



DELIVERING STRONG AND SUSTAINABLE VALUE

Alejandro Perez-Reyes, *Chief Financial Officer, Credicorp*

FIRESIDE CHAT VIDEO

Raimundo Morales, *Vice Chairman, Credicorp*
Gianfranco Ferrari, *Chief Executive Officer, Credicorp*

(Video Starts)

Gianfranco Ferrari: You were the CEO 30 years ago. Today you are the Vice Chairman of Credicorp. From a personal point of view, what do you feel about during these 30 years and celebrating the 30th anniversary of?

Raimundo Morales: I feel proud of this organization. Well, I started in 1980 working for the Group for Banco de Crédito. Then in 1987, I went to Atlantic, and in 1990, I joined as General Manager. At that time, the bank was worth US\$50 million. Today the Credicorp Group is US\$20 billion. In my experience, the pride one feels in seeing what has been built, and today I believe we have the ability to compete head-to-head with any financial institution in the world.

I mean if you look at the quality of the people we have in our organization, it gives me peace of mind knowing that no one is going to walk all over us. I truly believe we have that competitive advantage, but it's also ingrained in our culture, in our concerns, and we are constantly talking about who the next generation is, who is out there, how they are preparing themselves, will they be able to face challenges and be citizens of the world?

(Video Ends)

Alejandro Perez-Reyes

Now, I'm going to make a brief presentation focusing on what we've achieved so far, but actually, more importantly, on the avenues of growth, we see going forward. You saw something similar earlier when Gianfranco showed this. This is our TSR since Credicorp's inception 30 years ago. We've had very strong results, 14.1% annualized TSR, and compared with our peers group in the region, we've actually been able to outperform in different timeframes.

And that is a result of the innovation, culture, and the disruptive culture that we've been hearing the whole day. And I think Francesca alluded to it, but it's not just innovation in a



digital way. We were innovative when we decided to bring agents to Peru to broaden our physical reach to our clients. We included analytics in microfinance. Then, of course the big digital transformation at BCP, which, at that time in 2016, we had 20% of our clients working digitally with us. At the end of last year, it was 76%, and it keeps growing. And of course, the most visible result from that digital transformation is Yape, our digital platform, which basically has reshaped the way in which payments are done in Peru, and we believe has the capability to reshape the way in which lending is done in the country, and it's an exciting opportunity, as Raimundo was mentioning.

Now, Credicorp has changed in a lot of ways in the last 30 years. Here, are some of them, you can see that the number of clients since the year 2000 has multiplied by 18, we have 18 million clients today. And the number of transactions has actually gone from 150 million transactions per year to almost 58 billion this year if we annualize the result.

Of course that has come, and I don't know how much do you see in the back, I'm sorry, but there are some numbers below. It has come with important investments in I.T. to allow for this transformation. And I think it's been very successful in allowing us to do it. We have an uptime of our main eight applications of almost 99.9% compared to a Latin American benchmark of 98.4%. And to try and make sense of what those numbers mean I'll just tell you that 10 basis points is around a little bit over 2 hours of downtime in a quarter.

So basically, our uptime is very strong. That has allowed us to be able to process all of these transactions with a lower cost, as it was alluded also earlier. And at the same time, to generate engagement and principality with clients. We have had some very important results that you can see here on the right. One of them, other core income, fee income has grown in an important way. And another one is the low-cost funding, which has also grown in an important way in 2015, it was like 44%. Today it's at 57% of our funding, which is a big competitive difference and advantage in the market.

Going back to the different avenues of growth, our risk-adjusted revenue has grown 14 times since the year 2000. But what's interesting is that it hasn't been only from lending. Of course, lending has grown in an important way 17 times, which is good, but also at the same time, we've seen FX income growing 17 times, fees growing 7 times, and insurance here is only from 2022, which is a fairly new doubling in its importance.

So basically, different avenues of growth are enabled by the things we've been hearing today. The disruption, the different synergies, the ecosystem approach that we are bringing to the market. We've talked a lot in one-on-ones and in different times about decoupling from the macro, which is basically being able to continue growing at a good pace regardless of whether Peru's GDP or the region's GDP is growing strong. And I think we've been successful in doing it and here are some numbers. If you look from 2021 to 2025 annualized, we've been able to grow 19% per year. The nominal GDP in that same time period in Peru has been 6%. So, it's basically 3.2 times GDP. That same number in



the past decade was 1.6 times. We found avenues to continue growing despite the fact that GDP has moderated in Peru.

Here, I'm going to talk briefly about each of our business lines and try to give you some information on how we've been performing and what we're expecting in the near future. Universal Banking has actually been showing important improvement in ROE, as you can see to the left, a shift towards more retail lending, efficient channels, the growth in low-cost funding that I was talking about, and this principality and engagement we've gotten with clients are part of what explains it. And looking forward, we expect the business to remain with an ROE in the mid-20s.

Microfinance looks like a different story. Of course we had a complicated period starting in 2020 with Covid and then Pedro Castillo, etc., that hurt the base of the pyramid mostly. That hurt our ROE, but I think we've turned it around that 14.1% you see there is a mix between Colombia and Peru, Peru being around 16% today in ROE, Colombia, 10% and growing fast.

And I mean we've learned a lot from the prior cycle. We've strengthened our risk management capabilities, our commercial capabilities and are basically today in the short term, focusing on smaller ticket sizes with higher NIM and efficiencies. And over time, we want to make the business more resilient, trying to build other sources of income and hopefully also some low-cost funding in the business, which is going to take a little bit of time, but we believe could basically make it more resilient. And expect that business to be in the low 20s as a return.

Insurance and pensions, actually, very good returns. The year that looks really bad is basically Covid-related. It was an important hit. That's also a result of shift to retail. Mónica talked a lot about bancassurance, that's been very important. And we believe there's an opportunity to keep growing in an important way in that business line and expect ROE also to be the low 20s.

And finally, our asset and wealth management business. A few years ago, we redefined the strategy, we integrated operations, we focused on the more scalable and stable businesses of asset and wealth. And the strategy has paid off. ROE has been increasing, and we're expecting that business line to have a high-teens ROE going forward. And of course Yape, which has grown into one of the main avenues of growth for the Group. Raimundo mentioned some of these numbers. Our clients have basically almost doubled in the last two years from 8 million monthly active users to 15.3 million as of August of this year.

The number of transactions per month is at 56.8% that's basically clients are using twice a day Yape, so high engagement, which we believe could go even higher. And if you get to see down here, and I don't know if that's possible, our revenues per MAU have already crossed and continued widening the gap with our cost per monthly active user. And we think it should remain with that tendency. So that has been, so far, mainly due to the



payments business, which was the first one of large business still with important opportunities.

If you look to the right, we see the next big opportunity that we have that we're already tackling, which is the lending part. In August, we disbursed 1.4 million loans in the smaller ticket loan installment, that's around S./ 330 million disbursed in the month. And we're basically growing fast and taking a large part of that market. And the next frontier comes from the multi-installment side of loans. We are earlier in that process, but with very positive signs of what we can do and I think this is an interesting avenue for growth for Yape, and, of course for Credicorp.

Now, I'm going to talk a few minutes about the avenues of growth we see going forward. We said, well, you've been hearing about them all morning, but I'm going to give you a little bit more information on those. So, they come from innovation, loans, fees and other income. In innovation, we set a clear north star of bringing 10% of risk-adjusted revenues by 2026. We think we're well on our way to achieving that goal, and we should do it. And by the way that is with a defined appetite of ROE 150 basis points and cost-to-income of 350 basis points. We are on our way to doing that.

But what's also very exciting is the fact that we've built a lot of other ventures that are starting to scale and should allow us to maintain that aspiration of 10% into the future. Examples, Francesca already mentioned them, Tenpo on the verge of getting the banking license and allowing us to grow in the retail segment in Chile. And Tyba, our wealth tech company, basically just surpassed 1 billion in assets under management and growing rapidly. So, a couple of examples of things that are scaling.

Other opportunities we see clearly today on the left, on the loan side, just a couple of examples. Consumer loans in that segment, specifically, BCP has around 16 million clients. But only 15%, a little bit over 2 million of those clients, have loans with us. We believe there's an important opportunity. These are already clients of ours. And with all the new data we're getting on them from transactional activity through Yape, we believe we can have an important uplift in the lending in that segment

And a similar story in SME loans, also a market where we are present with BCP, Mibanco and now also Yape, but where we think we have space to grow, and we're attacking it in a very ecosystemic approach, sharing information between the different channels of Credicorp. And with that information on data, we think we can increase the share of that market.

And a few opportunities on the fee and other income side, one of them is Yape, although the payments business has grown very fast and it's important, we think the opportunity is still much bigger than what we've achieved so far. And we think it's an area that should continue to grow in an important way going forward.



There's one reference here of what Kaspi achieves, I assume many of you know them, but it's a reference. And we think Yape has an opportunity to keep growing there, generating more engagement with clients, giving them more options what to pay and do in Yape.

Insurance, Mónica talked about it earlier, we have more than 18 million clients, only like 2.4 million of those clients have a voluntary insurance with us. And when you consider the low penetration of insurance in Peru and the fact that I just gave you, we really believe that we have an opportunity to really increase our participation in that market. With bancassurance, with embedded insurance, we think it's an exciting avenue of growth for Credicorp.

And one that we haven't mentioned today but I'll just mention it right now, the remittances business, which has a S./ 1.4 billion opportunity, and where we only represent 3% of the market. The reason for that is that we've always been on the distribution side of remittances, and we're important there, we have great channels. But the origination part of remittances keeps 80% of the fee of the money involved. So, we believe there's an opportunity to get into the origination business and increase that share of that S./1.4 billion mark.

With that, it brings us to the expected ROE for the next few years. We mentioned this in the conference call. We're expecting around 19.5% of ROE. And given the pace of the growth in income being higher than the part of the expenses, we basically expect cost to income to be around 42% in that timeframe of 3 to 4 years.

So just to finish, I'll leave you with three messages. One, I think we've been able to deliver very strong results and a lot of value through our innovation, through our ecosystem, through engagement with clients. The second one is we see clear avenues of growth, not necessarily dependent on GDP picking up. And we think we have the capabilities, that's the third point, the capabilities to capture those opportunities. And by that, we have or we're building the capabilities, as you've heard today we have the best talent, we have a culture of innovation, self-disruption, we have an ecosystemic approach that we are building where the whole of Credicorp becomes more important than each individual business, we have the best channels by far, and we have the most amount of data that will allow us to give our clients the best value proposition. Thank you.