

CREDICORP 

Earnings Conference Call 2Q 2020



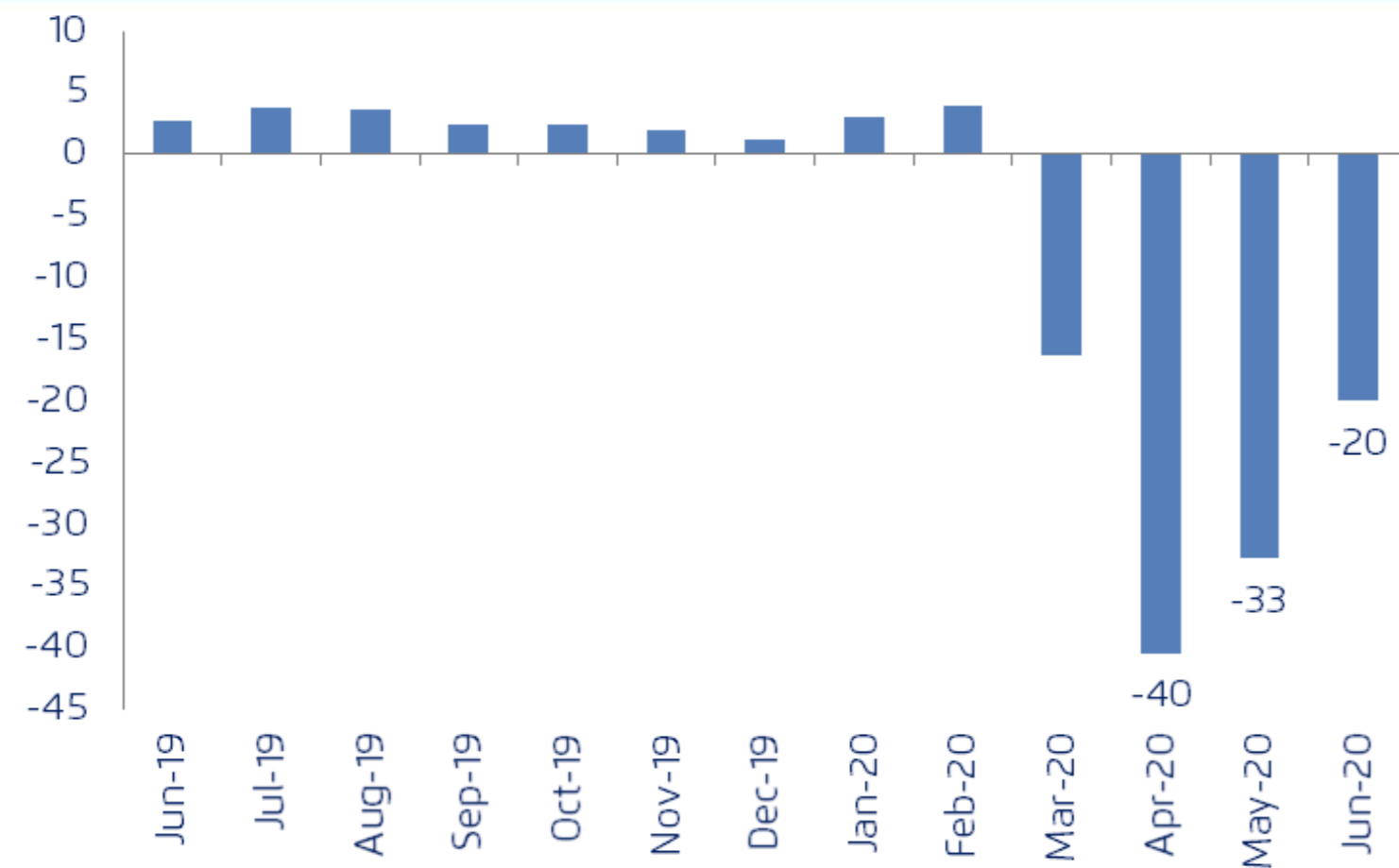
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COVID-19 Update

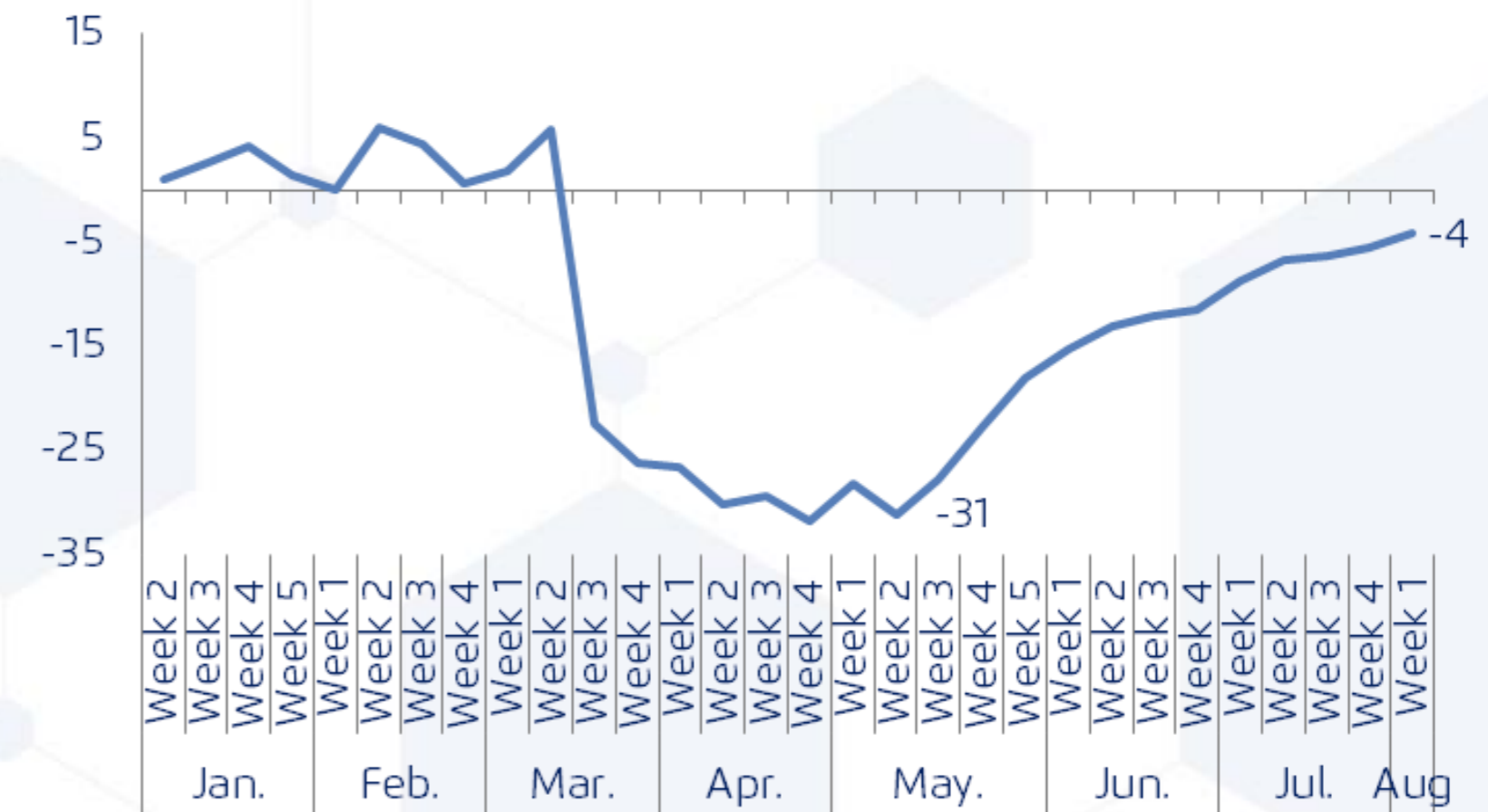


Peru's economy took a hit but there are already clear signs of economic reactivation

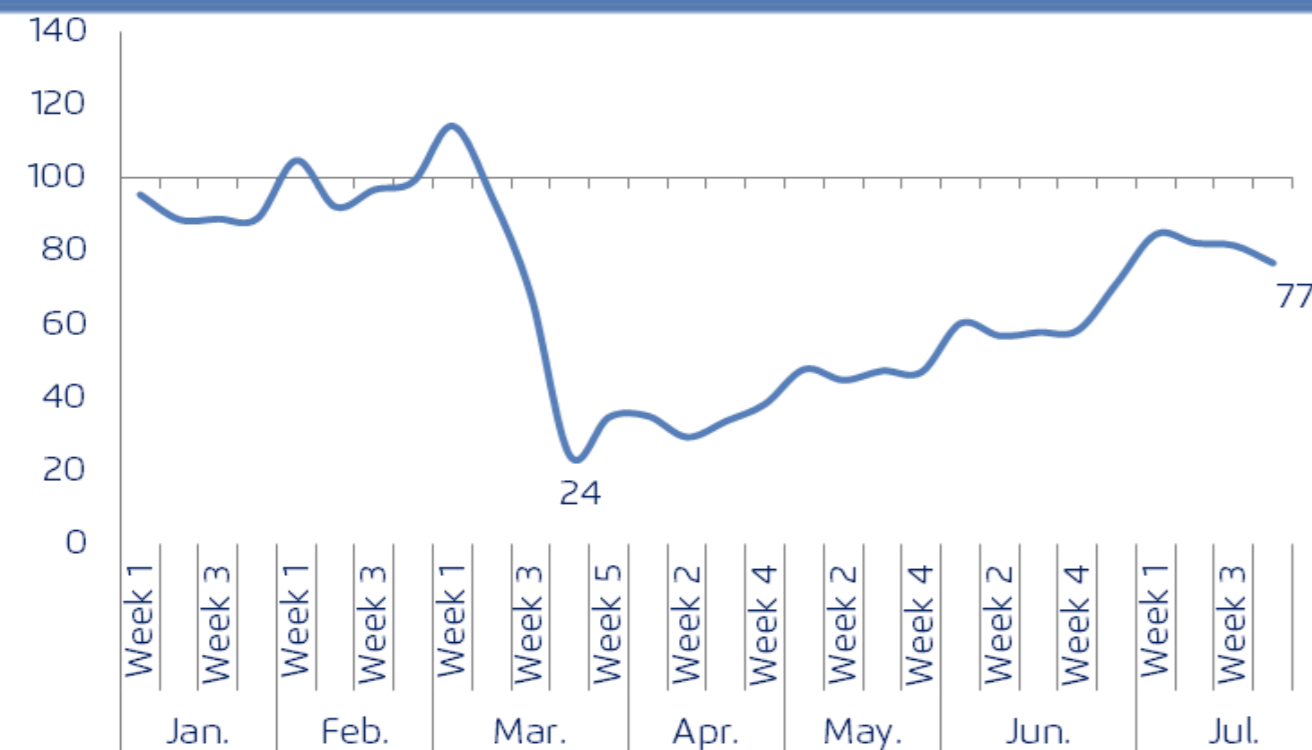
Economic activity (% YoY change) ⁽¹⁾



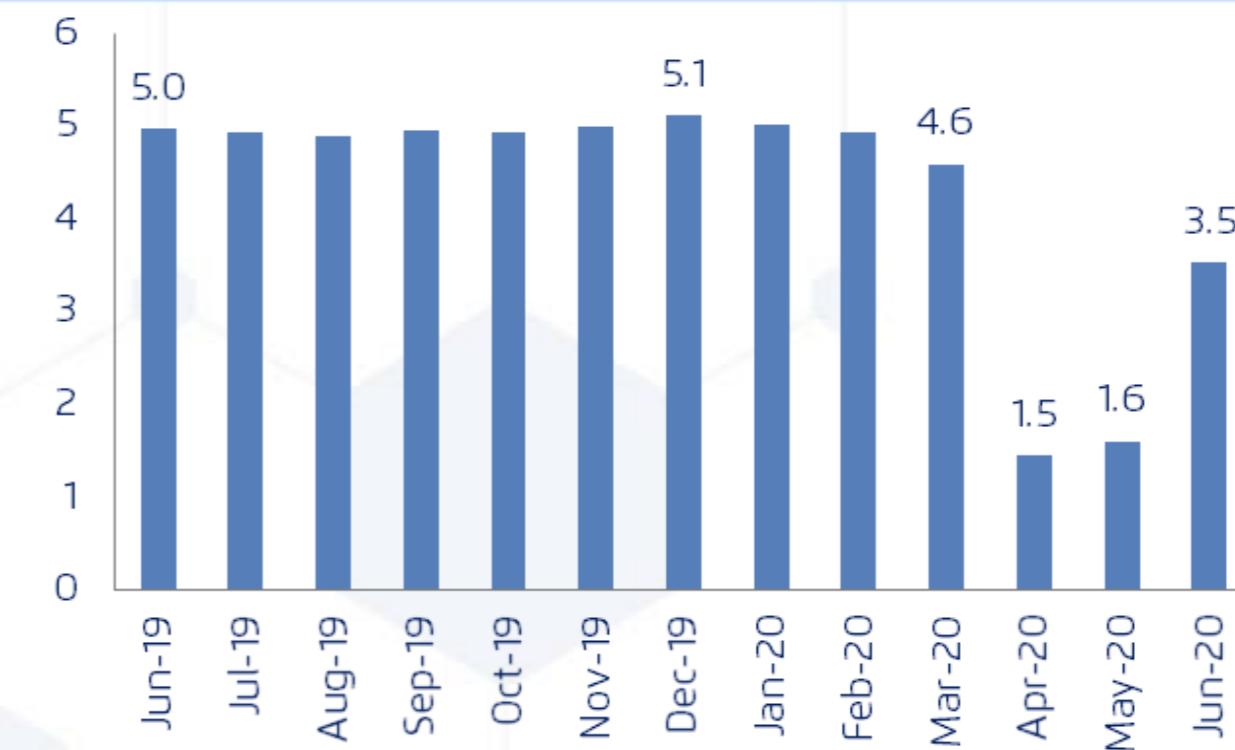
Electric Energy Demand (% YoY weekly change) ⁽²⁾



Household Consumption Index ⁽³⁾



Occupied EAP in Lima (millions of workers) ⁽⁴⁾



(1) Source: INEI. April and May are actual data, and June is an estimate from Economic Research – BCP.

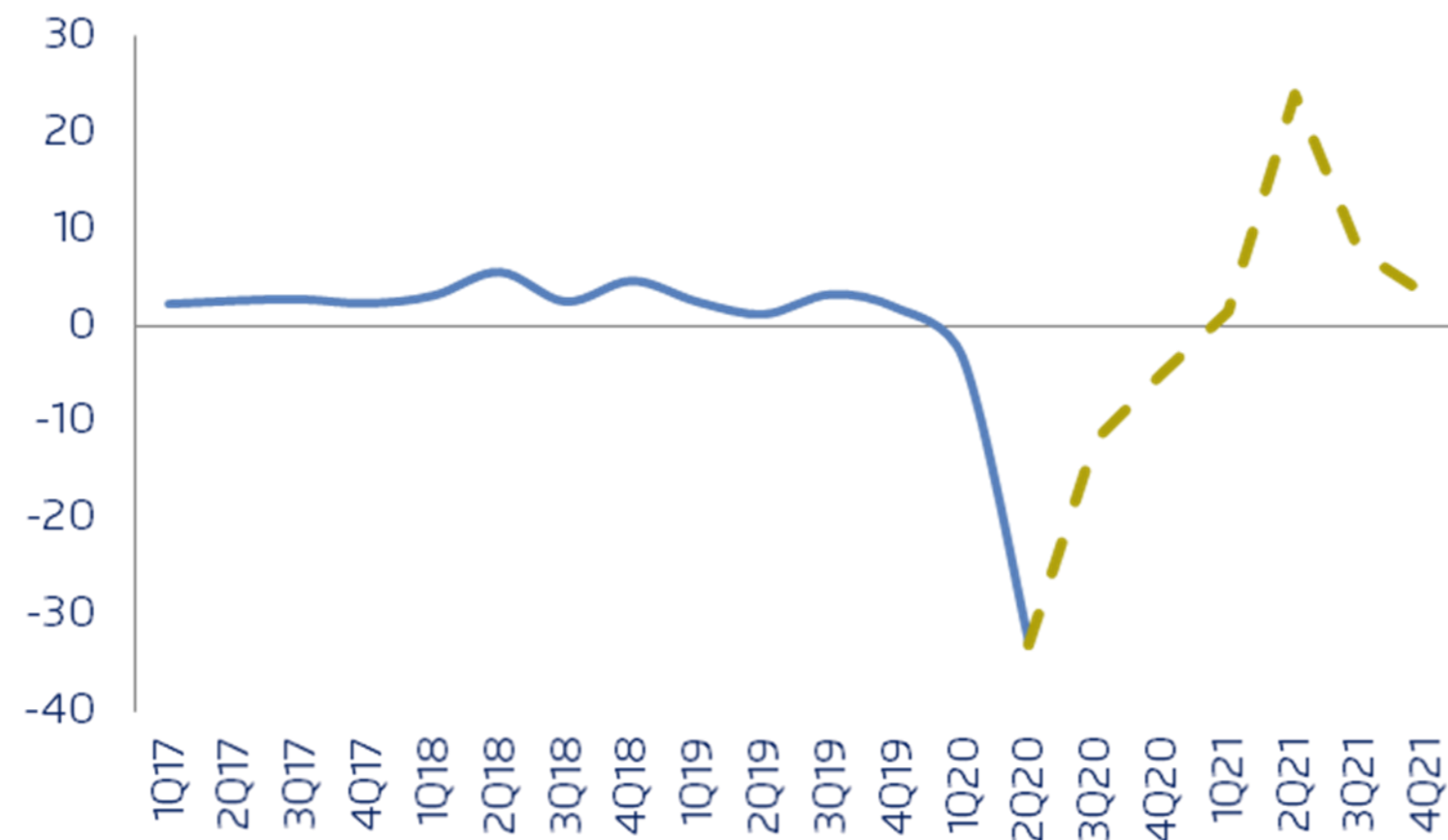
(2) Source: COES. Data as of August 2nd.

(3) Source: BCP, Economic Research – BCP. Considers BCP's debit and credit card transactions (monetary) and non-monetary variables.

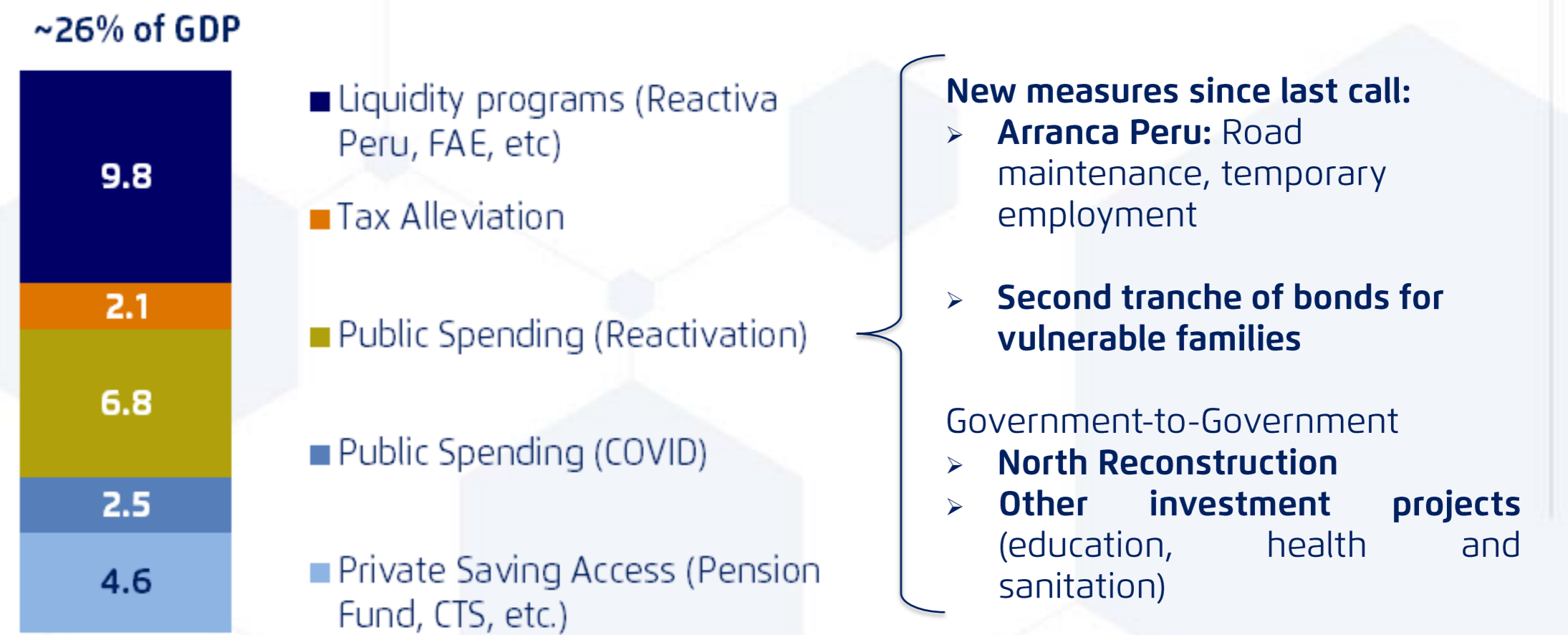
(4) Source: INEI

Our macroeconomic fundamentals will provide key support for an economic rebound

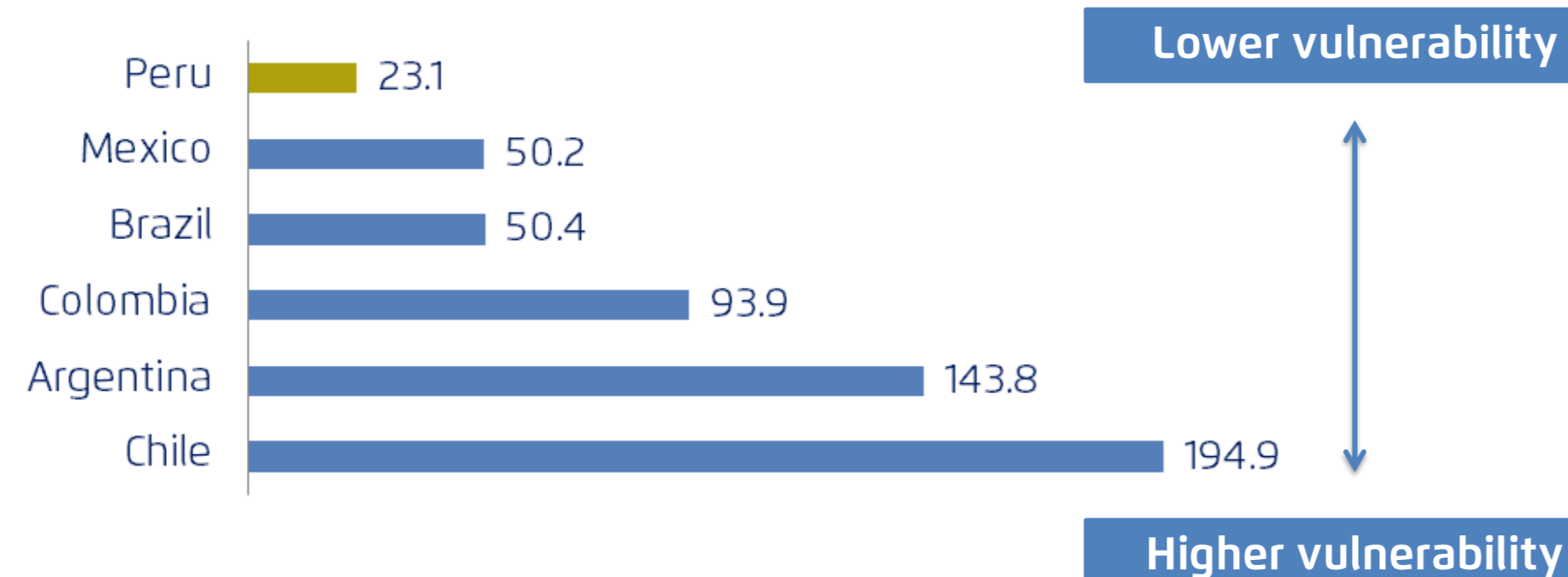
Peru's GDP growth (% change YoY) ⁽¹⁾



Economic measures (% of GDP) ⁽²⁾



External financial vulnerability indicator ⁽³⁾



GDP growth in LatAm countries (% change) ⁽⁴⁾

Country	2020 Expected growth	2021 Expected growth
Peru	-11.0 – -15.0	6.0 – 10.0
Argentina	-11.0	5.2
Chile	-7.0	5.0
Colombia	-7.0	4.8
Bolivia	-4.5	3.8
Brazil	-6.7	3.7
Mexico	-8.5	3.3

(1) Source: BCRP, Economic Research - BCP.

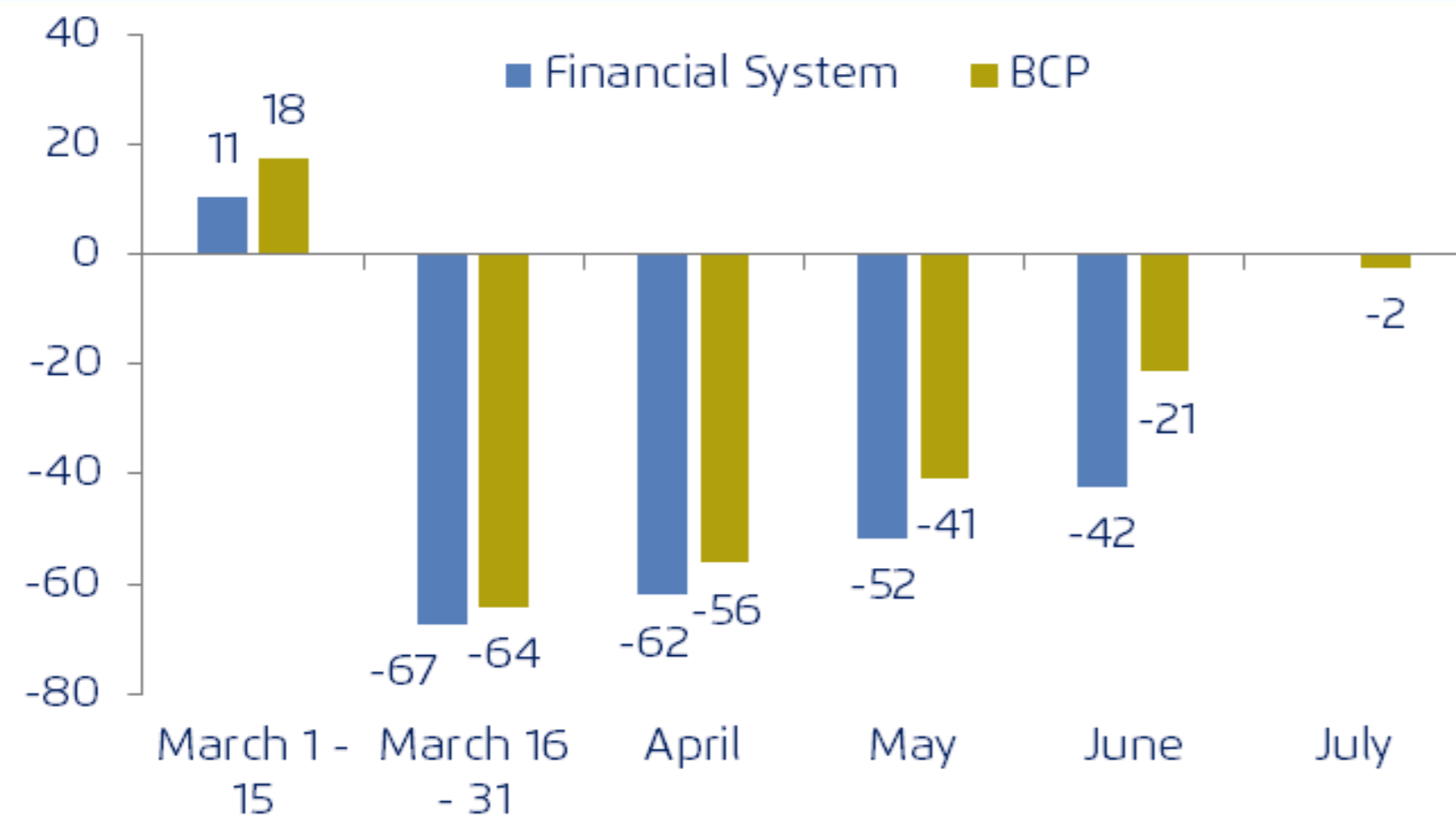
(2) Source: Ministry of Finance, El Peruano, Congress. Public Spending for Reactivation includes recently announced measures, while Public Spending for COVID includes monetary transfers, emergency services, among others.

(3) Source: Moody's, BCRP. Peru as of Jun-20 and the rest as of end-2019.

(4) Source: Latinfocus (Jul-20), Credicorp Capital, Economic Research - BCP

On-going recovery with ample liquidity

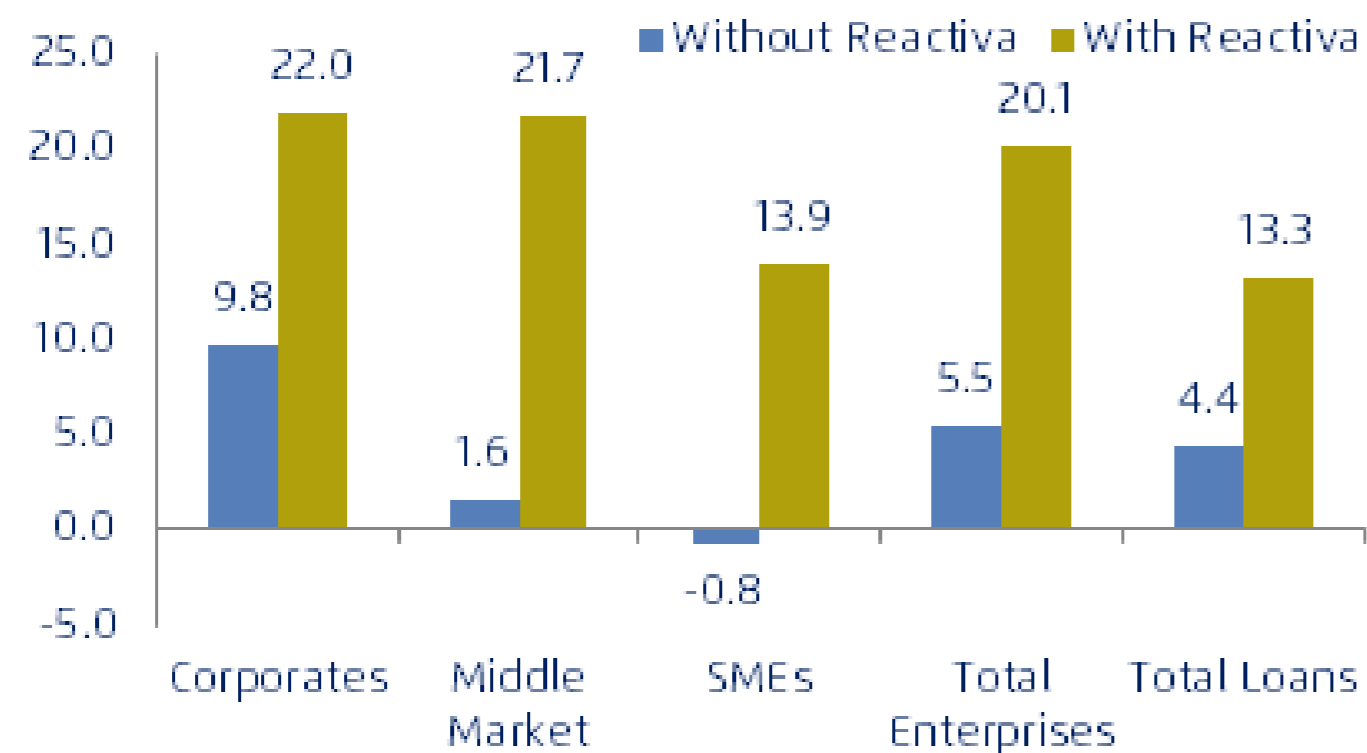
Debit and Credit Card Transactions (value, % change YoY) ⁽¹⁾



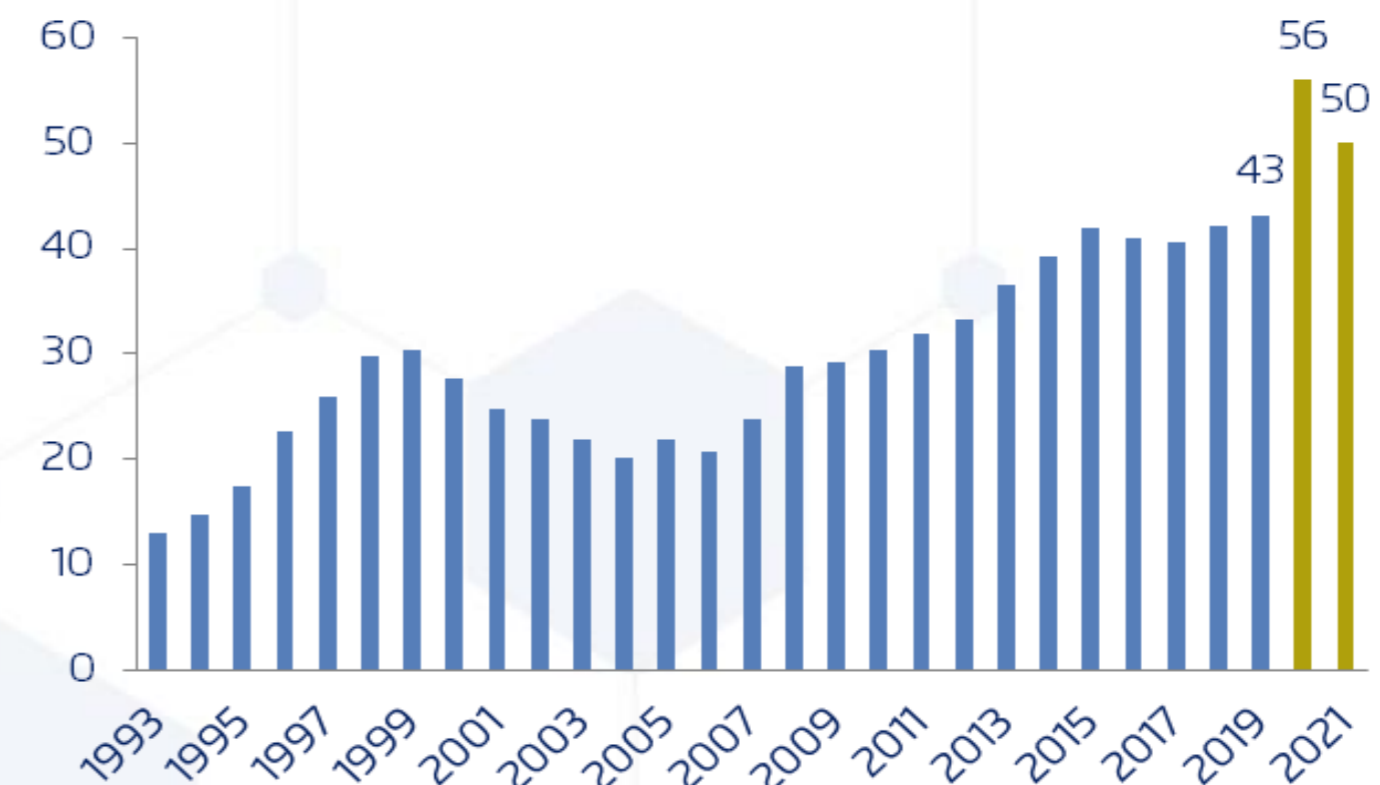
Banking System Liquidity (PEN millions) ⁽²⁾



Business loans in June (% change YoY) ⁽³⁾



Private sector loans (% of GDP) ⁽³⁾



(1) Source: BCRP, BCP. As of July 29th.

(2) Source: BCRP.

(3) Source: BCRP. Foreign currency loans valued at a constant exchange rate.

COVID-19 Update: Credicorp response

We continue contributing to the recovery by supporting our employees, clients and communities

Employees



- ◆ **Full medical coverage** for employees who have contracted COVID-19.
- ◆ **Bio-security protocols** to ensure health
- ◆ **Performance indicators at the branch level** balances quality service, loan portfolio management and sales
- ◆ **95% of office support** functions will work **remotely** for the rest of 2020

Clients



- ◆ Structural debt **reprogramming** and extension **facilities**
- ◆ **Fee waivers** for transfers extended until July 20
- ◆ **Free marketing and promotions for SMEs clients** through Credicorp digital channels to boost recovery
- ◆ **Financial education campaigns**
- ◆ **Pacifico's health insurance** clients have 100% **coverage** for **COVID-19**

Business Continuity



- ◆ Effectively **implemented home-office** in each LoB
- ◆ Executed **physical and cyber security** measures
- ◆ **Enhanced digital capabilities** to support a significant uptick in **demand through alternative channels**
- ◆ **Activated contingency plan to ensure liquidity and solvency** across our LoBs

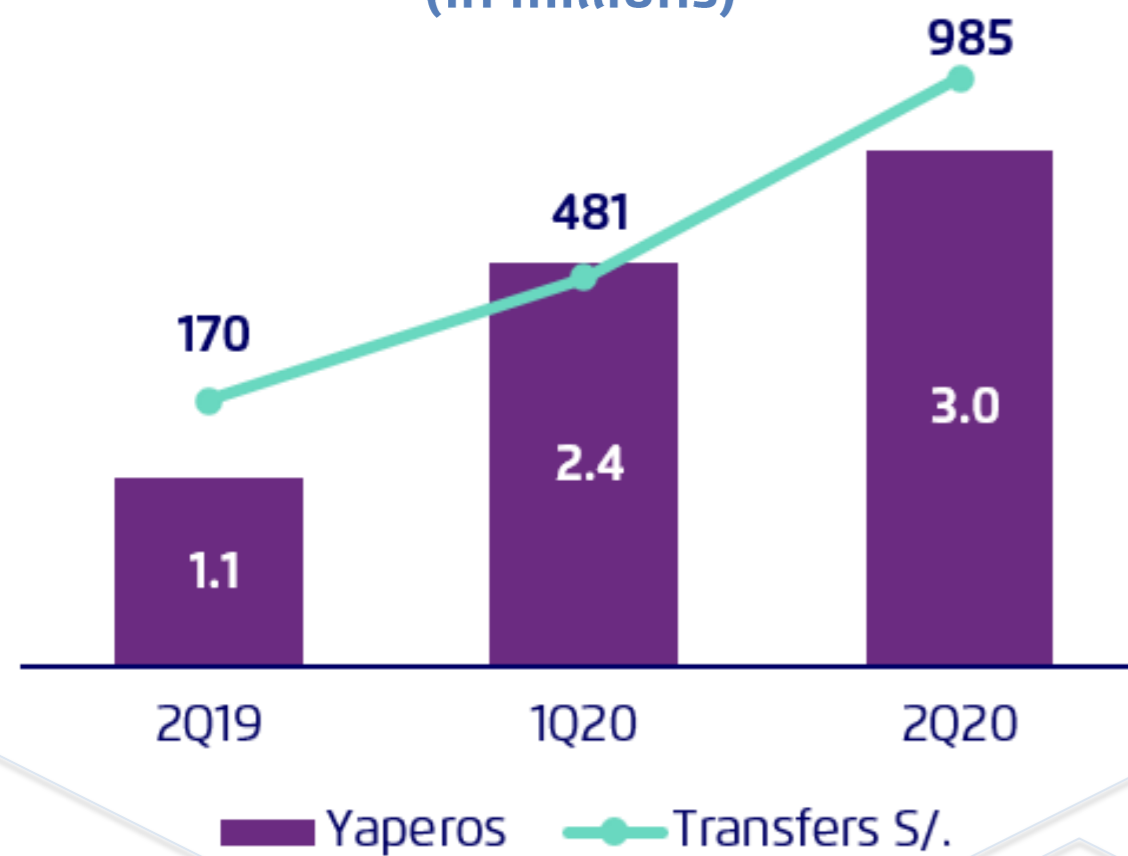
Social



- ◆ **Over 95% of donations delivered** to vulnerable families
- ◆ **Supporting the Health Ministry** by defining, along with the private health sector, flat-rate hospitalization services for COVID-19 patients with public health coverage
- ◆ In addition to **the S/ 135MM donations** collected by "Yo me sumo" campaign last quarter, **Credicorp Capital, Pacifico and Prima, donated S/ 4MM** to equip our health system with medicinal oxygen


COVID-19 Update: We are able to meet an uptick in digital needs

Yaperos⁽¹⁾ and Transfers (in millions)




Prima AFP

Queries & Requests
Digital Channels


Jan 20: 57%  Jun 20: 91%

Mibanco

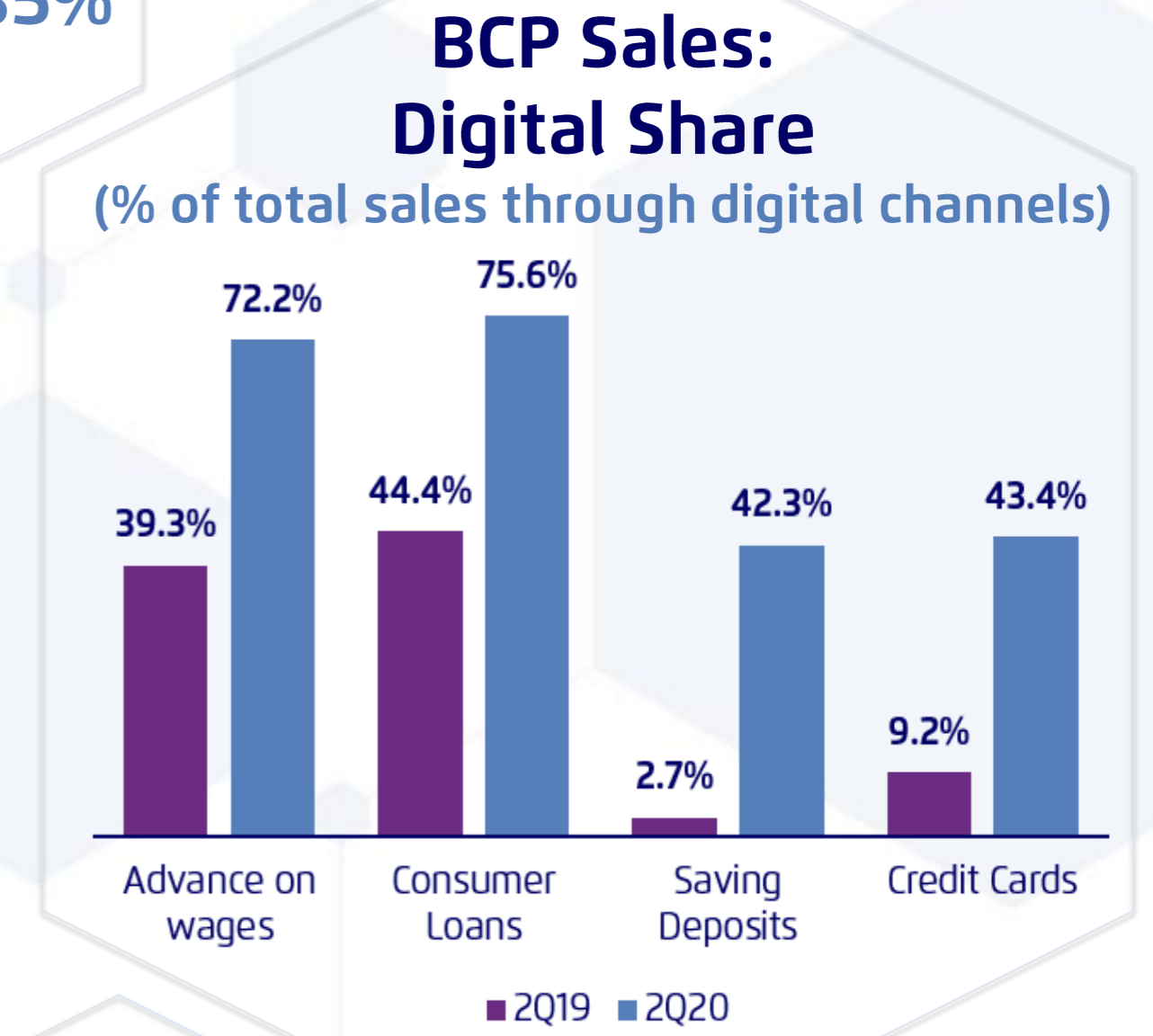
Loan Officers
URPI adoption

Jun 19: 43%  Jun 20: 85%

Digital Clients BCP⁽²⁾

2.6 million 35%  Jun 19

4.3 million 50% Jun 20



FX App

Vol. millions USD

Mar 20: 10  Jun 20: 100

BCP App

Transactions (millions)

Jun 19: 86  Jun 20: 172

Pacifico App

Self-serve transactions

2Q19: 5%  2Q20: 54%

Agente BCP

2,100 trained digital educators



(1) Yaperos: Yape users, (2) Consumer Banking customers who conducts 50% of their monetary transactions online; or conducts 50% of their non-monetary transactions online; or buys products online in the last 12 months

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2Q20 Results

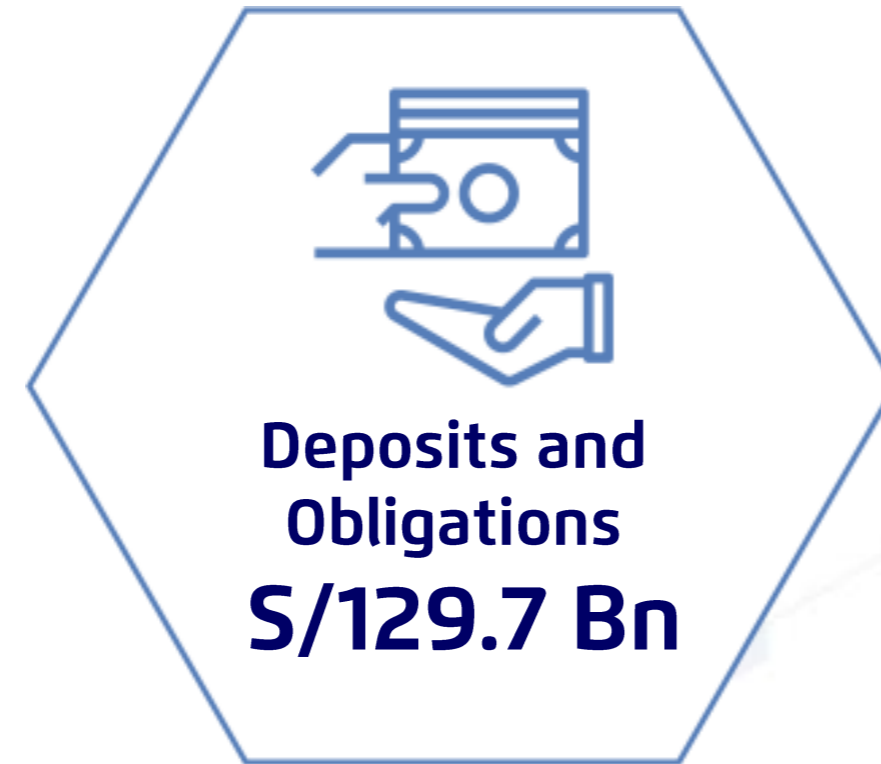


Credicorp's key financial 2Q20 highlights

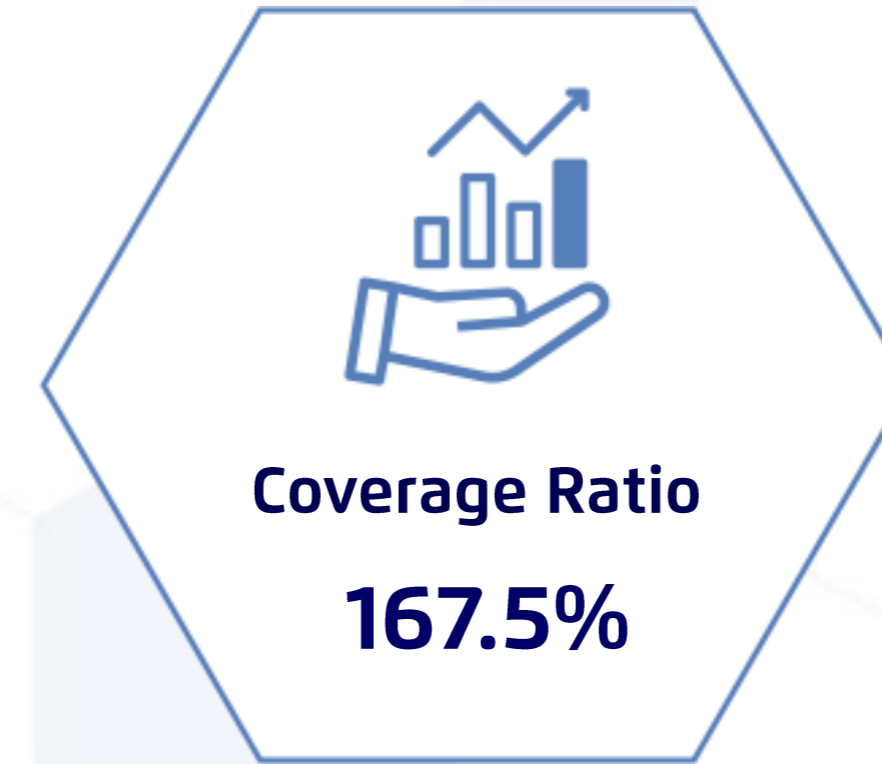
Results were heavily impacted, but the objective is to absorb the brunt of the crisis in 2020



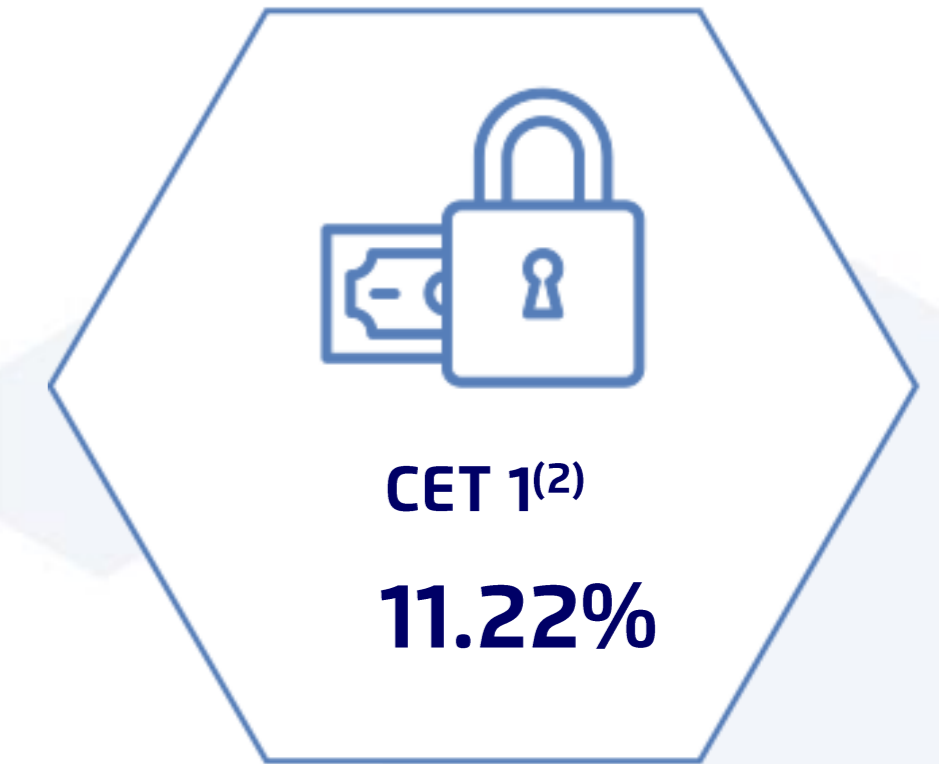
▲ +21.4% YoY
▲ +10.0% QoQ



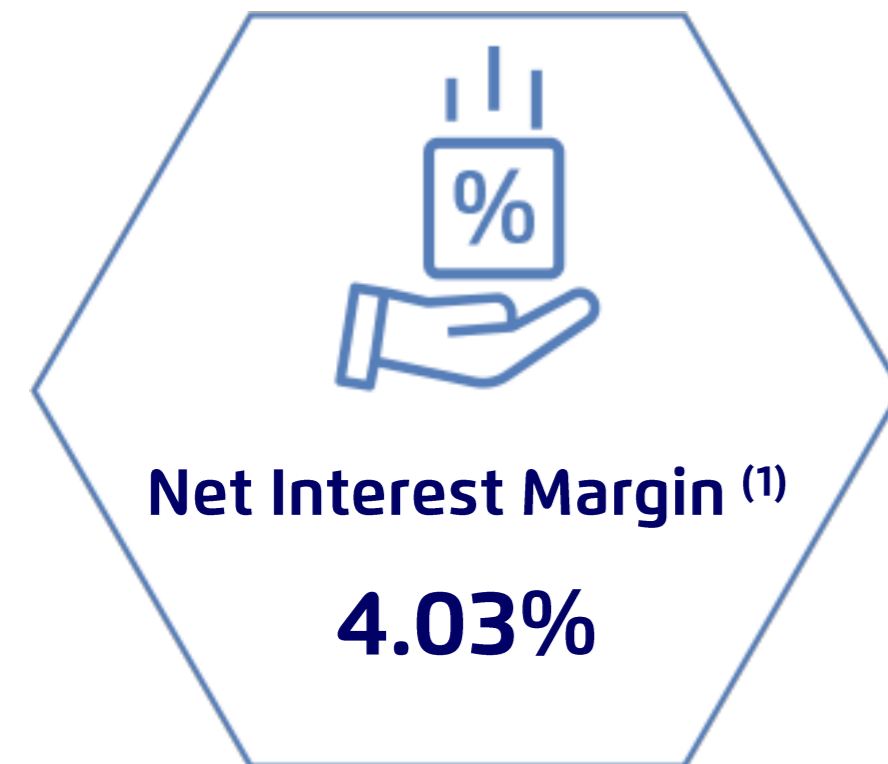
▲ +25.7% YoY
▲ +8.4% QoQ



▲ +59 pp YoY
▲ +41 pp QoQ



▼ -60 bps YoY
▼ -67 bps QoQ



▼ -140 pbs YoY
▼ -120 pbs QoQ
▼ -120 pbs YTD



▲ +6.0 pp YoY
▲ +3.2 pp QoQ
▲ +4.9% YTD



▼ -157% YoY
▼ -396% QoQ
▼ -119% YTD



▼ -28.7 pp YoY
▼ -14.1 pp QoQ
▼ -21.2 pp YTD

(1) Includes Government Programs, (2) BCP Stand-Alone CET 1



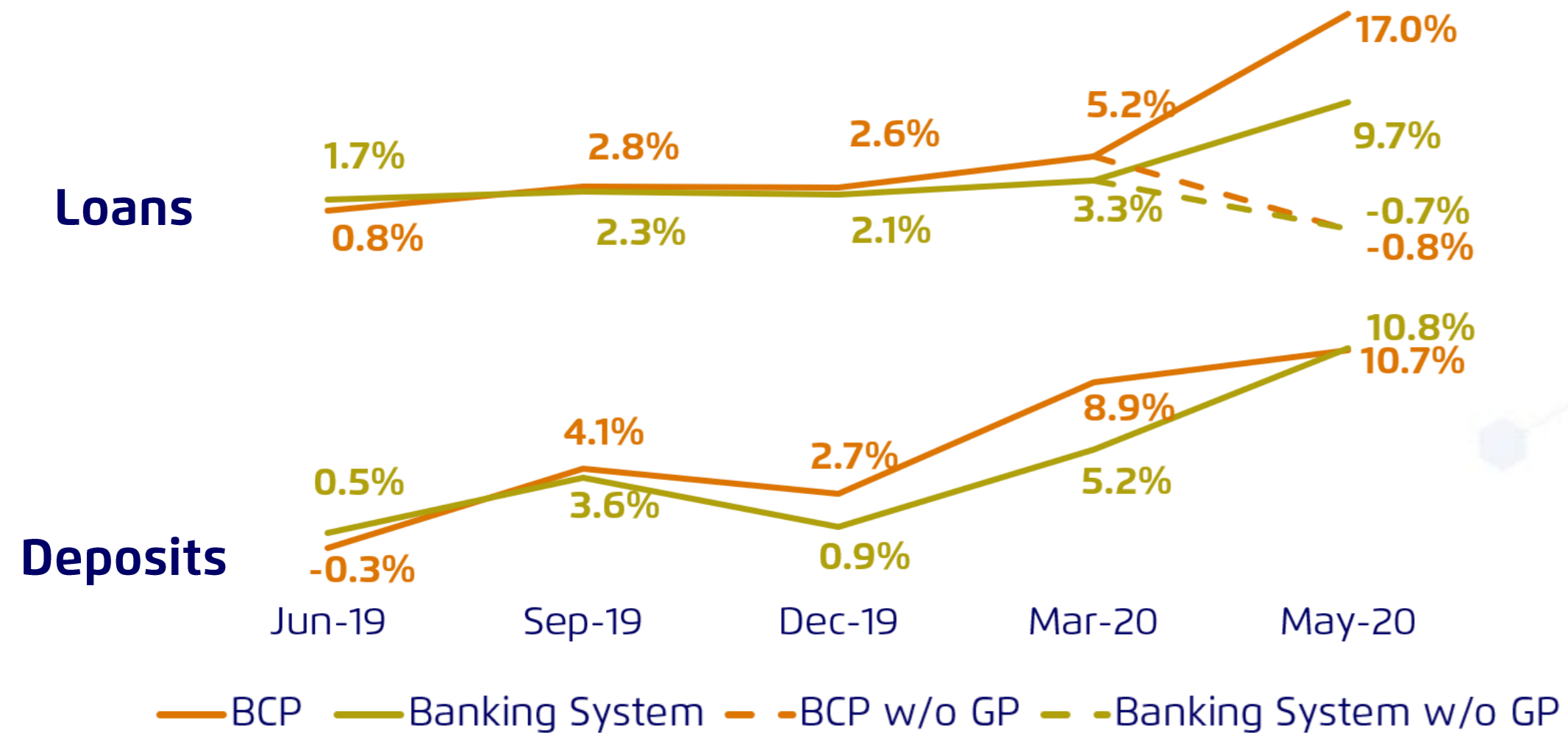
**Universal
Banking**

BCP Stand-Alone 2Q20 – Loan Portfolio and Deposit Base



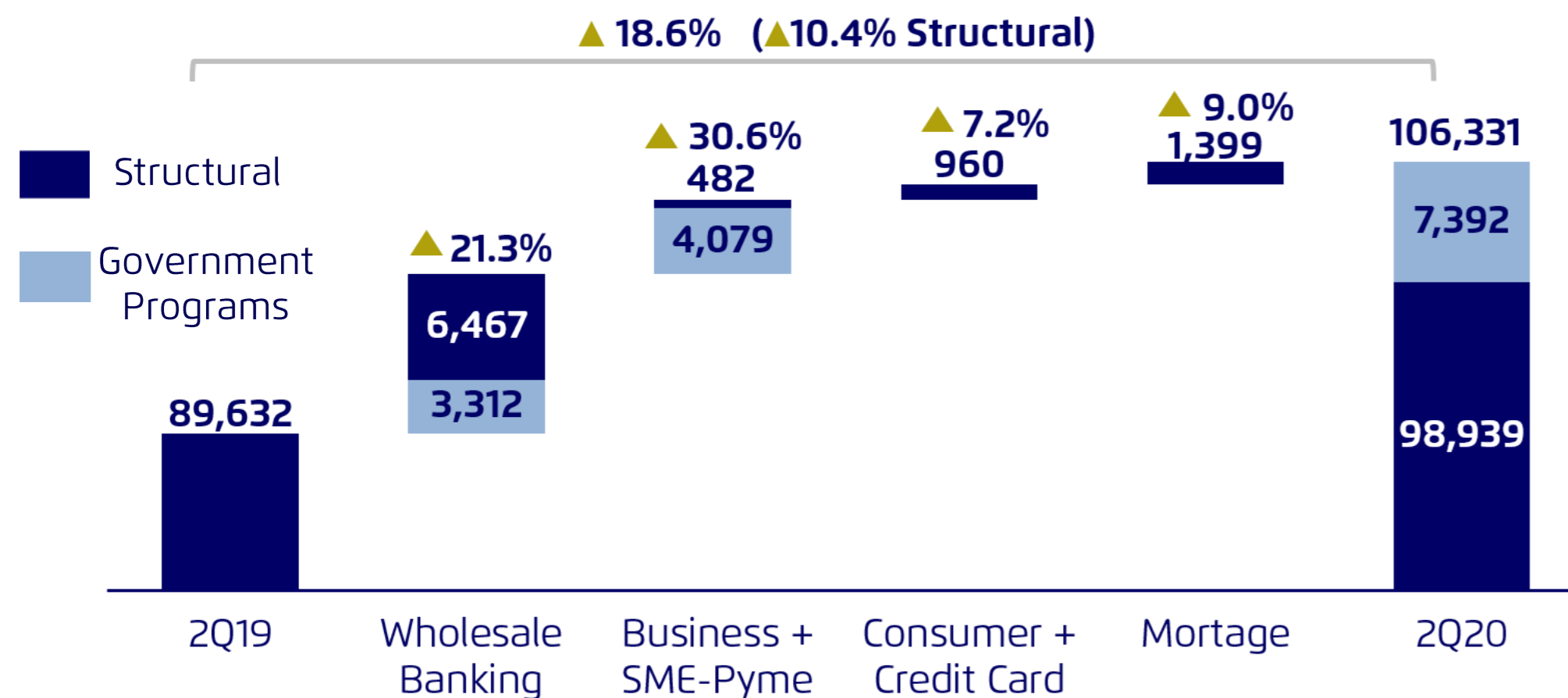
(1/4) (figures in \$/ million)

Loans and Deposits Growth

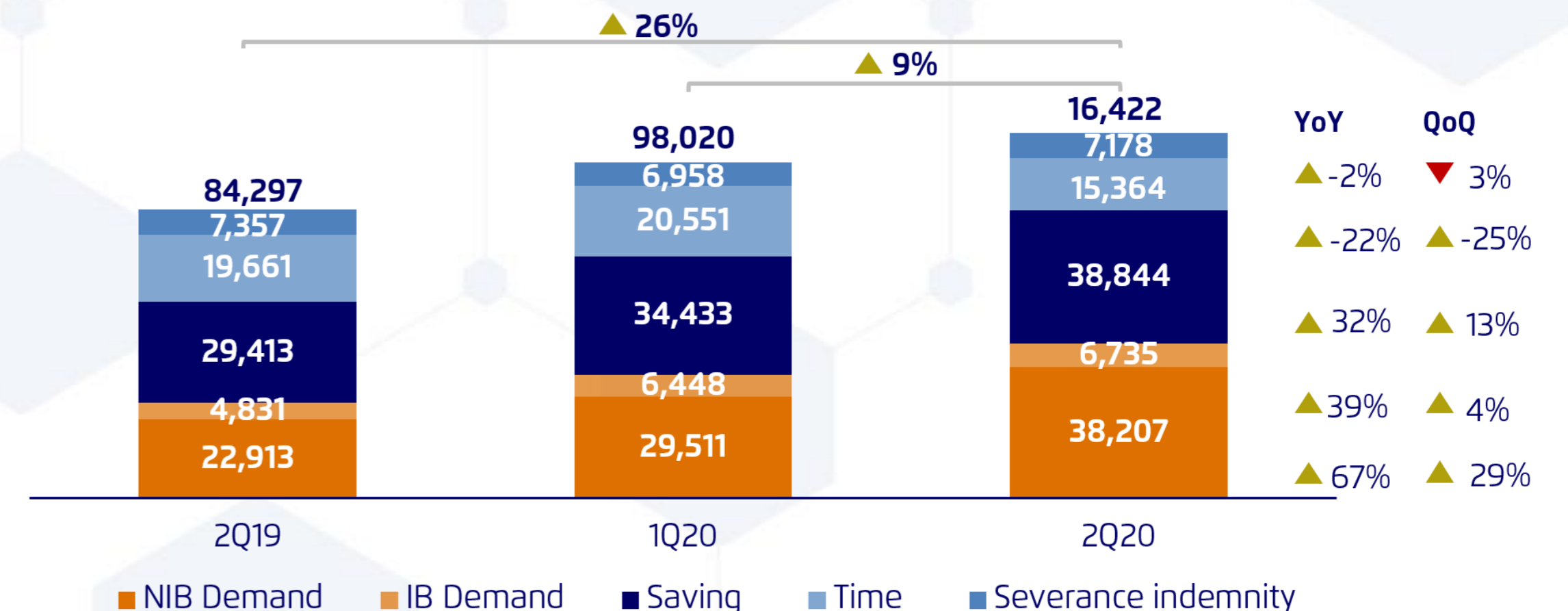


- ◆ Growth at BCP outpaced that reported by the banking system, which mainly reflects the impact of Reactiva or Government Programs (GP) loans. By the end of June, BCP had disbursed more than 40% of the first tranche of Reactiva GP
- ◆ The GP portfolio is mainly concentrated in the SME and Middle Market segments. Growth in the Structural portfolio was mainly seen in the Corporate segment.
- ◆ Quarter-end figures show that loan portfolio grew 24.3% YoY and 11.0% QoQ
- ◆ Deposits grew 26% YoY and the mix improved, led by an increase of 67% in non-interest-bearing demand deposits and 32% in saving deposits, and a consequent reduction of more expensive time deposits.

Loan portfolio in average daily balances



Deposit Base



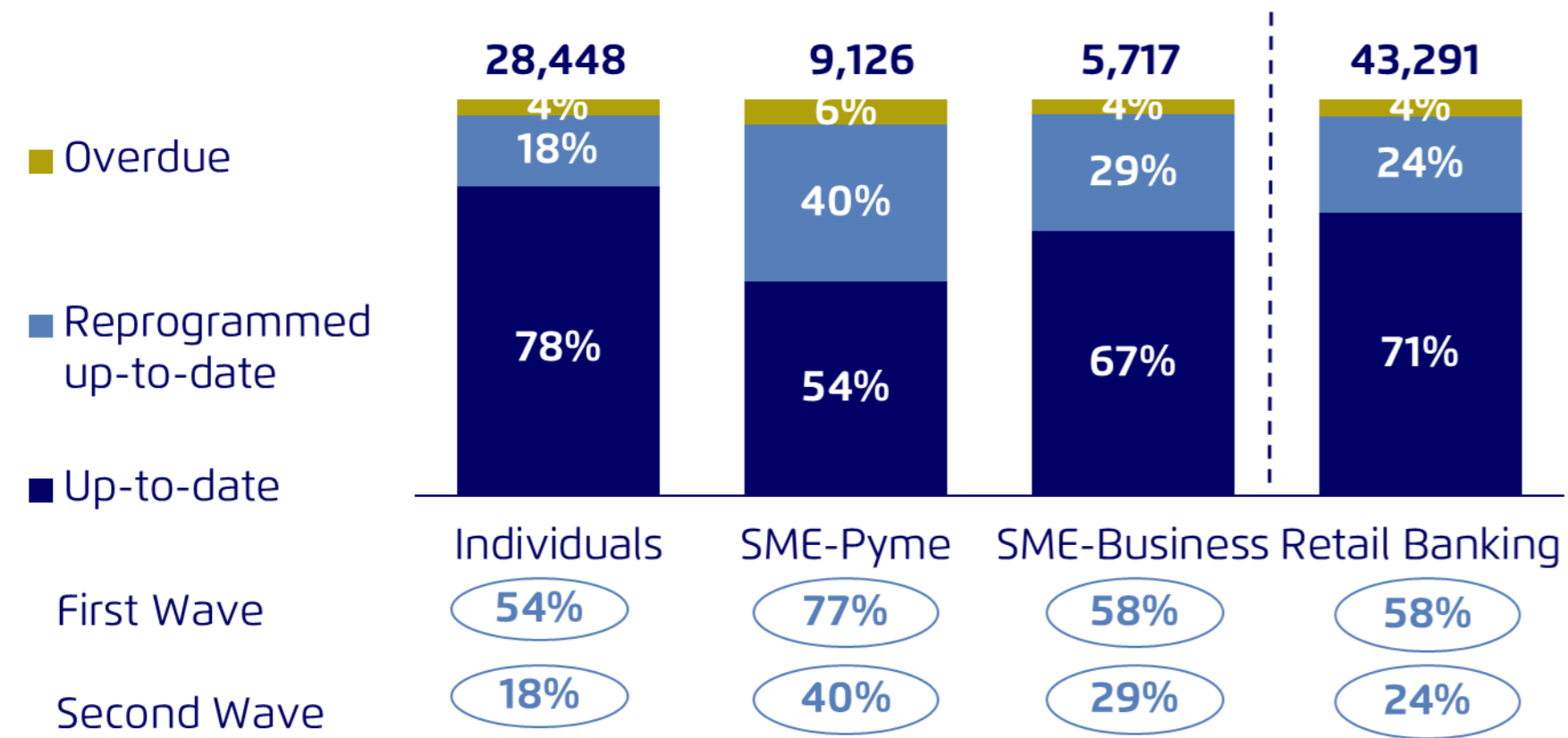
IB Demand: Interest Bearing Demand Deposits

NIB Demand: Non interest bearing demand deposits

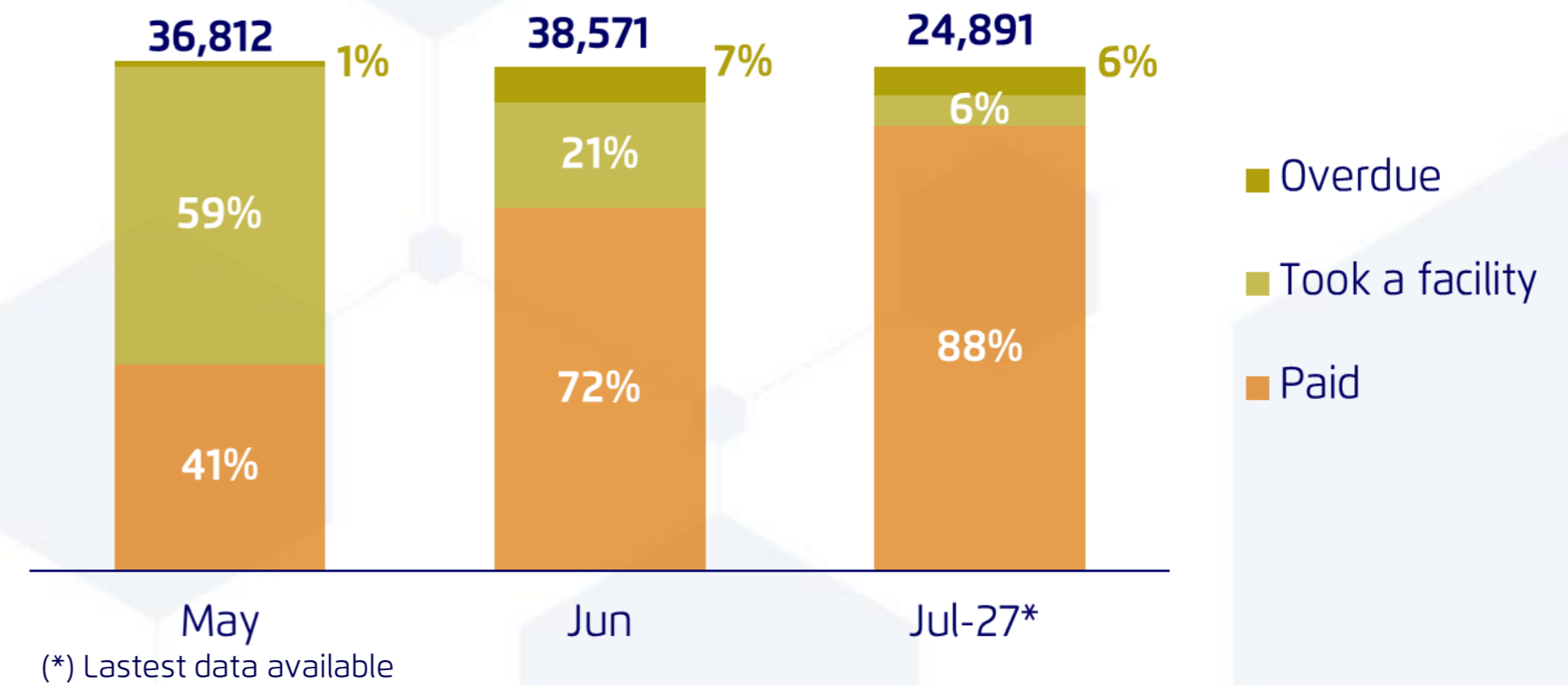
BCP Stand-Alone – Structural Loan Portfolio Profile

(2/4) (figures in \$/ million)

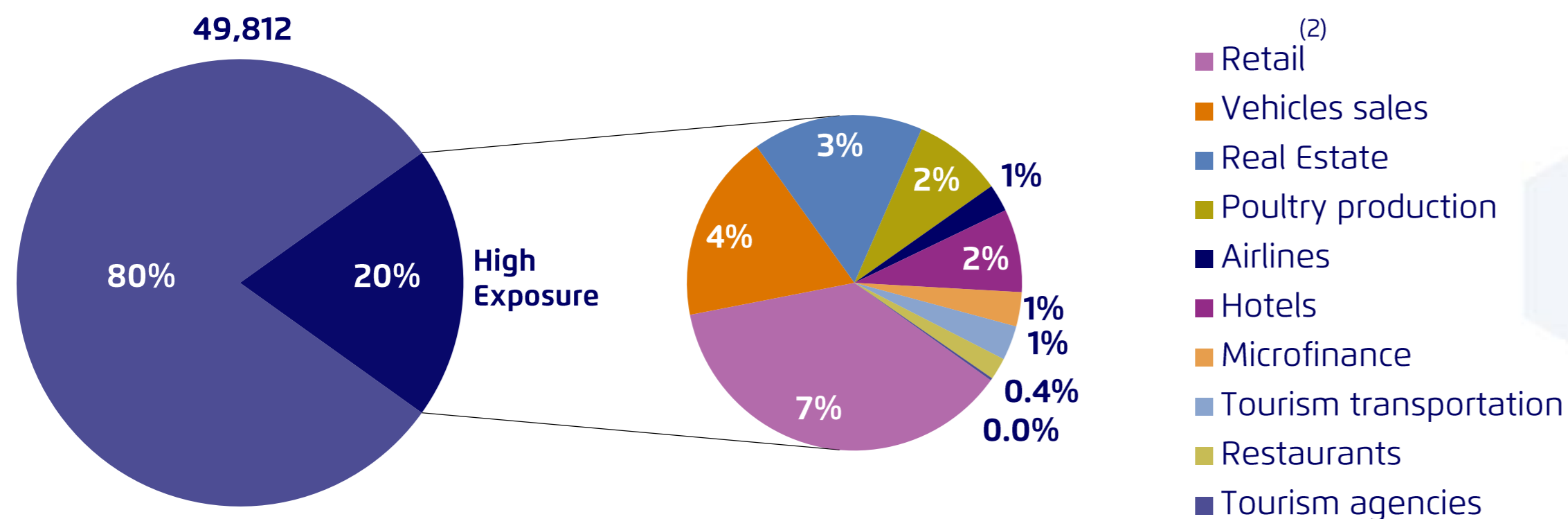
Retail Portfolio Reprogramming (1) (as of July 27th)



Retail Portfolio Due per Month (1)



Wholesale COVID-19 Direct Exposure by Economic Sector (as of Jun 30th)



Retail Banking portfolio management

- ◆ We have proactively engaged with clients to better understand their current situation and structural financial needs
- ◆ As of July 27th, About 24% of the retail loan portfolio had been reprogrammed.
- ◆ Evolution of installment payments due shows signs of recovery
- ◆ The financial health of the portfolio is still uncertain

Wholesale Banking Exposure to COVID-19 crisis

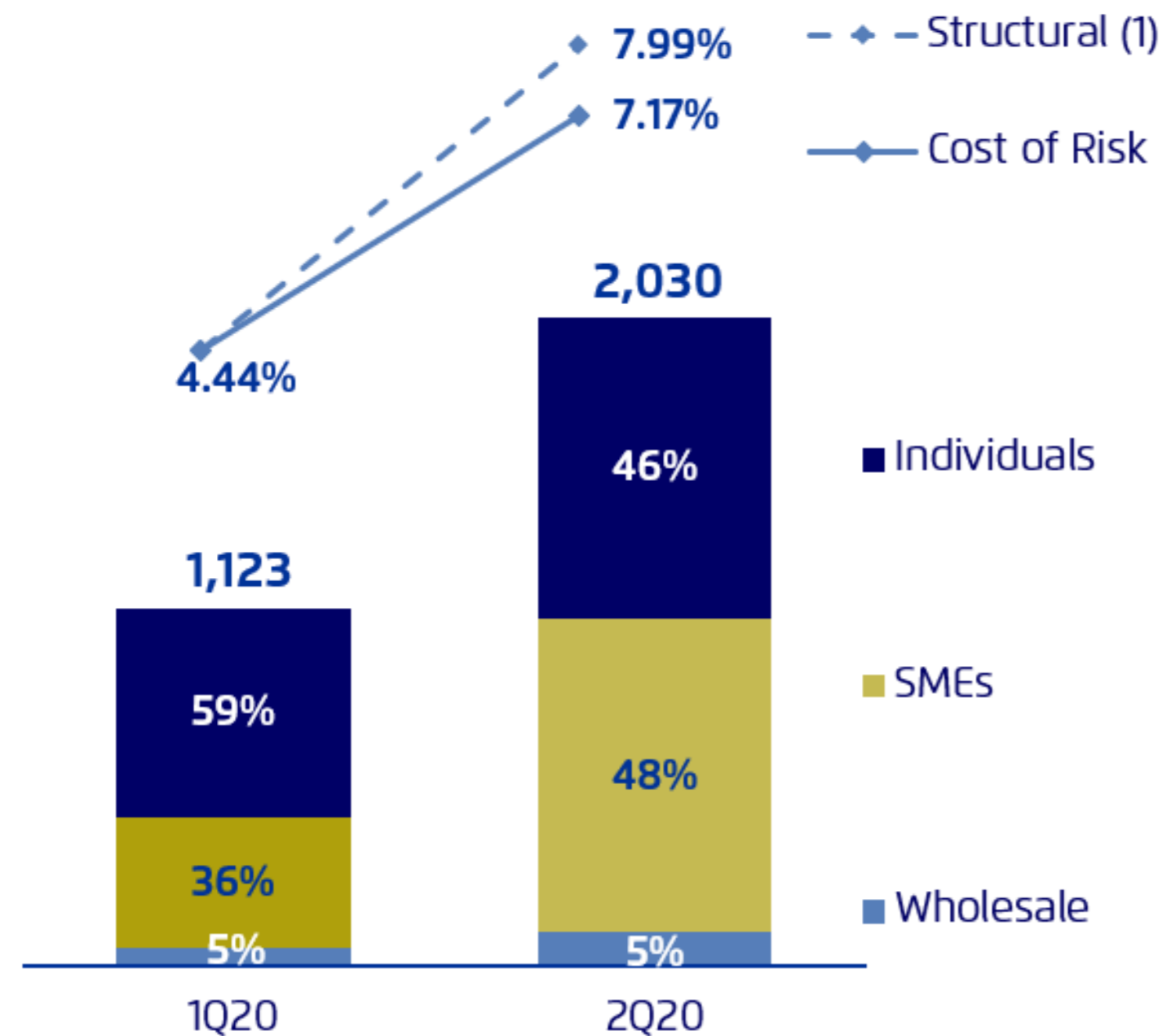
- ◆ Management of the portfolio on a case-by-case basis
- ◆ 20% of the Wholesale portfolio is currently highly exposed. High exposure is led by Retail* sector clients

(1) Balances do not include GP loan portfolio, Special Accounts portfolio, portfolio with more than 120 days past due or portfolio under legal collection.
 (2) Retail other than food, beverage and pharmaceutical

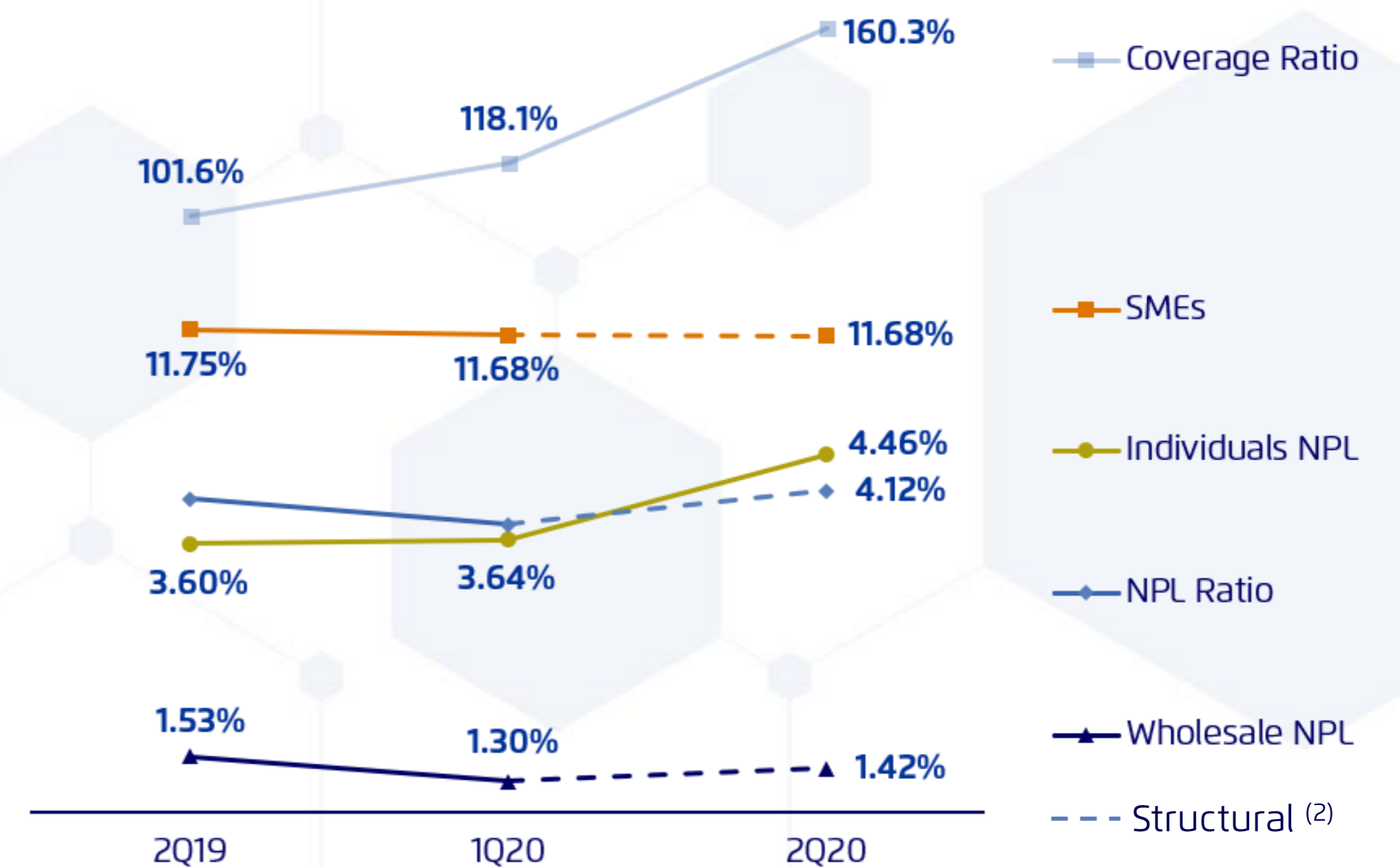
BCP Stand-Alone 2Q20 – Loan Portfolio Quality

(3/4) (figures in \$/ million)

BCP Gross Provisions and Cost of Risk



Asset Quality Ratios



◆ Provisions increased due to: (i) a deterioration in expectations for a contraction in GDP (ii) updated probability of default in each segment through client assessment

◆ Structural NPL ratio has increased mainly due to the deterioration in the individual segments given that clients who were delinquent prior to the lockdown were not eligible for the reprogramming facilities.

◆ NPL Coverage ratio improved, in line with the increase in provisions

(1) Structural Cost of Risk: Cost of Risk related to the Structural Loans. It excludes, in the numerator, provisions for credit losses on GP loans, and in the denominator the total amount of GP Loans.
 (2) Structural of Asset Quality Ratios: Asset Quality ratios related to the Structural Loans. They exclude the impact of GP Loans.

BCP Stand-Alone 2Q20 – Performance

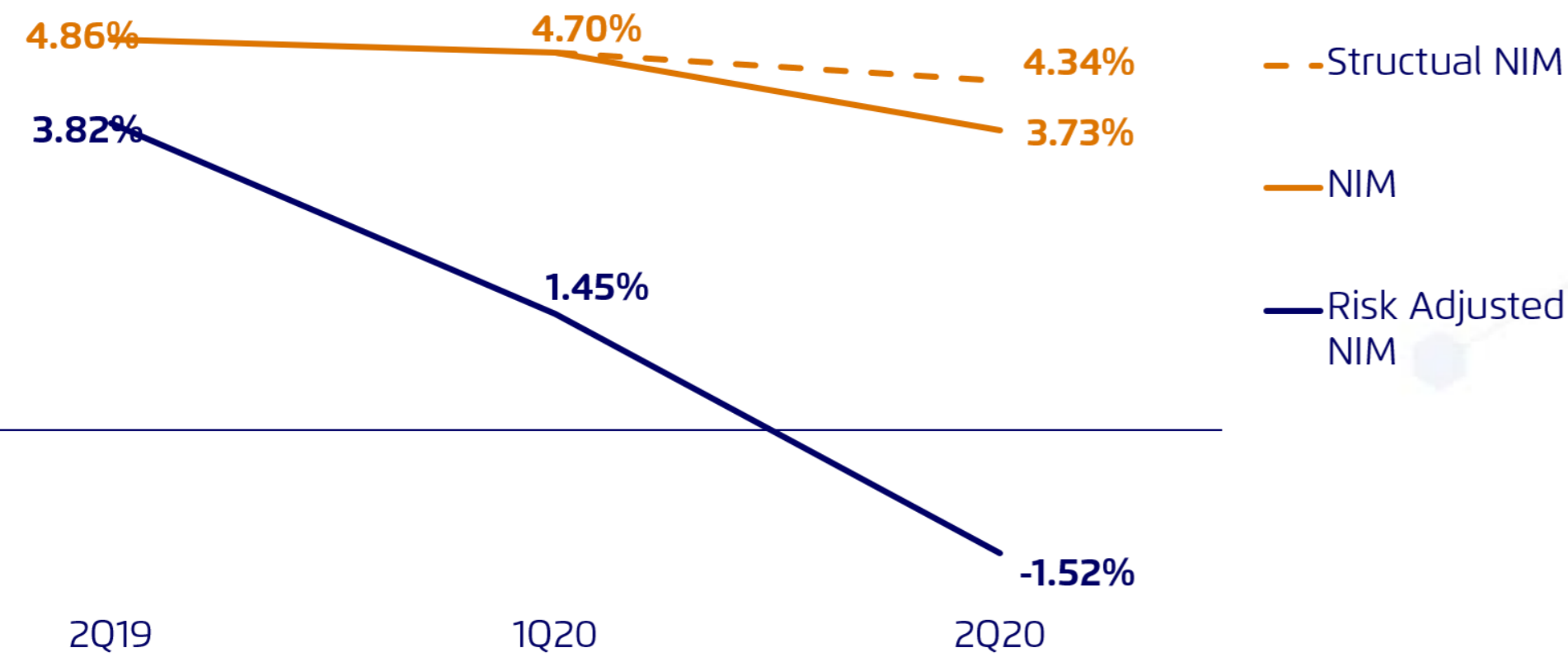
ROE (YTD)



(4/4) (figures in \$/ million)

-7.0%
(-28 pp)

NIM and Risk-Adjusted NIM



NIM is impacted by:

- ◆ The evolution of the loan portfolio: (i) one-off impairment charge related to zero-interest rate facilities, (ii) Reactiva loans granted at negligible margins (iii) Lower structural NIM, driven primarily by the loan mix as Corporate loans grew faster than Retail loans
- ◆ Greater liquidity at lower interest rates

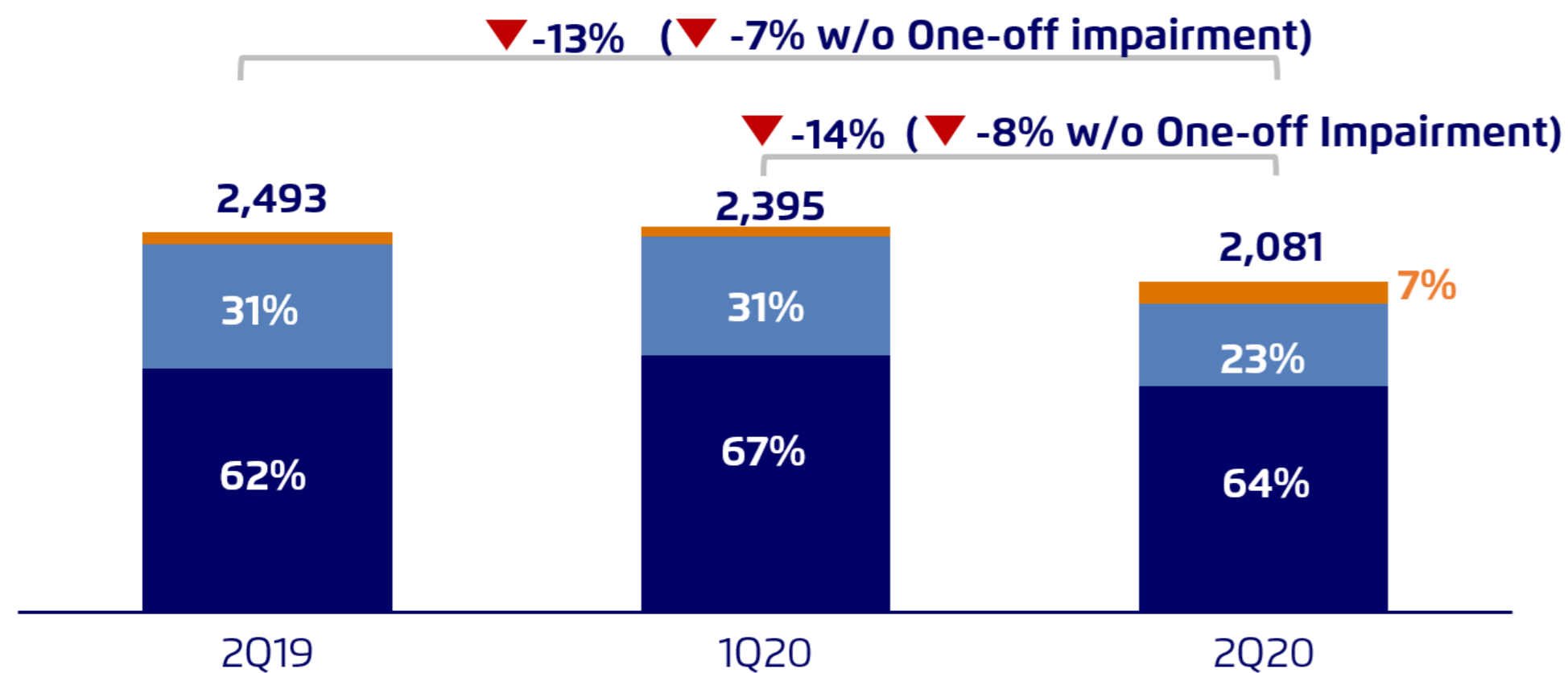
Non-Financial Income

- ◆ Core items declined 33% due to a decrease in activity during lockdown
- ◆ Net gain on securities expanded (\$/+ 100 million) due to sales of sovereign and government bonds

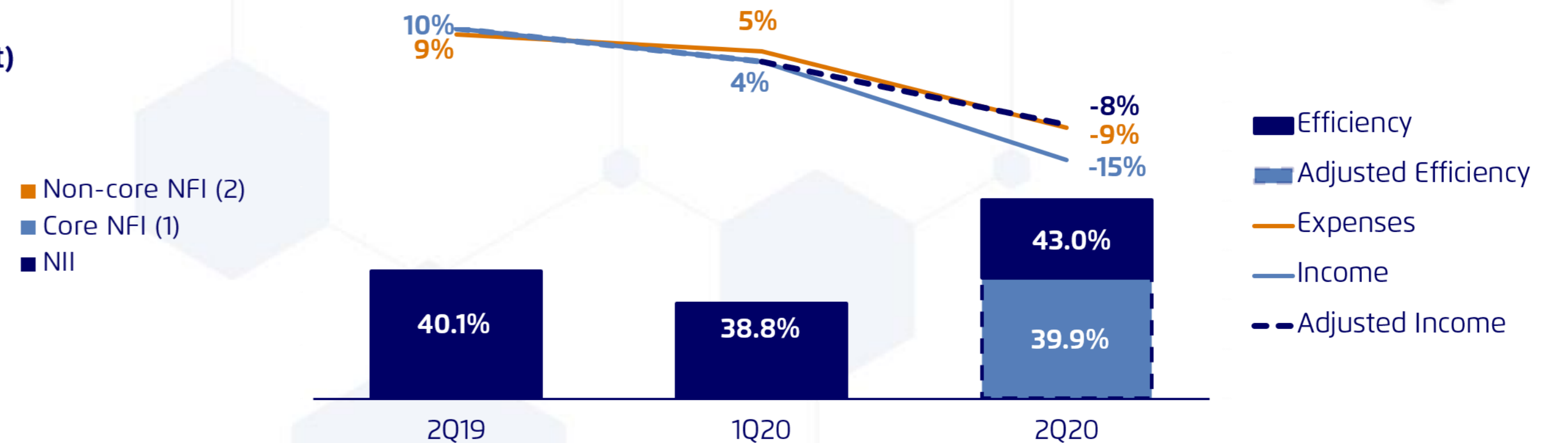
Expenses Management

- ◆ Opex decreased 9% year over year driven by cost control measures and a decrease in activity. This was in line with a contraction in adjusted income.
- ◆ One-off expenses related to COVID-19 are registered in Other expenses

Sources of Income



Efficiency and Operating Leverage



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

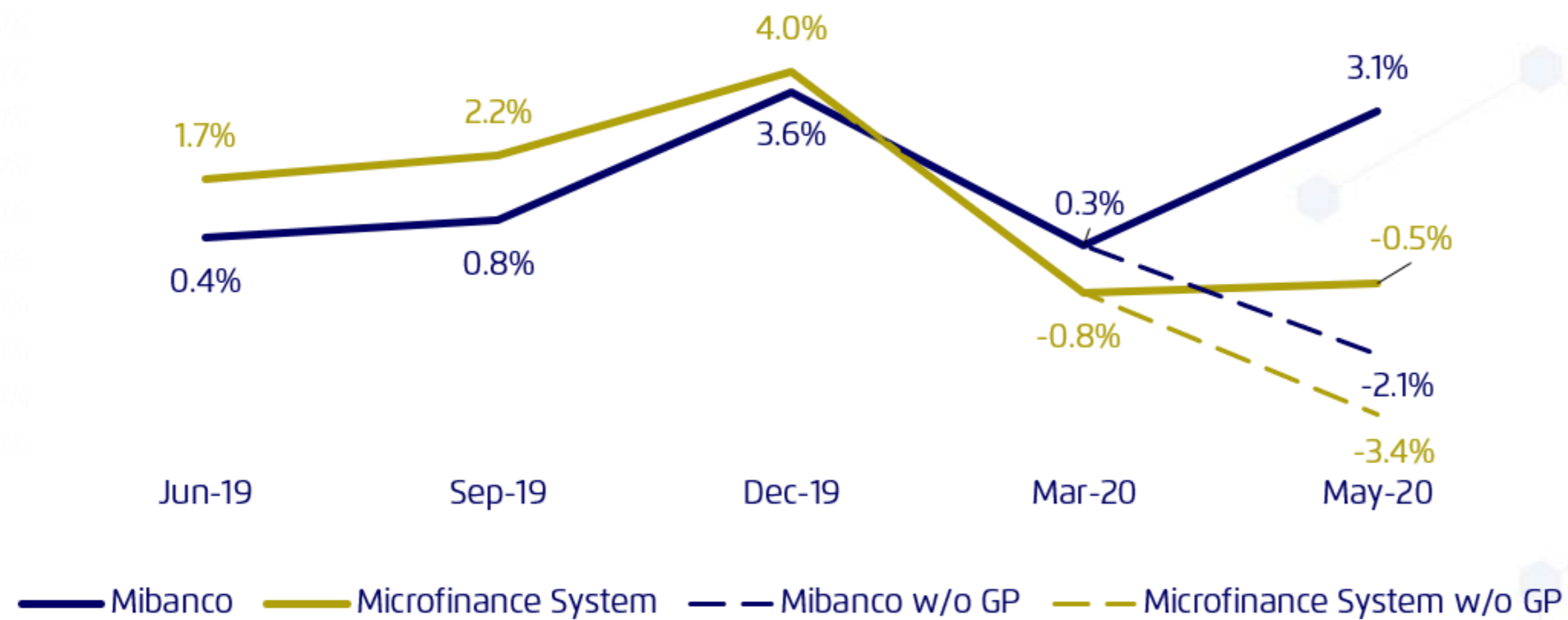


Microfinance

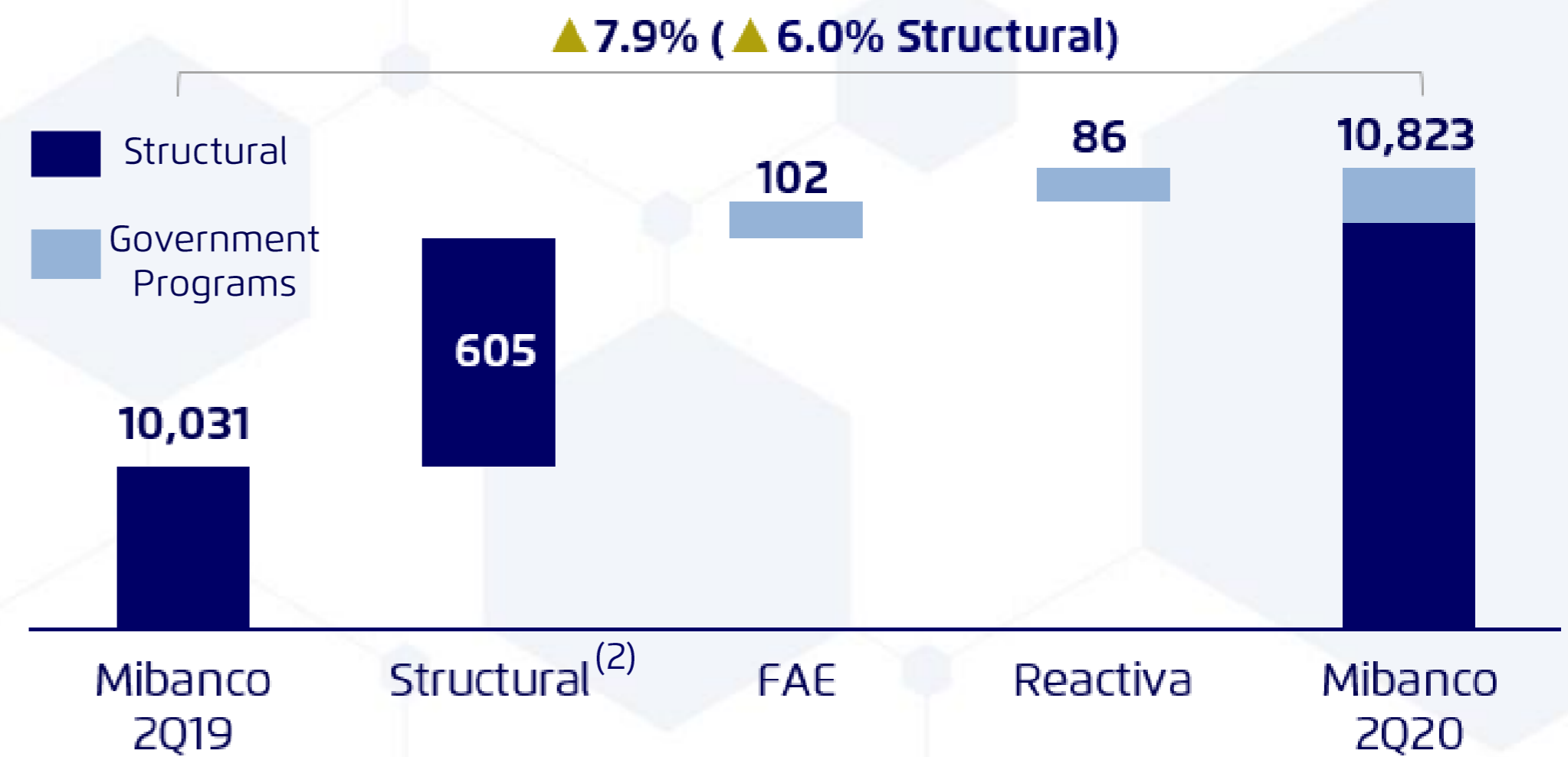
Mibanco 2Q20 – Loan Portfolio

(figures in S/ million and percentages)

Microfinance System Loan Growth (QoQ)⁽¹⁾



Loan Growth in ADB (YoY)



- ◆ Mibanco led growth in the system as FAE-Pyme and Reactiva Peru expanded its balance.
- ◆ 13.7% share in FAE-Mype program as of Jun-20. Small participation in the first phase of the Reactiva program, but Mibanco has increased its share of loans in the second phase of the Reactiva program in July.
- ◆ If we exclude loans from government programs, Mibanco outpaced system growth mainly due to loan reprogramming.

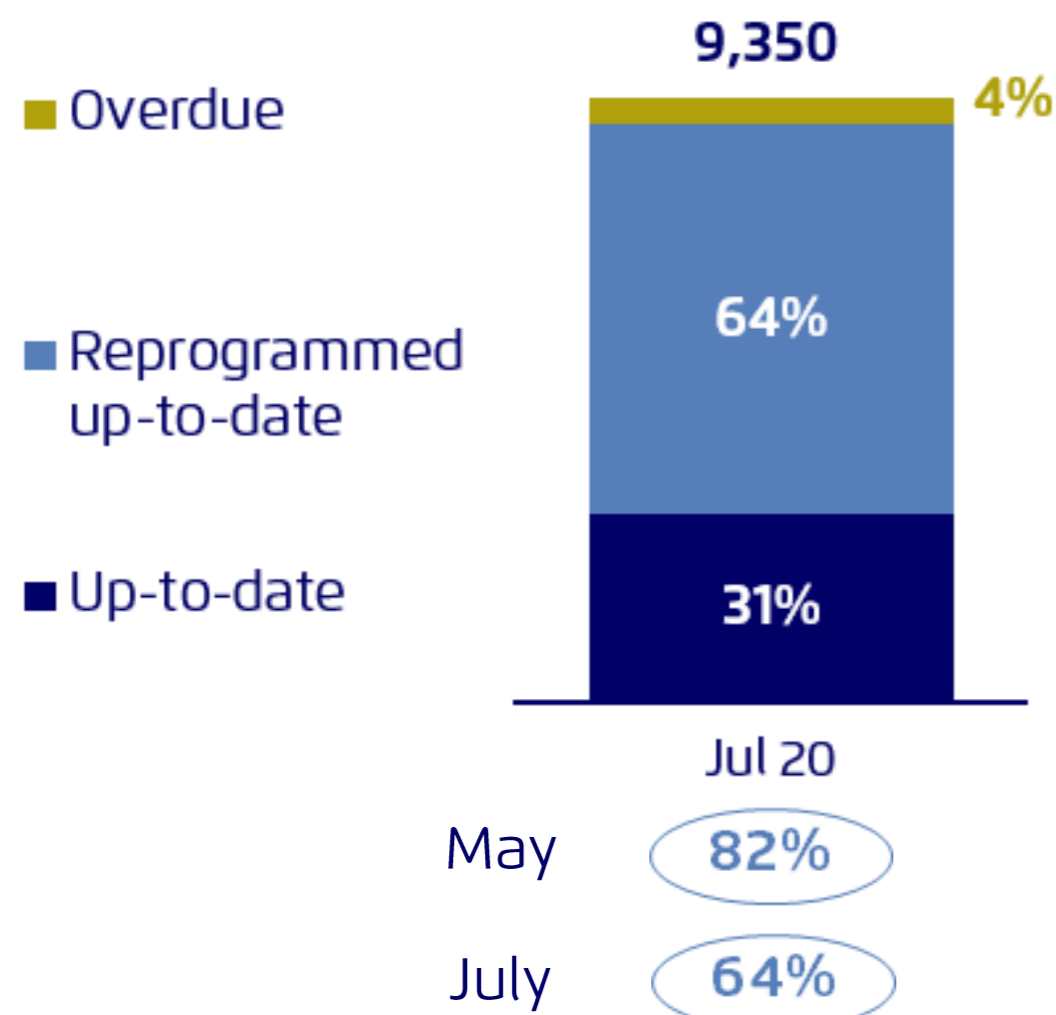
(1) Source: SBS & MEF as of May 2020 and internal data from Mibanco. Estimated figures.

(2) Includes primarily reprogrammed loans.

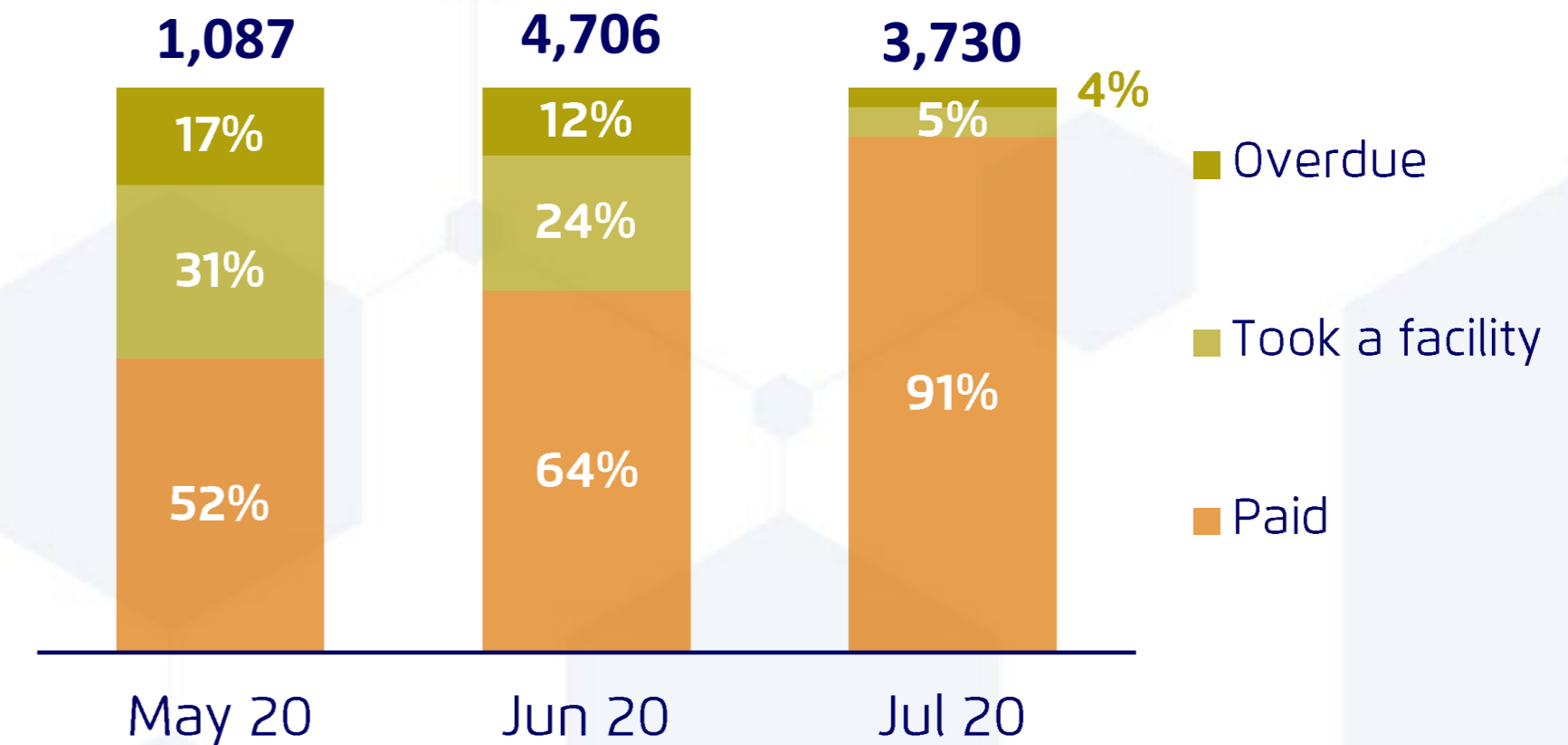
Mibanco 2Q20 – Loan Portfolio Quality

(figures in S/ million and percentages)

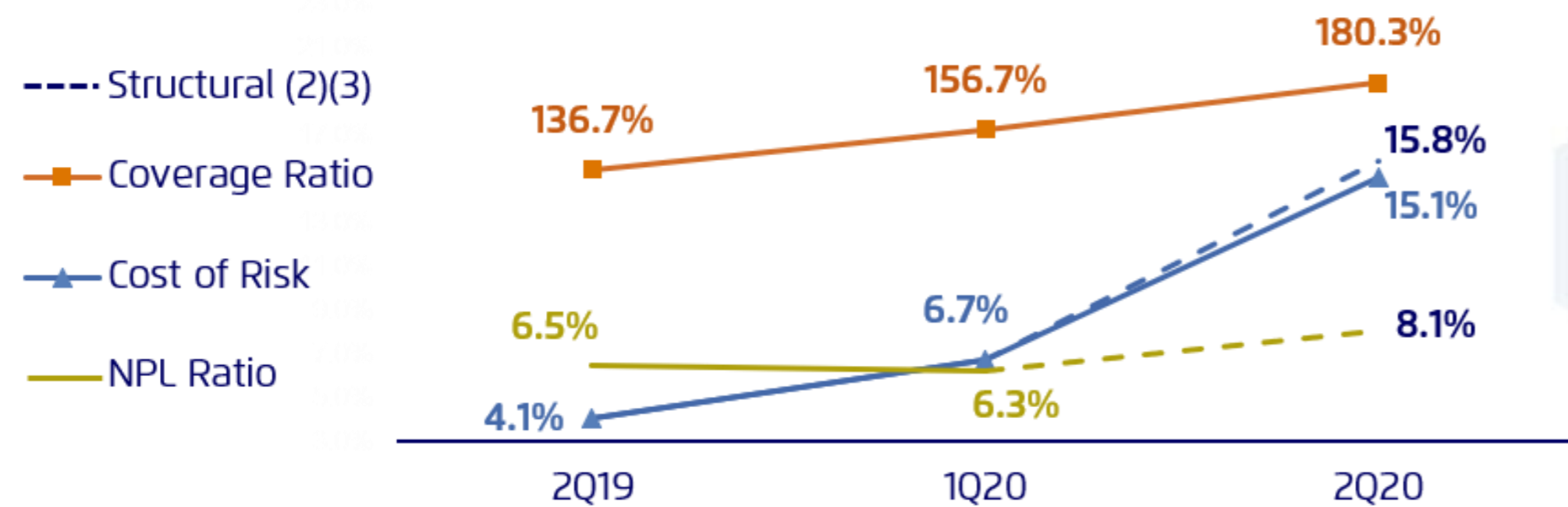
Mibanco Portfolio Reprogramming⁽¹⁾



Mibanco Portfolio Due per Month⁽¹⁾



Portfolio Quality and Cost of Risk



Loan portfolio management

- ◆ We have proactively engaged with clients to better understand their current situation and structural financial needs
- ◆ By the end of July about 64% of the microfinance loan portfolio has a reprogrammed facility
- ◆ Evolution of payments of installments due shows signs of recovery

2Q20 Portfolio Quality and Cost of Risk

- ◆ As portfolio health remains uncertain, we continue to frontload provisions based on the new macroeconomic outlook and updated PDs
- ◆ NPL coverage ratio achieves a record high and situates at 180%

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

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

(3) Structural of Asset Quality Ratios: Asset Quality ratios related to the Structural Loans. They exclude the impact of GP Loans.

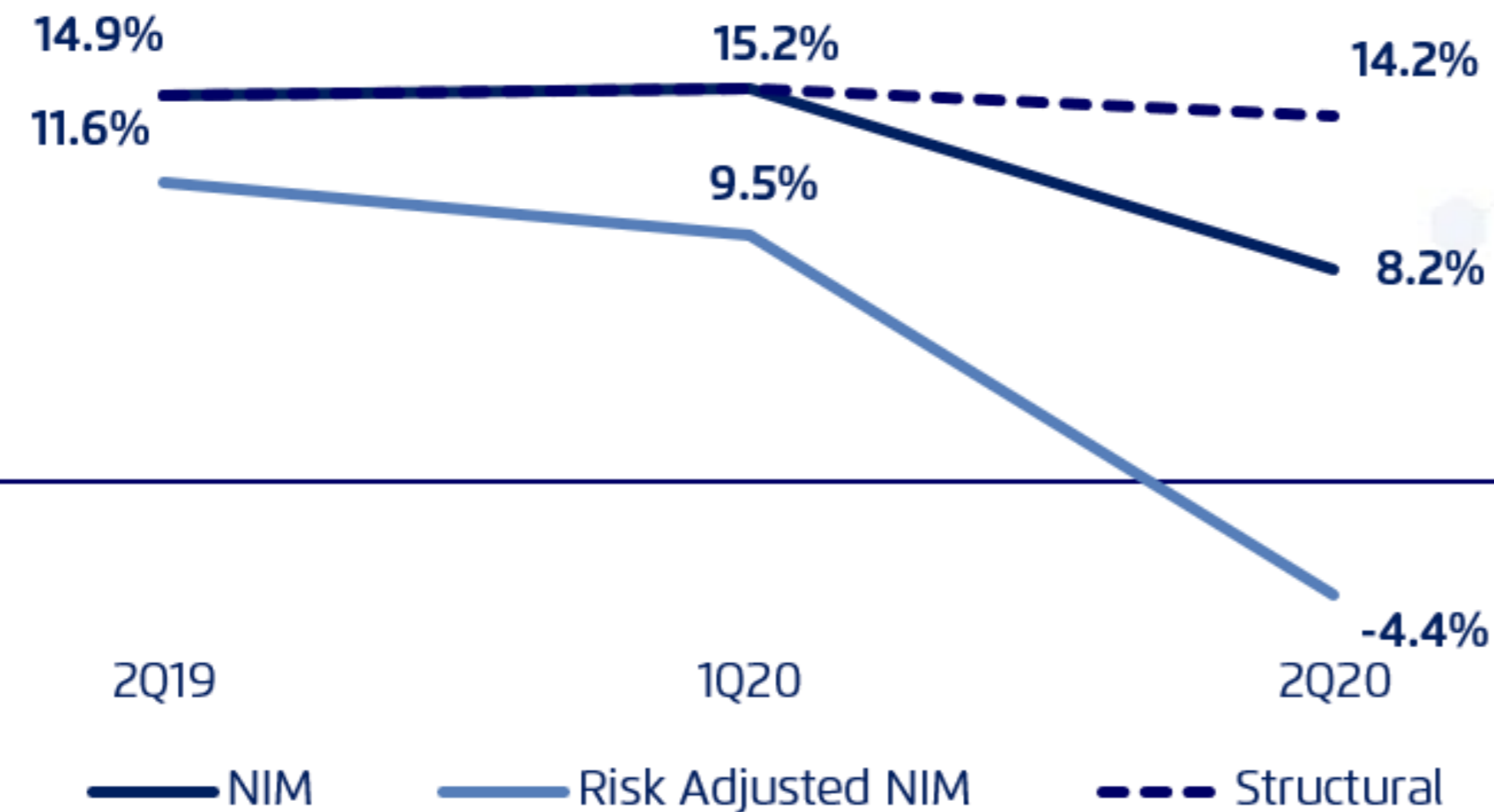
Mibanco 2Q20 – Performance

(figures in percentages)

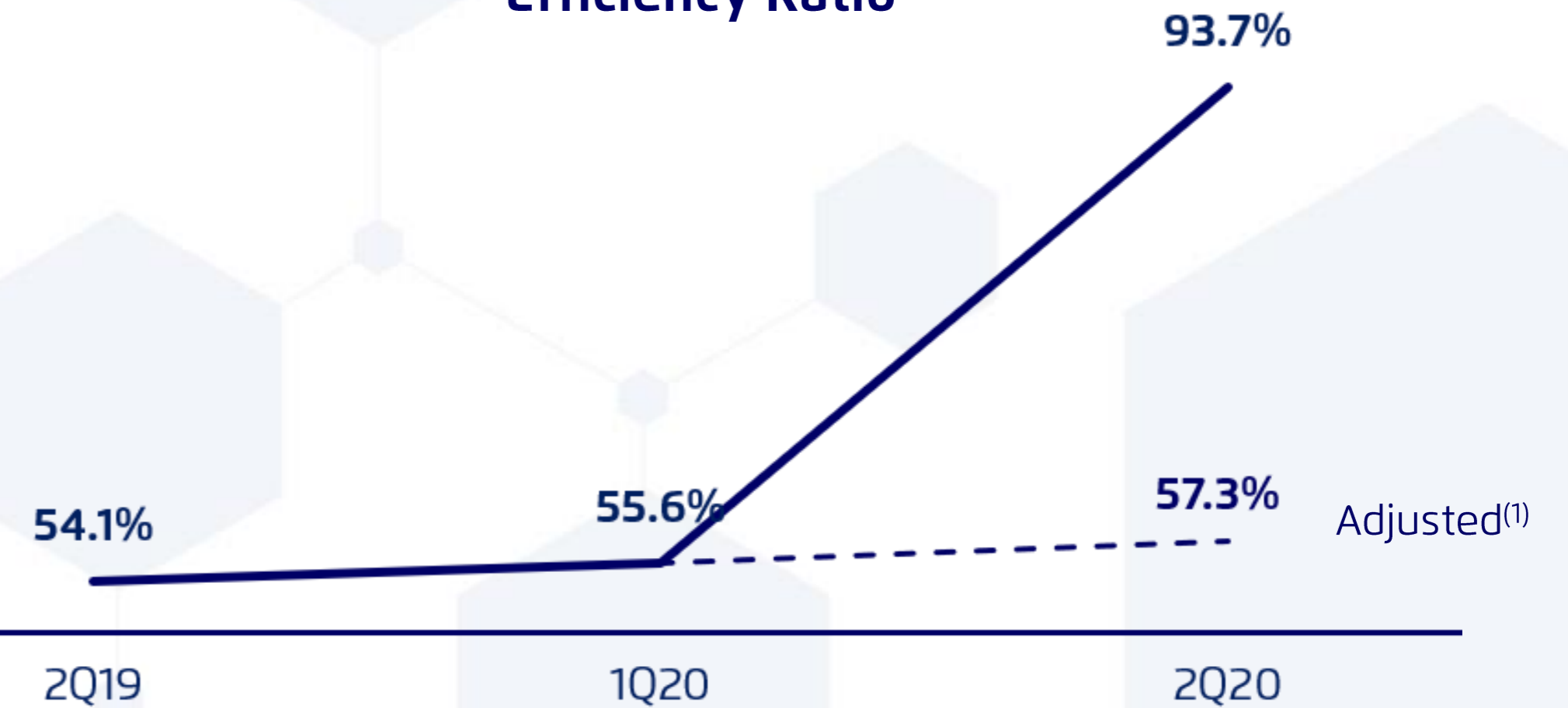
ROE (YTD)

-24.8%
(-45 pp)

NIM and Risk-Adjusted NIM



Efficiency Ratio



- ◆ One-off impairment charge and Government programs negatively impacted NIM
- ◆ Non-Financial Income down ~95% QoQ and YoY due to a decrease in insurance-related sales
- ◆ Opex decreased 6.4% year over year but income contracted further, leading to a deterioration in Efficiency. If we adjust income for the one-off impairment charge, adjusted efficiency would be 57.3%. One-off expenses related to COVID-19 are registered in Other expenses

(1) Adjusted Efficiency: Efficiency ratio excluding the one-off impairment from operating income.



Insurance & Pension Funds

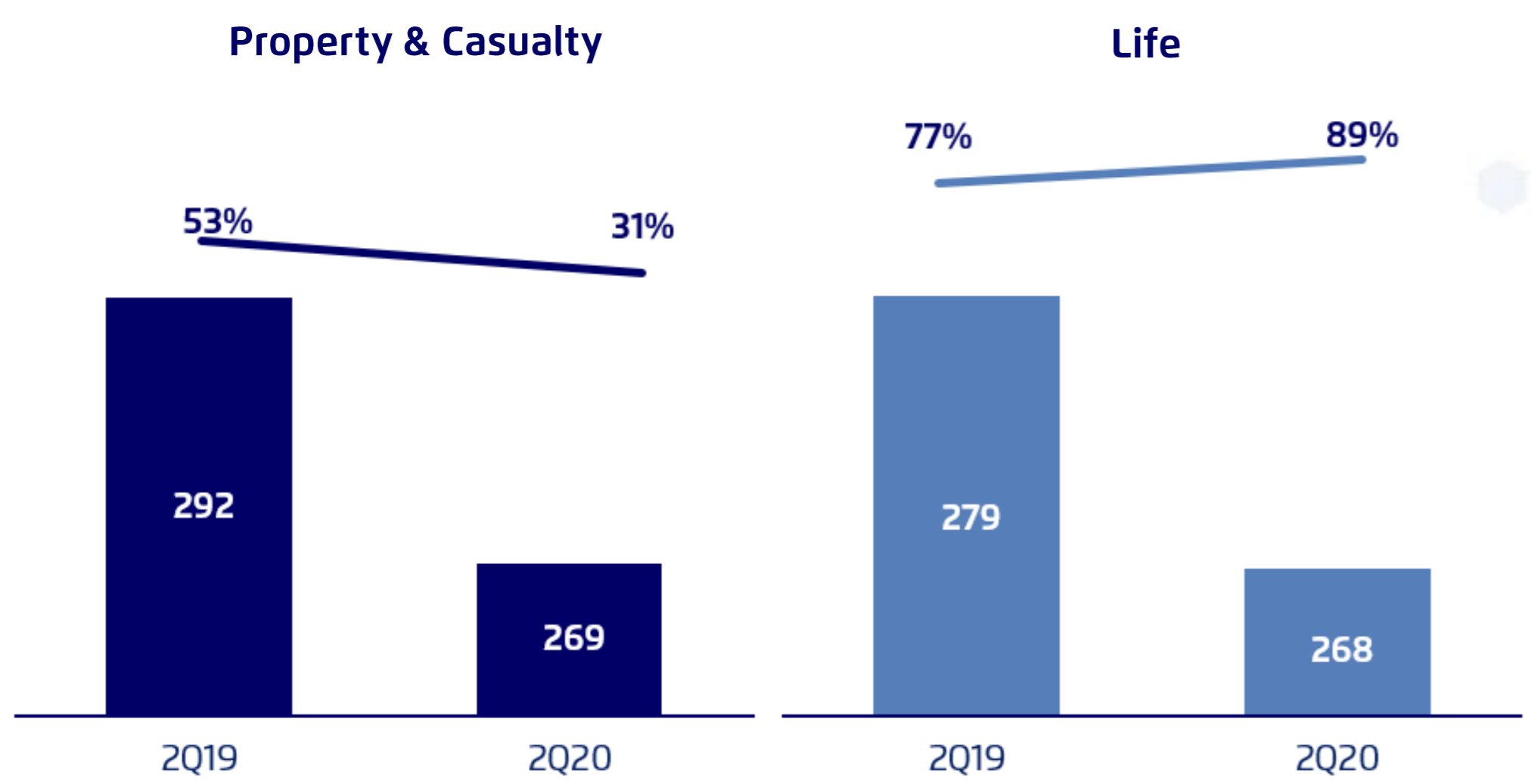
Insurance & Pension Performance in 2Q20

(figures in S/ million and percentages)

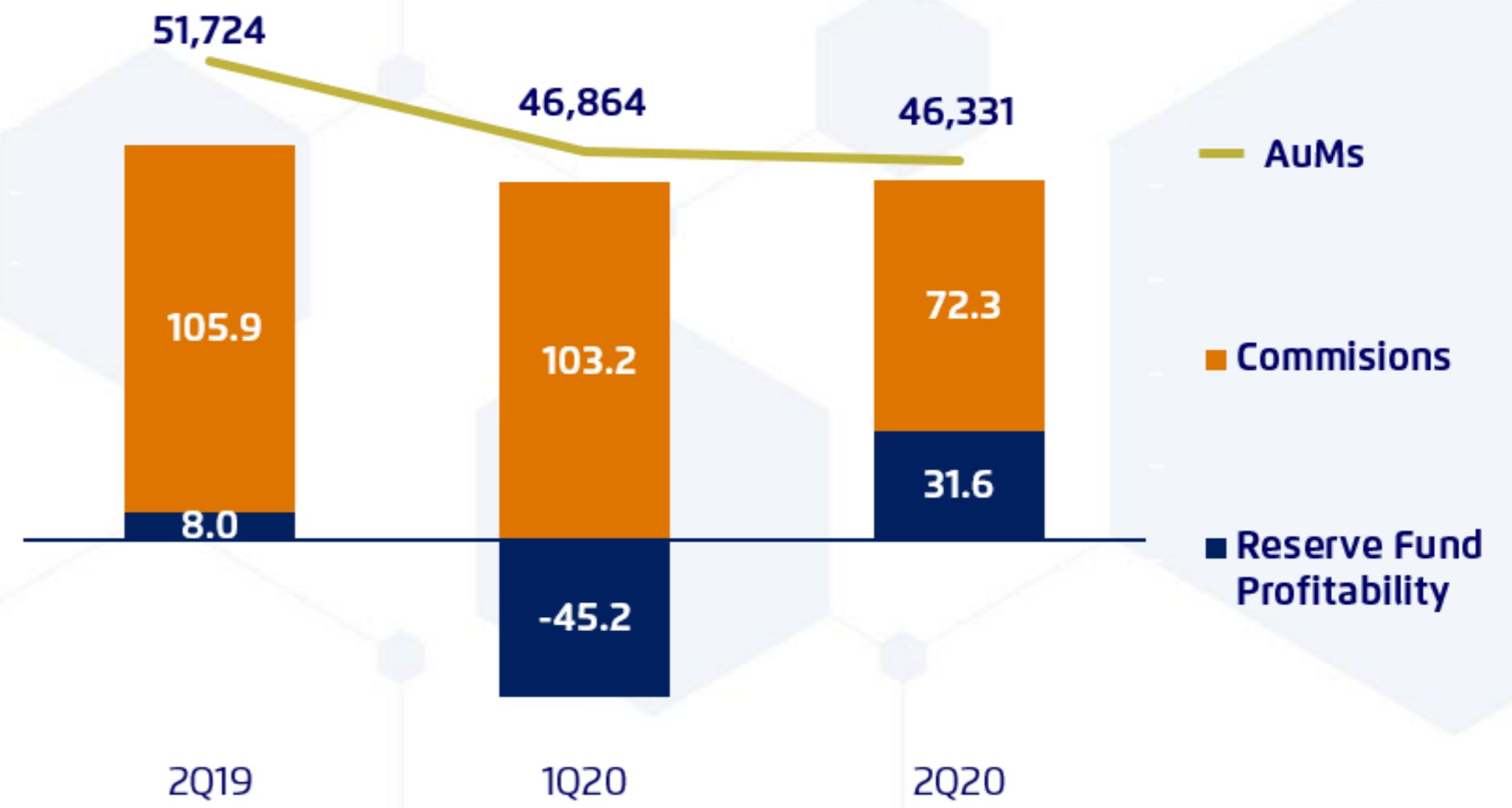
ROE (YTD)

Pacifico's	14.2% <i>(+1.9 pp)</i>
Prima AFP	14.6% <i>(-19.5 pp)</i>

Grupo Pacifico



Prima AFP



- ◆ **P&C loss ratio improved** due to a decrease in claims across businesses
- ◆ **Life loss ratio deteriorated** due to a decrease in net earned premiums in Credit Life and an increase in provisions for net claims
- ◆ **Health care business net claims fell** due to a decrease in services
- ◆ **Regulatory Capital coverage** increased from 1.27 in to 1.35 QoQ
- ◆ One-off expenses related to COVID-19 are registered in Other expenses

- ◆ **Net income recovery** driven by an increase in the profitability of the reserve fund
- ◆ **Fees impacted** by contribution exemptions in April and by fund withdrawals
- ◆ **Total AuMs dropped** due to withdrawal facilities mandated by the executive branch and congress. As of July 23rd, AUMs have dropped **S/ 7.5 billion, which** represents around 70% of the total funds that were available for withdrawal.
- ◆ The congressional commission is evaluating a reform of the pension fund systems. It is still difficult to predict what the results of this process will be.



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capital
ASB 

 PRIVATE
BANKING

Investment Banking & Wealth Management

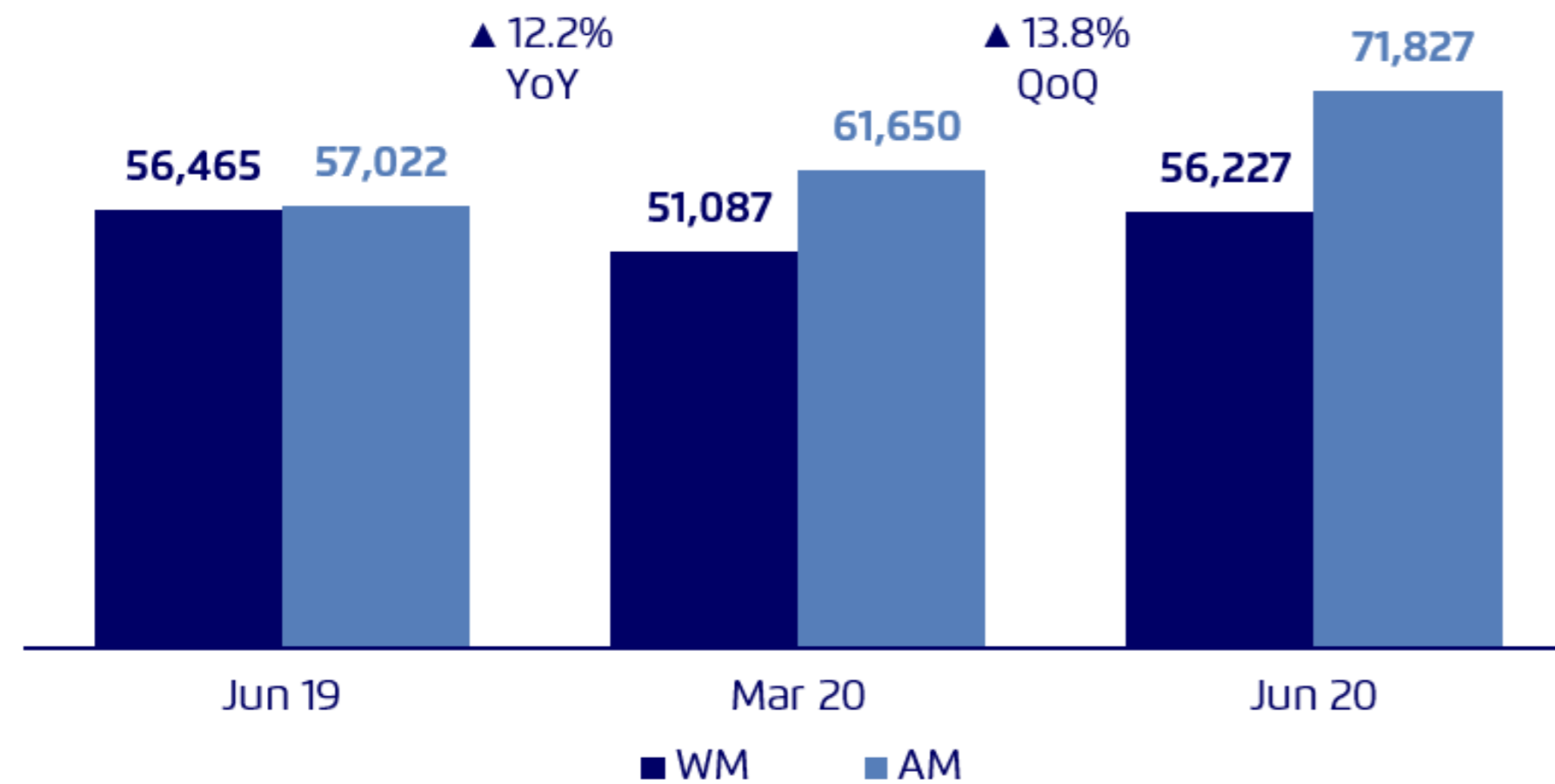
IB & WM Performance in 2Q20

ROE (YTD)

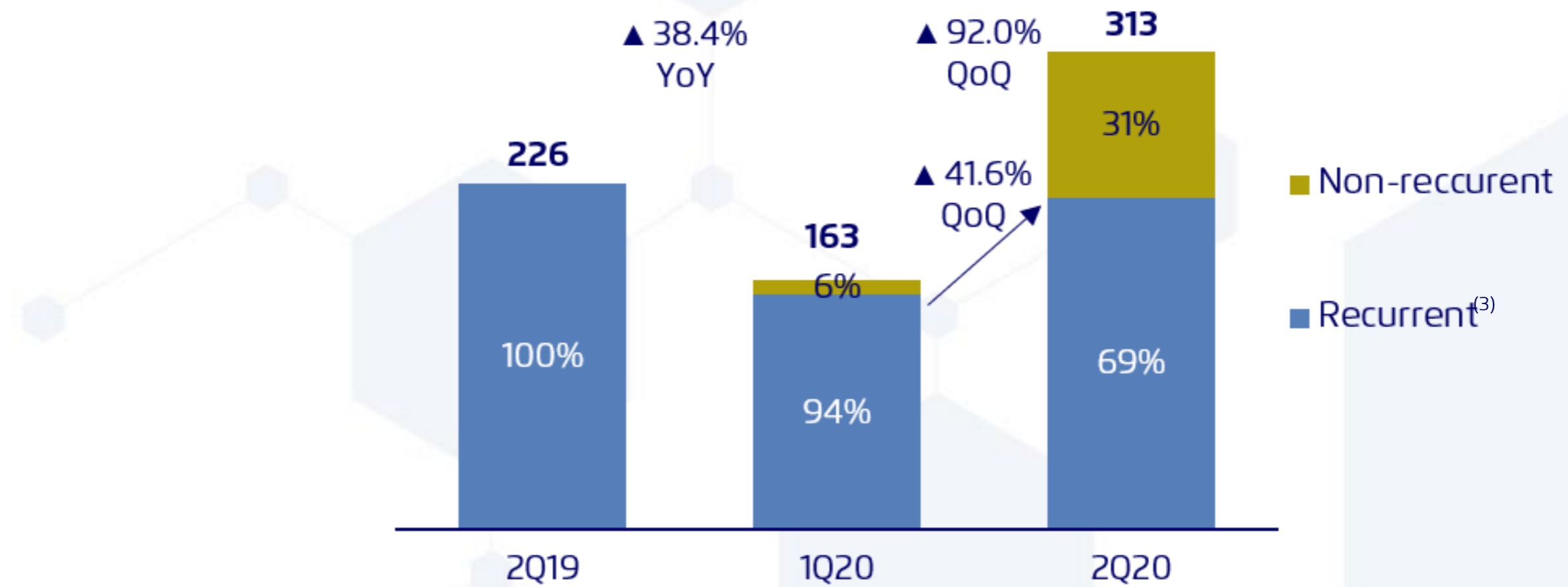
18.7%
(-0.1 pp)

(figures in S/ million)

Total AuMs ⁽¹⁾



Income Contribution ⁽²⁾



- ◆ **Non-recurrent:** Unrealized gains in a proprietary investment rose by approximately S/ 96 million after the market value of the investment rose 60% after its IPO.
- ◆ **Wealth Management (WM):** AuMs increased due to net new money, especially in Colombia, and due to recovery of the market value of investments in a context of more favorable market conditions.
- ◆ **Asset Management (AM):** Traditional fund volumes expanded with the return of inflows from institutional and corporate investors and the recovery of the market value for funds. Additionally, income from alternative funds and the distribution of third-party products continued posting positive results.
- ◆ **Corporate Finance (CF):** Income continued to underperform due to low levels of projects execution, mainly attributable to unfavorable economic and market conditions for conducting corporate transactions.
- ◆ **Capital Markets (CM):** 2Q19 performance of trading proprietary portfolios has reversed March's negative results, due to the trading strategies taken in the context of global market recovery, while traded volumes for Sales have stabilized after their peak levels in March.

(1) Figures include AuMs from the Wealth Management and Asset Management businesses. Wealth Management includes Asset Management products for S/ 14,258, S/ 14,895 and S/ 16,725 million as of June 19, Mar 20 and Jun 20, respectively.

(2) Figures reported are for the management results at the LoB IB & WM. Includes Credicorp Capital, ASB and BCP Private Banking.
(3) Includes WM, AM, CF, CM, Trust business and Treasury business.es.

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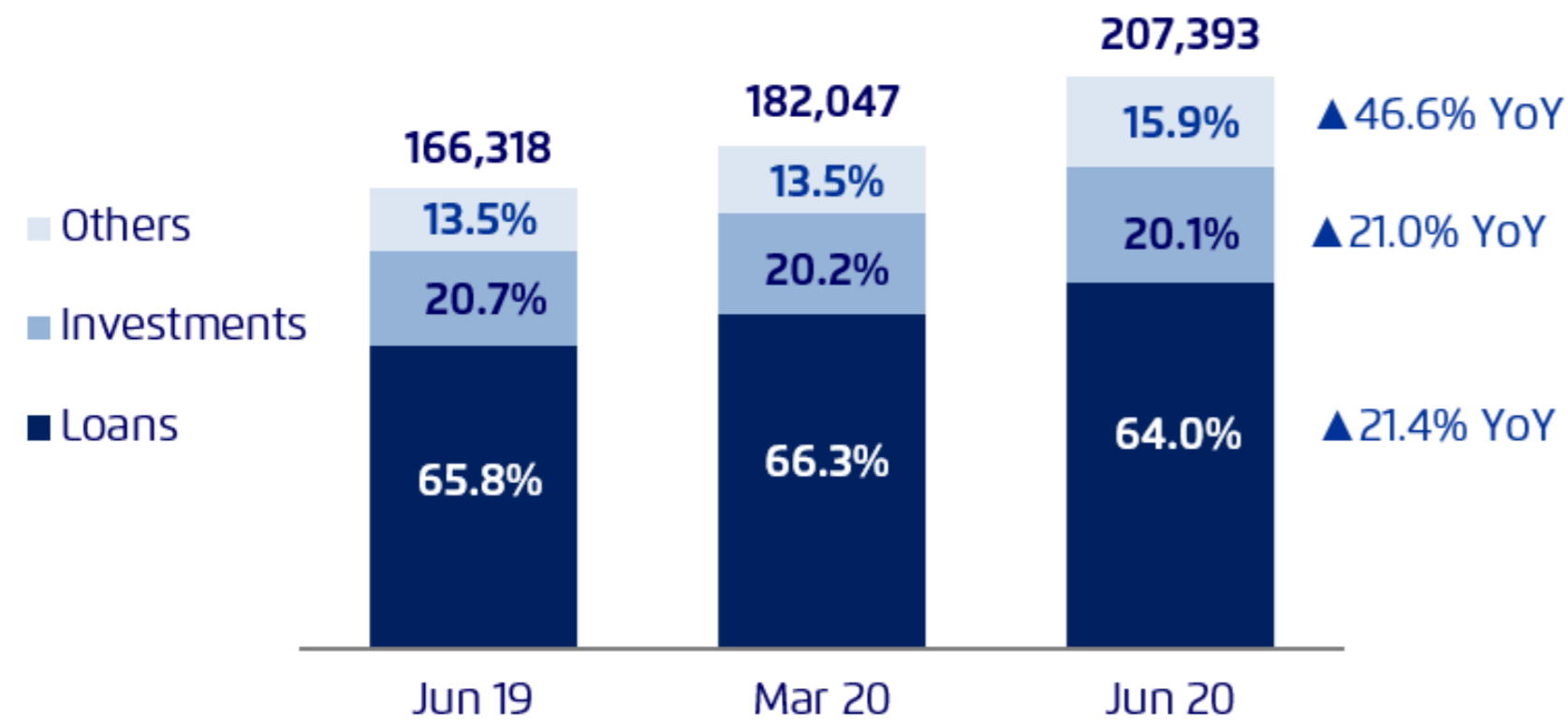
Consolidated
Performance



Interest Earning Assets (IEAs) and Funding Evolution

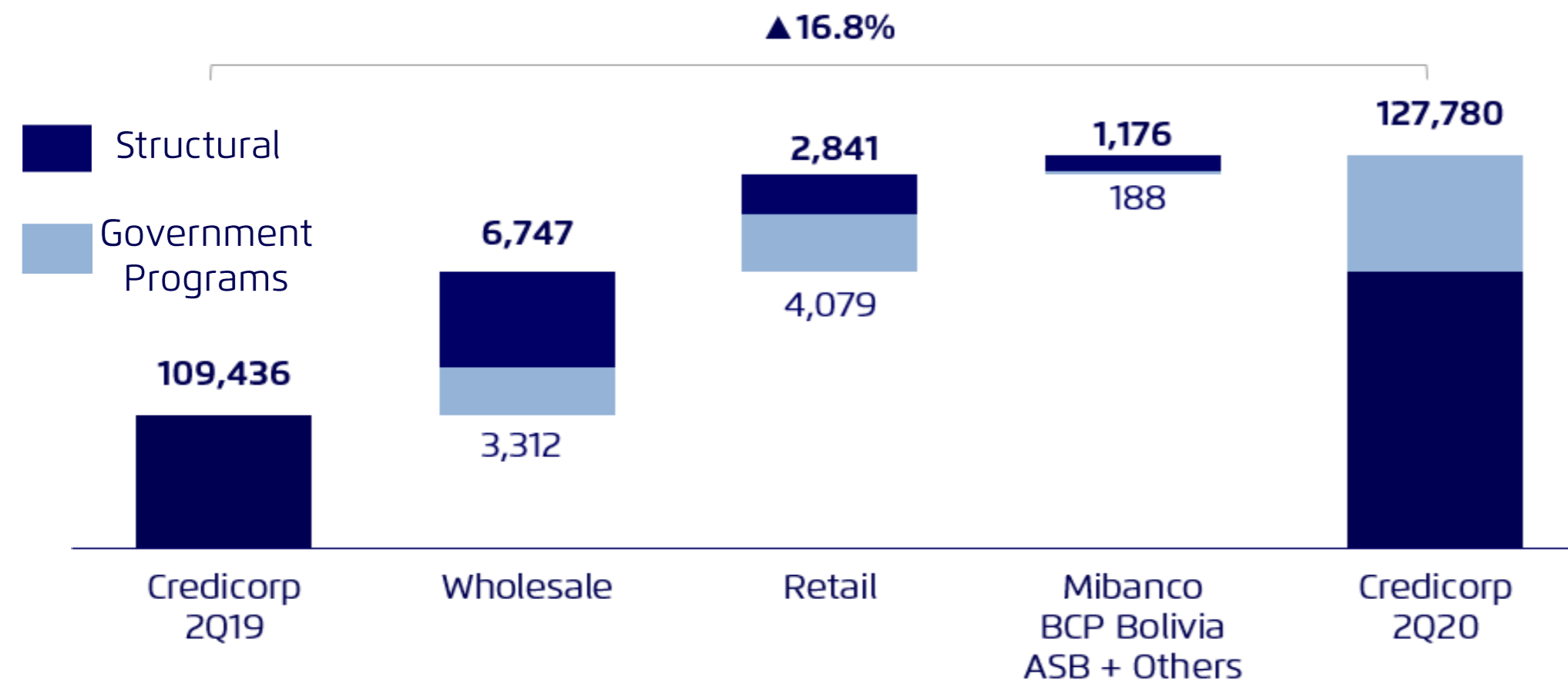
(figures in S/ million)

Interest Earning Assets (Quarter-end balances)

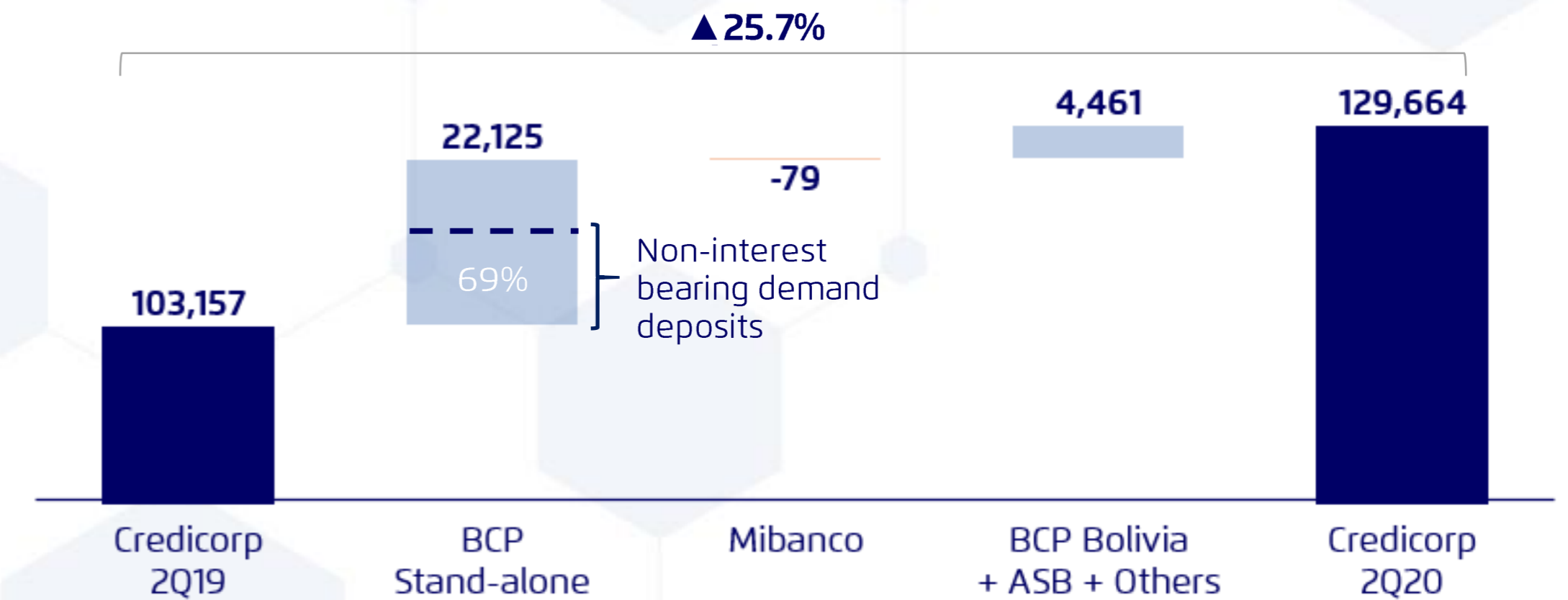


- ◆ Loan portfolio growth of 21.4% YoY in quarter-end balances, boosted mainly by Reactiva GP at BCP, while the structural loan portfolio grew 9.4% YoY mainly through Corporate clients
- ◆ Deposits grew 25.7% YoY mainly driven by demand deposits, after the liquidity offered to clients through Reactiva was held in BCP accounts

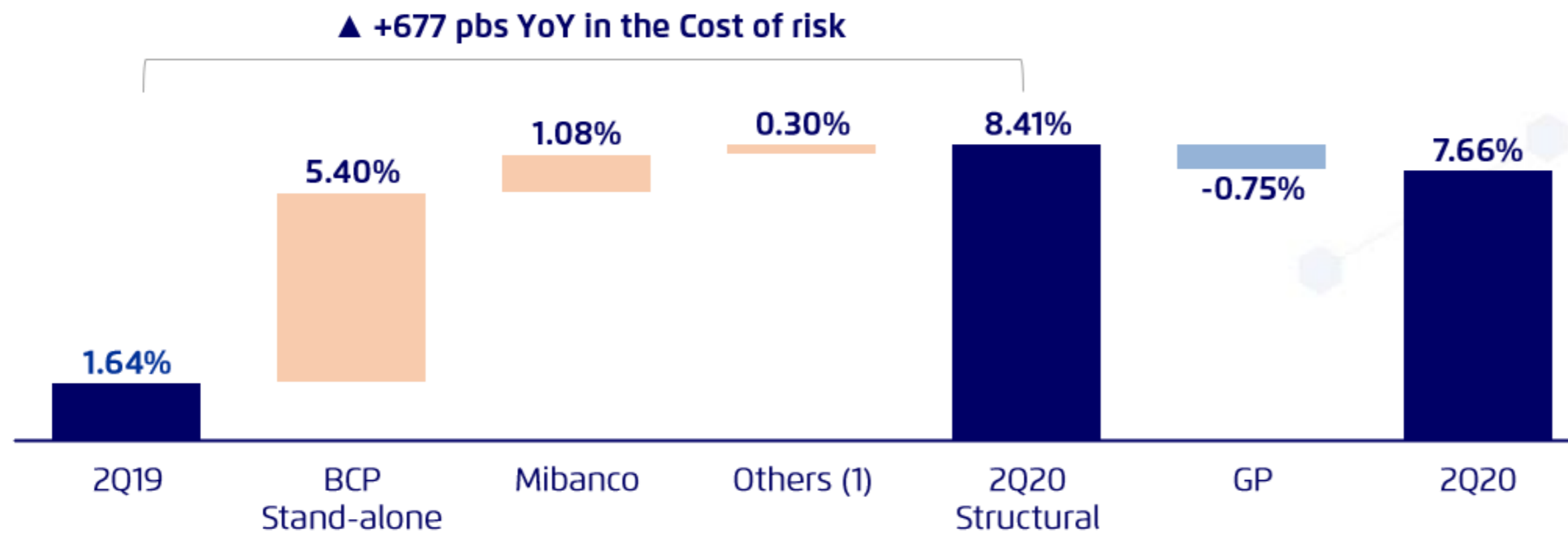
Evolution of the Loan Portfolio (Average daily balances)



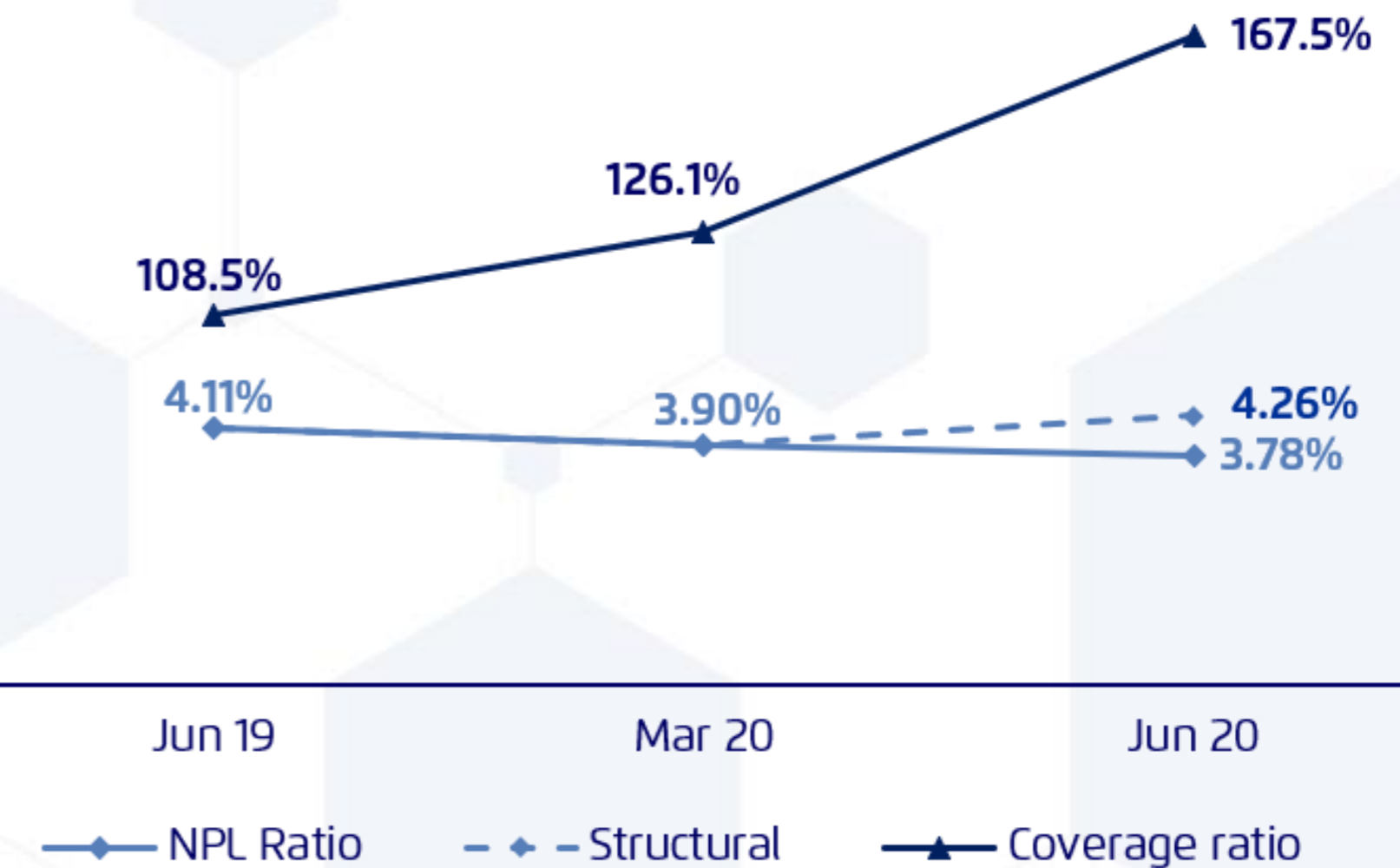
Evolution of Deposits (Quarter-end balances)



Evolution of the Cost of Risk YoY



Portfolio Quality Ratios

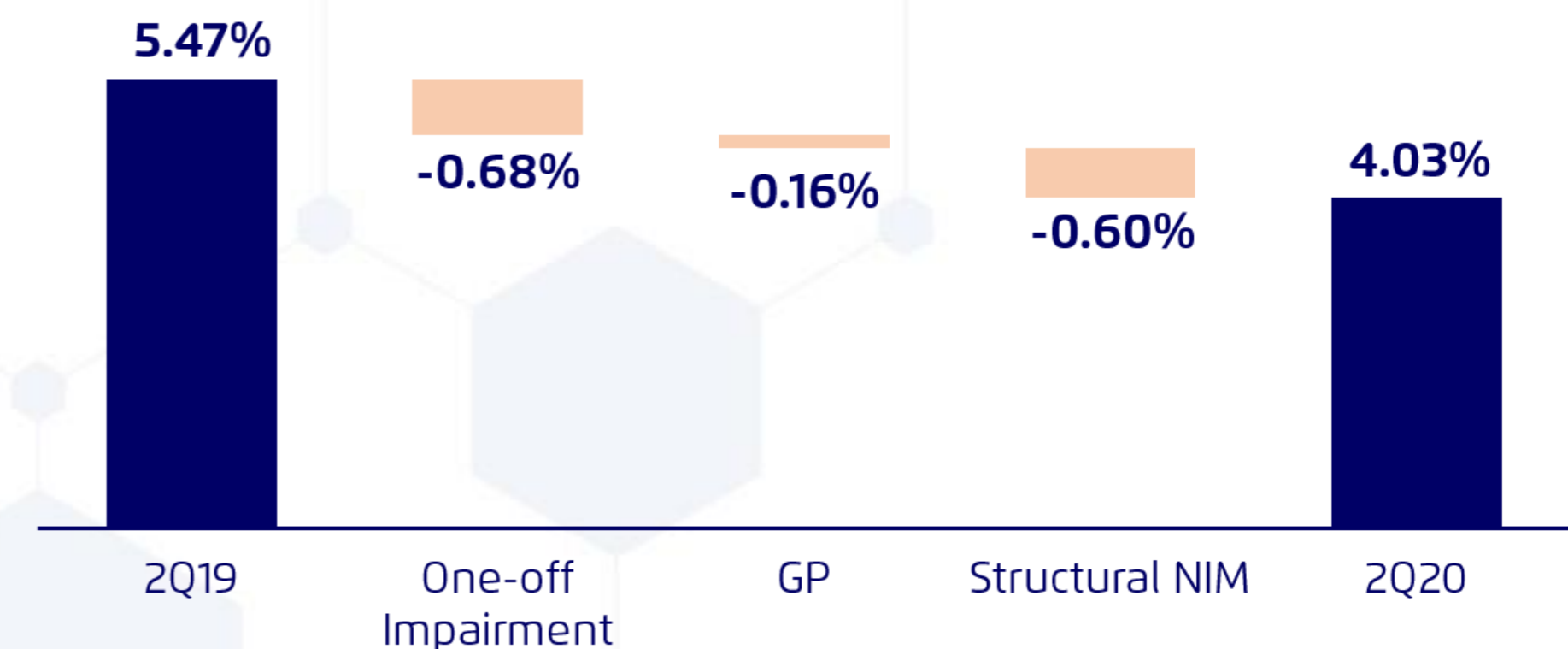


- ◆ Higher cost of risk mainly due to forward looking provisions as a result of the updated GDP outlook and an adjustment to our expected loss model
- ◆ NPL Coverage ratio reached 167.5% compared to 108.5% last year

NIM is impacted by:

- ◆ Loan portfolio evolution: (i) one-off impairment charge related to zero-interest rates facilities, (ii) GP loans granted at negligible margins (iii) Lower structural NIM driven by loan mix and lower interest rates
- ◆ Greater liquidity at lower interest rates

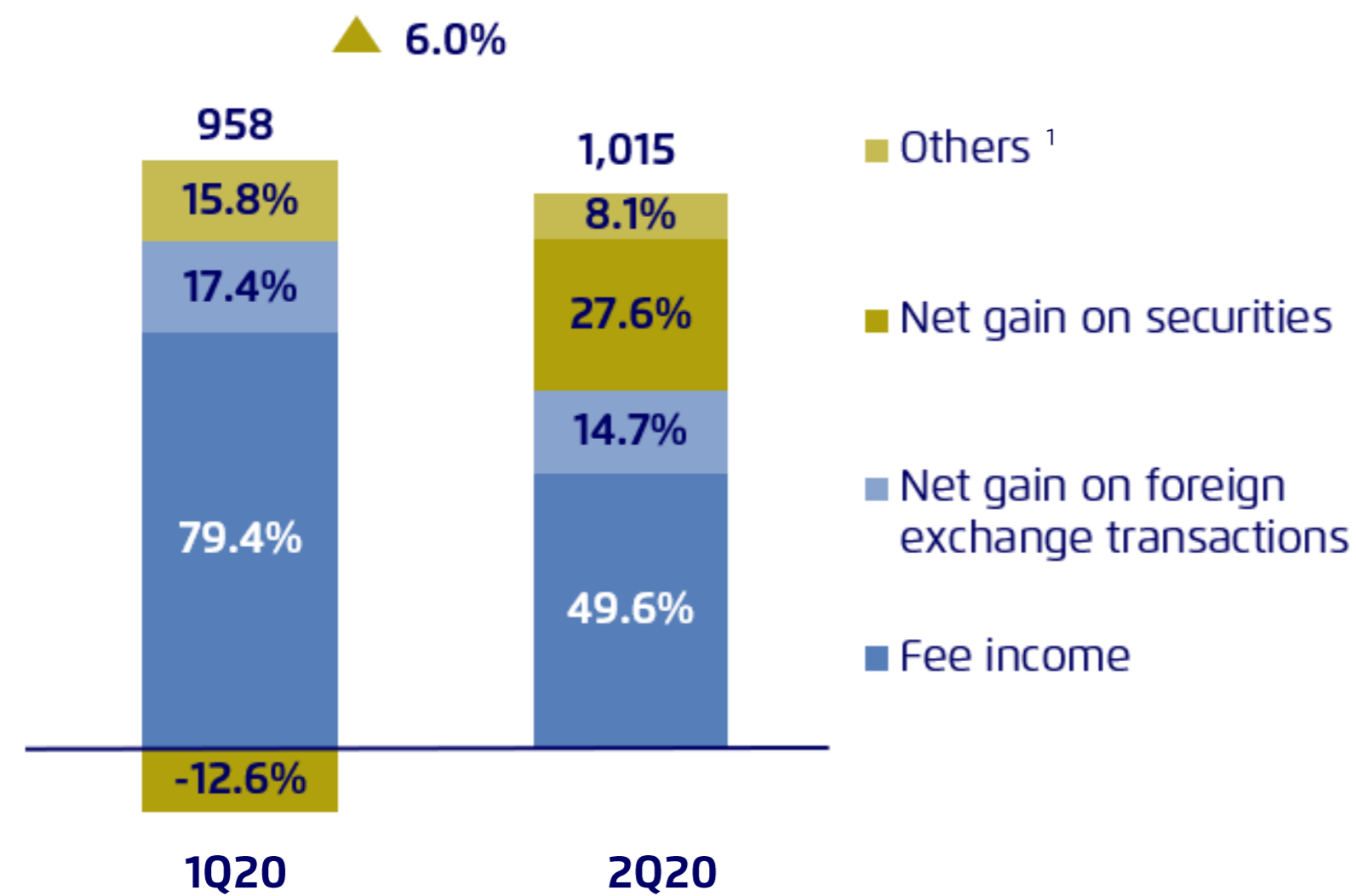
NIM YoY Evolution



Non-Financial Income and Efficiency

(figures in S/ million)

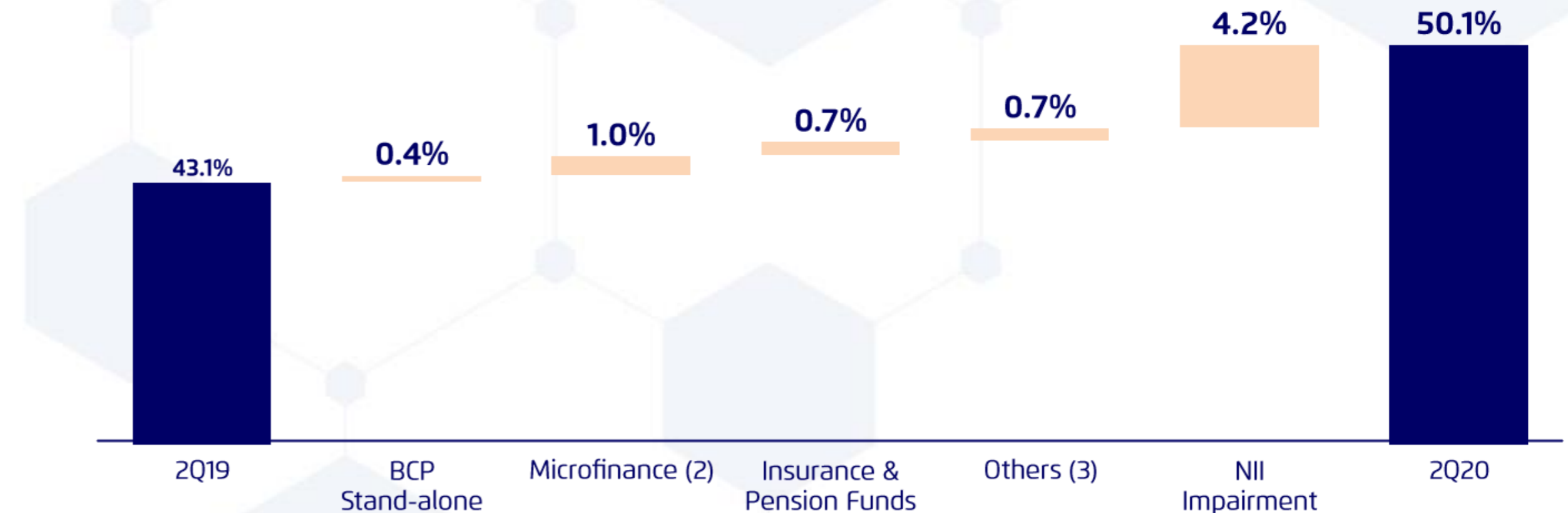
Non-Financial income evolution



- ◆ Efficiency deteriorated mainly due to the one-off impairment charge and the evolution of Microfinance, which increased operating expenses due to the consolidation of expenses from Bancompartir
- ◆ Short-term cost control initiatives: variable compensation, other personnel expenses, administrative expenses
- ◆ We continue investing in our digital capabilities, because they have proven key to fueling growth

- ◆ Non-financial core items were impacted by a decrease in business activity during lockdown and zero-fee facilities. Fee income decreased 33.8% while the Net gain on FX transactions fell 10.6% quarter over quarter
- ◆ Increase in Net gain on securities (S/401 million) is attributable to a non-recurrent income in ASB and to market recovery, which had a positive impact on our proprietary portfolios.
- ◆ Net gain from exchange difference grew by 210.8% due to an appreciation in the exchange rate for local currencies.

YoY evolution of the efficiency ratio by subsidiary



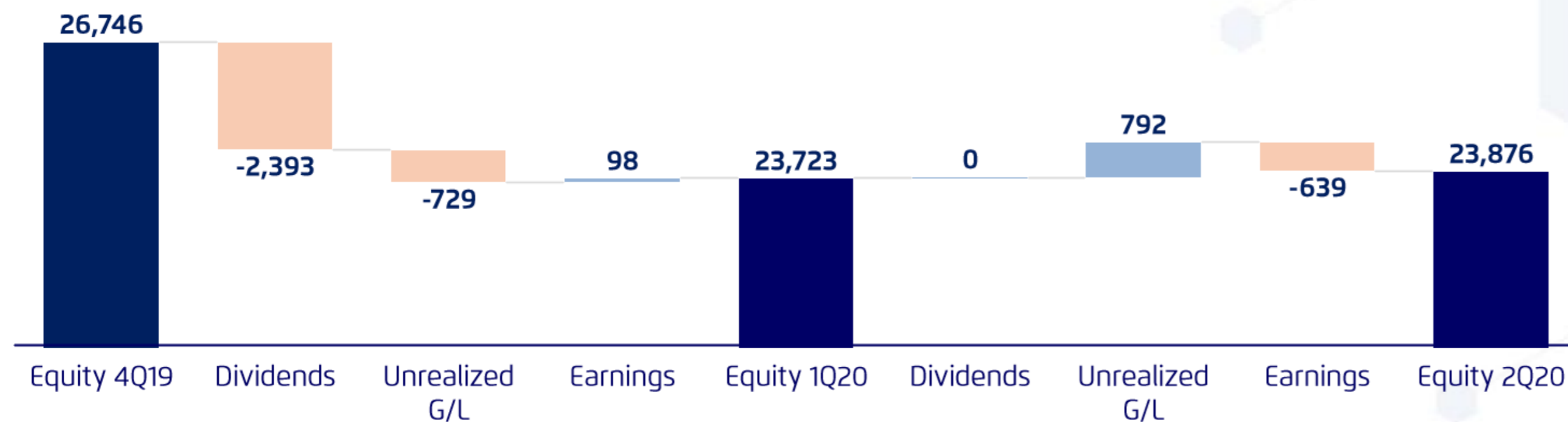
(1) Others includes Net gain from associates, Net gain on derivatives held for trading, Net gain from exchange differences and Others.
 (2) Microfinance includes: Mibanco, Bancompartir and Encumbra
 (3) Others includes: Investment banking and wealth management, BCP Bolivia, ASB, Grupo Credito, among other subsidiaries and the eliminations for consolidation purposes.

Our BS allows us to take the measures needed to emerge stronger and gradually recover profitability

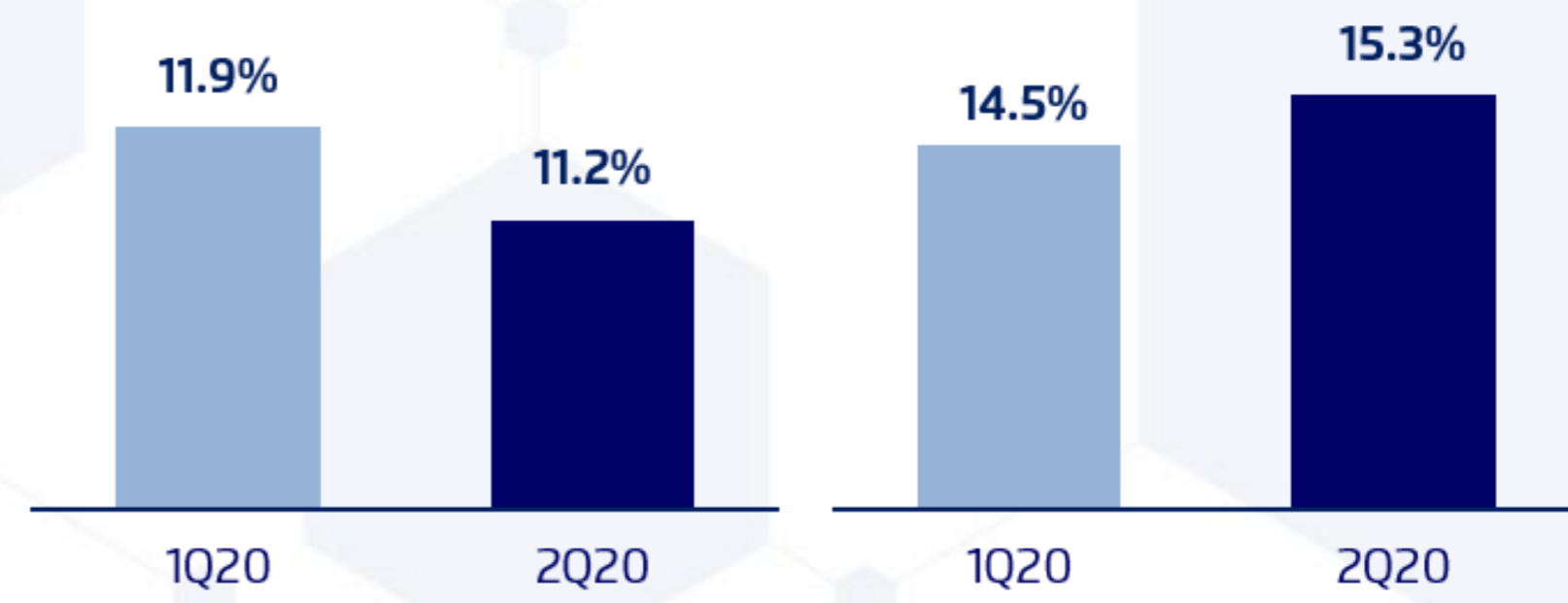
Solvency

- ◆ After distributing dividends, recent movements in equity were related to unrealized losses and gains due to market conditions
- ◆ CET1 levels for both BCP and Mibanco remain over our internal targets.

Credicorp Equity Evolution



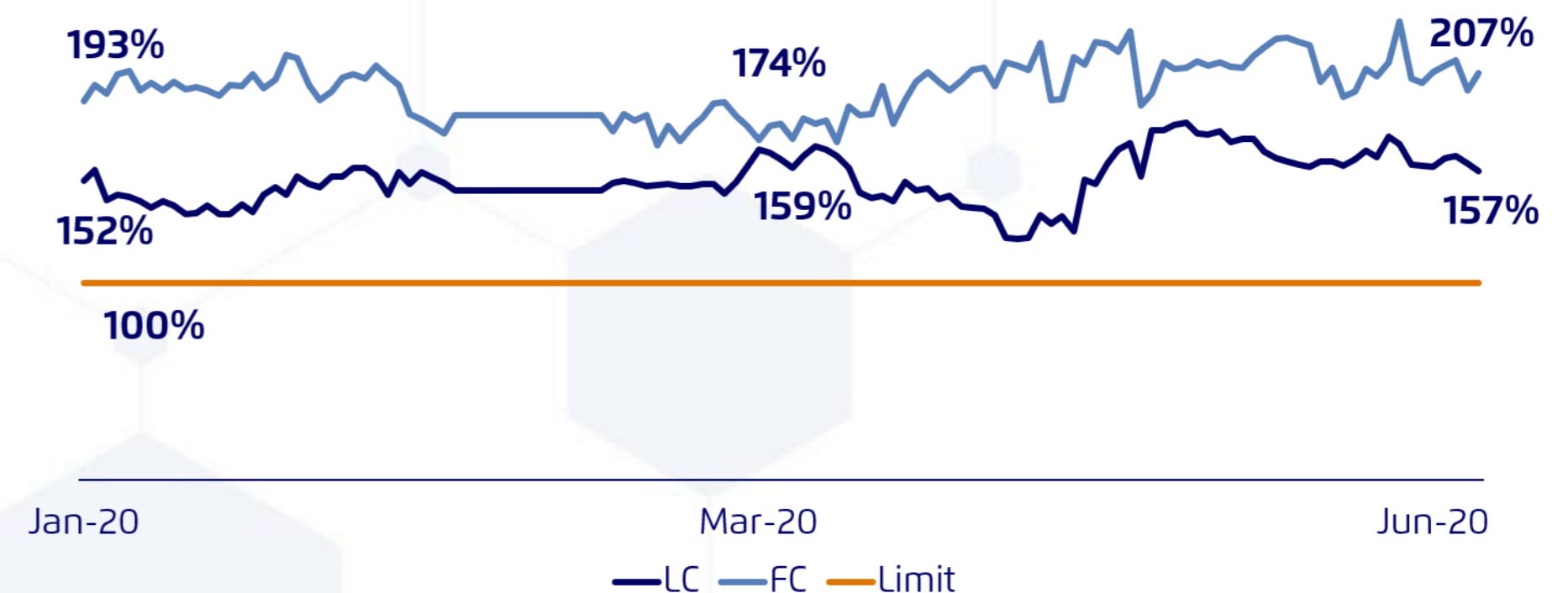
BCP CET 1 Mibanco



Liquidity

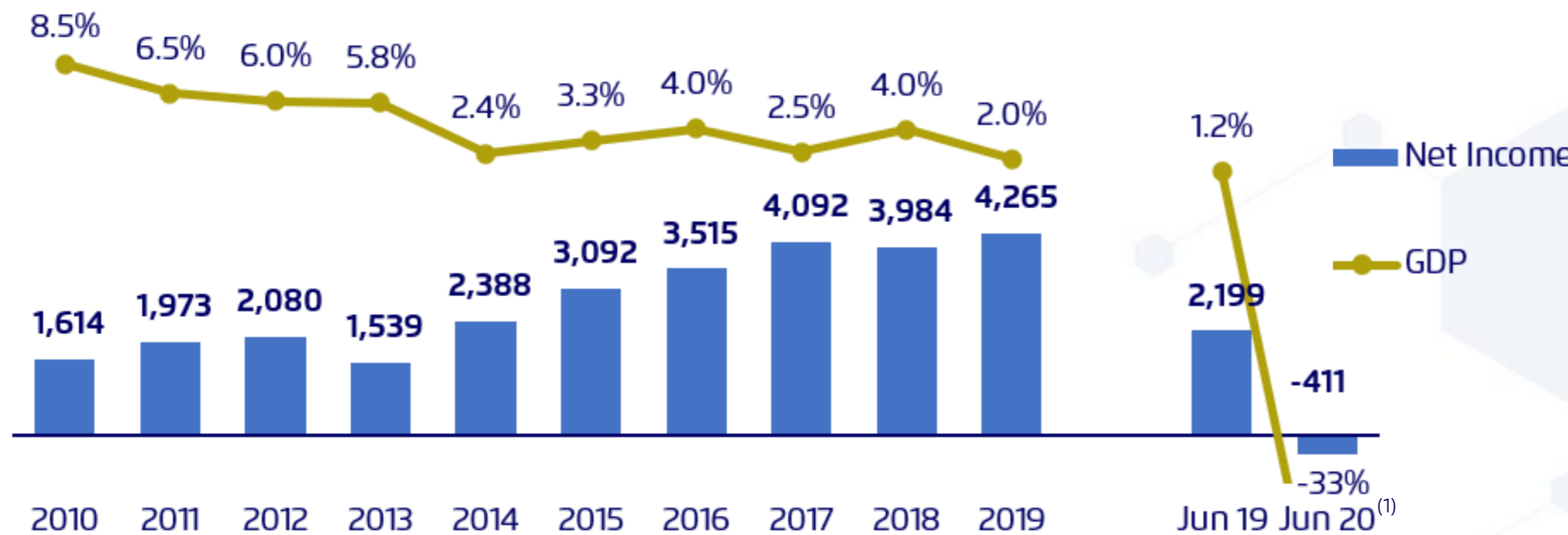
- ◆ As a conservative measure, we increased the company's liquidity position to manage the current situation and in June, issued USD 500 million in senior 2.750% notes, which are due in 2025
- ◆ BCP maintains a regulatory liquidity coverage ratio well above its internal limit of 100% with a LCR of 207% at the end of June and 157% in LC and FC respectively.

BCP: LC and FC Regulatory LCR



Credicorp's track record is proof of its long-term resilience

Net income evolution

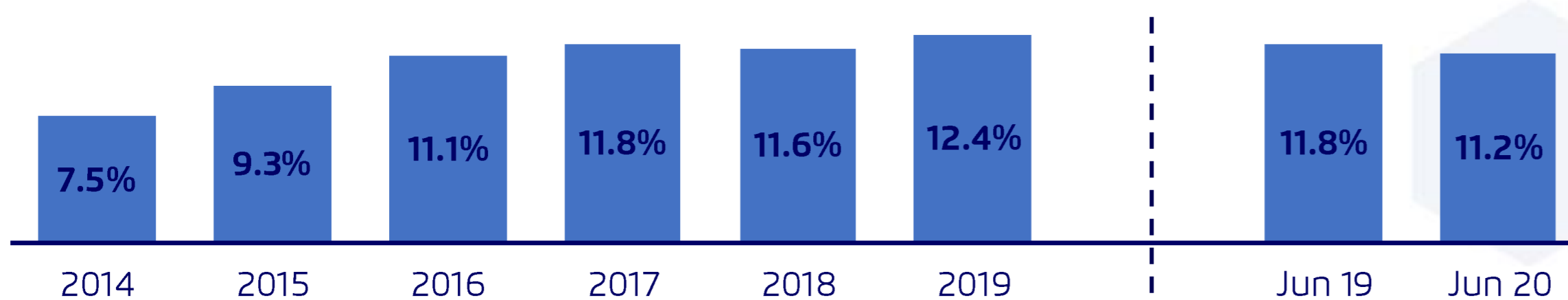


Our resilience throughout different cycles is backed by the strength of our businesses and relationships with clients, and this crisis is no exception.

In the current environment we are experiencing:

- ◆ Steady growth in our number of clients
- ◆ Elevated levels of client trust, shown by accelerated growth in our deposit base
- ◆ Acceleration in demand and stable customer satisfaction across channels

BCP Stand-alone CET 1



(1) GDP estimate by BCP Economic Research.

CREDICORP 

Outlook



We have a talented and committed team to drive our long-term strategy

In the short-term we are **balancing our commercial initiatives**:

- ◆ Focusing on fine-tuned management of the most exposed segments of our loan portfolio; adjusting risk management measures; and implementing debt restructuring initiatives
- ◆ Re-starting sales capabilities, coupled with dynamic pricing, and accelerating digital adoption

For the medium-term **we have identified specific opportunities to optimize operations**:

- ◆ Resizing our footprint at the branch level and rethinking our distribution model
- ◆ Redefining the new operating model based on remote work, which triggers flexibility, agility and efficiency

Short-term dynamics

GDP outlook

-11% to -15%

Income

The negative impact of the Government Programs on NIM will increase in coming quarters, while Fees will gradually recover with economic reactivation

Provisions

In our base scenario forward-looking provisions will be reduced in the second half of 2020

Expenses

We are working to achieve a new normal for expenses; while in the short-term we continue to control expenses

CREDICORP 

Appendix



Governance Structure

Shareholders' Meeting

Board of Directors

President

Luis Romero Belismelis

Vice-President

Raimundo Morales

Directores

Fernando Fort Marie

Patricia Lizárraga Guthertz (I)

Irzio Pinasco Manchelli (I)*

Alexandre Gouvea (I)*

Maite Aranzábal Harreguy (I)*

Antonio Abruña Puyol (I)*

Board Committees

Audit

Corporate Governance

Risk

Nomination & Compensation

Greater Diversity and Independence at the Board

- ◆ In June 20 the Board approved new criteria for Director Independence, aligned with international standards for good practice
- ◆ Shareholders approved the decision to increase the size of the Board from 8 a 9 members to bolster diversity
- ◆ The process to select the additional Director is underway and the new member will be elected at an Extraordinary Shareholders' Meeting
- ◆ New skill/experience recently incorporated at the Board level: Digital Banking, Insurance, Consulting, Retail, Private Equity and Law
- ◆ 5 independent directors out of 8 elected members
- ◆ 2 female directors out of 8 elected members

Government Program Loans (“GP or GP loans”)	Loan Portfolio related to Reactiva Peru and FAE-Mype to respond quickly and effectively to liquidity needs and maintain the payment chain.
Structural Loans	Loan Portfolio excluding GP Loans
One-off Impairment	One-off IFRS9 modification loss related to the zero-interest-rate loans to finance frozen installments.
Structural Cost of risk	Cost of Risk related to the Structural Loans. It excludes, in the numerator, provisions for credit losses on GP loans, and in the denominator the total amount of GP Loans.
Structural Internal Overdue Loans (IOL) ratio	IOL Ratio related to the Structural Loans. It excludes the impact of GP Loans.
Structural Early delinquency (>60 - <150)	Early Delinquency Ratio related to the Structural Loans. It excludes the impact of GP Loans
Structural NPL ratio	NPL Ratio related to the Structural Loans. It excludes the impact of GP Loans.
Structural NIM	NIM related to structural loans and other interest earning assets. It excludes the impact from GP loans and the one-off impairment.
Structural Funding Cost	Funding Cost Ratio excluding the impact of Central Bank funding for GP Loans
Adjusted Income Growth	Income growth excluding the one-off impairment
Adjusted Efficiency ratio	Efficiency ratio excluding the one-off impairment from operating income.

CREDICORP 

Earnings Conference Call 2Q 2020

