

Credicorp Ltd.

First Quarter 2026 Earnings Conference Call

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CORPORATE PARTICIPANTS

Milagros Ciguenas - *Head of Investor Relations*

Gianfranco Ferrari - *Chief Executive Officer*

Alejandro Perez-Reyes - *Chief Financial Officer*

Cesar Rios - *Chief Risk Officer*

Francesca Raffo - *Chief Innovation Office*

PRESENTATION

Operator

Hello. Good morning, everyone. I would like to welcome you to the Credicorp Limited First Quarter 2026 Conference Call. A slide presentation will accompany today's webcast which is available in the Investor Section of Credicorp's website. Today's conference call is being recorded. As a reminder, all participants will be in listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you would like to ask a question, please signal by pressing star then one on your telephone keypad. If you have connected to the call using the HD web phone on your computer, please use the keypad on your computer screen. If you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment.

Now it is my pleasure to turn the conference over to Credicorp's IRO, Ms. 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 at the Q&A session will also be Francesca Raffo, chief innovation officer, Cesar Rios, chief risk officer; and Eduardo Montero, head of Insurance and Pensions.

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 the recent macro and political environment, the key levers of our decoupling strategy, 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 full year 2026.

Gianfranco, please go ahead.

Gianfranco Ferrari

Thank you, Milagros. Good morning, everyone, and thank you for joining us today. Let me begin by thanking our shareholders for the strong support at our recent Annual General Meeting. The outcome of the Board elections reflects a deliberate strategy-led refreshment process fully aligned with Credicorp's long-term priorities. As announced, shareholders approved the appointment of three new directors and the reelection of six current members. The new directors bring complementary expertise in areas that are increasingly critical for us, particularly technology and AI, financial and regulatory oversight, and strategic execution as we continue advancing our transformation and strengthening our operating model.

Importantly, our governance framework remains robust with key safeguards firmly in place, including a fully independent audit committee and independent directors leading critical committees. This provides a strong foundation as we navigate different operating environments.

At the global level, recent geopolitical tensions, particularly in the Middle East, have increased uncertainty, mainly through higher energy prices and their potential impact on inflation and the outlook for interest rates. Since our last conference call, Peru's economic activity has been affected by a series

of temporary supply side shocks, including higher oil prices related to the conflict in the Middle East, a localized energy disruption, and adverse weather conditions that led to contraction in primary sectors. That said, the positive momentum of the economy continues to remain solid. Several activities indicators, including private investment, continue posting double-digit growth supported by resilient macroeconomic fundamentals and favorable export prices with copper currently trading at around \$6.50 per pound.

Against this backdrop, we're maintaining our GDP growth expectation for 2026 at around 3.5%, though our outlook has become more skewed to the downside, with recent macroeconomic indicators tracking closer to 3.2%. More importantly, domestic demand remains particularly dynamic growing above 4%, which we view as the more relevant driver for loan growth going forward.

As we await the official confirmation of results, the presidential runoff appears likely to feature candidates with markedly different economic visions, including one advocating for a significantly more interventionist role for the state. Should that candidate prevail, some initial market uncertainty could emerge. However, we believe the composition of the Senate is the more decisive factor and is trending toward a configuration that supports macroeconomic fundamentals and institutional continuity. In our view, this legislative balance will act as an effective counterweight helping to preserve political stability.

Peru's structural safeguards, including the Senate's veto authority and constitutional hurdles to significant policy shifts are likely to act as effective constraints helping preserve the independence of the Central Bank and its mandate, particularly regarding monetary financing to the treasury. Given this, we remain confident that Peru's economic model will continue to prove resilient supported by solid institutional frameworks.

Against this backdrop, we continue to closely monitor price dynamics and monetary conditions. Inflation has seen an uptick to 4% year-over-year, mainly driven by transport, energy, and food costs. As a result, monetary conditions are likely to remain somewhat tighter than previously anticipated.

Across the region, the operating environment remains mixed reflecting the initial impact of external pressures. In Colombia, activity remains relatively resilient supported by consumption while policy uncertainty persists ahead of the presidential elections on May 31st. In Chile, growth has softened amid weaker early year activity and higher oil prices. At the same time, the new government offers improved prospects for private investment. In Bolivia, macroeconomic conditions remain challenging with performance exceeding expectations.

Overall, while external conditions remain dynamic, the resilience of our core markets, combined with the strength and attractiveness of our offerings, give us confidence that 2026 will remain a solid year.

As we look ahead, we will further execute our decoupling strategy through four differentiated growth anchors. First, we're strengthening our leading position in the underpenetrated markets where we continue to see clear avenues of growth. We see significant room to deepen financial inclusion and expand our reach across client segments where structural gaps persist. This enables us to grow while maintaining disciplined risk standards.

Second, we're scaling our integrated digital ecosystem. In 2026, we will leverage our platforms to accelerate client acquisition, deepen engagement, and increase cross-sell while also improving efficiency and customer experience. A key component in our innovation portfolio is our neobank unit, which effective April 1st brings together Yape and iO in Peru, Tenpo in Chile, and Yape in Bolivia under a common umbrella, led by Raimundo Morales. These platforms expand our reach and open new avenues for growth, particularly in payments and lending. More broadly, we're deepening our competitive moat by leveraging our scale, client base, and ecosystem integration to drive sustained differentiation and

progressively higher monetization.

Third, we are unlocking synergies by leveraging shared capabilities across our ecosystem. We're placing greater emphasis on data analytics and risk management capabilities that can be deployed across businesses. This also includes advancing our knowledge sharing agenda so that best practices can be applied across subsidiaries improving decision-making, client targeting, and risk assessment. While we are still in the early stages, we're already seeing tangible benefits, and we believe this represents a meaningful opportunity going forward.

Finally, delivering strong and resilient returns across economic cycles. This is underpinned by a prudent and holistic approach to risk and capital management across the organization. We continue to strengthen our capabilities across credit, liquidity, and operational risk while maintaining a disciplined approach to capital allocation. This integrated framework is translating into more consistent performance and reinforces our resilience enhancing our ability to navigate volatility, support sustainable growth, and protect returns across different macro environments.

Turning now to the first quarter results. We reported a very solid ROE of 21.1%, which exceeded expectations and reflects strong fundamentals across our core businesses. Operational performance was robust across core businesses. Additionally, we achieved 9% of risk-adjusted revenues from our innovation portfolio this quarter, advancing toward our 10% target by the end of this year. We're seeing an acceleration of credit demand across our main lending segments. In the first quarter, loan growth was robust in BCP and Mibanco. We expect retail segments and microfinance to accelerate in the coming quarters.

Risk-adjusted NIM strengthened sequentially supported by improved asset quality and a resilient underlying NIM as our loan portfolio expanded and funding mix improved. Deposit growth remained strong reflecting system liquidity and sustained client confidence, while continued investments in service and digital capabilities deepened our client relationships and drove market share gains in low-cost funding reaching 41.2% this quarter. Asset quality reflects proactive measures taken since 2023 including tighter origination standards, risk repricing, enhanced loan rescheduling, and greater investments in analytics alongside a favorable macro environment. Additionally, our strong solvency has enabled us to increase our dividend to PEN 50 per share, while also supporting our plans for sustained long-term growth.

Our efficiency ratio is at 45.8%, within our guidance range, as strategic investments in innovation and digital capabilities continue to drive diversified income streams and scalable growth through deeper market penetration. These results underscore the strength of our core operations and our long-term commitment to building a more agile, client-centric, and resilient financial platform.

Before I turn the call over to Alejandro, I would like to congratulate him on his appointment to lead our microfinance business at Mibanco. These transitions reflect the depth of talent we continue to build across Credicorp and our disciplined approach to succession planning and leadership development. We're also very pleased that Ignacio Belaunde will assume the CFO role later this year bringing strong financial and strategic experience to the position. In the meantime, we still have Alejandro with us for one more quarter of earnings calls before this transition takes effect.

With that, Alejandro, please go ahead.

Alejandro Perez-Reyes

Thank you, Gianfranco, and good morning, everyone. As Gianfranco mentioned, we delivered remarkable overall operating results, including record high net income, which reflects solid growth in risk-

adjusted revenue streams in our business ecosystem. As I discuss the quarter highlights, I will focus on the year-over-year operating trends.

Loans measured in quarter-end balances increased 8.2%. This uptick was driven primarily by BCP through both retail and wholesale banking and by Mibanco. Asset quality improved across the board with Credicorp's NPL ratio declining to 4.3% for the quarter. This positive trend was driven by higher debt repayments, especially among retail banking clients, supported by ongoing refinements in underwriting standards and collections management and growth in liquidity through pension inflows. In this context, the cost of risk stood at 1.3% bolstered by improvements in payment performance in a more favorable macroeconomic environment and by strengthened risk management.

Net interest income increased 10.9% spurred by growth in interest income, driven mainly by loan portfolio expansion by a contraction in interest expenses as interest rates fell and low-cost deposits continue to gain share to account for 63.9% of the funding base at quarter end. In this context, NIM stood at 6.6%.

Other core income grew 19.5%. Fee income increased 15.6%, boosted by transactional activity at Yape and BCP. Gains on FX transactions rose 30.6% through higher volumes at BCP.

Lastly, the insurance underwriting results fell 9.1% on the back of lower premiums in the P&C business and inflationary pressures on expenses for claims in the Life business, which have no impact on the bottom line given that these claims are compensated with inflation-linked financial income. Excluding inflation-based impacts on claims expenses, the underwriting result rose 4% year-over-year driven mainly by the Life business.

We delivered 21.1% ROE this quarter fueled by strong loan growth, strengthened asset quality, and diversified income sources showcasing the success of our decoupling strategy, risk management measures, and investment in digital capabilities.

Finally, as Gianfranco mentioned, we recently declared a record high ordinary dividend of PEN 50 per share as we moved capital levels closer to target across our subsidiaries. Next slide, please.

GDP is expected to have grown close to 3% year-over-year in the first quarter, reflecting solid momentum in the economy despite localized energy disruptions and higher oil prices in March. More importantly, domestic demand is expected to have expanded by more than 5% year-over-year for the sixth consecutive quarter. High-frequency indicators continue to signal broad-based and robust expansion with several indicators posting double-digit year-over-year growth. For instance, during the first quarter, light vehicle sales led the gains, rising by nearly 40%, followed by uptick of nearly 20% in capital goods imports and 14% for cement consumption. Historic high terms of trade and ongoing business cycle momentum remain the key drivers of this performance.

While higher oil prices introduce uncertainty, Peru is less vulnerable than other peers of the region given its lesser net importer position. Another source of uncertainty going forward will be the impact of an El Niño event. So far, this has been felt in the first anchovy fishing season, but it is still early to tell how it will develop going forward. Also, as Gianfranco mentioned, while the presidential elections may generate some near-term uncertainty, the broader institutional framework, including the role of the Senate, should help limit the scope of abrupt changes and provide a measure of stability. Next slide, please.

The Federal Reserve has maintained its policy rate since December as it continues to assess incoming economic data and determine how rising oil prices impact inflation and employment. In Peru, annual inflation rose to 4% year-over-year in April, its highest level in more than 2 years, reflecting primarily higher local transportation prices. The Central Bank has indicated that inflation is expected to return to

the target range within the forecast horizon and converge to 2% next year as the effects of these shocks gradually dissipate.

In Colombia, annual inflation accelerated to 5.6% in March driven in part by the 23% minimum wage increase rolled at the beginning of 2026. To contain inflation expectations, the Central Bank has increased its rate by 200 basis points since December. Presidential elections will be held in two weeks and polls suggest a runoff is likely in June.

In Chile, investment sentiment improved after President Kast's election, although recent gasoline price increases have tempered the outlook. Annual inflation reached 4% in April, and the Central Bank has held the policy rate at 4.5%. Next slide, please.

BCP's profitability posted a solid start to the year supported by loan growth under disciplined risk management and diversified sources of revenue. In this context, ROE stood at 30.5%. On a year-over-year basis, total loans measured in end-of-period balances rose 7.3%. In FX-neutral terms, loan growth stood at 9.1% driven by both wholesale and retail banking. Notably, disbursements of long-term wholesale loans were buoyed by a favorable outlook for private investment. In Retail Banking, loan growth accelerated mainly in individuals, reflecting an increase in our risk appetite for consumer loans and an uptick in mortgage loan disbursements which rose on the back of lower interest rates. SME-Pyme loan disbursements were also boosted by an increase in our risk appetite.

NIM rose 21 basis points to stand at 6%, mainly due to a decrease in the funding cost, while the yield on interest-earning assets remained resilient in an environment of lower interest rates. NPL volumes declined 11.1%, mainly due to debt cancellations by SME-Pyme clients under judicial recovery and secondarily by debt repayments from individuals who availed funds from pension fund withdrawals. Improvements in the quality of origination and in collections management also contributed to the result.

Provisions fell 35.1% driven mainly by retail banking which was positively impacted by improvements in payment performance across early vintages in consumer and credit card loans and by reversals in wholesale banking after a corporate clients regularized refinance exposure. In that scenario, the cost of risk decreased to 0.8% while risk-adjusted NIM stood at a record high of 5.5%.

Other core income rose 18.7%, driven mainly by an increase in fee income where strong transactional activity was channeled through Yape and other transactional products at BCP. A secondary driver was growth in gains on FX transactions, which was fueled mainly by retail clients served through digital channels. Variations in volumes reflect volatility related to tensions in the Middle East and the electoral calendar.

Although the ratio of other core income to assets stabilized this quarter due to asset growth, the contribution of fee income plus net gains from FX transactions reached its highest level since 2022, reflecting the strength of our diversified sources of revenue. Operating expenses rose 15.1% mainly due to an uptick in administrative expenses. This evolution was driven primarily by Yape's use of cloud infrastructure and IT-related services and secondarily by marketing and consulting expenses in the traditional business. Our personnel expenses rose this quarter as we ramped up core business projects to develop commercial and technological capabilities. In this context, operating expenses and personnel expenses, in particular, led the efficiency ratio to stand at 38.6%. Next slide, please.

With 16.4 million monthly active users, Yape continues to expand its MAU base while shifting its focus towards deeper engagement and monetization. Reaching approximately 82% of Peru's economically active population, the platform has achieved nationwide scale. At this level of penetration, incremental growth is driven by higher recurrence, broader multiproduct adoption, and monetization of an already

large installed base positioning Yape to continue cutting into cash's share of payments.

The platform's positive evolution into a super app is reflected in its engagement metrics. Users transact 67 times per month supported by consistently strong customer satisfaction with an NPS of 77. This deeper engagement translates into unit economics with revenue per MAU increasing 65% year-over-year to PEN 10.3, widely surpassing growth in expenses per MAU, which rose 26% to PEN 5.9. This proves that operating leverage is on the rise consistent with Yape's asset-light and scalable model.

Payments account for 47% of total revenues, while also serving as a core engine for data generation and cross-selling. Revenue-generating total payment volume grew 80% year-over-year, reinforcing Yape's position as Peru's leading digital payment network. Lending revenue grew 3.6 times year-over-year positioning as the platform's fastest-growing vertical. In the first quarter of 2026, more than 5.7 million loans were disbursed leveraging proprietary data, digital underwriting, and distribution to serve the underbanked. With credit penetration at approximately 30% of MAUs, there's still significant upside to accelerate adoption.

Yape has the potential to significantly scale its contributions to Credicorp over time. As of the first quarter, the app represented 17% of the group's fee income and 8% of the group's risk-adjusted revenues year-over-year, up from 12% and 5%, respectively. Next slide, please.

As Peru's microfinance system continues to gain traction amid a more dynamic economic backdrop, its performance has followed an upward trend. In this context, Mibanco outperformed its peers by strengthening its transactional value proposition, gaining productivity, and strengthening credit risk management. As a result, Mibanco sustained double-digit loan growth and robust profitability of 21.7% this quarter.

From a year-over-year perspective, loans measured in quarter end balances grew 12.4% riding an upswing in loan disbursements which hit a new all-time high in March. The NPL ratio continued with a downward trajectory that began last year, falling to 4.9%, an all-time low.

Our active pricing management, coupled with a decrease in the cost of funding, boosted NIM which stood at a strong 14.9%. The cost of risk fell 29 basis points on the back of lower risk vintages which currently account for 88% of total loans. While the cost of risk remained low this quarter, we anticipate some gradual normalization in the second half of 2026 as we incorporate newer and smaller customer segments to bolster portfolio growth while remaining comfortably within our risk appetite. In parallel, risk-adjusted NIM stood at 11.3%, slightly below the four-year high achieved last quarter.

Operating expenses increased due to higher administrative expenses related to ongoing investments in strategic projects primarily linked to digital transformation initiatives to modernize our technological architecture and improve client experience. Efficiency improved despite these investments and stood at 49.2% at quarter end. Mibanco Colombia's results continued to rise and registered double-digit loan growth both quarter-over-quarter and year-over-year, bolstered by controlled risk management and improving productivity. Consequently, profitability stood at 18.3% at quarter end which represents a sizable improvement over the single-digit levels reported at the same time last year. Next slide, please.

Grupo Pacifico delivered solid underlying results in the first quarter with ROE of 18.9% for the quarter. Organic net income grew 11% year-over-year driven mainly by the Life business and partially offset by the P&C business. In our Life business, commercial execution was strong supported by growth in our bancassurance channels and an uptick in issuances of optional policies in retail segments, both consistent with our strategy to deepen penetration in high-value customer segments. The net loss on securities dropped this quarter reflecting a base effect generated by credit downgrades on a couple of

assets in the investment portfolio in the first quarter of last year.

In our P&C business, net income fell. This evolution was fueled primarily by a drop in premiums in the corporate segment and secondarily by an uptick in claims in the personal and medical assistance lines. In addition to organic growth, our net income accelerated year-over-year following the consolidation of Pacifico Salu which includes medical assistance, corporate health insurance and medical services. These businesses continue to advance through solid commercial dynamics and disciplined cost management which bolsters our confidence in Pacifico Salud's long-term earnings contribution. If we include the full consolidation of Pacifico Salud's operations in Grupo Pacifico results, consolidated net income rose 19% year-over-year. Next slide, please.

ROE for our Investment Management & Advisory business stood at 15.7% in the first quarter. Let me give a brief overview of this quarter's year-over-year dynamics and underlying structural trends. Quarter results showed mixed dynamics. Revenues benefited from stronger performance in our Wealth and Asset Management businesses with AUMs expanding by 28% and 34%, respectively. Our capital markets line also evolved favorably in line with market conditions. These favorable business dynamics were partially offset by an increase in operating expenses which was mainly attributable to a particularly low comparative base in the first quarter of 2025. In this context, net income fell 8% over the period. Next slide, please.

Now I would like to review Credicorp's consolidated evolution. Interest-earning assets rose sequentially, driven mainly by growth in investment balances as we took advantage of tactical opportunities to capitalize on our cash position. Loan growth fueled by BCP also contributed to the uptick in interest-earning assets, albeit to a lesser extent. On the liability side, low-cost deposits posted an increase, thanks to our solid transactional offering and inflows from pension fund withdrawals.

Structural balance sheet trends are better explained on a year-over-year basis. Loan growth, which was driven mainly by BCP and Mibanco, led the interest-earning asset mix to generate higher yields despite cash buildup. In this context, the yield on interest-earning assets rose 10 basis points year-over-year. On the liability side, lower interest rates, along with an increase in the share of low-cost deposits resulted in a 31 basis point decrease in the funding cost over the same period. In this context, NIM stood at 6.6% for the quarter. 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 4.3%, which is below the levels reported prior to the 2023 recession. Provisions dropped over the last 12 months buoyed by steady economic recovery, which strengthened repayment dynamics and by effective risk management at both BCP and Mibanco. In this context, the NPL coverage ratio rose and stood at 113.8%.

Going forward, we will continue to accelerate retail origination while maintaining a disciplined approach to risk. We expect loan growth to maintain its dynamism. The cost of risk, in turn, is expected to increase modestly but remain within our risk appetite. Next slide, please.

Core income reached new record levels supported by this quarter's operating momentum across core businesses, which was driven by loan growth in higher-yield segments, a drop in the funding cost and an upward trajectory for transactional activity. On a yearly basis, 13.3% growth in core income was driven by diverse revenue streams with net interest income, fees and FX gains reporting double-digit gains. Net interest income grew 10.9% benefiting from sustained growth in our low-cost deposit base and resilient asset yields. Fee income, in turn, rose 15.6% on the back of dynamic bancassurance, payments and transactional services, while the 30.6% uptick in FX gains was supported by higher transactional volumes and disciplined pricing.

Profitability metrics continue to strengthen with risk-adjusted NIM trending upward to 5.81% reflecting improved pricing, portfolio mix optimization, and effective risk management. The efficiency ratio for the year stood within guidance at 45.8%. Operating expenses grew 13.1% fueled primarily by core businesses at BCP and investments in our innovation portfolio. Growth in core expenses at BCP was driven mainly by IT expenses for commercial and transactional capability development. Expenses for our innovation portfolio, which were led by Yape, Tenpo, and Culqi, rose 40% and represented 84% of disruptive expenses for the quarter. Next slide, please.

ROE for the quarter was 21.1% supported by solid business performance and a favorable economic backdrop. Net income reached a record high once again. We achieved this by capitalizing on our structural strength, our differentiated digital and transactional capabilities, low funding cost advantage, loan portfolio growth, particularly in retail segments, and sustained improvements in risk management. Now I will move on to our guidance. Next slide, please.

We maintain our expectation for Peru's GDP growth stand at around 3.5% in 2026, though we recognize that risks to this outlook are tilted to the downside. We expect our total loan book to grow around 8.5% measured in quarter end balances or around 10.5% on an FX-neutral basis. Amid a dynamic economic backdrop and strengthening origination levels, we expect growth in balances to continue accelerating over the remainder of the year driven primarily by retail banking at BCP and by Mibanco. The acceleration anticipated for loan growth and the shift in the mix towards retail should support NIM, which we expect to stand between 6.4% and 6.7%.

This quarter's cost of risk was below expectations. We anticipate that retail origination will continue to increase. As a result, the cost of risk is expected to approach the lower end of our guidance range, and our risk-adjusted NIM is expected to remain within guidance. On the efficiency front, we maintain our guidance range for 2026.

Turning to noninterest income. As we mentioned in our previous earnings call, we continue to expect fee income to grow in the low double digits this year, driven by an ongoing uptick in economic activity and in the diversification of our income sources. On the insurance side, our underlying insurance business is expected to continue performing solidly. However, the insurance underwriting result, 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 is on track to deliver high single-digit growth.

Although we are reaffirming our ROE guidance of around 19.5% for 2026, the strength of our first quarter performance and the ongoing positive trends suggest that we are well positioned to achieve results on the upper side of this level. We remain prudent in the face of global and local uncertainties, but our outlook reflects confidence in our ability to deliver strong value for shareholders.

With this comment, I would like to open the Q&A session.

QUESTIONS AND ANSWERS

Operator

Thank you. We will now begin the Q&A section. If you would like to ask a question, please signal by pressing star then one on your telephone keypad. If you have connected to the call using the HD web phone on your computer, please use the keypad on your computer screen. If you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. We will pause for just a moment to allow everyone the opportunity for questions.

We ask that you please only ask one question at a time. After each question has been addressed by our

speakers, you will then be allowed to ask as many follow-ups as needed, but again, please only ask one question at a time. Thank you.

Our first question comes from Ernesto Gabilondo with Bank of America.

Ernesto Gabilondo

Thank you. Hi, good morning, Gianfranco, Alejandro, Cesar, Francesca, and Milagros. Alejandro, best of luck in your new position, and Ignacio wishing you the same. Congrats on your record-high results. My first question is whether you could provide some color on the presidential election and the potential impact of El Nino. Regarding the election, with almost 100% of the votes counted, and as you mentioned in your remarks, the second round appears likely to be in between Fujimori and Sanchez. Could you share any insights on potential alliances or support these candidates may receive from other potential contenders that are not passing to the second round?

On El Nino, expectations are currently pointing to a strong event. A super El Nino is being ruled out for now, but based on your experience with this type of weather phenomenon, how likely is that this outlook changes throughout the year, and in case of a strong El Nino, what measures would you expect to evaluate or implement? Thank you.

Gianfranco Ferrari

Good morning, Ernesto. This is Gianfranco. Thank you for your words. Let me take the political question, and then I'll ask Cesar and Alejandro if they want to comment on the El Nino, which by the way, there are actually two El Nino effects as we speak. Yes, you're right. Officially, there's no official results, so we do not know who the two candidates that are going to go to the balloting or the runoff, but yes, we're close to 100%. So, the probability of Fujimori and Sanchez going to the second round is very high.

Regarding your question on alliances and so on, there's nothing material as we speak, but on top of that, also bear in mind that the endorsement power that there is in Peru is quite limited. So, we'll have to see what happens going on. Actually, the only poll that was published or that is public after the first round is that they're basically—when I say Mrs. Fujimori and Mr. Sanchez are basically tied.

With that, I will ask Cesar to go with the comments on El Nino, please.

Cesar Rios

Hi, Ernesto. Regarding El Nino, I think first, it's important to clarify that we deal with two different phenomenon. The coastal El Nino that we are already in an El Nino phenomenon at this point, I am going to detail a little bit more, and the second one that probably is the more global awareness is the Central Pacific El Nino. These are two different phenomenon. Depending on the period of the year, this can affect Peru differently and particularly are dangerous when the confluence of these phenomenon coincide with the summer.

Even saying that, regarding the local El Nino, we are already in a low moderate effect at this point. It has already affected the fishing season, has been temporarily halted after only one-fourth of the usual harvest volume expected for this year. So, these effects are already impacting the economy, and we are also closely monitoring the effects at this point in the agricultural sector. Usually, the impact diminished the level of productivity, but in some cases, it is also compensated by higher prices.

So, we are in the point that we are closely monitoring. We are still not changing our credit policy, and probably around September, we are going to have much clearer indication of the real impact, and in this point, we should start taking measures considering not only this already mentioning effects, but heavy rains in the north part of the city. So, in our expectations, we are already considering this moderate impact

and closely monitoring potential higher impact for the last part of the year. I don't know if this helps.

Ernesto Gabilondo

Yes, thank you very much.

Alejandro Perez-Reyes

Ernesto, this is Alejandro. First, thanks for your words. I just wanted to give you a little bit more color or numerical color on the impact of El Niño over time. In 1998, we had what is considered an extraordinary El Niño, and the impact on GDP in Peru was 1.7%. The moderate El Niño of 2017 was 0.8%, and the strong El Niño of 2023 was 1.1%. So, going back to Cesar's comments, it's still very early to know what kind of El Niño we will get depending on the summer and the confluence of both the El Niño Costero and the El Niño, whether it's going to be moderate or strong, we're going to see the impact around 1% of GDP of Peru if it were to materialize.

Ernesto Gabilondo

Great. Super helpful. Good color, and then just my second question is related to asset quality. The cost of risk has become very well below your guidance. So, just wondering whether there are potential downside risks, or it's still early to assess that considering and we need to wait for the outcome of the presidential election and to evaluate the impact of El Niño.

Cesar Rios

Thank you, Ernesto. I would like to highlight two different behaviors in our portfolio. Let's say, Mibanco, as Alejandro has mentioned, has had a very good performance but not a dramatical change recently, as you can see in the recent evolution, and these numbers reflect improved risk performance because at the same time that we are decreasing the cost of risk, we are increasing our exposure in low segment tickets, particularly below PEN 5,000. So, a good performance, but not a dramatical change on the quarter.

In the case of BCP, you can see a significant change on the quarter, and I would like to mention two different kind of effects. One is a more structural effect that is the combination of the origination and the measures that we have taken recently that has improved the quality of risk segment by segment, and we are reaping the benefits of these measures taken. Additionally, we are starting to see also the increased contribution of more provisions of the new origination in higher-yielding segments that has been more pronounced the last quarter of last year and this first quarter, as you have seen in our figures. That's structural, and segment by segment, we are still seeing an improvement, but it's not a dramatical improvement.

The effect that has been changing recently has been some one-off effects that have impacted the quarter in particular. We have an unusually high, as a product of the boom in the mining sector, of profit sharing. So, this profit sharing has improved the one-off payment capacity of the middle segment that was the focus of our origination in the last two years. So, good additional payments from the source, the liberated fund from the pension funds that has improved also in the same segment, and on top of that, a combination of payments in the wholesale portfolio.

In contrast with the last quarter in which we have additional provisions for a number of construction-related segment clients, in this quarter, we have liberation of provisions. So, you have good underlying behavior in BCP with a slight decrease of the cost of risk gradually increasing as we shift the portfolio, but the combination of three very point in time effects in the quarter that I would say exacerbated the decrease of the cost of risk.

As we start to originate faster and faster in higher-yield segments, we are going to increase the cost of

risk towards the expected rates that Alejandro has shared, and our expectation is to be with the information that we have in the lower range of the guidance.

Ernesto Gabilondo

Super helpful, Cesar. Thank you very much.

Operator

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

Brian Flores

Hi, team. Thank you for the opportunity to ask questions. I have one quick follow-up on Ernesto's question regarding asset quality. So, is it fair to say that this maybe extraordinary cost of risk that we have seen is allowing you to maybe allocate a bit more capital on, as you mentioned, higher-yielding credit, and we should see this maybe during this year? Then, maybe my question is on your ROE guidance. I think you mentioned that maybe you could be on the upper side given the trends that you're seeing, and I think maybe cost of risk is perhaps the one that is allowing you to already be mentioning this. So, I just wanted to see if besides cost of risk, you see also another of these key variables, maybe efficiency, allowing you to be on the upper side of the range, as you were mentioning. Thank you.

Gianfranco Ferrari

Brian, let me provide a more, let's say, longer-term vision regarding the question on cost of risk, and then I'll ask both Cesar and Alejandro to answer on both the cost of risk and the ROE.

First of all, we do not manage the company by only taking a look at cost of risk, but most importantly, by taking a look at risk-adjusted NIM. So, what we've been providing, and I believe Alejandro mentioned it when he commented about guidance, is that we do expect risk-adjusted NIM to increase even though we expect cost of risk at the same time to increase, and the main reason is because the retail portfolio and mostly microfinance and the Yape lending book are going to grow at a much faster pace.

Having said that, we're not making decisions based on short-term cost of risk results but on a much more longer and structural vision regarding the opportunities we see mostly again in the retail portfolio in the underbanked and the unbanked and leveraging a lot on the data we've been gathering over the last actually ten years through Yape and other digital channels.

Maybe I'll end that with the comment on guidance on ROE. It's not only a matter of cost of risk, and well, the first quarter has been over 20% already. The economy in Peru is really performing quite well. Therefore, we have a lot of tailwinds. So it's not only a matter of what we're doing as a company, but also the environment is quite good. I don't know if Cesar and Alejandro would like to add something in that sense.

Cesar Rios

I think Gianfranco has explained perfectly our general approach, and I will say, if we are taking confidence to increase our risk taking is because segment by segment, we are having results within our expectation or slightly better. That's what gives us confidence to continue growing and accelerating the risk taking in higher yield, higher risk segments. The temporary effects were exactly that. The temporary effects are very welcome, but our strategy continues to perform based on the capabilities that we are building and the results that we are monitoring and adjusting.

Alejandro Perez-Reyes

Yes. Hi, Brian, this is Alejandro. I'm going to add something on the ROE guidance. We haven't changed the guidance, which is around 19.5%, but as I mentioned in my remarks, we are expecting to be on the

upper side of that number given what we've already seen in this first quarter, and we've had an ROE above 20% and the strength of the economy.

Having said that, there are, of course, some important events that we need to monitor that might have an impact like the elections and the El Niño that we were already discussing, but we believe that given the strength of the economy, given all the things that we've been developing, both in risk management, transactional capabilities, etc., and what we see, we should be able to be on the upper side of the 19.5% for this year going forward.

Again, it's not just cost of risk. There's also the loan growth that we're expecting that can be a little bit stronger, and then you have the risk-adjusted NIM that Gianfranco mentioned probably being strong for the year. All those figures together will probably allow us to be above the 19.5%, but again, we are at a moment in the year where we've seen an amazing first four months because April has also been very strong in the economy, but we are about to choose a new president, and there's this El Niño effect going on, so that's the reason why we want to remain prudent as of now.

Brian Flores

Very clear, team. I appreciate that. Just if I understood correctly, given the improvement in marginal ROE, your priority in capital allocation, if I understand correctly, should be reinvestment in growing, right, rather than extraordinary dividends, all of that because I think the unit economics are healthier, right?

Alejandro Perez-Reyes

Sure. I mean the priority is definitely growth, and we believe there's a big opportunity in many of the segments that we serve.

Brian Flores

Perfect. Thank you.

Operator

The next question comes from Thiago Batista with UBS BB. Please go ahead.

Thiago Batista

Hi, guys. Congratulations for the results, very strong numbers. Can you give me some indication about the performance of Yape in Bolivia, and also, if you believe this platform can be implemented in other places, let's say in Chile, for instance. So, those two points, how Yape is performing in Bolivia and if it's possible to see kind of internationalization of Yape?

Gianfranco Ferrari

Francesca, could you answer that, please?

Francesca Raffo

Sure. Thank you, Thiago, for the question. Yape Bolivia has been growing at a steady pace. I would say that last year, it accelerated growth reaching over two million customers for a smaller country that is Bolivia, but bear in mind that Bolivia has a different starting point than Peru. It had an interoperable system in place, so it's a different model, but we have been successful to gain market and to be the leader in the market. Having said that, we have a very solid competitor that is close by. So, at a transactional pace, we are growing different again than Peru. More than just P2P transactions, there's a lot of P2M transactions, so it's a merchant driving system.

We are following the path similar to Peru in having the monetization, which is putting a lot of services around utility payments and so forth and digitizing payments as a whole, and then gaining a lot of

information to go into value-added services around lending and other products. So, Bolivia is performing good. We've worked a lot around technology as well. As you know, we have a bank there, and we began that process with their technology.

That brings me to your next comment around the internationalization. Chile, for sure, with Tenpo as a neobank there, as Gianfranco mentioned, leveraging capabilities and there is a cash-based economy in Chile as well that we're, of course, looking at. The technological piece, I think, is super important, and Yape has been working around creating a platform that is much more exportable.

Gianfranco Ferrari

Yes. Maybe, Thiago, just to complement Francesca's answer, we announcing on April 1st, we created the neobanking unit under Raimundo Morales, the current CEO of Yape Peru. Under that unit, Yape Peru, Yape Bolivia, iO and Tenpo are going to be operating. Most of the logic is to leverage on tech capabilities, knowledge of the market and so on, and part of the logic is what you just said. Are there any possibilities to grow elsewhere?

Thiago Batista

Thanks for those answers.

Operator

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

Renato Meloni

Hi, everyone. Congrats on the results. My question is on growth. You had been mentioning earlier this year, there still expected retail growth to remain solid, but this quarter, we saw a nice pickup on wholesale lending. So, I wonder if you could explain a bit the drivers for that you expect this to continue, and then if you see some upside to the loan growth guidance. Thank you.

Gianfranco Ferrari

Good morning, Renato. Thank you for your words, and regarding your question on the wholesale growth, I'm pleased after anyone could help me in that sense, but let me go a step back. If you were to look at our book in the last, I don't know, five years, it's been basically flattish and mostly in the wholesale world because I would say that Peru has gone through the perfect storm over the last five years. COVID, then I don't know, six presidents in five years or whatever, a lack of stability and so on, and therefore, private investment in general, and this was across industries, really stalled.

We started to see, and I believe we commented in last call, private investment grew double digits. I believe it was 11% last year, and that pace has—so private investment has kept its pace last quarter, and what has happened on the other hand, is that the domestic demand, as Alejandro mentioned, has been growing between 4% to 5% consistently over the last, I believe, it's six quarters. So, across industries, there are companies that are operating at full capacity, so that's the main reason for loan growth in the wholesale portfolio.

Renato Meloni

That's perfect, but if you also consider this positive economic background that you mentioned, don't you think that the 8.5% loan growth guidance for the year might be a bit too conservative?

Gianfranco Ferrari

Could be, yes, but again, you're right, but on the other hand, the uncertainty that we mentioned at the beginning regarding global uncertainty, definitely oil prices are going to—Peru is a net importer, so oil prices could hit the economy and the uncertainty because of the elections, and we're going back basically

to somehow a binary scenario, could bring some slowdown in that sense. We will have much more clarity after the second round.

Renato Meloni

Thank you. Have a nice day.

Operator

The next question comes from Lindsey Shema with Goldman Sachs. Please go ahead.

Lindsey Shema

Hi, good morning. Congrats on the results, and thank you for taking my question. First, on deposits, we saw a really favorable improvement in deposit mix, which was partially attributed to deposits from the pension fund withdrawal. First off, how much would you attribute to pension fund withdrawal deposits? I know the last time we had talked, it was running pretty strong and you captured a good percentage of the liquidity into the system, and then also, how sticky would you consider those deposits? Is it something that we can expect as kind of a tailwind going forward? Then, I have a second question, but I'll ask after that.

Gianfranco Ferrari

Sure. Thank you, Lindsey. Alejandro, can you take that one?

Alejandro Perez-Reyes

Sure. Hi, Lindsey. So, yes, we did capture an important part of the withdrawal of the pension plan, but it's money that starts to get used and reduces over the following months. I would say that of the growth that we've seen in our deposit base, around half of it has been related to the pension fund withdrawals. The other half of it is our transactional capabilities and people operating in our principality and people operating in our system in an economy that is slowly turning more and more or less cash driven. So, the money remains in the accounts.

I think there's a structural reason why we've been growing steadily on that side, plus there's also this pension fund withdrawal that we should see decrease during this year and probably basically disappear, and it's also related to the prior question. It's also part of some of the retail repayments that we've seen. People use that money to repay retail and has an impact on the retail growth in the first quarter, but I would say, again, half and half between pension fund withdrawals and more structural reasons.

Lindsey Shema

That was very clear, and then my second question is just on operating leverage and expenses at Yape. I mean, we saw a pretty solid increase in operating leverage. How much of that was kind of just seasonality in expenses? How much is sustainable, especially with this new digital bank initiative? You mentioned that you could see some material impacts from that. Is that on the expense side? Is that on revenue growth because you're talking about going into different markets, expanding on that end? Just kind of what are the impacts there? Thank you.

Gianfranco Ferrari

Francesca, can you take that one or Alejandro, whoever?

Francesca Raffo

Yes. So for sure, there's a seasonality end of the year and also the elections, Yape has been very active in the branding positioning around the long-term view for growth for the country. So, that's one part of the seasonality, but you're spot on in terms of there's still a lot of technological capability and investment being built in Yape around lending, around distribution, around the internationalization of the platform.

So, we're very mindful of the expenses. They are not exceeding our expectations in terms of what we are planning for growth or for revenue and cost as well. So, I would say under control, but yes, there's still investments to be done.

Gianfranco Ferrari

Maybe complementing that, Lindsey, how we see this as far as income grows at a faster pace than expenses, we're okay. We really believe that Yape in two, three years should be operating at a much lower cost to income, which is what we care about it, and we'll have also an impact—this actually has a double impact. So, the cost to income will be lower. Yape will be a much more relevant business within Credicorp, therefore, the positive impact in cost to income overall.

Lindsey Shema

Very clear. Thank you so much.

Operator

The next question comes from Carlos Gomez-Lopez with HSBC. Please go ahead.

Carlos Gomez-Lopez

Let me join in the congratulations to Alejandro. You've been here for such a short time, we'll miss you, but congratulations, and congratulations in particular, for the increase in the margin. You've been telling us it was going to go up. We said it would not, but it went up. So, congratulations on that.

My question would be again on the asset quality and the cost of risk, which is lower this time. Could you please quantify what those recoveries in the corporate portfolio would be like? I mean when I look at the numbers, I guess your number is \$120 million, \$140 million lower than what we have expected. How much did you recover? Is that \$40 million, \$50 million, \$60 million? Could you quantify that amount?

Gianfranco Ferrari

Cesar?

Cesar Rios

Carlos, thank you. In a usual month at BCP, you have a cost of risk of wholesale between 0.1%, 0.2%. The last quarter of last year was unusually high at 0.5%, and in this quarter was minus 0.1%. So, you can say between 20 and maximum 30 basis points impact as a difference between what is usual. In relation to the last quarter, it's very significant, but the last quarter of last year was unusually high for the special cases that I previously described.

Carlos Gomez-Lopez

Okay. So, 20 or 30 basis points on the wholesale portfolio?

Cesar Rios

Yes.

Carlos Gomez-Lopez

If I can ask a question on Yape. We understand that the Central Bank is bringing in UPI from India. Could you tell us what impact, positive or negative, that might have on your business?

Gianfranco Ferrari

Fran, can you take that one, please?

Francesca Raffo

Yes, Carlos. Definitely, there's two views or two dimensions around the UPI. So, we do believe that there is still an opportunity to capture cash. Still Peru is a cash-based economy, so there is potential to grow in transactions, and having said that, of course, there's going to be other players, new entrants in this payment ecosystem, but if you look at Yape's results and Yape's plans over time of being a super app and now a neobank to that, we have consistently been able to cross-sell more products. We're almost reaching three features per active user in Yape, different features, not just payments, but whether it's utilities or lending. So, it gives us an opportunity to tap into a bigger market, and this is the view we're having, and we're participating aggressively with the Central Bank in the pilot.

Carlos Gomez-Lopez

The project could be another payment network or you would join the payment network, or you will be connected? How is it supposed to work?

Francesca Raffo

We will definitely be connected. So, this is a completely interoperable system, and we could have our own closed loop for our own transactions wherever we believe this is better, whether it's a UX experience or, of course, if it's a cost issue, but it makes the market bigger because everything becomes interoperable.

Carlos Gomez-Lopez

Very good. Thank you so much.

Operator

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

Andres Soto

Good morning, and thank you for the presentation. My question also is around Yape, but this time around in terms of the contribution to Credicorp. When I look at the contribution to revenue, it's already at 8% for the quarter. Contribution to EBITDA is at 7%. So, I have three separate questions around these numbers. The first one is previously you have mentioned that you expected disruptive initiatives to represent 10% of Credicorp revenue. Yape alone is already almost at that level. So, what will be your new target for your disruptive initiatives in terms of the revenue contribution to Credicorp?

Gianfranco Ferrari

Good morning, Andres, and great question. All yours, Francesca.

Francesca Raffo

So, initially, we've shared many times with you in the Investor Days and the digital conversations we've been having, we set ourselves a target four years ago to represent 10% of risk-adjusted income for Credicorp. We're very happy, of course as you mentioned, that Yape is one of the big ones, and our initial expectation was once these initiatives got into specific growth, they would graduate into more mature businesses.

In the case of Yape, what we are seeing is that it's still offering growth at a much faster pace than the other lines of businesses that are more incumbent. So, we are actually today working around what the new north metric of that would be, and as you know, we're going to set aggressive metrics in terms of the contribution of the initiatives. Having said that, we're also beginning to see relevant contributions. Of course, they're smaller around Culqi, around other initiatives as Garda, what we've mentioned before, and we are currently reviewing to set a new appetite for the next four years or three years.

Andres Soto

Thank you, Francesca, and the metric will be still around revenue because for Yape specifically, the number for contribution to profitability is almost the same as for revenue? So, in my numbers, I have that Yape could represent as much as 30% of earnings of Credicorp by 2028, and do you see any reasons for that not to happen, or in terms of how you measure your digital appetite will be still revenue the relevant metric or you will start looking at profitability?

Francesca Raffo

So, we're actually going to look at two things. One is the portfolio for disruptive initiatives. We think revenue is still the correct metric, and as you remember, we also set limits in terms of investments around ROE and around cost to income, which is something that we are constantly looking at and reviewing, but once we have a venture that is profitable, of course, we're going to set profitability indicators as well, and once we have this much clearer, we'll share what initiatives actually contribute to the limits of whether it's ROE or cost to income or the amount of cash expenditures and ones that need still time to mature where revenue adjusted income is the right metric. So, this is a work in progress, and we will have this clear for the next two months or three months.

Gianfranco Ferrari

Exactly. Just to complement Francesca, Andres, and I don't remember if I said good morning at the beginning. We're exactly in that process. When we set that goal, it was two, three years ago, there was a lot of uncertainty because these are disruptive initiatives. As we all know, Yape has been quite a success. It is, I would say, much more advanced in terms of results than what we originally expected in terms of size of the results and timing of the results, and we're exactly in that process. Should we start measuring something and providing something different to the market, that's the process. We hope that by next quarter, we will share that with you, and just a quick comment. We do expect this year that the overall disruptive initiatives ROE are going to be accretive to Credicorp's ROE.

Andres Soto

Perfect, and on that note, Gianfranco, to setting new targets, I think that the other new target that we need to hear from you is regarding the overall medium-term target for Credicorp as a whole. In my numbers, if Yape is bound to represent, as I said, 30% of earnings, that will imply that Credicorp ROE by 2028 is going to be 25%. So, the 19.5% is extremely, extremely conservative.

Gianfranco Ferrari

I'm taking note so as to set goals for the team. No, jokes aside. Remember last call that when Alejandro provided guidance, he said, which is all of us, that by next call, after the results of the elections, depending on the results, we may provide what we call a sustainable ROE that might be north of 20%. So, let's wait. We're, I don't know, three, four months away from that, and let's see what happens, and at the same time, we're working on what Francesca just mentioned.

Andres Soto

Thank you, Gianfranco, and congratulations to Alejandro on his new responsibilities.

Operator

The next question comes from Yuri Fernandes with JPMorgan. Please go ahead.

Yuri Fernandes

Hi, guys. Good morning. Congrats, Ignacio and also Alejandro. So, repeating the words of everybody here. I'm going to miss you, Alejandro. Just a follow-up on trying to match two different questions on the call, margins and cost of risk for the guidance on risk adjusted. So, what I understood from the call is cost of risk was low on wholesale and all the seasonality and you're growing, so cost of risk should move up,

but you feel very comfortable with asset quality, but margins, the funding question, I think it's good. You have a very good funding. I think that helps.

On the asset mix, this quarter, another question was wholesale. You're growing more on wholesale after years of not growing, and now it's going to be coming from retail. So, the way I see here is there is upside risk for your margins, and correct me if you disagree, but cost of risk should also move up. Thinking those things together, Gianfranco, do you believe that you can continue to have your risk-adjusted NIM above the guidance as we are seeing here? Because, again, asset quality has been good, NIMs could have an upside, so just trying to understand if the guidance for risk-adjusted margins would be a little bit better or at least stay on the high level that we are seeing this quarter. Thank you.

Gianfranco Ferrari

Good morning, Yuri. Yes, again, if there wasn't this global uncertainty and the political situation in Peru, maybe we would have provided a new guidance today. So, I will be providing a strong yes to you, but there are too many ifs, we believe as we speak. So, everything tells us that your question is totally valid, and your hypothesis is correct, but we'd rather wait and see really, and sorry for being so vague in my response, but that's what we feel today, what we believe.

Yuri Fernandes

No. It helps to understand the potential upside risk, but you are somewhat being conservative given the uncertainties in the scenario. It helps us here. If I may just a second one.

Alejandro Perez-Reyes

Yuri, this is Alejandro. I'm going to miss you too, Yuri. So, no, I just wanted to say that your assumption is correct in the sense that given the low cost of risk we're experiencing and the strong NIMs, we should be on the upper side of the risk-adjusted NIM for the year, but again, as Gianfranco has mentioned, there are a lot of questions still out there, but we believe we can have a risk-adjusted NIM that continues to improve in the coming quarters.

Yuri Fernandes

Thank you, Alejandro. If I may, just a second one, quick one. Just thinking about the profitability of the subsidiaries, when you go to Credicorp Capital, Pacifico or Mibanco, well, BCP was amazing this quarter, all the subsidiaries, they are running on levels of ROEs that historically, I believe, is the number that you usually mentioned. I think maybe Pacifico is a little bit below the 20s, but very close to that. Maybe to Gianfranco, like where do you see upside risk other than Yape on the subsidiaries? Do you think like there is room for further improvements on profitability of any of the subsidiaries or most of your take here is maybe Yape being the main driver for further profitability improvement for the group?

Gianfranco Ferrari

Great question, Yuri, and specifically on Pacifico, what we believe, and we've been vocal about it is that Pacifico over the last couple of years, its ROE has been over, I believe, 25%. We believe that's not sustainable. What we believe is sustainable is around 20%, which is where it is today. About the other subsidiaries, Mibanco is where we want to have it in terms of ROE. Maybe at Credicorp Capital, there's a potential opportunity to slightly increase ROE, even though we do have opportunities for growth there.

So, we might be investing a little bit more, and you're right, Yape is going to be a driver for sure, but also bear in mind, as I just mentioned, that the overall disruptive initiatives are being accretive, and Yape is the most obvious one, but there are others that they're either positive already or less negative and reaching breakeven. So, overall, there might be a further positive impact going forward.

Yuri Fernandes

Thank you very much, Gianfranco. Congrats on the execution all those years.

Operator

There appears there are no further questions at this time. I will now turn the call back over to Mr. Gianfranco Ferrari, chief executive officer, for closing remarks.

CONCLUSION**Gianfranco Ferrari**

Thank you. Let me close by putting things in perspective and reflecting on the strength of our franchise. Credicorp has been around for over 30 years, and through BCP, we have more than 135 years of experience navigating complex and often volatile environments. Over that time, we've played a key role in supporting Peru's development, consistently working to expand access to financial services, and advance the progress of individuals, businesses, and communities. This commitment is deeply connected to our mission of improving lives through financial inclusion, and it is what has allowed us to build a resilient institution with a truly long-term perspective.

Looking ahead, we continue to see compelling opportunities in the region. The external backdrop remains favorable with what could evolve into a new commodity super cycle, and countries such as Peru and Chile, particularly well positioned to benefit. Peru, in particular, is entering this period with healthy domestic demand, low inflation, and a financial system that remains solid and liquid. These conditions create an important opportunity to accelerate investment, employment, and productivity over the coming years.

Credicorp is uniquely positioned to capture that opportunity. This quarter is another clear reflection of that position with record high results that demonstrate both the consistency and strength of our franchise. At the same time, we have increasing clarity around our strategic priorities and are seeing tangible progress across our key growth anchors, reinforcing our confidence in our ability to sustain performance over the medium term while continuing to support our clients and the broader economy.

Before closing, I would like to briefly step back from the short-term political debate. While the leading presidential candidates represent different visions for the country's economic future, we believe Peru's institutional framework and system of checks and balances continue to provide important safeguards for stability and policy continuity. What matters most now is preserving the conditions that allow the country to move forward while continuing to advance key social priorities such as education, healthcare, infrastructure, and poverty reduction. Peru has a unique opportunity to achieve a more profound and lasting transformation, and it cannot afford to lose that momentum.

Thank you for your time today, and we look forward to speaking with you again next quarter.

Operator

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