

Credicorp Ltd.

Fourth Quarter 2025 Earnings Conference Call

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CORPORATE PARTICIPANTS

Gianfranco Ferrari--*Chief Executive Officer*

Alejandro Perez Reyes--*Chief Financial Officer*

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Diego Caverro--*BCP Chief Executive Officer, Head of Universal Banking*

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Rocio Benavides--*Mibanco Chief Financial Officer*

Milagros Ciguenas--*Investor Relations Officer*

PRESENTATION

Operator

Good morning, everyone. I would like to welcome you to the Credicorp Limited Fourth Quarter 2025 Conference Call. A slide presentation will accompany today's webcast, which is available in the Investors section of Credicorp's website. Today's conference call is being recorded. [Operator Instructions]

Now it is my pleasure to turn the conference over to Credicorp's IRO, Milagros Ciguenas. You may begin.

Milagros Ciguenas

Thank you, and good morning, everyone. Speaking on today's call will be Gianfranco Ferrari, our Chief Executive Officer; and Alejandro Perez Reyes, our Chief Financial Officer. Participating in the Q&A session will also be Francesca Raffo, Chief Innovation Officer; Cesar Rios, Chief Risk Officer; Eduardo Montero, Head of Insurance and Pensions; and Rocio Benavides, Mibanco Chief Financial Officer. Before we proceed, I would like to make the following -- sorry, and also here in the Q&A session will be Diego Cavero, BCP CEO or Head of Universal Banking.

Before we proceed, I would like to make the following Safe Harbor statement. Today's call will contain forward-looking statements, which are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties, and I refer you to the forward-looking statements section of our earnings release and recent filings with the SEC. We assume no obligation to update or revise any forward-looking statements to reflect new or changed events or circumstances.

Gianfranco Ferrari will begin the call with remarks on key strategic highlights for the year 2025, our recent macro environment and a brief overview of our quarterly results, followed by Alejandro Perez Reyes, who will provide a more detailed analysis of key macroeconomic indicators, our financial performance and our outlook for 2026. Gianfranco, please go ahead.

Gianfranco Ferrari

Thank you, Milagros, and good morning, everyone. We closed 2025 on a very solid footing, entering the new year in a stronger position than we did at the end of 2024. This was a year where the hard work of our teams, the clarity of our strategy and the strength of our ecosystem came together to deliver results, not just in financial terms, but in how we showed up for our clients, our people and the markets we serve.

The backdrop was favorable. Peru's economy exceeded expectations with GDP growing around 3.5%, fueled by strong domestic demand, resilient consumption and record high exports above \$90 billion. Key commodity prices further increased to new highs, particularly copper, silver and gold, supporting investment flows and sentiment. The estimated mining investment pipeline for 2025 stands at \$64 billion across multiple minerals, up 17% from 2024. Inflation remained low.

Monetary policy became more supportive and employment and real income trends improved. Domestic demand significantly exceeded GDP and grew around 6%, supported by stronger confidence and access to credit. Private investment exceeded expectations, expanding close to 10%, its strongest performance in 13 years, excluding the pandemic.

Peru enters 2026 from a fundamentally stronger position than in previous election years. In 2021, we faced an economic crisis, a public health crisis and deep institutional uncertainty. Today, we

have a stable macro framework, strong external accounts supported by high commodity prices and record exports and a more pragmatic tone from policymakers. That doesn't mean there won't be noise in the political arena, but it does mean we're starting from a position of strength.

Across the region, the operating environment remained dynamic but generally supportive. In Colombia, growth came in at around 2.7%, supported by consumption, while investment remains subdued. More recently, new challenges have arisen after the increase of the minimum wage. In Chile, GDP also expanded around 2.7%, driven primarily by investment and to a lesser extent, by consumption, while inflation stood slightly above target.

And in Bolivia, GDP contracted for a second consecutive year, while inflation doubled to around 20%, although the new government from Pro Pass has taken positive pragmatic first steps towards a favorable transition. The economic decline, however, contrasts sharply with the country's strong digital adoption, where Yape has consolidated its position as the leading digital wallet.

Let me now shift to how our businesses performed in 2025 and the progress we've made across the group. Alejandro will provide more details in a moment. In Universal Banking, BCP continued to reinforce its leadership in Peru, underpinned by disciplined execution, operational excellence and an increasingly seamless digital experience. Our transition towards a more efficient multichannel distribution model, supported by enhanced data and AI capabilities drove growth in retail lending, enabling us to serve over 3.2 million loan clients.

We also reinforced our transactional leadership while consolidating our NPS advantage, reaffirming BCP's position as the bank of choice for millions of Peruvians. In microfinance, we delivered double-digit loan growth and increased our profitability, strengthening the resilience of the business and setting the foundation for sustainable growth. In Peru, Mibanco consolidated its leadership and strengthened profitability by deepening its hybrid model, combining in-person advisory with digital tools and AI-driven risk analytics.

This drove higher productivity and growth in smaller ticket loans, aligned with our risk appetite. We also diversified revenue through transactional services and saving deposits, increasing fee income and strengthening our funding base. In Colombia, despite a challenging environment, Mibanco delivered double-digit loan growth and improved profitability, supported by disciplined risk management and operational efficiency.

In the insurance and pensions business, Grupo Pacifico increased its policyholders by 50% in the last 3 years, supported by integrated distribution and digital innovation, including one-click claims. In health, the full consolidation of Pacifico Salud enabled broader access and stronger medical service offerings. In pensions, despite systemic challenges, Prima made significant strides in digital adoption, efficiency and client experience, improving NPS by three points.

In Investment Management and Advisory, our diversified portfolio and the strategic transformation executed over recent years delivered solid and sustainable results. Assets under management surpassed the \$20 billion mark in Wealth Management and in Wealth Management and increased nearly 35% in Asset Management.

We further strengthened our platform with Viva, our wealth tech offering in Peru, Colombia, Chile, which now manages over \$1.5 billion in assets and is a key growth driver in the affluent segment, combining a digital-first experience with personalized advisory through a hybrid model.

In capital markets, the launch of our financial corporation in Colombia, CORFI, marked a key milestone, enhancing our local capabilities and advancing our regional strategy. Regarding our innovation portfolio, risk-adjusted revenues represented 8.1% by the fourth quarter, advancing towards our 10% ambition.

Yape, our most mature disruptive initiative, closed the year with nearly 16 million monthly active users who engage with the platform an average of 66 times per month. A testament to its growing role in driving both financial inclusion and monetization. Lending activity scaled meaningfully with 4.1 million clients with a loan disbursed, highlighting the significant growth potential that remains ahead.

In Chile, Tempo reached an important milestone, surpassing 2.5 million clients and becoming the country's first neobank following the approval of its banking license in January. Meanwhile, Monocera continued to scale efficiently, enabling modular low-cost insurance distribution across multiple channels. What unites these businesses is a disciplined purpose-driven approach to expanding access to financial services across the region.

This same strategic clarity guides our entire organization, shaping day-to-day execution and long-term capital allocation through four core pillars: expanding financial inclusion across geographies and client segments, deepening risk and capital discipline as a foundation for profitable growth, scaling AI, data and digital platforms to unlock productivity, client experience and engagement and optimize business decisions and building trust and leadership in every market we serve through client experience and operational excellence.

Aligned with these priorities, we advanced key M&A moves. We took full ownership of our medical insurance business, which demonstrated strong strategic fit and execution discipline. We also announced at year-end an agreement to acquire Helm Bank. Let me take a moment and discuss the strategic rationale of this addition to Credicorp. This transaction is fully aligned with our strategy to strengthen Credicorp's cross-border capabilities through a focused niche approach, enhancing our U.S. offering without pursuing a universal banking model in that market.

We agreed to acquire 100% of First Helm Bank for \$180 million, fully cash funded and consistent with our disciplined capital allocation framework. Helm contributes over \$1 billion in assets and a solid presence in Florida, serving both the local community and a predominantly Latin American client base. This move reflects a clear structural trend. Latin America clients continue to migrate assets to the U.S., where Florida stands out as a highly convenient location for investment, banking services and real estate exposure. Our target market is equally clear.

On the deposit side, we focus on affluent clients and regional corporates, while on the lending side, our priority segments are affluent LatAm clients and Florida-based residents. Helm meaningfully strengthens our platform by adding a fully licensed FDIC insured bank with core transactional capabilities that we do not currently offer in the U.S. while our Miami presence today focuses on corporate banking and private banking through our registered investment adviser and broker-dealer services.

Helm fills the gap with a franchise that offers full daily banking, residential real estate financing and credit cards, thus perfectly complementing our value proposition for internationally active clients. With that, let me turn to our financial results. We delivered strong financial performance in the fourth quarter and for the full year, underscoring the strength of our execution and the favorable operating momentum across our businesses.

We closed the quarter with a 16.9% ROE and 19% for the full year, reflecting not only record high net income, but also the continued diversification of our revenue sources across banking, transactional services, insurance, health, asset management and our digital platforms, strengthening the quality and resilience of our earnings. These strong results were broad-based and consistent with our strategic priorities.

Universal Banking and Insurance and pensions delivered very strong performance, while microfinance continued progressing towards its medium-term profitability target. Fee-based and transactional income continued to grow, underscoring the scalability of our platform. Our results were supported by healthy momentum in core revenues with margins benefiting from a lower cost of funding and an improved funding mix alongside continued improvements in risk metrics. Risk-adjusted NIM stood at 5.5% for the quarter, supported by better asset quality and a structurally efficient low-cost funding base.

On the liability side, we continue to strengthen our deposit mix, reflecting strong digital engagement and sustained client trust. Importantly, these results were achieved while maintaining strong capital and solvency levels, reinforcing the robustness of our balance sheet. From an operational standpoint, our efficiency ratio came in at 49% in the fourth quarter, well within our expected range.

Overall, these results reflect a business that is more resilient, more diversified and better positioned for sustainable growth while continuing to generate a positive local impact by expanding access to financial services and supporting economic activity across the region.

I will now turn the call over to Alejandro, who will go into further detail on the macro environment, each of our operating businesses and our consolidated results. Alejandro?

Alejandro Perez Reyes

Thank you, Gianfranco, and good morning, everyone. As Gianfranco mentioned, we delivered strong overall operating results, including a record high net income, which reflects solid growth in risk-adjusted revenue streams in our business ecosystem. As I discuss the quarter's highlights, I will focus on the quarter-over-quarter operating trends. Loans measured in quarter-end balances increased 3.6%. This uptick was driven primarily by BCP through both retail and wholesale banking and by Mibanco. Asset quality has improved across the board, and Credicorp's NPL ratio stood at 4.5% this quarter.

The cost of risk stood at 1.8% on the back of fortified risk management and supported by improvements in payment performance and in the Peruvian economy. Net interest income increased 4.2%, spurred by an expansion in interest income, mainly driven by loan portfolio growth and by a contraction in interest expenses after interest rates fell and low-cost deposits expanded and accounted for 61.4% of the funding base. In this context, NIM stood at 6.6%. Other core income grew 6%. Fee income increased 5.2%, boosted by transactional activity at Yape and BCP. Gains on FX transactions rose 8.2% through higher volumes at BCP.

Lastly, the insurance underwriting result fell 17.4%, mainly reflecting normalization in the disability and survivorship line of the Life business, which registered a base effect for favorable extraordinary reversals last quarter. Excluding this line, underlying performance across our insurance operations remained solid with insurance underwriting results remaining relatively stable this quarter. All in all, we delivered 16.9% ROE this quarter, supported by the aforementioned operational dynamics while maintaining sound capital levels. On cumulative terms, ROE stood at 19%.

Next slide, please. Peru's macroeconomic performance in 2025 was strong despite heightened global uncertainty and lingering political concerns following President Boluarte's impeachment. GDP grew around 3% year-on-year in the fourth quarter, slightly lower than the rate observed in the previous period as the solid performance of non-primary sectors partially offset a slowdown in primary activities.

The fishing sector registered a sharp contraction given that this year's cat quota was below last year's. Meanwhile, domestic demand remained robust, expanding more than 5% year-on-year. High frequency indicators point to a continued broad-based strengthening of domestic demand. Most metrics ranging from consumption-related variables to investment and external conditions continue to post double-digit year-over-year growth. In full year terms, GDP expanded roughly 3.5% in 2025, while domestic demand grew close to 6%, supported by the economic mid-cycle momentum and a boost from terms of trade, which reached their highest level in 75 years.

A similar performance is expected in 2026, marking a third consecutive year of GDP growth around 3.5% with domestic demand expanding above 4%. There is meaningful upside potential. Copper and gold prices recently reached historical highs and stand between 30% and 50% higher than their 2025 average, respectively. If they remain elevated and the post-election environment delivers greater policy predictability, improved governance and a more supportive backdrop for private investment, Peru could grow above its century long average of 4%.

Next slide, please. The Federal Reserve lowered its policy rate 75 basis points last year for a cumulative reduction of 175 basis points since 2024. This year, Fed fund futures are pricing in two additional rate reductions throughout the second half of the year. However, given the resilience of the U.S. economy and institutional changes ahead, including the transition to new leadership as Chair Powell's term expires, there is considerable uncertainty regarding whether further cuts will ultimately materialize.

In Peru, the headline inflation rate closed 2025 at 1.5%, its lowest year-end level in seven years. After lowering its rate by 350 basis points since September 2023, the Central Bank delivered its most recent rate cut last September, and the outlook for Federal Reserve remains uncertain as the policy rate is now broadly aligned with its neutral level and the economy is expanding close to potential.

In Colombia, inflation accelerated to 5.1% in December 2025. Following the 24% increase in the minimum wage, market participants revised their inflation forecast for 2026 upward and now expect a higher policy rate than previously anticipated. In fact, the Central Bank increased its rate by 100 basis points in its most recent meeting to 10.25%.

In Chile, the currency has been the strongest performer among emerging markets after a second electoral round in which Jose Antonio Kast secured a decisive victory and further supported by copper prices rallying to record high. The policy rate stands at 4.5%, and the Central Bank is expected to maintain a wait-and-see stance throughout the year.

Next slide, please. BCP achieved a full year ROE of 24.7%. These strong results demonstrate the company's strategic strength, such as clear market leadership, disciplined risk management, unique digital services and advanced technology and transactional capabilities. These advantages contribute to robust local funding, diverse revenue streams and increased principalship with our clients.

On a quarter-over-quarter basis, total loans measured in quarter-end balances rose 1.7%. In FX-neutral terms, loan growth stood at 2.7%, driven by both retail and wholesale banking. Notably, longer-term corporate loans began to recover this quarter despite political uncertainty. NIM remained relatively stable at 6.1%, reflecting resilience in the context of lower interest rates. Other core income grew 5.9%, mainly due to fee income where Yape and other payments and transactional services remain key drivers.

NPL volumes declined 3.6%, mainly due to debt repayments by wholesale clients in construction and transportation sectors and due to higher write-offs and repayments of loans under judicial recovery by SME clients. Provisions rose 9.9%, reflecting dynamics in retail banking and a specific impact within Wholesale Banking. In Retail Banking, provisions for individuals remained stable but rose for SMEs.

Core underlying risk in SME segments remained stable, but there was an increase in write-offs in SME PME, which drove the increase in total provisioning. Within Wholesale Banking, risk associated with indirect exposure to certain clients in the construction sector rose. The cost of risk edged up to 1.4%, supported by favorable macroeconomic conditions in Peru.

In this context, BCP's risk-adjusted NIM stood at 5.2%. From a full year perspective, I would like to highlight the following dynamics. Loan balances grew 3.8%. However, loan growth in FX-neutral terms reached 7.8%, led primarily by retail segments, particularly individuals, reflecting the strong momentum of internal demand. It is worth highlighting the strong performance of mortgages, which grew 9.9%, propelled in part by lower interest rates.

In Wholesale Banking, loan growth was fueled by the same dynamics seen quarter-over-quarter, where recovery in private investment was a primary catalyst. NPLs contracted across BCP segments, led primarily by a decrease in Wholesale Banking, which raised debt repayments by corporate clients and secondarily by SMEs and individuals.

In individuals, the reduction in NPLs was attributable to a decrease in debt refinancing. This evolution, which was supported by a positive economic backdrop, reflects improvements in loan origination and collections management. NIM stood at 5.8% as lower interest rates negatively impacted the yield on interest-earning assets. This was partially offset by a decline in the funding cost.

The cost of risk fell across segments in individuals and SME PME driven by improvements in payment performance after lower risk vintages increased their share of total loans, supported by a strengthening economic backdrop.

Other core income rose 15.1%. This solid performance was driven by growth in transactions to Yape, an uptick in fee income at BCP and an increase in gains on FX transactions, which grew on the back of higher transacted volumes. The ratio of other core income to assets continued to rise, reflecting the effectiveness of our strategy to diversify BCP's revenue sources.

This progress is supported by ongoing relevant investments that strengthen our transactional capabilities and digital platforms. Key projects on this front are Mainfree, Mobile app 3.0, cybersecurity, among others. As a result, operational expenses and personnel expenses in particular, led the efficiency ratio to stand at 39.7%.

Next slide, please. Yape continues to consolidate its role as a leading driver of longer-term value creation. With nearly 60 million monthly active users, Yape has become the country's most loved

and recognized brand. This connection with users has translated into an exceptional NPS, which peaked at 81 points by year-end, well above traditional financial services benchmarks.

Our advances have reinforced engagement and users now conduct 66 transactions per month on average. From a monetization perspective, monthly revenue per MAU continued to expand at a rapid pace, reaching SOL9.6 as of December '25. Monthly expenses per MAU in turn were fueled largely by seasonal charges.

Annually, average monthly revenue per MAU rose 62%, far surpassing the 15% growth in monthly expenses per MAU, demonstrating strong operating leverage. Payments remain the largest contributor, accounting for over half of total revenues. If benchmarked against the banking system, Yape fee generation would rank within the top 5 institutions in Peru. The strong growth in QR payments, bill payments and checkout solutions are evidence of increasing user adoption and revenue-generating total payment volume almost doubled year-over-year.

Lending has become the main driver of growth within Yape's financial business, now accounting for 23% of revenues, reflecting the platform's ability to translate engagement, data and risk management capabilities into scalable credit solutions. Yape has disbursed over 16 million loans, expanding credit access to 4.1 million users, of whom almost one-third are first-time borrowers.

Looking ahead, Yape represents one of Credicorp's most compelling sources of upside and strategic optionality. By deepening monetization across its existing user base and continue to leverage engagement and data as a powerful competitive moat, Yape underpins its strategic relevance within the ecosystem. As of the fourth quarter of 2025, Yape doubled year-over-year its contribution to Credicorp's risk-adjusted revenue, which stood at 7.2%. This progress reinforces Yape's trajectory to become our second largest contributor while maintaining a strong focus on financial inclusion.

Next slide, please. As Peru's microfinance system continues to regain momentum amid the country's steady economic recovery, sector performance has strengthened notably. In this context, Mibanco outperformed its peers by deepening its hybrid model, gaining productivity and strengthening credit risk management. As a result, Mibanco delivered double-digit loan growth and robust profitability of 20% this quarter.

I would like to highlight key quarter-over-quarter dynamics. Loans grew 3.9% in quarter end balances, riding an upswing in loan disbursement, which hit a new all-time high in October. The NPL ratio continued its downward trajectory over the past year, falling to 5.3%, an 11-year low. NIM peaked at 15.2%, boosted by a shift in the mix towards small ticket, higher-yield loans. In parallel, the cost of risk fell 44 basis points to stand at 4.8%, while risk-adjusted NIM reached a new four-year high of 11.6%. From a full year perspective, loans measured in quarter end balances grew 11.2%.

Our active pricing management, coupled with a decrease in the cost of funding boosted NIM. The cost of risk fell 64 basis points as lower risk vintages continue to gain traction and now account for 84% of total loans. Operating expenses remained under control and efficiency stood at 50.9%, supported by ongoing investments in strategic projects. In this context, Mibanco's full year contribution to ROE was 16.6%, transitioning towards our target for medium-term ROE in the low 20s.

Mibanco Colombia's results, which were supported by a more favorable economic environment for the microfinance sector, continued to rise and registered double-digit loan growth year-over-

year, bolstered by controlled risk management and optimized efficiency. As a result, profitability stood at 13.2% at quarter end and 10.3% for the full year compared with losses recorded in 2024.

Next slide, please. Grupo Pacifico delivered another year of strong performance in 2025, achieving a solid ROE of 21.4%, supported by robust commercial dynamics across businesses. Growth reflected the expansion in our bancassurance channels and an uptick in the issuance of optional policies, reinforcing the value of our strategy to grow in retail segment.

On a quarterly basis, net income dropped 1%, primarily impacted by a decrease in the insurance underwriting results, particularly in the life business due to a base effect in the disability and survivorship line following extraordinary regularizations last quarter and by higher operating expenses due to seasonality.

These impacts were partially offset by a decrease in the net loss on securities. From a full year perspective, Grupo Pacifico delivered solid performance. Net income rose 13%, primarily on the back of Pacifico's full consolidation of the Banmedica transaction. Excluding the consolidation effect, net income increased 4%, mainly driven by a 9% rise in insurance underwriting results. It is important to note that the results of the ongoing operating business grew 21%, partially offset by the contraction of the disability and survivorship lines, which did not actively operate in 2025.

If we exclude D&S from our insurance underwriting results, the underwriting performance of the ongoing operating business was driven mainly by the Life business through a favorable performance in credit and individual lines and by the P&C business, particularly through better results in personal lines and cards. These operating results were partially offset by an increase in the net loss on securities, which was impacted by credit downgrades on a couple of assets in the investment portfolio and by higher operating expenses.

Our corporate health insurance and medical services operations posted solid results and are well positioned for a strong 2026. Moving forward, we intend to bolster our commitment to providing high-quality products and services for both insurance and health. Next slide, please. For our Investment Management and Advisory business, full year profitability remained solid with ROE increasing 110 basis points to stand at 16.4%.

Let me begin with a brief overview of this quarter dynamics and then move to the full year view on underlying structural trends. Quarter results showed mixed dynamics. Revenues benefited from stronger performance in asset management and improved treasury results, but declined in Wealth Management due to lower market rates and in capital markets due to a base effect after a high result last quarter.

Expenses increased due to seasonal operating dynamics. Turning to the full year view. Net income rose 2% over the period. This result was driven by a strong year in capital markets, which was led by an upswing in activity, mainly through the trading unit, solid performance in asset management, where AUMs grew 35% and an improvement in treasury results. These positive dynamics were partially offset by higher operating expenses and lower revenues in wealth management despite a 24% growth in AUMs.

Next slide, please. Now I would like to review Credicorp's consolidated evolution, regarding quarter-over-quarter dynamics. Growth in cash balances was fuelled mainly by higher liquidity, which rose on the back of inflows from pension fund withdrawal. Nonetheless, the dynamism of our loan portfolio helped anchored our yield on interest-earning assets, which remained relatively stable with a minor 4 basis points decrease.

On the liability side, low-cost deposit share of total funding rose significantly, riding the wave of higher liquidity in the market. More expensive sources of funding in turn registered a reduction in their share in our funding structure, with the exception of bonds whose share grew on the back of a subordinated bond issuance by BCP. In this context, the funding cost dropped 12 basis points.

On a full year basis, loan growth, which was driven mainly by retail segment, led the interest-earning asset mix to generate higher yields despite cash buildup. In this context, the yield on interest-earning assets rose 7 basis points. On the liability side, interest rate dynamics complemented by a decrease in bonds and interest-bearing deposits share in our funding structure led the funding cost to drop 25 basis points.

In this context, NIM stood at 6.3% on a full year basis. As the positive credit cycle consolidates, growth in retail lending powered by a strengthened risk management and digital distribution capabilities should sustain NIMs growth. Next slide, please. Moving on to loan portfolio quality. Asset quality continued to improve this quarter as NPL volumes contracted across segments. The NPL ratio at quarter end was a low 4.5%, which is below the levels reported prior to the 2023 recession.

Amid a steady economic recovery in the past year, provisions have dropped over the past 12 months due to an improvement in payment performance and successful risk management measures, both at BCP and Mibanco. In this context, the NPL coverage ratio rose and stood at 112.4%.

Going forward, we will continue to accelerate retail origination while managing risk. Consequently, we expect loan growth to continue to recover its pace and the cost of risk to rise slightly and remain within our appetite. Next slide, please. Core income showed solid sequential improvement in the quarter, supported by strong operating momentum. Net interest income increased 4.2% quarter-over-quarter, supported by loan origination expansion and stable funding costs.

Other core income also contributed positively with fee income growing 5.2% quarter-over-quarter and FX gains rising 8.2%. These advances, which reflect higher activity at year-end, attest to consistently solid performance across core banking and transactional businesses. On a full year basis, core income increased 6.4%, driven by diversified revenue streams. Net income rose -- net interest income rose 4.3%, fee income 11.7% and FX gains 13.4%.

The shift in the earnings mix underscores Credicorp's progress in building a more resilient and scalable earnings profile. Risk-adjusted NIM rose 51 basis points, standing at 5.28%. This evolution reflects our pricing and risk management capabilities are becoming a competitive edge and enabling expansion into new market segments.

The efficiency ratio for the year stood within guidance at 46.6%. Operating expenses grew 12%, fuelled primarily by core businesses at BCP and by investments in our innovation portfolio. Growth in core expenses at BCP was driven mainly by an increase in personnel expenses related to commercial and technological and transactional capability development. Expenses for our innovation portfolio rose 18.4%, led by Yape, Tenpo and Culqi, which represented 83% of disruptive expenses this year. Next slide, please.

ROE for the full year was 19%, supported by solid business performance and bolstered by the extraordinary gain from the Banmedica transaction in the first quarter. If we adjust for this

transaction, ROE is 18.6% for the full year 2025. Net income reached a record high even if we exclude the gain from the Banmedica transaction.

We achieved this by capitalizing on our structural strength, our differentiated digital and transactional capabilities, low cost of funding advantage and sustained improvements in risk management and loan portfolio growth, particularly in retail segment. Now I will move on to our guidance. Next slide, please. We revised Peru's GDP growth outlook to around 3.5% in 2026. We expect our total loan book to grow around 8.5% measured in quarter end balances.

Amid a more dynamic economic backdrop and strengthening origination levels in 2025, we expect growth in balances to continue accelerating this year, driven primarily by retail banking at BCP and Mibanco [sp]. The acceleration anticipated for loan growth and the shift in the mix towards retail should support NIM despite potential policy rate reductions in soles and dollars down the line. Accordingly, we expect NIM to stand between 6.4% to 6.7%. The cost of risk guidance is between 1.7% and 2.1%. This range reflects the 2025 improvement in asset quality indicators as well as the shift of our loan portfolio mix towards higher-yielding segments.

Given the expected dynamics for NIM and cost of risk, risk-adjusted NIM should stand between 5.3% and 5.6%. In 2026, we will continue to invest in digital transformation and disruptive initiatives to bolster our long-term competitive position, but we expect some of the efficiencies from sale to begin to materialize.

Given that, we expect the 2026 efficiency ratio to be situated between 45% and 46.5%. Regarding noninterest income, we expect fee income growth to pick up and stand in the low double digits in 2026 as activity accelerates and our efforts to further diversify sources of income continue to gain traction. Although our underlying insurance business is expected to perform solidly in 2026, the insurance underwriting results, which was bolstered by extraordinary reversals for the D&S business in 2025, is expected to drop by high single digits.

Excluding the D&S business, the result will grow by high single digits. Finally, we expect our 2026 ROE to stand at around 19.5%. This fee reflects both solid core performance, sustained discipline on the risk front and continued revenue diversification. While local political uncertainties remain, we believe the fundamentals are in place to support this level of profitability.

With these comments, I would like to open the Q&A session.

QUESTION AND ANSWER

Operator

[Operator Instructions] Our first question comes from Ernesto Gabilonto from Bank of America. Please go ahead.

Ernesto Gabilonto

Thank you. Hi, good morning, Gianfranco, Alejandro, Cesar, Francesca and Milagros and good morning to the rest of the team. Thanks for the opportunity to ask question. My first question will be on the political outlook. Can you provide us with some update on the latest polls? What is the next date that we should be monitoring? I was just looking to the Ipsos survey that was published some minutes ago and Lopez Aliaga is leading the polls?

So any color or who are the other potential candidates? What are the main proposals so far will be very helpful, especially as we are just 2 months for the election, right? And also related to this,

when does Peru renovate Congress members, I think it will also be interesting. And I will ask my second question after your response? Thank you.

Gianfranco Ferrari

Good morning. And this is Gianfranco. Yes, we just -- we read the -- I believe it's the same poll. Yes, Lopez Aliaga is leading with 12%. In the second place is Mrs. Keiko Fujimori at 8% and there's like -- I believe it's four\4 candidates that are basically tied at 4%. Sorry, I said 4% Keiko Fujimori is 8% and 4% -- there are four candidates around 4%. I would say that both Mr. Aliaga and Mrs. Fujimori pro market economic plans or government plans.

Having said that, the issue is that there's still between undecided people that say that they will vote blank, it's around 42%, which is very high still. So we're I don't know 2 months away from -- less than 2 months actually away from the elections and that number is still very high. So the level of uncertainty is still there. So that's -- I would say that's the environment. We should have pause again in maybe a couple of weeks.

We hope that those 42% of, let's say, undecided start to decide what their -- tell to what their decision is and we'll have more clarity in maybe 15 days. Regarding the other part of the question and I would say, I believe we've talked about it before. The positive side of this new election is that we're going back to a dual chamber with Senate and Congress. We expect that to provide more, I would say, stability in terms of the political environment going forward.

On top of that, there are some thresholds that the parties need to reach in order to get seats at either the Congress or Senate. So overall, we see -- regardless of who becomes President, we see that the new structure -- political structure between executive power and legislative power should provide more stability for the country going forward.

Ernesto Gabilonto

Perfect. Just a follow-up on this one. When do we know will be like the final candidate? I don't know if you already have the candidates or not. And also on this dual chamber with the Senate and Congress, the vote will also happen in April or when should we expect that?

Gianfranco Ferrari

Yes. So starting with your second part of the question, yes, everything is voted on April 12, I believe yes, April 12. We already have the candidates, definite final candidates. Don't ask me who they are because they are like 35 to 37. So that's the situation.

Ernesto Gabilonto

Okay. No, excellent. Thank you. So then my second question is on your OpEx growth. So OpEx came at double digit during the quarter and the year. I believe you will continue with different strategic investments and strengthening Yape. But should we expect a little bit more moderate OpEx growth this year when compared to 2025?

And also related to this question, all the digital initiatives you are targeting to represent like 10% of adjusted revenues. But how are you thinking that could be moving going into 2027, 2028? I don't know if it's still too soon to provide a potential target for those years. And also related to this, how should we think about non-credited related revenues or fees with all these digital initiatives paying off?

Gianfranco Ferrari

Alejandro?

Alejandro Perez Reyes

Hi, Ernesto, this is Alejandro. Thanks for the question. So regarding operating expenses, they've grown, as you mentioned, they are within our guidance. The level of expenses is related to the investments we're doing, both in innovation and in the core business to better serve our clients. And I mentioned a few of those before.

Going forward, we do expect to continue investing in these different initiatives. Having said that, I think we're going to start seeing more and more the operational leverage of these initiatives. Right now, I have guided to a lower number for next year. And if you remember in the Investor Day, we guided to a midterm, which is a 2- to 3-year term really of 42% in cost to income.

So yes, we are expecting the increase in income that is coming from all these initiatives to start to be felt in the ratio. So that's what we're expecting. As for going forward, we haven't really guided a number on the impact. I think we're going to get to the 10% this year as has been our appetite, and that should be achievable. And we haven't yet guided for a number going forward, but we do expect the current initiatives to continue to scale and continue to bring more income into Credicorp.

So the reason why there's changes is that if you have -- if you were to have one of the initiatives leave what we call innovation, then that changes the actual number. But we haven't yet provided a new number for that, but all the current initiatives are scaling and growing in an important way.

Ernesto Gabilonto

Perfect. And just in terms of fees, given the monetization and Yape, should we expect that line in the double-digit?

Alejandro Perez Reyes

Yes. As I think I mentioned in my speech, we are expecting it to be in the double-digit area, the growth in fee income.

Ernesto Gabilonto

Perfect. Thank you very much.

Alejandro Perez Reyes

Thank you.

Operator

Our next question comes from Brian Flores with Citi Bank. Please go ahead.

Brian Flores

Hi, team. Good morning. Thank you for the opportunity. I have a question regarding Yape, right, because lending now is representing over 20% of the revenue, which is more than double the contribution from the last quarter of '24. And I think you have mentioned that the portfolio is shifting towards multi-instalments, right, with longer durations.

So I just wanted to understand and connect this with cost of risk. Is this shift in duration affecting the provisioning modelling for 2026? And also, I don't know if you could disclose the ROE target for Yape's financial business segment versus the transactional side?

Gianfranco Ferrari

Maybe let me take the second part of the question, and I'll ask Cesar to answer the first one. We do not provide that breakdown regarding Yape. And maybe as a segue to Cesar's answer, bear in mind, risk-adjusted NIM, not only cost of risk. And in the Yape business, it's extremely relevant because, yes, the cost of risk is much higher than the one of the traditional portfolio of the bank, but the risk-adjusted NIM is also much higher. So Cesar, I will ask you...

Cesar Rios

Thank you for the question. Actually, Yape is evolving with different lines. At the beginning, the emphasis was in monocuota with a lot of experiments, expanding the number of clients with very short-term and small loans.

And as we understand the behavior of these clients, we are emphasizing now the multicuota that helps to build up portfolios much faster because you increase the duration from less than 1 month to more than 6 months and also increase the amount. And the expected cost of risk should remain very controlled because as a prerequisite, we began with the higher risk short-term duration loans.

And as we mentioned previously, understand the behavior we scale the size and duration. And also, we are also increasing the participation in a small PE business with very successful results. So all in all, the risk-adjusted NIM should remain in comparable levels with probably different composition of the cost of risk and the interest rates. A little bit less rates, a little less also cost of risk in the higher longer loans.

Brian Flores

Perfect. And Gianfranco, if I may follow up. I think last quarter, you mentioned that generally during election years, we have a first part of the year that tends to be a bit slower. But I would say maybe the end of the year also was with a very, I would say, healthy pace of growth.

So I just wanted to check here if you're sensing here that maybe we could have upside risks for growth. And if we are in line or a bit ahead in terms of growth at this point of the year based on -- or comparing to your expectations?

Gianfranco Ferrari

Great question. And I believe you provided the answer. Yes, this -- yes, we -- actually, in the last call, we shared what our Chief Economist -- the analysis our Chief Economist did a few months ago regarding the theme. This year, so far, that's not happening. The trend we're seeing in terms of economic activity is like there was -- this wasn't an election year.

And actually, I was reading earlier a report by APOYO Consultoría, which is one of the most renowned think tanks in Peru and the level of consumer confidence in February of 2026 is the highest since February of 2020, so right before the pandemic. So yes, the positive sentiment around consumers, real salaries increased 3.7% last year. Formal employment increased 6% last year. So a long answer to your question, but the short answer is yes.

Brian Flores

Perfect. Thank you.

Operator

Our next question comes from Tito Labarto with Goldman Sachs. Please go ahead.

Tito Labarto

Hi. Good morning, everyone. Thank you for the call and taking my questions. I guess, first, another follow-up on Yape just because I mean you have guided for revenues tripling by 2028. But just how do you think about expenses for Yape?

I assume they'll grow less than that. I don't know if you have any official guidance for how much expenses from Yape should grow over this time? And I guess where I'm trying to get to, I mean, ultimately, I think Yape should be accretive to ROE. At the same time, you mentioned you will continue to invest in digital initiatives.

So net-net, if you think about Yape and then other digital initiatives combined with the investments in ONE and Yape become more profitable, that should be accretive to ROE. I don't know how much do the investments offset to some extent. So like net-net, how should we think about the potential accretion to ROE from those two things?

Gianfranco Ferrari

Yes, good morning, Tito. Yes, you're right. If you may recall about 4 years ago and it was Digital Day, we said that the ROE from digital initiatives should be neutral by 2025 and should start to be positive by 2026.

And definitely, we're going to reach that target. So this year, we expect the digital initiatives overall. So obviously, Yape being positive, others being negative. But overall, it's going to be positive starting this year. And the trend is that, that level of positive ROE should increase during the upcoming years.

Alejandro Perez Reyes

Hi, Tito, this is Alejandro. Just to complement Gianfranco, talking about costs, the speed at which revenue per MAU is increasing is much higher than the cost per MAU. And so Yape today has still a high cost to income, but we expect it in the next couple of years to actually reach levels below current BCP's cost to income. BCP ex Yape's cost to income. So it should start to have a very positive impact in cost to income in the next couple of years.

Tito Labarto

Okay. Great. Thanks, Gianfranco and Alejandro. And just in terms of quantifying, I mean, is it maybe 50 to 100 bps per year roughly more or less, I mean, just given, I think, excluding some extraordinary items in '25, the ROE is around 18% or 19.5%?

Gianfranco Ferrari

ROE, you mean?

Tito Labarto

Yes, ROE sort of accretion from all digital.

Gianfranco Ferrari

It's a good guess. Yes, within that range.

Tito Labarto

Okay. Okay, perfect. Great. Thanks, Gianfranco. Thanks, Alejandro.

Gianfranco Ferrari

Thank you.

Operator

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

Renato Meloni

Hi, everyone. Thanks for taking the questions. I would like to stay in the theme of ROE and explore a little bit here the guidance in your midterm ROE. I mean you're already running almost at 19.5%, which you guide, right, and you're expecting loan growth acceleration, margin expansion this year, but your OpEx is essentially eating out.

And I understand you're making these additional investments, but when do you expect -- you have the potential to make much larger midterm ROEs, right? So when we're going to start seeing that? Or you think that the continued investment in disruptive initiatives will just maintain the ROE long-term around this 19.5% because I think there might be some decent upside here?

Gianfranco Ferrari

Alejandro?

Alejandro Perez Reyes

Yes. Hi, Renato. Thanks for the question and for the opportunity to address that subject that has come up actually in other conversations. So, we guided for this midterm ROE in October of last year. And one clarification. When we're thinking about midterm, we're thinking 2 to 3 years, not necessarily the potential of Credicorp going forward. And we guided that, I would say, it was a conservative guidance given the fact that we are entering into an electoral cycle in Latin America.

So it's already been -- we've already seen elections in Bolivia and in Chile with positive results. And we are close to seeing elections in Peru and Colombia in the next few months. So we intend to come back to the market and revise that after that cycle, so probably in the call in August.

But given what we're seeing, given the potential of the economy and the positive trends, we do believe we're going to come back with something north of the 20% mark. But I don't want to give the exact number right now until we've run the numbers and see the outcome of the elections, which are, of course, big events for the next few years.

Renato Meloni

Perfect. That's clear. And if you allow me to follow-up. So structurally, where maybe like 5 years down the line when the disruptive investments normalize, where do you see your cost-to-income ratio?

Alejandro Perez Reyes

Well, as I mentioned, in the next 2 to 3 years, we're thinking about the 42% mark. We'll probably be revising that over time and giving closer update, but that's the last number we have right now because, of course, it's also going to depend on other potential investments that we do. So it's hard to tell. If we were talking about just the current portfolio, of course, you would see a decrease in that number going forward, but we'll have to see what comes down the pipeline.

Renato Meloni

Understood. Thanks very much.

Alejandro Perez Reyes

Thank you.

Operator

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

Carlos Gomez

Hello, good morning, and thank you for taking my questions. I wanted to ask you about your exposure to Rutas de Lima, the corporate in Lima and whether you see any potential for recovery from that particular credit if you have any exposure?

And second, to what degree do you think that the positive performance of the economy, of the business, has been helped by the withdrawals from the pension fund? And could there be a break on activity when they are finished this year or next? Thank you.

Gianfranco Ferrari

Maybe Eduardo, I don't know if you want to...

Eduardo Montero

Yes, yes. Hi. This is Eduardo Montero. I can comment about Rutas de Lima. This is a position that represents less than 1% of our portfolio. It's a position which is currently provisioned at 80%. We're not accruing interest. And -- there are currently a couple of arbitration processes in the U.S. that if successful, we think that it would take a long time, but it will be a benefit as the actual position that we have. We do expect in the near short term, a payment that could be somewhere in the around between 5% and 10% of the bond. So -- and we do not expect further deterioration in the position that we have right now.

Gianfranco Ferrari

Alejandro, would you take?

Alejandro Perez Reyes

Sure. So Carlos, going to the second part of the question, the withdrawal from the pension plans, of course, have different types of impact. This withdrawal has been of \$25,000 million. We, as BCP has captured a little north of \$11 billion of those \$25 billion. The payments are going to continue until this -- until March, actually, the last payment is in March. And the effect in the economy, it depends on how much goes to consumption, but it certainly does help GDP. We have a calculation that, again take it understanding that not necessarily everything is going to go into consumption, but it would be around 0.4% of impact on GDP potentially if everything went to consumption.

And if you think about the impact on our business, we expect for 2026 an impact of around 0.5% on loans -- I'm sorry, on deposits, on low-cost funding. So that's a positive result. And in the credit part, it could have a negative impact of around 0.4%. Those are our calculations thinking about 2026. I mean, all-in-all, the short-term effects are positive, certainly not negative. I think the main issue is the long-term effect on pensions and the Peruvian economy. But in the short term, the impacts are not that material.

Cesar Rios

And probably a small addition, also a reduction in cost of risk in a specific segment, particularly mid and higher segment individuals.

Carlos Gomez

Thank you.

Cesar Rios

Thank you.

Operator

Our next question...

Gianfranco Ferrari

Sorry, Carlos. Gianfranco here. Just to clarify, Eduardo Montero from Pacifico took the question regarding Grupo de Lima, because the only subsidiary at Credicorp that has a position with Grupo de Lima, which is less than 1% of the portfolio of Pacifico is Pacifico. BCP or neither BCP nor any other subsidiary has a position in Grupo de Lima.

Cesar Rios

And we were dropping over at the last quarter.

Carlos Gomez

That was with underwriting. Thank you.

Operator

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

Daniel Vaz

Thank you and hi everyone. Congrats on the full year results and also thank you for the guidance on 2026. I'm looking to the loan growth if we compare to '25, you already grew 8.5% if you exclude the impacts on the FX and also the Bolivia. And I'm seeing your '26 guidance also like around 8.5%. And when I look at Peru's GDP around 3.5%, domestic consumption close to 5%. And also, if you take into consideration that you're accelerating in Mibanco, NPLs at multiyear lows, BCPs consumer lending also growing above 10%.

I mean, what are we missing here? What is currently holding overall credit below the double-digit level? I mean, what would need to change for you accelerate more meaningfully? Maybe I don't know, middle market corporate loans or other segment that's pushing you behind? And if I may have a second follow-up. Are you planning to open Yape's P&L and separate from BCP so you can have a cleaner vision on the efficiency ratio and etcetera, for the – yes? Thank you.

Alejandro Perez Reyes

Daniel, this is Alejandro. I'll take the first question, and thanks for asking the question because it will give us an opportunity to clarify something. The guidance we've just given is for all of Credicorp. And there is one particular book, which is the Bolivia book, where we are expecting a big -- a potentially big impact from exchange rates. So basically, we believe Bolivia is in the right direction. But in order to move forward, it's probably going to have some devaluation of the currency.

And if that were to happen, that would impact our book, and that is considered in the 8.5%. If you take BCP and Mibanco alone, we're expecting double-digit growth for this year in loans. And actually at constant exchange rate, it's a little bit higher, around 11% for the year. So we are expecting and seeing an acceleration in the market. We expect that to continue and loan growth should be very strong this year. But there's this particular headwind in Bolivia that will have an impact on the whole of Credicorp when it materializes.

Gianfranco Ferrari

Regarding Yape maybe regarding the Yape question, the issue here is that Yape is within BCP. So Yape as an institution does not exist. So what we're currently -- so it's very hard to come up with a financial -- pure financial statement. But what we're working on is in order to provide you with more information is working on how to be -- to provide more information, but all within the transparency we've always provided to the market. So that's a work in progress, and we may come up with something in that line in the future.

Daniel Vaz

Alright. Thank you, Alejandro. Thank you, everyone.

Operator

Our next question comes from Andres Soto with Santander. Please go ahead.

Andres Soto

Good morning to all. Thank you for the presentation. My first question is regarding your loan growth guidance, but specifically connected this to Yape. Are you already including in this 8.5% something from Yape? How much we can expect Yape to contribute to lending of Credicorp in 2026? And if you can elaborate on the ramp-up that you are seeing towards the multi-stallment in the consumer loans and also the pilots that you are conducting in SMEs?

Gianfranco Ferrari

Alejandro?

Alejandro Perez Reyes

Yes, sure. The numbers do include it. Let's remember that Yape lending is in BCP's book. So when I was talking about this double-digit growth in BCP, I was including already the amount from Yape. As for the growth, we are expecting the book to grow fast in the coming years. The number we're expecting -- I mean, we're not giving guidance for the number of the specific book, but it should probably triple in the next couple of years. So that's the speed at which it's growing. But having said that, it's still a small portfolio for Credicorp's whole book, okay? So it is growing fast, and it has a good margin. So probably a bigger margin than other books, but it's still going to be a smaller proportion of the whole book of the group in the coming years.

Andres Soto

And in terms of expenses, cost to income is always because there are multiple variables involved, but what are you looking to in terms of total expense growth in 2026?

Alejandro Perez Reyes

You're talking about Credicorp or...

Andres Soto

Credicorp as a whole. Yes.

Alejandro Perez Reyes

Okay. So we actually guide for cost to income -- and as I mentioned, we're expecting cost to income to reduce in the coming year. We -- if you look at the guidance we've just given, even the upper side of the guidance is below the result of this year. We're seeing a lot of acceleration on the income of some of these initiatives. So on the expense side, we are going to continue to invest in all of these, not only disruptive initiatives, but also on the ongoing business and improving our capabilities to better serve the clients. So yes.

Andres Soto

Okay. And then finally, on capital, when I look at BCP at 14% core equity Tier 1, Mibanco at 17%. How do you feel about those numbers considering the cycle, both in terms of improved asset quality, but also faster loan growth? Where do you guys feel comfortable for what is coming ahead?

Gianfranco Ferrari

Sure. The way in which we usually work is we have internal limits of 11% for BCP and 13.5% for Mibanco. And we...

Management

14.5%

Gianfranco Ferrari

14.5% for Mibanco. And what we do is -- in March, we declared dividends and take the CET1 close to those levels. So the number you're seeing right now is pretty high because we've been building capital throughout the year. We will reduce it towards those levels in March. It has to be approved by the Board and by the shareholders' meeting. But that's the idea. And so in that case, we will go back to those levels. We do see increasing loan growth, but it's already in our numbers, and there shouldn't be any problems with capital going forward.

Andres Soto

Perfect. And just to be clear, so that money is going to the holding company and from the holding company, the intention is to distribute to shareholders?

Alejandro Perez Reyes

Exactly. So the way which it works is the policy is we basically send all excess capital to the holding company. Usually, this happens in March. And then in April, the Credicorp the holding company will propose a dividend and then declare it an ordinary dividend. And what we're aiming for, as I mentioned in our call, is an increasing ordinary dividend each year, and we're in line to being able to do that. And then depending on how the year goes, we might give a second extraordinary dividend, but that is dependent on the conditions of the year.

Gianfranco Ferrari

And obviously, this is subject to approval. Governance approval.

Andres Soto

Perfect. Thank you very much and congratulations on the results.

Gianfranco Ferrari

Thank you.

Conclusion**Operator**

It appears there are no further questions at this time. I will now turn the call back over to Gianfranco Ferrari, Chief Executive Officer, for closing remarks.

Gianfranco Ferrari

As we look ahead to 2026, I'm very confident in our positioning. We're entering the year with a healthy pipeline across businesses, an improving credit environment and a clear strategic focus.

We expect loan growth of around 8.5%, supported by retail momentum at BCP and continued expansion at Mibanco, alongside stable and healthy margins with NIM expected to remain in the mid- to high 6% range.

Asset quality is improving, and we expect the cost of risk to remain within our target range, supporting risk-adjusted profitability. Our focus remains on 3 priorities, scale and monetize our digital ecosystem, expanding inclusion and accelerating new revenue streams, leverage synergies across businesses through data, talent and shared platforms to unlock growth and efficiency; execute with discipline, applying clear profitability thresholds and long-term value creation across core and disruptive initiatives.

These are not new themes. They reflect the strategy we've been executing on consistently, and they're paying off. We're seeing tangible results across our platforms with fee income expected to grow at low double digits, continued progress in efficiency and sustained investment in digital capabilities.

Thank you for your trust in Credicorp. We look forward to speaking with you next quarter.

Operator

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