--------------------------------|--------------|
| | S/(000) | % | S/(000) | % |
| Instruments rated abroad: | | | | |
| AAA | 1,443,204 | 2.6 | 700,312 | 1.3 |
| AA- a AA+ | 1,376,431 | 2.5 | 1,043,409 | 1.9 |
| A- to A+ | 2,171,602 | 4.0 | 2,395,327 | 4.4 |
| BBB- to BBB+ | 4,404,484 | 8.0 | 4,594,711 | 8.4 |
| BB- to BB+ (iii) | 3,843,671 | 7.0 | 1,733,080 | 3.1 |
| Lower and equal to +B | 140,744 | 0.3 | 129,094 | 0.2 |
| Unrated: | | | | |
| Listed and unlisted securities | 94,160 | 0.2 | 267,943 | 0.5 |
| Mutual funds | 990,065 | 1.8 | 677,084 | 1.2 |
| Participations of RAL funds | 297,282 | 0.5 | 278,819 | 0.5 |
| Investment funds | 183,638 | 0.3 | 155,183 | 0.3 |
| Hedge funds | 133,524 | 0.2 | 122,433 | 0.2 |
| Other instruments | 208,881 | 0.4 | 617,215 | 1.1 |
| Subtotal | 15,287,686 | 27.8 | 12,714,610 | 23.1 |
| Total | 54,772,644 | 100.0 | 55,173,742 | 100.0 |

- (i) The decrease in the balance is mainly due to the sale of Peruvian treasury bonds, see Note 6(b)(iii).
- (ii) The decrease in the balance is mainly due to the sale of these instruments, see Notes 6(a)(ii) and 6(b)(i).
- (iii) The increase in the balance is mainly due to the downgrade of the Colombian government's credit rating from BBB- to BB+, which impacted in our portfolio.

It is worth mentioning that the risk-rating of the investments has had an impact on the measurement of the expected loss.

f) Concentration of financial instruments exposed to credit risk -

As of June 30, 2021 and December 31, 2020, financial instruments with exposure to credit risk were distributed considering the following economic sectors:

| | As of June 30, 2021 | | | | | As of December 31, 2020 | | | | |
|--|---|--------------------------------|---|---|--------------------|---|--------------------------------|---|---|--------------------|
| | At fair value through profit for loss | | | | | At fair value through profit for loss | | | | |
| | Held for trading, hedging and others (*) | Designated at inception | Financial assets at amortized cost | At fair value through other comprehensive income investments | Total | Held for trading, hedging and others (*) | Designated at inception | Financial assets at amortized cost | At fair value through other comprehensive income investments | Total |
| S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Central Reserve Bank of Peru (**) | 1,408,560 | - | 22,589,689 | 14,319,923 | 38,318,172 | 1,872,875 | - | 26,003,491 | 15,364,283 | 43,240,649 |
| Financial services | 3,372,887 | 236,368 | 21,791,856 | 5,415,562 | 30,816,673 | 2,902,651 | 168,452 | 16,946,211 | 5,941,069 | 25,958,383 |
| Commerce | 100,515 | 11,485 | 25,828,360 | 1,433,424 | 27,373,784 | 18,817 | - | 24,029,835 | 490,612 | 24,539,264 |
| Manufacturing | 200,523 | 136,597 | 21,588,061 | 1,855,414 | 23,780,595 | 409,490 | 91,110 | 19,155,347 | 2,694,326 | 22,350,273 |
| Government and public administration | 2,445,559 | 5,291 | 7,788,637 | 10,375,288 | 20,614,775 | 1,888,710 | - | 5,374,603 | 12,831,954 | 20,095,267 |
| Mortgage loans | - | - | 20,241,759 | - | 20,241,759 | - | - | 19,738,710 | - | 19,738,710 |
| Consumer loans | - | - | 13,259,798 | - | 13,259,798 | - | - | 13,144,271 | - | 13,144,271 |
| Real estate and leasing | 84,691 | - | 11,859,744 | 38,633 | 11,983,068 | 93,422 | 3,073 | 11,798,614 | 179,368 | 12,074,477 |
| Communications, storage and transportation | 54,318 | 320,142 | 7,712,045 | 1,130,139 | 9,216,644 | 76,711 | 367,908 | 7,416,065 | 924,885 | 8,785,569 |
| Electricity, gas and water | 332,299 | 114,303 | 4,156,405 | 3,596,295 | 8,199,302 | 194,542 | 116,209 | 3,533,722 | 2,893,815 | 6,738,288 |
| Community services | - | - | 7,407,886 | - | 7,407,886 | 37 | - | 7,382,713 | - | 7,382,750 |
| Construction | 24,923 | 10,837 | 3,916,964 | 565,343 | 4,518,067 | 35,557 | - | 3,807,260 | 331,946 | 4,174,763 |
| Mining | 126,023 | 21,730 | 3,854,889 | 325,625 | 4,328,267 | 76,012 | 8,083 | 3,470,665 | 241,063 | 3,795,823 |
| Agriculture | 12,671 | - | 4,100,494 | 18,468 | 4,131,633 | 10,815 | - | 4,044,735 | 15,473 | 4,071,023 |
| Hotels and restaurants | - | - | 2,818,266 | - | 2,818,266 | - | - | 2,762,674 | - | 2,762,674 |
| Education, health and others | 14,223 | 55,046 | 1,806,858 | 448,438 | 2,324,565 | 20,285 | 68,435 | 1,712,817 | 1,680,135 | 3,481,672 |
| Insurance | 10,112 | - | 1,882,280 | 1,205 | 1,893,597 | 10,080 | - | 1,898,194 | 919 | 1,909,193 |
| Fishing | 1,351 | - | 635,989 | - | 637,340 | 923 | - | 639,227 | 9,169 | 649,319 |
| Others | 86,463 | 10,052 | 3,344,413 | 749,643 | 4,190,571 | 71,041 | - | 3,147,190 | 144,872 | 3,363,103 |
| Total | 8,275,118 | 921,851 | 186,584,393 | 40,273,400 | 236,054,762 | 7,681,968 | 823,270 | 176,006,344 | 43,743,889 | 228,255,471 |

(*) It includes non-trading investments that did not pass SPPI test.

(**) The decrease of the balance as of June 30, 2021 compared to December 31, 2020 corresponds mainly to the decrease of deposits with Central Reserve Bank of Peru, see more details in Note 4(b).

As of June 30, 2021 and December 31, 2020 financial instruments with exposure to credit risk were distributed by the following geographical areas:

| | As of June 30, 2021 | | | | | As of December 31, 2020 | | | | |
|----------------------------|--|-------------------------|------------------------------------|--|--------------------|--|-------------------------|------------------------------------|--|--------------------|
| | At fair value through profit for loss | | | | | At fair value through profit for loss | | | | |
| | Held for trading, hedging and others (*) | Designated at inception | Financial assets at amortized cost | At fair value through other comprehensive income investments | Total | Held for trading, hedging and others (*) | Designated at inception | Financial assets at amortized cost | At fair value through other comprehensive income investments | Total |
| | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Peru | 3,605,873 | 85,429 | 161,934,161 | 29,151,822 | 194,777,285 | 3,511,686 | 67,821 | 155,598,019 | 34,208,824 | 193,386,350 |
| United States of America | 600,879 | 481,212 | 6,270,224 | 6,359,360 | 13,711,675 | 444,924 | 459,266 | 3,288,720 | 4,922,144 | 9,115,054 |
| Bolivia | 626,880 | - | 11,272,032 | 755,267 | 12,654,179 | 584,879 | - | 10,718,164 | 708,784 | 12,011,827 |
| Colombia | 1,722,140 | - | 2,241,250 | 894,144 | 4,857,534 | 1,387,406 | 4,788 | 2,264,768 | 1,147,770 | 4,804,732 |
| Chile | 306,485 | 5,630 | 1,904,058 | 794,905 | 3,011,078 | 420,527 | 5,315 | 1,446,246 | 618,572 | 2,490,660 |
| Brazil | 118,382 | - | 1,009,787 | 113,091 | 1,241,260 | 104,774 | - | 752,257 | 86,673 | 943,704 |
| Mexico | 81,641 | 48,337 | 108,791 | 458,928 | 697,697 | 113,988 | 42,336 | 1,942 | 408,567 | 566,833 |
| Panama | 82,682 | - | 272,376 | 105,784 | 460,842 | 25,624 | - | 405,941 | 131,722 | 563,287 |
| Europe: | | | | | | | | | | |
| Luxembourg (**) | 593,003 | - | 66 | 2,231 | 595,300 | 297,652 | - | 306 | 7,963 | 305,921 |
| France | 317,579 | 1,376 | 14,146 | 226,601 | 559,702 | 423,711 | 1,890 | 32,864 | 253,152 | 711,617 |
| United Kingdom | 34,512 | 12,509 | 362,770 | 135,622 | 545,413 | 27,869 | 18,870 | 369,455 | 140,302 | 556,496 |
| Others in Europe | 93,141 | 42,726 | 181,960 | 147,594 | 465,421 | 95,156 | 42,991 | 85,235 | 129,506 | 352,888 |
| Spain | 9,721 | - | 36,401 | 36,867 | 82,989 | 26,152 | - | 42,157 | 76,770 | 145,079 |
| Switzerland | 956 | 370 | 16,288 | 79,334 | 96,948 | 494 | 799 | 74,246 | 60,378 | 135,917 |
| Netherlands | 893 | 1,023 | 13,239 | 58,830 | 73,985 | 952 | 1,526 | 122,696 | 50,676 | 175,850 |
| Multilateral Organizations | - | - | - | 227,644 | 227,644 | - | - | - | 150,656 | 150,656 |
| Canada | 15,417 | 258 | 59,743 | 126,517 | 201,935 | 26,894 | 373 | 70,562 | 119,897 | 217,726 |
| Others | 64,934 | 242,981 | 887,101 | 598,859 | 1,793,875 | 189,280 | 177,295 | 732,766 | 521,533 | 1,620,874 |
| Total | 8,275,118 | 921,851 | 186,584,393 | 40,273,400 | 236,054,762 | 7,681,968 | 823,270 | 176,006,344 | 43,743,889 | 228,255,471 |

(*) It includes non-trading investments that did not pass SPPI test.

(**) The increase of the balance as of June 30, 2021 compared to December 31, 2020 corresponds to the purchase of participations in the fund "BNP Paribas Insticash US\$ 1D Short Term VNAV Classic Cap", which is included in the item "Mutual funds" of the Note 6(a).

g) Offsetting financial assets and liabilities -

The disclosures set out in the tables below include financial assets and liabilities that:

- Are offset in the Group's interim condensed consolidated statement of financial position; or
- Are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the interim condensed consolidated statement of financial position.

Similar agreements include derivative clearing agreements, master repurchase agreements, and master securities lending agreements. Similar financial instruments include derivatives, accounts receivable from reverse repurchase agreements and securities borrowing, payables from repurchase agreements and securities lending and other financial assets and liabilities. Financial instruments such as loans and deposits are not disclosed in the tables below because they are not offset in the statement of financial position.

The offsetting framework contract issued by the International Swaps and Derivatives Association Inc. ("ISDA") and similar master offsetting arrangements do not meet the criteria for offsetting in the statement of financial position, because said agreements were created in order for both parties to have an enforceable offsetting right in cases of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, the Group and its counterparties do not intend to settle said instruments on a net basis or to realize the assets and settle the liabilities simultaneously.

The Group receives and gives collateral in the form of cash and trading securities in respect of the following transactions:

- Derivatives;
- Accounts receivable from reverse repurchase agreements and securities borrowing;
- Payables from repurchase agreements and securities lending; and
- Other financial assets and liabilities

Such collateral adheres to standard industry terms including, when appropriate, an ISDA Credit Support Annex. This means that securities received/given as collateral can be pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also give each party the right to terminate the related transactions upon the counterparty's failure to return the respective collateral.

34.2 Market risk -

The Group has exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, currency, commodities and equity products; all of which are exposed to general and specific market movements and changes in the level of volatility of prices such as interest rates, credit spreads, foreign exchange rates and equity prices. Due to the order of the Group's current activities, commodity price risk has not been approved, so this type of instrument is not agreed.

The Group separates exposures to market risk in two groups: (i) those that arise from value fluctuation of trading portfolios recognized at fair value through profit or loss due to movements of market rates or prices (Trading Book) and (ii) those that arise from changes in the structural positions of non-trading portfolios due to movements of the interest rates, prices and foreign exchange ratios (Banking Book) and that are recorded at amortized cost and at fair value with changes in other comprehensive income, this is due to movements in interest rates, prices and currency exchange rates.

The risks that trading portfolios face are managed through Value at Risk (VaR) historical simulation techniques; while non-trading portfolios (Banking Book) are monitored using rate sensitivity metrics, which are a part of Asset and Liability Management (ALM).

a) Trading Book -

The trading book is characterized for having liquid positions in stocks, bonds, foreign currencies and derivatives, arising from market-making transactions where the Group acts as principal with the customers or with the market. This portfolio includes investments and derivatives classified by Management as held for trading.

(i) Value at Risk (VaR) -

The Group applies the VaR approach to its trading portfolio to estimate the market risk of the main positions held and the maximum losses that are expected, based upon a number of assumptions for various changes in market conditions and considering the risk appetite of the subsidiary.

Daily calculation of VaR is a statistically-based estimate of the maximum potential loss on the current portfolio from adverse market movements.

VaR expresses the "maximum" amount the Group might lose, but only to a certain level of confidence (99 percent). There is therefore a specified statistical probability (1 percent) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain "holding period" until positions can be closed (1 - 10 days).

The time horizon used to calculate VaR is one day; however, the one-day VaR is amplified to a 10-day time frame and calculated multiplying the one-day VaR by the square root of 10. This adjustment will be accurate only if the changes in the portfolio in the following days have a normal distribution independent and identically distributed; because of that, the result is multiplied by a non-normality adjustment factor. The limits and consumptions of the VaR are established on the basis of the risk appetite and the trading strategies of each subsidiary.

The assessment of portfolio movements has been based on annual historical information and 147 market risk factors, which are detailed below: 36 market curves, 86 stock prices, 21 mutual fund values and 4 series of volatility. The Group directly applies these historical changes in rates to each position in its current portfolio (method known as historical simulation).

The Group Management considers that the market risk factors, incorporated in their VaR model, are adequate to measure the market risk to which its trading portfolio is exposed.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. Losses exceeding the VaR figure may occur, on average under normal market conditions, not more than once every hundred days.

VaR limits have been established to control and keep track of all the risks taken. These risks arise from the size of the positions and/or the volatility of the risk factors embedded in each financial instrument. Regular reports are prepared for the Treasury Risk Committee and ALM, the Risk Management Committee and Senior Management.

VaR results are used to generate economic capital estimates by market risk, which are periodically monitored and are part of the overall risk appetite of each subsidiary. Furthermore, at Group level, there is also a limit to the risk appetite of the trading portfolio, which is monitored and informed to the Treasury Risks and ALM Corporate Committee.

In VaR calculation, the effects of the exchange rate are not included because said effects are measured in the net monetary position, see note 34.2(b)(ii).

The Group's VaR showed a decrease at June 30, 2021, due to a lower Interest Rate and Price risk caused by a lower volatility in interest rates and equity prices with regard to the beginning of COVID-19 pandemic. The VaR remains contained within the limits of the risk appetite established by the Risk Management of each subsidiary.

As of June 30, 2021 and December 31, 2020, the Group's VaR by risk type is as follows:

| | As of June 30, 2021 | As of December 31, 2020 |
|----------------------------------|--------------------------------|--|
| | S/(000) | S/(000) |
| Interest rate risk | 37,319 | 163,981 |
| Price risk | 3,676 | 6,529 |
| Volatility risk | 8,251 | 708 |
| Diversification effect | (11,607) | (857) |
| Consolidated VaR by type of risk | <u>37,639</u> | <u>170,361</u> |

In VaR calculation, financial instruments from the trading book were taken.

On the other hand, the instruments recorded as fair values through profit or loss are not part of the selling business model and are considered as part of the sensitivity analysis of rates in the next section. See the chart of sensitivity of earnings at risk, net economic value and price sensitivity.

b) Banking Book -

Non-trading portfolios which comprise the Banking Book are exposed to different risks, given that they are sensitive to market rate movements, which could bring about a deterioration in the value of assets compared to liabilities and hence to a reduction of their net worth.

(i) Interest rate risk -

The Banking Book-related interest rate risk arises from eventual changes in interest rates that may adversely affect the expected gains (risk gains) or market value of financial assets and liabilities reported on the balance sheet (net economic value). The Group assumes the exposure to the interest rate risk that may affect their fair value as well as the cash flow risk of future assets and liabilities.

The Risk Committee sets the guidelines regarding the level of unmatched repricing of interest rates that can be tolerated, which is periodically monitored through ALCO.

Corporate policies include guidelines for the management of the Group's exposure to the interest rate risk. These guidelines are implemented considering the features of each segment of business in which the Group entities operate.

In this regard, Group companies that are exposed to the interest rate risk are those that have yields based on interest, such as credits, investments and technical reserves. Interest rate risk management in BCP Peru, BCP Bolivia, MiBanco, MiBanco Colombia, Atlantic Security Bank and Pacífico Grupo Asegurador is carried out by performing a repricing gap analysis, sensitivity analysis of the financial margin (GER) and sensitivity analysis of the net economic value (VEN). These calculations consider different rate shocks in stress scenarios.

Analysis of repricing gap -

The repricing gap analysis is intended to measure the risk exposure of interest rate for repricing periods, in which both balance and out of balance assets and liabilities are grouped. This allows identifying those sections in which the rate variations would have a potential impact.

The table below summarizes the Group's exposure to interest rate risks. It includes the Group's financial instruments at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates, what occurs first:

| | As of June 30, 2021 | | | | | | Total S/(000) |
|--|---------------------|-------------------|-------------------|---------------------|----------------------|-------------------------|---------------------|
| | Up to 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | More than 5 years | Non-interest bearing | |
| | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | |
| Assets | | | | | | | |
| Cash and cash collateral, reverse repurchase agreements and securities borrowing | 23,207,101 | 401,723 | 1,354,774 | 4,881,813 | 82,705 | 9,647,176 | 39,575,292 |
| Investments | 2,451,039 | 9,834,051 | 5,302,899 | 10,333,167 | 19,632,641 | 427,559 | 47,981,356 |
| Loans, net | 14,482,170 | 17,718,630 | 37,113,078 | 49,028,675 | 18,106,201 | (2,748,153) | 133,700,601 |
| Financial assets designated at fair value through profit or loss | - | - | - | - | - | 921,851 | 921,851 |
| Premiums and other policies receivable | 747,903 | 20,848 | 7,712 | 4,361 | - | - | 780,824 |
| Accounts receivable from reinsurers and coinsurers | 1,014 | 240,316 | 797,705 | 2,970 | 1,037 | - | 1,043,042 |
| Other assets (*) | 269,463 | 59,326 | 163,351 | - | 35,885 | 3,293,380 | 3,821,405 |
| Total assets | 41,158,690 | 28,274,894 | 44,739,519 | 64,250,986 | 37,858,469 | 11,541,813 | 227,824,371 |
| Liabilities | | | | | | | |
| Deposits and obligations | 39,201,225 | 11,140,879 | 22,295,013 | 65,027,112 | 9,025,953 | 2,471,621 | 149,161,803 |
| Payables from repurchase agreements and securities lending | 1,220,368 | 3,722,521 | 11,683,082 | 12,420,317 | 3,100,176 | 55,924 | 32,202,388 |
| Accounts payable to reinsurers and coinsurers | 67,533 | 195,903 | 37,814 | 15,935 | - | - | 317,185 |
| Technical reserves for claims and insurance premiums | 308,189 | 844,293 | 1,412,703 | 3,264,943 | 5,988,042 | 339,047 | 12,157,217 |
| Financial liabilities at fair value through profit or loss | - | - | - | - | - | 313,256 | 313,256 |
| Bonds and Notes issued | 70,555 | 298,156 | 193,317 | 13,801,279 | 2,571,073 | 17,101 | 16,951,481 |
| Other liabilities (*) | 892,941 | 35,550 | 14,479 | 5,661 | - | 4,307,339 | 5,255,970 |
| Equity | - | - | - | - | - | 25,576,928 | 25,576,928 |
| Total liabilities and equity | 41,760,811 | 16,237,302 | 35,636,408 | 94,535,247 | 20,685,244 | 33,081,216 | 241,936,228 |
| Off-balance-sheet accounts | | | | | | | |
| Derivative financial assets | 280,010 | 936,225 | 233,333 | 313,593 | - | - | 1,763,161 |
| Derivative financial liabilities | 172,010 | 207,494 | 347,780 | 756,713 | 238,600 | - | 1,722,597 |
| | 108,000 | 728,731 | (114,447) | (443,120) | (238,600) | - | 40,564 |
| Marginal gap | (494,121) | 12,766,323 | 8,988,664 | (30,727,381) | 16,934,625 | (21,539,403) | (14,071,293) |
| Accumulated gap | (494,121) | 12,272,202 | 21,260,866 | (9,466,515) | 7,468,110 | (14,071,293) | - |

(*) Other assets and other liabilities only include financial accounts.

Investments for trading purposes are not considered (investments at fair value through profit or loss and trading derivatives), because these instruments are part of the trading book and the Value at Risk methodology is used to measure market risks.

| | As of December 31, 2020 | | | | | | |
|--|-------------------------|-------------------|-------------------|---------------------|----------------------|-------------------------|---------------------|
| | Up to 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | More than 5 years | Non-interest bearing | Total |
| | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/000 |
| Assets | | | | | | | |
| Cash and cash collateral, reverse repurchase agreements and securities borrowing | 20,110,489 | 1,607,867 | 2,052,436 | 7,682,481 | 149,669 | 7,544,354 | 39,147,296 |
| Investment | 4,639,795 | 11,068,740 | 2,777,817 | 8,783,106 | 20,934,358 | 502,455 | 48,706,271 |
| Loans, net | 12,721,639 | 15,427,902 | 31,709,621 | 54,248,434 | 16,352,436 | (2,698,907) | 127,761,125 |
| Financial assets designated at fair value through profit or loss | - | - | - | - | - | 823,270 | 823,270 |
| Premiums and other policies receivable | 897,086 | 25,288 | 9,472 | 5,377 | - | - | 937,223 |
| Accounts receivable from reinsurers and coinsurers | 726 | 164,184 | 730,963 | 1,930 | 675 | 20,941 | 919,419 |
| Other assets (*) | 83,113 | 2,961 | 34,482 | 9,539 | - | 2,176,901 | 2,306,996 |
| Total assets | 38,452,848 | 28,296,942 | 37,314,791 | 70,730,867 | 37,437,138 | 8,369,014 | 220,601,600 |
| Liabilities | | | | | | | |
| Deposits and obligations | 38,284,217 | 10,646,664 | 18,968,119 | 62,281,065 | 9,594,605 | 2,590,832 | 142,365,502 |
| Payables from repurchase agreements and securities lending | 620,946 | 2,900,084 | 7,709,973 | 19,573,712 | 3,042,388 | 54,771 | 33,901,874 |
| Accounts payable to reinsurers and coinsurers | 72,060 | 209,035 | 40,349 | 17,002 | - | - | 338,446 |
| Technical reserves for claims and insurance premiums | 296,493 | 810,514 | 1,355,486 | 3,133,235 | 5,752,899 | 326,449 | 11,675,076 |
| Financial liabilities at fair value through profit or loss | - | - | - | - | - | 561,602 | 561,602 |
| Bonds and Notes issued | 3 | 425,231 | 1,238,141 | 13,867,807 | 616,225 | 172,000 | 16,319,407 |
| Other liabilities (*) | 601,545 | 49,851 | 8,185 | - | - | 3,247,834 | 3,907,415 |
| Equity | - | - | - | - | - | 25,445,647 | 25,445,647 |
| Total liabilities and equity | 39,875,264 | 15,041,379 | 29,320,253 | 98,872,821 | 19,006,117 | 32,399,135 | 234,514,969 |
| Off-balance-sheet accounts | | | | | | | |
| Derivative financial assets | 547,271 | 1,307,322 | 557,277 | 341,564 | - | - | 2,753,434 |
| Derivative financial liabilities | 112,357 | 1,017,607 | 360,010 | 1,046,481 | 238,600 | - | 2,775,055 |
| | 434,914 | 289,715 | 197,267 | (704,917) | (238,600) | - | (21,621) |
| Marginal gap | (987,502) | 13,545,278 | 8,191,805 | (28,846,871) | 18,192,421 | (24,030,121) | (13,934,990) |
| Accumulated gap | (987,502) | 12,557,776 | 20,749,581 | (8,097,290) | 10,095,131 | (13,934,990) | - |

(*) Other assets and other liabilities only include financial accounts.

Investments for trading purposes are not considered (investments at fair value through profit or loss and trading derivatives), because these instruments are part of the trading book and the Value at Risk methodology is used to measure market risks.

Sensitivity to changes in interest rates -

The sensitivity analysis of a reasonable possible change in interest rates on the banking book comprises an assessment of the sensitivity of the financial margins that seeks to measure the potential changes in the interest accruals over a period of time and the expected movement of the interest rate curves, as well as the sensibility of the net economic value, which is a long-term metric measured as the difference arising between the Net Economic Value of assets and liabilities before and after a variation in interest rates.

The sensitivity of the financial margin is the effect of the assumed changes in interest rates on the net financial interest income before income tax and non-controlling interest for one year, based on non-trading financial assets and financial liabilities held as of June 30, 2021 and December 31, 2020, including the effect of derivative instruments.

The sensitivity of the Net Economic Value is calculated by reassessing the financial assets and liabilities sensitive to rates, except for the trading instruments, including the effect of any associated hedge, and derivative instruments designated as a cash flow hedge. Regarding rate risk management, no distinction is made by accounting category for the investments that are considered in these calculations.

The results of the sensitivity analysis regarding changes in interest rates at June 30, 2021 and December 31, 2020 are presented below:

As of June 30, 2021

| <u>Currency</u> | <u>Changes in basis points</u> | <u>Sensitivity of net profit</u> <u>S/(000)</u> | <u>Sensitivity of Net Economic Value</u> <u>S/(000)</u> |
|-----------------|--------------------------------|--|--|
| Soles | +/- 50 | +/- 6,787 | -/+ 313,497 |
| Soles | +/- 75 | +/- 10,181 | -/+ 470,245 |
| Soles | +/- 100 | +/- 13,575 | -/+ 626,994 |
| Soles | +/- 150 | +/- 20,362 | -/+ 940,490 |
| U.S. Dollar | +/- 50 | +/- 58,120 | +/- 551,048 |
| U.S. Dollar | +/- 75 | +/- 87,180 | +/- 826,571 |
| U.S. Dollar | +/- 100 | +/- 116,240 | +/- 1,102,095 |
| U.S. Dollar | +/- 150 | +/- 174,359 | +/- 1,653,143 |

As of December 31, 2020

| <u>Currency</u> | <u>Changes in basis points</u> | <u>Sensitivity of net profit</u> <u>S/(000)</u> | <u>Sensitivity of Net Economic Value</u> <u>S/(000)</u> |
|-----------------|--------------------------------|--|--|
| Soles | +/- 50 | +/- 19,640 | -/+ 391,821 |
| Soles | +/- 75 | +/- 29,459 | -/+ 587,731 |
| Soles | +/- 100 | +/- 39,279 | -/+ 783,642 |
| Soles | +/- 150 | +/- 58,919 | -/+ 1,175,462 |
| U.S. Dollar | +/- 50 | +/- 47,929 | +/- 345,185 |
| U.S. Dollar | +/- 75 | +/- 71,894 | +/- 517,777 |
| U.S. Dollar | +/- 100 | +/- 95,859 | +/- 690,369 |
| U.S. Dollar | +/- 150 | +/- 143,788 | +/- 1,035,554 |

The interest rate sensitivities set out in the table above are only illustrative and are based on simplified scenarios. The figures represent the effect of the pro-forma movements in the net interest income based on the projected yield curve scenarios and the Group's current interest rate risk profile. This effect, however, does not incorporate actions that would be taken by Management to mitigate the impact of this interest rate risk.

The Group seeks proactively to change the interest rate risk profile to minimize losses and optimize net revenues. The projections above also assume that the interest rate of all maturities moves by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged.

As of June 30, 2021 and December 31, 2020, investments in equity securities and funds that are non-trading, recorded at fair value through other comprehensive income and at fair value through profit or loss, respectively, are not considered as comprising investment securities for interest rate sensitivity calculation purposes; however, a 10, 25 and 30 percent of changes in market prices is conducted to these price-sensitivity securities.

The market price sensitivity tests as of June 30, 2021 and December 31, 2020 are presented below:

Equity securities

| Measured at fair value through other comprehensive income | Change in market prices | As of June 30, 2021 | As of December 31, 2020 |
|--|--------------------------------|----------------------------|--------------------------------|
| | % | S/(000) | S/(000) |
| Equity securities | +/-10 | 42,651 | 50,255 |
| Equity securities | +/-25 | 106,628 | 125,638 |
| Equity securities | +/-30 | 127,953 | 150,765 |

Funds

| Measured at fair value through profit or loss | Change in market prices | As of June 30, 2021 | As of December 31, 2020 |
|--|--------------------------------|----------------------------|--------------------------------|
| | % | S/(000) | S/(000) |
| Participation in mutual funds | +/-10 | 101,886 | 96,665 |
| Participation in mutual funds | +/-25 | 254,715 | 241,661 |
| Participation in mutual funds | +/-30 | 305,657 | 289,994 |
| Restricted mutual funds | +/-10 | 41,509 | 43,688 |
| Restricted mutual funds | +/-25 | 103,772 | 109,220 |
| Restricted mutual funds | +/-30 | 124,527 | 131,064 |
| Participation in RAL funds | +/-10 | 29,728 | 27,882 |
| Participation in RAL funds | +/-25 | 74,321 | 69,705 |
| Participation in RAL funds | +/-30 | 89,185 | 83,646 |
| Investment funds | +/-10 | 39,159 | 36,160 |
| Investment funds | +/-25 | 97,898 | 90,399 |
| Investment funds | +/-30 | 117,478 | 108,479 |
| Hedge funds | +/-10 | 14,179 | 12,694 |
| Hedge funds | +/-25 | 35,449 | 31,735 |
| Hedge funds | +/-30 | 42,538 | 38,081 |
| Exchange Trade Funds | +/-10 | 11,302 | 3,209 |
| Exchange Trade Funds | +/-25 | 28,254 | 8,021 |
| Exchange Trade Funds | +/-30 | 33,905 | 9,626 |

(ii) Foreign currency exchange risk -

The Group is exposed to fluctuations in foreign currency exchange rates on its financial position and cash flows. Management sets limits on the level of exposure by currency and overnight and intra-day total positions, which are monitored daily.

As of June 30, 2021, the free market exchange rate for buying and selling transactions for each U.S. Dollars, the main foreign currency held by the Group, was S/3.858 (S/3.621 as of December 31, 2020).

Foreign currency transactions are made at the free market exchange rates of the countries where Credicorp's Subsidiaries are established. As of June 30, 2021 and December 31, 2020, the Group's assets and liabilities by currencies were as follows:

| | As of June 30, 2021 | | | | As of December 31, 2020 | | | |
|---|----------------------|---------------------|-----------------------|----------------------|-------------------------|---------------------|-----------------------|----------------------|
| | Soles | U.S. Dollars | Other | Total | Soles | U.S. Dollars | Other | Total |
| | S/(000) | S/(000) | currencies S/(000) | S/(000) | S/(000) | S/(000) | currencies S/(000) | S/(000) |
| Monetary assets | | | | | | | | |
| Cash and due from banks | 8,068,591 | 28,038,573 | 1,851,474 | 37,958,638 | 10,689,167 | 24,030,096 | 2,033,731 | 36,752,994 |
| Cash collateral, reverse repurchase agreements and securities borrowing | - | 1,295,540 | 321,114 | 1,616,654 | - | 2,030,165 | 364,137 | 2,394,302 |
| Investments: | | | | | | | | |
| At fair value through profit or loss | 1,274,383 | 3,384,398 | 2,132,507 | 6,791,288 | 1,106,875 | 3,531,911 | 1,828,685 | 6,467,471 |
| At fair value through other comprehensive income | 27,402,880 | 11,425,715 | 1,018,300 | 39,846,895 | 32,423,989 | 9,600,018 | 1,217,428 | 43,241,435 |
| At amortized cost | 7,282,640 | 393,309 | 32,007 | 7,707,956 | 4,844,238 | 89,095 | 29,049 | 4,962,382 |
| Loans, net | 86,496,765 | 37,621,961 | 9,581,875 | 133,700,601 | 84,761,689 | 33,998,843 | 9,000,593 | 127,761,125 |
| Financial assets designated at fair value through profit or loss | 43,630 | 878,221 | - | 921,851 | 23,477 | 799,793 | - | 823,270 |
| Other assets | 2,445,506 | 3,666,757 | 877,584 | 6,989,847 | 1,524,882 | 2,768,455 | 857,489 | 5,150,826 |
| Total monetary assets | 133,014,395 | 86,704,474 | 15,814,861 | 235,533,730 | 135,374,317 | 76,848,376 | 15,331,112 | 227,553,805 |
| Monetary liabilities | | | | | | | | |
| Deposits and obligations | (74,266,827) | (64,407,496) | (10,487,480) | (149,161,803) | (76,179,373) | (55,636,591) | (10,549,538) | (142,365,502) |
| Payables from repurchase agreements and securities lending | (23,541,381) | (337,796) | (2,084,050) | (25,963,227) | (26,011,980) | (255,607) | (1,656,030) | (27,923,617) |
| Due to bank and correspondents | (4,244,498) | (1,379,393) | (615,270) | (6,239,161) | (4,158,523) | (1,454,565) | (365,169) | (5,978,257) |
| Lease liabilities | (240,387) | (383,670) | (82,161) | (706,218) | (257,702) | (409,866) | (83,010) | (750,578) |
| Financial liabilities at fair value through profit or loss | - | (230,673) | (82,583) | (313,256) | (87,715) | (340,774) | (133,113) | (561,602) |
| Technical reserves for claims and insurance | (6,472,813) | (5,672,709) | (11,695) | (12,157,217) | (6,245,669) | (5,400,003) | (29,404) | (11,675,076) |
| Bonds and notes issued | (3,513,901) | (13,085,069) | (352,511) | (16,951,481) | (3,454,685) | (12,520,242) | (344,480) | (16,319,407) |
| Other liabilities | (3,361,842) | (3,454,447) | (1,142,650) | (7,958,939) | (2,492,261) | (2,864,519) | (1,029,697) | (6,386,477) |
| Total monetary liabilities | (115,641,649) | (88,951,253) | (14,858,400) | (219,451,302) | (118,887,908) | (78,882,167) | (14,190,441) | (211,960,516) |
| | 17,372,746 | (2,246,779) | 956,461 | 16,082,428 | 16,486,409 | (2,033,791) | 1,140,671 | 15,593,289 |
| Forwards position, net | 2,769,899 | (2,685,175) | (78,954) | 5,770 | (36,268) | 198,835 | (164,334) | (1,767) |
| Currency swaps position, net (*) | (4,847,505) | 4,847,505 | - | - | (1,054,037) | 1,054,037 | - | - |
| Cross currency swaps position, net | (371,297) | 516,840 | (170,331) | (24,788) | (339,640) | 578,389 | (313,022) | (74,273) |
| Options, net | (119,033) | 119,033 | - | - | (32,123) | 32,123 | - | - |
| Accounting hedge (investment abroad) (**) | - | 522,481 | - | 522,481 | - | 490,385 | - | 490,385 |
| Net monetary position | 14,804,810 | 1,073,905 | 707,176 | 16,585,891 | 15,024,341 | 319,978 | 663,315 | 16,007,634 |

(*) See explication of increase in Note 13(c).

(**) An accounting hedge of a net investment abroad was carried out where part of our liability position in dollars related to the balance of the caption "bonds and notes issued", see Note 17(iv), was designated as cover our permanent investment in Atlantic Security Holding Corporation. The hedged amount is approximately US\$135.4 million, equivalent to S/522.4 million, as of June 30, 2021 (US\$135.4 million, equivalent to S/490.3 million, as of December 31, 2020).

The Group manages foreign exchange risk by monitoring and controlling the currency position values exposed to changes in exchange rates. The Group measures its performance in soles. (since 2014 considering its change in functional currency, it was measured in U.S. Dollars before), so if the net foreign currency exchange position (U.S. Dollar) is positive, any depreciation of soles would positively affect the Group's interim condensed consolidated statement of financial position. The current position in a foreign currency comprises exchange rate-linked assets and liabilities in that currency. An institution's open position in individual currencies comprises assets, liabilities and off-balance sheet items denominated in the respective foreign currency for which the institution itself bears the risk; any appreciation/depreciation of the foreign exchange would affect the interim condensed consolidated statement of income.

The Group's net foreign exchange position is the sum of its positive open non-soles positions (net long position) less the sum of its negative open non-soles positions (net short position). Any depreciation/appreciation of the foreign exchange position would affect the interim condensed consolidated statement of income. A currency mismatch would leave the Group's interim condensed consolidated statement of financial position vulnerable to a fluctuation of foreign currency (exchange rate shock).

The table below shows the sensitivity analysis of the U.S. Dollar, the currency to which the Group had significant exposure as of June 30, 2021 and December 31, 2020 in its monetary assets and liabilities and its forecast cash flows. The analysis determines the effect of a reasonably possible variation of the exchange rate against Soles with all other variables held constant on the interim condensed consolidated statement of income, before income tax. A negative amount in the table reflects a potential net reduction in the interim condensed consolidated statement of income, while a positive amount reflects a net potential increase:

| Currency rate sensitivity | Change in currency rates | As of June 30, 2021 | As of December 31, 2020 |
|----------------------------------|-------------------------------------|--------------------------------|------------------------------------|
| | % | S/000 | S/000 |
| Depreciation - | | | |
| Soles in relation to U.S. Dollar | 5 | 51,138 | 15,237 |
| Soles in relation to U.S. Dollar | 10 | 97,628 | 29,089 |
| Appreciation - | | | |
| Soles in relation to U.S. Dollar | 5 | (56,521) | (16,841) |
| Soles in relation to U.S. Dollar | 10 | (119,323) | (35,553) |

34.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its short-term payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. In this sense, the company that is facing a liquidity crisis would be failing to comply with the obligations to pay depositors and with commitments to lend or satisfy other operational cash needs.

The Group is exposed to daily cash requirements, interbank deposits, current accounts, time deposits, use of loans, guarantees and other requirements. The Management of the Group's subsidiaries establishes limits for the minimum funds amount available to cover such cash withdrawals and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand. Sources of liquidity are regularly reviewed by the corresponding risk teams to maintain a wide diversification by currency, geography, type of funding, provider, producer and term.

The procedure to control the mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks to be completely matched, as transacted business is often based on uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases liquidity risk, which generates exposure to potential losses.

Maturities of assets and liabilities and the ability to replace them, at an acceptable cost are important factors in assessing the liquidity of the Group.

A mismatch, in maturity of long-term illiquid assets against short-term liabilities, exposes the interim condensed consolidated statement of financial position to risks related both to rollover and to interest rates. If liquid assets do not cover maturing debts, an interim condensed consolidated statement of financial position is vulnerable to a rollover risk. Furthermore, a sharp increase in interest rates can dramatically increase the cost of rolling over short-term liabilities, leading to a rapid increase in debt cost. The contractual-maturity gap report is useful in showing liquidity characteristics.

Corporate policies have been implemented for liquidity risk management by the Group. These policies are consistent with the particular characteristics of each operating segment in which each of the Group companies operate. Risk Management heads set up limits and autonomy models to determine the adequate liquidity indicators to be managed.

Commercial banking and Microfinance:

Liquidity risk exposure in BCP Peru, BCP Bolivia, MiBanco and MiBanco Colombia is based on indicators such as the Internal Liquidity Coverage Ratio (RCLI, the Spanish acronym) which measures the amount of liquid assets available to meet cash outflows needs within a given stress scenario for a period of 30 days and the Internal Ratio of Stable Net Funding (RFNEI, the Spanish acronym), which is intended to guarantee that long-term assets are financed at least with a minimum number of stable liabilities within a prolonged liquidity crisis scenario and works as a minimum compliance mechanism that supplements the RCLI. The core limits of these indicators are 100% and any excess is presented in the Credicorp Treasury Risk Committee, Credicorp Risk Committee and the Assets Liabilities Committee (ALCO) of the respective subsidiary.

Insurances and Pensions:

Insurances: Liquidity risk management in Pacífico Grupo Asegurador follows a particular approach given the nature of the business. For annually renewable businesses, mainly general insurance, the emphasis of liquidity is focused on the quick availability of resources in the event of a systemic event (e.g. earthquake); for this purpose, there are minimum investment indicators in place relating to local cash/time deposits and foreign fixed-income instruments of high quality and liquidity.

For long-term businesses such as Pacifico Seguros, given the nature of the products offered and the contractual relationship with customers (the liquidity risk is not material); the emphasis is on maintaining sufficient flow of assets and matching their maturities with maturities of obligations (mathematical technical reserves); for this purpose there are indicators that measure the asset/liability sufficiency and adequacy as well as calculations or economic capital subject to interest rate risk, this last under the methodology of Credicorp.

Pensions: Liquidity risk management in AFP Prima is carried out in a differentiated manner between the fund administrator and the funds being managed. Liquidity management regarding the fund administrator is focused on hedge meeting periodic operating expense needs, which are supported with the collection of commissions. The fund administering entity does not record unexpected outflows of liquidity.

Investment banking:

Liquidity risk in the Grupo Credicorp Capital principally affects the security brokerage. In managing this risk, limits of use of liquidity have been established as well as mismatching by dealing desk; follow-up on liquidity is performed on a daily basis for a short-term horizon covering the coming settlements. If short-term unmatched maturities are identified, repos are used. On the other hand, structural liquidity risk of Credicorp Capital is not significant given the low levels of debt, which is monitored regularly using financial planning tools.

In the case of Atlantic Security Bank, the risk liquidity management performs through indicators such as Internal Liquidity Coverage Ratio (RCLI, the Spanish acronym) and the Internal Ratio of Stable Net Funding (RFNEI, the Spanish acronym) with the core limits of 100% and any excess is presented in the Credicorp Treasury Risk Committee, Credicorp Risk Committee and the Assets Liabilities Committee (ALCO) of the respective subsidiary.

Companies perform a liquidity risk management using the liquidity Gap or contractual maturity Gap.

The table below presents the cash flows payable by the Group by remaining contractual maturities (including future interest payments) at the date of the interim condensed consolidated statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows:

| | As of June 30, 2021 | | | | | As of December 31, 2020 | | | | | | |
|---|--------------------------|-------------------------------|--------------------------------|------------------------------|------------------------|-------------------------|--------------------------|-------------------------------|--------------------------------|------------------------------|----------------------|--------------------|
| | Up to a month S/(000) | From 1 to 3 months S/(000) | From 3 to 12 months S/(000) | From 1 to 5 years S/(000) | Over 5 Year S/(000) | Total S/(000) | Up to a month S/(000) | From 1 to 3 months S/(000) | From 3 to 12 months S/(000) | From 1 to 5 years S/(000) | Over 5 Year S/000 | Total S/000 |
| Financial assets | 52,659,028 | 32,134,823 | 55,445,811 | 80,320,077 | 48,524,196 | 269,083,935 | 47,587,613 | 33,012,127 | 47,692,934 | 89,394,618 | 47,041,495 | 264,728,787 |
| Financial liabilities by type - | | | | | | | | | | | | |
| Deposits and obligations | 40,715,978 | 11,571,367 | 23,156,502 | 67,539,789 | 9,374,720 | 152,358,356 | 40,780,477 | 11,340,863 | 20,204,905 | 66,342,002 | 10,220,206 | 148,888,453 |
| Payables from reverse purchase agreements and security lendings and due to banks and correspondents | 1,389,125 | 4,351,982 | 13,570,193 | 14,426,457 | 3,600,938 | 37,338,695 | 764,998 | 3,572,866 | 9,498,586 | 24,114,558 | 3,748,182 | 41,699,190 |
| Accounts payable to reinsurers | 67,533 | 195,903 | 37,814 | 15,935 | - | 317,185 | 72,060 | 209,035 | 40,349 | 17,002 | - | 338,446 |
| Financial liabilities designated at fair value through profit or loss | 313,256 | - | - | - | - | 313,256 | 561,602 | - | - | - | - | 561,602 |
| Bonds and notes issued | 79,761 | 337,057 | 218,539 | 15,601,946 | 2,906,524 | 19,143,827 | 3 | 432,446 | 1,259,147 | 14,103,090 | 626,680 | 16,421,366 |
| Lease liabilities | 38,611 | 31,178 | 108,914 | 394,300 | 166,101 | 739,104 | 37,557 | 31,718 | 109,969 | 425,566 | 173,744 | 778,554 |
| Other liabilities | 4,022,772 | 191,219 | 572,444 | 438,601 | 1,253,836 | 6,478,872 | 2,507,012 | 262,080 | 198,629 | 302,056 | 1,271,750 | 4,541,527 |
| Total liabilities | 46,627,036 | 16,678,706 | 37,664,406 | 98,417,028 | 17,302,119 | 216,689,295 | 44,723,709 | 15,849,008 | 31,311,585 | 105,304,274 | 16,040,562 | 213,229,138 |
| Derivative financial liabilities - | | | | | | | | | | | | |
| Contractual amounts receivable (Inflows) | 965,813 | 582,270 | 497,987 | 1,097,488 | 746,916 | 3,890,474 | 345,387 | 303,604 | 1,022,750 | 976,014 | 1,009,770 | 3,657,525 |
| Contractual amounts payable (outflows) | 963,816 | 599,312 | 499,396 | 1,022,135 | 656,603 | 3,741,262 | 345,360 | 315,352 | 1,030,151 | 985,340 | 951,855 | 3,628,058 |
| Total liabilities | 1,997 | (17,042) | (1,409) | 75,353 | 90,313 | 149,212 | 27 | (11,748) | (7,401) | (9,326) | 57,915 | 29,467 |

34.4 Operational risk -

Operational risk is the possibility of the occurrence of losses arising from inadequate processes, human error, failure of information technology, relations with third parties or external events. Operational risks can, lead to financial losses and have legal or regulatory compliance consequences, but exclude strategic or reputational risk (with the exception of companies under Colombian regulations, where reputational risk is included in operational risk).

Operational risks are grouped into internal fraud, external fraud, labor relations and job security, relations with customers, business products and practices, damages to material assets, business and systems interruption, and failures in process execution, delivery and management of processes.

One of the Group's pillars is to develop an efficient risk culture, and to achieve this, it records operational risks and their respective process controls. The risk map permits their monitoring, prioritization and proposed treatment according to established governance. Likewise carries out an active cybersecurity and fraud prevention management, aligned with the best international practices.

The business continuity management system enables the establishing, implementing, operating, monitoring, reviewing, maintaining and improving of business continuity based on best practices and regulatory requirements. The Group implements recovery strategies for the resources that support important products and services of the organization, which will be periodically tested to measure the effectiveness of the strategy.

In the management of operational risk, cybersecurity, fraud prevention and business continuity, corporate guidelines are used, and methodologies and best practices are shared among the Group's companies.

The management of information security is carried out through a systemic process, documented and known by the entire organization under the best practices and regulatory requirements. The Group designs and develops the guidelines described in the policy and procedures to have strategies for availability, privacy and integrity of the information assets of the organization.

Finally, it is incorporated as a mechanism of recovery in front of the materialization of operational risks, the management of the Transfer of Non-Financial Risks, mainly through Insurance Policies contracted individually or corporately in the local and international market, which cover losses due to fraud, civil and professional liability, cyber risks, damage to physical assets, among others. The insurance design is in accordance with the Group's main operating risks, the coverage needs of key areas and the organization's risk appetite, constantly seeking efficiencies in the cost of policies, working together with the insurers that make up the Group and the most important insurance/reinsurance brokers in the international market.

34.5 Cybersecurity –

Credicorp focuses its efforts on the most cost-efficient strategies to reduce exposure to cybersecurity risk; thereby comply the Group's risk appetite. To achieve it, different levels of controls are applied adapted to the different areas and potentially exposed companies. For this reason, it maintains an important investment program, which allows it to have the technologies and processes necessary to keep the Group's operations and assets safe.

As part of cybersecurity management, the Group has lines of action that allow mitigating this risk and, at the corporate level, it is established implementation priorities and improvements in accordance with the different realities of the companies. These lines of work are:

- Cybersecurity maturity according to the FFIEC reference framework, allows defining the guide for the implementation of cybersecurity controls adjusted to each of the Group's companies.

- The policies and guidelines make it possible to standardize the levels of compliance with cybersecurity controls in each of the Group's companies.
- The aim of the awareness programs is to generate a culture of cybersecurity in all the Group's companies. For this, constant training is carried out.
- The cybersecurity indicators that indicate the effectiveness of the processes in terms of the periodic evaluations carried out in each of the Group's companies.
- The governance of suppliers that ensures the deployment of the Group's policies to third parties. In other words, when a supplier wishes to interconnect digitally with any of the Group's companies.
- The implementation of security technologies, which seeks to cover said risks according to the threat trend and the risk profile of each company in the Group.
- The "Tabletop" tests that help to identify the level of response of the Group's collaborators, through incident simulation tests.
- Cybersecurity risk management that allows for a response work plan to address cyber risks through periodic evaluations of each of the applications of each Group company.

Finally, it should be noted that the new normality has required us to re-establish priorities in the controls to be implemented and to deepen the improvements in the processes; for example, we carry out awareness campaigns for collaborators focused on precautions in remote work, identification of phishing, among others.

34.6 Corporate Security and Cybercrime –

The Group, as part of non-financial risk management, implements policies, procedures and actions that safeguard the safety of employees, customers and assets of the organization. In addition, it protects the institution against incidents of fraud, security and reputational risk. Likewise, it fosters a culture of prevention, which allows minimizing the risks of fraud and security. Finally, it has established a solid relationship with stakeholders and Financial Institutions in the region in search of implementing best practices for the benefit of its clients.

Part of fraud and security management is to have an integral security scheme called BSIM (Banking Security Integral Model), which includes the variables of prevention, detection, response and recovery. The BSIM has 6 strategic axes: Training and training for internal/external clients, fraud and security risk assessments (COSO), business support through early alerts, continuous monitoring and reporting, specialized forensic investigation and cyber-intelligence.

Likewise, there is a second line of defense scheme focused on generating an integral vision of fraud and security risks. With a preventive approach, there are last generation technological tools to support this task. Likewise, there are advanced analysis models for risk profiling to the detection of internal fraud and the implementation of tools to detect anomalous behaviors.

34.7 Model Risk –

The Group uses models for different purposes such as credit admission, capital calculation, behavior, provisions, market risk, liquidity, among others.

Model risk is defined as the probability of loss resulting from decisions (credit, market, among others) based on the use of poorly designed and/or poorly implemented models. The sources that generate this risk are mainly: deficiencies in data, errors in the model (from design to implementation), use of the model.

The management of model risk is proportional to the importance of each model. In this sense, a concept of "tiering" (measurement system that orders the models depending to the importance

according to the impact on the business) is defined as the main attribute to synthesize the level of importance or relevance of a model, from which is determined the intensity of the model risk management processes to be followed.

Model risk management is structured around a set of processes known as the life cycle of the model. The definition of phases of the life cycle of the model in the Group is detailed below: Identification, Planning, Development, Internal Validation, Approval, Implementation and use, and Monitoring and control.

34.8 Risk of the insurance activity -

The main risk the Group faces under insurance contracts is that the real cost of claims and payments or the timing of them, differ from expectations. This is influenced by the frequency of claims, the severity of the claims, the real benefits paid and the subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that enough reserves are available to cover these liabilities

The aforementioned risk exposure is mitigated by diversification across a large portfolio of insurance contracts and by having different lines of business. Risks are also mitigated by a careful selection and implementation of strategic underwriting guidelines, as well as the use of reinsurance agreements. The Group's placement of reinsurance is diversified so that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

Life insurance contracts -

The main risks to which the Group is exposed, with respect to these contracts, are: mortality, morbidity, longevity, return and flow of investments, losses derived from the policies due to the fact that the expense incurred is greater than expected and the decision of the insured; which, in normal situations, do not vary significantly in relation to the location of the risk insured by the Group, type of risk or the industry.

The Group's strategy is to ensure that risks are well diversified in terms of the type of risk and level of benefits of the policyholders. This is achieved through the diversification of insurable risks, an adequate underwriting process, the periodic analysis of the experiences and real demands of the products, as well as a detailed follow-up of the claims and pricing procedures. Commitment limits have been established to enforce appropriate risk selection criteria. For example, the Group has the right not to renew temporary policies and has the right to refuse payment of fraudulent claims.

For insurance contracts when death or disability is the insurable risk, the significant factors that could increase the frequency of claims are epidemics, widespread lifestyle changes and natural disasters, causing more claims than expected.

For retirement, disability and survivor pension contracts, the most important factor is continuous improvement in medical science and in social conditions that increase longevity.

Management has carried out a sensitivity analysis of the estimates of technical reserves.

Since the start of the COVID-19 pandemic in March 2020 the mortality of the portfolio of policyholders of life businesses increased significantly. The main businesses affected have been the Pension Insurance (SISCO 4 contract) and the Credit Life or Credit Life Insurance, due to the number of insured in each business (more than 2.5 million people in each case). Other lines of business impacted are Individual Life, voluntary Group Life and mandatory Group Life, but with reduced impact.

In these businesses, the reserve for pending claims was increased as well as the reserve for Occurred and Unreported Claims (IBNR) due to the increase in deaths and the delay in reporting claims. Since March 2020, the month of the start of the national emergency, the size of the portfolios, the claims reported and the reserves necessary to cover the expected excess mortality (expected deaths above the average pre-pandemic deaths) have been continuously monitored. Likewise, in 2020 two matching processes were carried out with the National Registry of Identification and Civil Status ("RENIEC" by its acronym in Spanish) to determine the number of deaths not yet reported from specific portfolios and similar processes are being evaluated during 2021. Additionally, conservative criteria have been applied in estimating claims reserves taking into account the uncertainty involved.

On the other hand, pension businesses also registered more deceased rentiers since the beginning of the pandemic, which has led to a greater release of mathematical reserves for this concept compared to previous years.

Non-life insurance contracts (general insurance and healthcare) –

The Group mainly issues the following types of non-life general insurance contracts: automobile, technical branches, business and healthcare insurances. Healthcare contracts provide medical expense cover to policyholders. Risks under non-life insurance policies usually cover 12 months.

For general insurance contracts the most significant risks arise from climate changes, natural disasters and other type of damages. For healthcare contracts the most significant risks arise from lifestyle changes, epidemics and medical science and technology improvements.

Most of these risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured or industry.

The above risk exposures are mitigated by diversification across a large portfolio of insurance contracts and by having different lines of business. The sensitivity of risk is improved by careful selection and implementation of underwriting strategies of insurance contracts, which are designed to ensure that risks are diversified in terms of type of risks and level of insured benefits. This is achieved, in various cases, through diversification across industry sectors and geographic location.

Furthermore, strict claim review policies to assess all new and ongoing claims and in process of settlement, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the Group's risk exposure. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. Also, the Group actively manages and promptly pursues claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit its exposure to catastrophic events.

During the emergency period due to the periods of social confinement decreed in the country as well as the immobilization and paralysis of activities during the first months of the pandemic, the claims of the general insurance businesses were reduced, mainly in the branches of vehicle insurance, Mandatory Traffic Accident Insurance ("SOAT" by its acronym in Spanish) and Fire. Since the last months of 2020, with the gradual reactivation of activities, claims have gradually recovered their usual level.

In the Medical Assistance branch, the pandemic had two simultaneous effects on the accident rate: an increase in outpatient care and hospitalizations (normal and in intensive care unit) due to COVID-19 cases and a decrease in care and hospitalizations for other ailments. For this business, the reserves for pending claims, as well as the reserves for incurred and unreported claims (IBNR) are being continuously monitored and have been estimated with prudent criteria due to the variability and uncertainty of the frequency and cost of cases and the greater delay in the claim report by health centers, whose care during the pandemic is focused on patient care.

34.9 Capital management -

The Group maintains an actively managed capital base to cover risks inherent in its business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the SBS, the supervising authority of its major subsidiaries and for consolidation purposes. Furthermore, capital management responds to market expectations in relation to the solvency of the Group and to support the growth of the businesses considered in the strategic planning. In this way, the capital maintained by the Group enables it to assume unexpected losses in normal conditions and conditions of severe stress.

The Group's objectives when managing capital are: (i) to comply with the capital requirements set by the regulators of the markets where the entities within the Group operate; (ii) to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and (iii) to maintain a strong capital base to support the development of its business, in line with the limits and tolerances established in the declaration of Risk Appetite.

As of June 30, 2021 and December 31, 2020, the regulatory capital for the Subsidiaries engaged in financial and insurance activities amounted to approximately S/29,851.9 million and S/28,969 million, respectively. The regulatory capital has been determined in accordance with SBS regulations in force as of said dates. Under the SBS regulations, the Group's regulatory capital exceeds by approximately S/11,241.3 million the minimum regulatory capital required as of June 30, 2021 (approximately S/7,973.9 million as of December 31, 2020).

34.10 Fair values -

a) Financial instruments recorded at fair value and fair value hierarchy –

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the interim condensed consolidated statement of financial position:

| | Note | As of June 30, 2021 | | | | As of December 31, 2020 | | | |
|--|-------|---------------------|--------------------|--------------------|-------------------|-------------------------|--------------------|--------------------|-------------------|
| | | Level 1 S/(000) | Level 2 S/(000) | Level 3 S/(000) | Total S/(000) | Level 1 S/(000) | Level 2 S/(000) | Level 3 S/(000) | Total S/(000) |
| Financial assets | | | | | | | | | |
| Derivative financial instruments: | | | | | | | | | |
| Currency swaps | | - | 698,843 | - | 698,843 | - | 323,425 | - | 323,425 |
| Interest rate swaps | | - | 443,306 | - | 443,306 | - | 600,718 | - | 600,718 |
| Foreign currency forwards | | - | 288,171 | - | 288,171 | - | 256,891 | - | 256,891 |
| Cross currency swaps | | - | 44,727 | - | 44,727 | - | 28,096 | - | 28,096 |
| Foreign exchange options | | - | 5,759 | - | 5,759 | - | 2,673 | - | 2,673 |
| Futures | | - | 3,024 | - | 3,024 | - | 2,694 | - | 2,694 |
| | 13(c) | - | 1,483,830 | - | 1,483,830 | - | 1,214,497 | - | 1,214,497 |
| Investments at fair value through profit of loss | 6(a) | 3,735,537 | 2,237,105 | 818,646 | 6,791,288 | 3,186,413 | 2,543,159 | 737,899 | 6,467,471 |
| Financial assets at fair value through profit of loss | 8 | 889,098 | 32,753 | - | 921,851 | 808,182 | 15,088 | - | 823,270 |
| Investments at fair value through other comprehensive income: | | | | | | | | | |
| Debt Instruments | | | | | | | | | |
| Corporate bonds | | 6,815,482 | 7,666,241 | - | 14,481,723 | 5,199,696 | 8,220,732 | - | 13,420,428 |
| Certificates of deposit BCRP | | - | 14,319,924 | - | 14,319,924 | - | 15,364,282 | - | 15,364,282 |
| Government treasury bonds | | 8,490,688 | 660,755 | - | 9,151,443 | 11,615,890 | 811,526 | - | 12,427,416 |
| Securitization instruments | | - | 695,196 | - | 695,196 | 53 | 751,383 | - | 751,436 |
| Negotiable certificates of deposit | | - | 816,972 | - | 816,972 | - | 898,277 | - | 898,277 |
| Subordinated bonds | | 57,187 | 169,624 | - | 226,811 | 39,047 | 174,250 | - | 213,297 |
| Other instruments | | - | 154,821 | - | 154,821 | - | 166,203 | - | 166,203 |
| Equity instruments | | 161,639 | 249,567 | 15,304 | 426,510 | 182,943 | 304,291 | 15,316 | 502,550 |
| | 6(b) | 15,524,996 | 24,733,100 | 15,304 | 40,273,400 | 17,037,629 | 26,690,944 | 15,316 | 43,743,889 |
| Total financial assets | | 20,149,631 | 28,486,788 | 833,950 | 49,470,369 | 21,032,224 | 30,463,688 | 753,215 | 52,249,127 |
| Financial liabilities | | | | | | | | | |
| Derivatives financial instruments: | | | | | | | | | |
| Interest rate swaps | | - | 447,672 | - | 447,672 | - | 644,122 | - | 644,122 |
| Currency swaps | | - | 380,255 | - | 380,255 | - | 181,454 | - | 181,454 |
| Foreign currency forwards | | - | 403,662 | - | 403,662 | - | 257,999 | - | 257,999 |
| Cross currency swaps | | - | 36,763 | - | 36,763 | - | 115,475 | - | 115,475 |
| Foreign exchange options | | - | 10,459 | - | 10,459 | - | 3,547 | - | 3,547 |
| Futures | | - | 3,704 | - | 3,704 | - | 2,616 | - | 2,616 |
| | 13(c) | - | 1,282,515 | - | 1,282,515 | - | 1,205,213 | - | 1,205,213 |
| Financial liabilities at fair value through profit or loss | | - | 313,256 | - | 313,256 | - | 561,602 | - | 561,602 |
| Total financial liabilities | | - | 1,595,771 | - | 1,595,771 | - | 1,766,815 | - | 1,766,815 |

Financial instruments included in the Level 1 category are those that are measured on the basis of quotations obtained in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial instruments included in the Level 2 category are those that are measured on the basis of observable market factors. This category includes instruments valued using: quoted prices for similar instruments, either in active or less active markets and other valuation techniques (models) where all significant inputs are directly or indirectly observable based on market data.

Following is a description of how fair value is determined for the main Group's financial instruments where valuation techniques were used with inputs based on market data which incorporate Credicorp's estimates on the assumptions that market participants would use for measuring these financial instruments:

- Valuation of derivative financial instruments -

Interest rate swaps, currency swaps and forward exchange contracts are measured by using valuation techniques where inputs are based on market data. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, spot exchange rates, forward rates and interest rate curves. Options are valued using well-known, widely accepted valuation models.

A credit valuation adjustment (CVA) is applied to the "Over-The-Counter" derivative exposures to take into account the counterparty's risk of default when measuring the fair value of the derivative. CVA is the mark-to market cost of protection required to hedge credit risk from counterparties in this type of derivatives portfolio. CVA is calculated by multiplying the probability of default (PD), the loss given default (LGD) and the expected exposure (EE) at the time of default.

A debit valuation adjustment (DVA) is applied to include the Group's own credit risk in the fair value of derivatives (that is the risk that the Group might default on its contractual obligations), using the same methodology as for CVA.

As of June 30, 2021, the balance of receivables and payables corresponding to derivatives amounted to S/1,483.8 million and S/1,282.5 million respectively, See Note 13(c), generating DVA and CVA immaterial adjustments that have not changed significantly compared to the period 2020. As of December 31, 2020, the balance of receivables and payables corresponding to derivatives amounted to S/1,214.5 million and S/1,205.2 million, respectively, See Note 13(c), generating DVA and CVA adjustments for approximately S/8.3 million and S/18.6 million, respectively. Also, the net impact of both items in the consolidated statement of income amounted to S/3.5 million.

- Valuation of debt securities classified in the category “at fair value through other comprehensive income” and included in level 2 -

Valuation of certificates of deposit BCRP, corporate, leasing, subordinated bonds and Government treasury bonds are measured calculating their Net Present Values (NPV) through discounted cash flows, using appropriate and relevant zero coupon rate curves to discount cash flows in the respective currency and considering observable current market transactions.

Certificates of deposit BCRP (CD BCRP) are securities issued at a discount in order to regulate the liquidity of the financial system. They are placed mainly through public auction or direct placement, are freely negotiable by their holders in the Peruvian secondary market and may be used as collateral in Repurchase Agreement Transactions of Securities with the BCRP.

Other debt instruments are measured using valuation techniques based on assumptions supported by prices from observable current market transactions, obtained via pricing services. Nevertheless, when prices have not been determined in an active market, fair values are based on broker quotes and assets that are valued using models whereby the majority of assumptions are market observable.

- Valuation of financial instruments included in level 3 -

These are measured using valuation techniques (internal models), based on assumptions that are not supported by transaction prices observable in the market for the same instrument, nor based on available market data.

In this regard, no significant differences were noted between the estimated fair values and the respective carrying amounts.

As of June 30, 2021 and December 31, 2020, the net unrealized loss of Level 3 financial instruments amounted to S/7.2 million and S/7.2 million, respectively. At said dates, changes in the carrying amount of Level 3 financial instruments have not been significant since there were no purchases, issuances, settlements or any other significant movements or transfers from level 3 to Level 1 or Level 2 or vice versa.

b) Financial instruments not measured at fair value -

We present below the disclosure of the comparison between the carrying amounts and fair values of the financial instruments, which are not measured at fair value, presented in the interim condensed consolidated statement of financial position by level of the fair value hierarchy:

| | As of June 30, 2021 | | | | | As of December 31, 2020 | | | | |
|---|---------------------|--------------------|--------------------|-----------------------|-----------------------|-------------------------|--------------------|--------------------|-----------------------|-----------------------|
| | Level 1 S/(000) | Level 2 S/(000) | Level 3 S/(000) | Fair value S/(000) | Book value S/(000) | Level 1 S/(000) | Level 2 S/(000) | Level 3 S/(000) | Fair value S/(000) | Book value S/(000) |
| Assets | | | | | | | | | | |
| Cash and due from banks | - | 37,958,638 | - | 37,958,638 | 37,958,638 | - | 36,752,994 | - | 36,752,994 | 36,752,994 |
| Cash collateral, reverse repurchase agreements and securities borrowing | - | 1,616,654 | - | 1,616,654 | 1,616,654 | - | 2,394,302 | - | 2,394,302 | 2,394,302 |
| Investments at amortized cost | 7,702,408 | 172,021 | - | 7,874,429 | 7,707,956 | 5,552,020 | 113,992 | - | 5,666,012 | 4,962,382 |
| Loans, net | - | 133,700,601 | - | 133,700,601 | 133,700,601 | - | 127,761,125 | - | 127,761,125 | 127,761,125 |
| Premiums and other policies receivable | - | 780,824 | - | 780,824 | 780,824 | - | 937,223 | - | 937,223 | 937,223 |
| Accounts receivable from reinsurers and coinsurers | - | 1,043,042 | - | 1,043,042 | 1,043,042 | - | 919,419 | - | 919,419 | 919,419 |
| Due from customers on acceptances | - | 558,934 | - | 558,934 | 558,934 | - | 455,343 | - | 455,343 | 455,343 |
| Other assets | - | 3,217,744 | - | 3,217,744 | 3,217,744 | - | 1,823,556 | - | 1,823,556 | 1,823,556 |
| Total | 7,702,408 | 179,048,458 | - | 186,750,866 | 186,584,393 | 5,552,020 | 171,157,954 | - | 176,709,974 | 176,006,344 |
| Liabilities | | | | | | | | | | |
| Deposits and obligations | - | 149,161,803 | - | 149,161,803 | 149,161,803 | - | 142,365,502 | - | 142,365,502 | 142,365,502 |
| Payables on repurchase agreements and securities lending | - | 25,963,227 | - | 25,963,227 | 25,963,227 | - | 27,923,617 | - | 27,923,617 | 27,923,617 |
| Due to Banks and correspondents and other entities | - | 6,644,751 | - | 6,644,751 | 6,239,161 | - | 6,327,779 | - | 6,327,779 | 5,978,257 |
| Banker's acceptances outstanding | - | 558,934 | - | 558,934 | 558,934 | - | 455,343 | - | 455,343 | 455,343 |
| Payable to reinsurers and coinsurers | - | 317,185 | - | 317,185 | 317,185 | - | 338,446 | - | 338,446 | 338,446 |
| Lease liabilities | - | 706,218 | - | 706,218 | 706,218 | - | 750,578 | - | 750,578 | 750,578 |
| Bond and notes issued | - | 15,546,291 | - | 15,546,291 | 16,951,481 | - | 17,264,023 | - | 17,264,023 | 16,319,407 |
| Other liabilities | - | 4,637,423 | - | 4,637,423 | 4,637,423 | - | 3,273,754 | - | 3,273,754 | 3,273,754 |
| Total | - | 203,535,832 | - | 203,535,832 | 204,535,432 | - | 198,699,042 | - | 198,699,042 | 197,404,904 |

The methodologies and assumptions used by the Group to determine fair values depend on the terms and risk characteristics of the various financial instruments and include the following:

- (i) Long-term fixed-rate and variable-rate loans are evaluated by the Group based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the incurred losses of these loans. As of June 30, 2021 and December 31, 2020, the carrying amounts of loans, net of allowances, were not materially different from their calculated fair values.
- (ii) Assets for which fair values approximate their carrying value - For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair values. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.
- (iii) Fixed rate financial instruments - The fair value of fixed rate financial assets and liabilities carried at amortized cost are estimated by comparing market interest rates when they were first recognized with current market rates offered for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing market interest rates for financial instruments with similar credit risk and maturity. For quoted debt issued the fair values are calculated based on quoted market prices. When quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

34.11 Fiduciary activities, management of funds and pension funds -

The Group provides custody, trustee, investment management and advisory services to third parties; therefore, the Group makes allocations and purchase and sale decisions in relation to a wide range of financial instruments. Assets that are held in a fiduciary capacity are not included in these interim condensed consolidated financial statements. These services give rise to the risk that the Group will be accused of mismanagement or under-performance.

As of June 30, 2021 and December 31, 2020, the value of the net assets under administration off the balance sheet (in millions of soles) is as follows:

| | As of June 30, 2021 | As of December 31, 2020 |
|-----------------------------------|--------------------------------|------------------------------------|
| | S/(000) | S/(000) |
| Pension funds | 46,950 | 49,582 |
| Investment funds and mutual funds | 48,967 | 52,174 |
| Equity managed | 24,990 | 25,273 |
| Bank trusts | 5,545 | 5,529 |
| Total | 126,452 | 132,558 |

35 COMMITMENTS AND CONTINGENCIES

Legal claim contingencies

i) Madoff Trustee Litigation -

In September 2011, the Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC (BLMIS) and the substantively consolidated estate of Bernard L. Madoff (the Madoff Trustee) filed a complaint (the Madoff Complaint) against Credicorp's subsidiary ASB in the U.S. Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). The Madoff Complaint seeks recovery of approximately US\$120.0 million in principal amount, which is alleged to be equal to the amount of redemptions between the end of 2004 and the beginning of 2005 of ASB-managed Atlantic U.S. Blue Chip Fund assets invested in Fairfield Sentry Limited (Fairfield Sentry), together with fees, costs, interest and expenses. The Madoff Complaint seeks the recovery of these redemptions from ASB as "subsequent transfers" or "avoided transfers" from BLMIS to Fairfield Sentry that Fairfield Sentry in turn subsequently transferred to ASB. The Madoff Trustee has filed similar "clawback" actions against numerous other alleged "subsequent transferees" that invested in Fairfield Sentry and its sister entities, which, in turn, invested in and redeemed funds from BLMIS.

There has been significant briefing on issues related to these Madoff Trustee actions, and these cases have been pending for many years. In November 2016, the Bankruptcy Court issued a Memorandum Decision Regarding Claims to Recover Foreign Subsequent Transfers (the Memorandum Decision) holding that the recovery of certain subsequent foreign transfers is barred under the doctrine of comity and/or extraterritoriality, and it dismissed the claims brought by the Madoff Trustee against a number of parties, including ASB. In March 2017, the Madoff Trustee filed an appeal (the Appeal) of the Memorandum Decision to the United States Court of Appeals for the Second Circuit, which reversed the Dismissal Order and remanded the matter to the Bankruptcy Court (the Second Circuit Opinion). In April 2019, the defendant-appellees, including ASB, filed, and the Second Circuit granted, a motion to stay the issuance of the mandate pending the filing of a petition for a writ of certiorari in the United States Supreme Court. The petition for a writ of certiorari was filed in the United States Supreme Court in August 2019. The mentioned petition was denied by the Supreme Court in June 2020. Following the denial of the petition for writ of certiorari, the judgment for dismissal by the Bankruptcy Court was vacated and the matter was remanded back to the Bankruptcy Court. The case now remains pending in the Bankruptcy Court. While management believes that ASB has defenses against the Madoff Trustee's claims and intends to defend against any action by the Madoff Trustee, following a recent decision by the US Supreme Court not to hear an appeal, certain defenses are no longer available, and therefore, management believes that a provision at this time would be prudent.

ii) Fairfield Liquidator Litigation -

In April 2012, Fairfield Sentry (In Liquidation) and its representative, Kenneth Krys (the Fairfield Liquidator), filed a complaint against ASB (the Fairfield Complaint) in the Bankruptcy Court (the Fairfield v. ASB Adversary Proceeding). The Fairfield Complaint seeks to recover US\$115.2 million in principal amount from ASB, representing the amount of ASB's redemptions of certain investments in Fairfield Sentry, together with fees, costs, interest and expenses. These are essentially the same funds that the Madoff Trustee seeks to recover in the Madoff Trustee litigation described above. After the Fairfield Complaint was filed, the Bankruptcy Court procedurally consolidated the Fairfield V. ASB Adversary Proceeding with other adversary actions brought by the Fairfield Liquidator against former investors in Fairfield Sentry.

Similar to the Madoff Trustee litigation described above, the Fairfield V. ASB Adversary Proceeding and related adversary actions have been pending for many years. In October 2016, the Fairfield Liquidator filed a Motion for Leave to Amend (the Motion for Leave) various complaints, including the Fairfield Complaint. Certain defendants, including ASB, filed a motion to dismiss (the Motion to Dismiss) and a consolidated memorandum of law (i) in opposition to the Motion for Leave and (ii) in support of the Motion to Dismiss. In December 2018, the Bankruptcy Court entered a memorandum decision granting in part and denying in part the Motion to Dismiss and the Motion for Leave (the Memorandum Decision). In March 2019, the Fairfield Liquidator submitted a form of a stipulated

order dismissing the adversary proceeding against ASB (the Dismissal Order), as directed by the Bankruptcy Court, but filed notices of appeal, including of the dismissal of the claims asserted against ASB and other defendants, in May 2019. The appeal remains pending.

The management believes that ASB has defenses against the Fairfield Liquidator's claims alleged in the Amended Complaint and the Fairfield Liquidator's appeal.

iii) Government Investigations -

The former Chairman and the current Vice Chairman of the Board of Directors of Credicorp, in their respective capacities as Chairman of the Board and as a director of BCP Stand-alone, were summoned as witnesses by Peruvian prosecutors, along with 26 other Peruvian business leaders, to testify in connection with a judicial investigation that is being carried out regarding contributions made to the electoral campaign of a political party in the 2011 Peruvian presidential elections. Our former Chairman testified on November 18, 2019, and our Vice Chairman testified on December 9, 2019. The former Chairman informed prosecutors that in 2010 and 2011 Credicorp made donations totaling US\$3.65 million to the Fujimori 2011 campaign (in total amounts of US\$1.7 million in 2010 and US\$1.95 million in 2011). These contributions were made in coordination with the General Manager of Credicorp at that time. While the amount of these contributions exceeded the limits then permitted under Peruvian electoral law, the law in place at that time provided no sanction for contributors, and instead only for the recipient of the campaign contribution.

In addition, the former Chairman informed prosecutors that in 2016, three subsidiaries of Credicorp (BCP Stand-alone, MiBanco and Grupo Pacifico) made donations totaling S/711,000 (approximately US\$200,000) to the Peruanos Por el Kambio campaign. These contributions were made in compliance both with Peruvian electoral law and with Credicorp's own political contributions guidelines, adopted in 2015. These guidelines provided details on the procedures for obtaining approval for contributions and outlined the specific required conditions for transparent contributions.

The Peruvian Superintendencia del Mercado de Valores ('SMV' for its Spanish acronym) has initiated a sanctioning process against Credicorp, for not having disclosed to the market, in due course, the contributions made to political campaigns in the years 2011 and 2016. The Peruvian Superintendencia del Mercado de Valores (SMV) also has initiated a sanctioning process against three subsidiaries of Credicorp (BCP Stand-alone, MiBanco and Grupo Pacifico), for not having disclosed to the market, in due course, the contributions made to political campaigns in connection with the 2016 presidential elections. The SMV has recently notified Credicorp, BCP, MiBanco and Grupo Pacifico with first instance Resolutions on these proceedings. The mentioned Resolutions imposed pecuniary sanctions (fines) on Credicorp and the three subsidiaries as a consequence of these sanctioning processes. Credicorp, BCP, MiBanco and Grupo Pacifico have appealed the Resolutions.

Credicorp believes that neither the contributions disclosed by our former Chairman and the current Vice Chairman in 2019 nor the related SMV sanctioning processes pose a significant risk of material liability to the Company. Furthermore, Credicorp does not believe that either will have material effect on the Company's business, financial position or profitability.

36 EVENTS OCURRED AFTER THE REPORT PERIOD

From July 1, 2021 until the date of this report, no significant event of a financial-accounting nature has occurred which affects the interpretation of the interim condensed consolidated financial statements, except for the following:

Merger by absorption between ASB Bank Corp. and Atlantic Security Bank –

At the General Shareholders' Meeting - Extraordinary Meeting held on November 27, 2020, the shareholders of ASB Bank Corp. approved the legal merger of Atlantic Security Bank. This operation was authorized by the Superintendency of Banks of Panama through Resolution SBP-033-2021 of April 09, 2021. Also, on August 02, 2021, ASB Bank Corp. (absorbing entity) acquired all the assets, liabilities, rights and obligations of Atlantic Security Bank (absorbed entity).

This transaction has not generated a significant impact on the Group's interim condensed consolidated financial statements.