Credicorp Ltd.

Third Quarter 2026 Earnings Conference Call

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CORPORATE PARTICIPANTS

Milagros Cigueñas – *Investor Relations Officer*

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Ignacio Belaunde – *Chief Financial Officer*

Cesar Rios – *Chief Risk Officer*

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PRESENTATION

Operator
Good morning, everyone. I would like to welcome you to the Credicorp Limited Third 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 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, Milagros Cigueñas. You may begin.

Milagros Cigueñas
Thank you. And good morning, everyone. Speaking on today's call will be Gianfranco Ferrari, our Chief Executive Officer, and Ignacio Belaunde, our Chief Financial Officer. Participating in the Q&A session will also be: Francesca Raffo, Chief Innovation Officer; Cesar Rios, Chief Risk Officer; Diego Cavero, Head of Universal Banking; Eduardo Montero, Head of Insurance and Pensions; and Rocio Benavides, CFO at Mibanco.

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. I refer you to the forward-looking statement 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 and a brief overview of our quarterly results, followed by Ignacio Belaúnde, 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. Last quarter, I spoke about our growing confidence in Peru's medium-term outlook. Today, that confidence remains intact. Peru continues to show strong economic momentum. Domestic demand and private investment remain strong, while high copper prices continue to support exports and the country's external position. Business expectations and consumer confidence also remain positive. Our economists expect domestic demand to grow close to 6% this year and private investment close to 14%, even as El Niño weighs on some primary activities.

Importantly, the political transition has continued to evolve roughly in line with our expectations. The government has signaled continuity in macroeconomic policy and a focus on supporting private investment, while taking steps to accelerate investment and expand the project pipeline. Peru also enters the coming months from a position of macroeconomic strength. International reserves are high, public debt remains low, and the country has a strong external position. These are important buffers as we prepare for the effects of El Niño. In addition, the Ministry of Finance has announced a fiscal stimulus plan to mitigate the potential adverse economic impacts of El Niño.

Since our last call, the expected intensity of the event has increased. The latest official forecasts indicate a high probability that the coastal El Niño will persist into 2027, with the greatest risk concentrated over the coming months, including heavier rainfall across parts of Peru's northern and central coast and potential drought conditions in southern Peru associated with the global El Niño. We are taking this risk seriously. Across Credicorp, we have been preparing early. We are closely monitoring the customers, sectors, and regions most exposed and reinforcing our contingency plans across our physical and digital channels. We are also taking preventive actions in our credit portfolios, including moderating origination in consumer and SME segments, where we see greater vulnerability. At the same time, we want to be there for our customers when they need us. Our responsibility is to manage risk with discipline while helping businesses and families navigate potential disruptions.

There is still uncertainty around the ultimate impact of El Niño. What we can control is how well we prepare and how quickly we respond. We believe the actions we are taking put us in a strong position to navigate the months ahead, protect portfolio quality, and support our customers. Against this backdrop, the strong operating momentum we saw during the first half of the year continued into the third quarter.

Before discussing our results, I also want to invite you to our strategic update on November 17th. We look forward to sharing how our integrated ecosystem and the capabilities we have built are translating into new opportunities and stronger growth, profitability, and sustainable value creation across Credicorp. I hope many of you will join us.

We delivered another quarter of strong execution, generating a 19.9% return on equity, which keeps us on track toward our medium-term ROE of around 22%, supported by solid operating performance across our businesses and increasingly diversified sources of earnings. Growth momentum remains strong. Credit demand continued to expand across our main lending businesses, reflecting the strength of domestic activity and our ability to capture opportunities across customer segments. Our profitability continues to benefit from disciplined execution and our structural funding advantage. Risk-adjusted NIM improved to 5.7%, supported by a favorable funding mix, with low-cost deposits representing 62% of our funding base.

At the same time, we remain focused on preserving portfolio quality, and have incorporated our quarter-end assessment for El Niño-related risk into our provisioning. Our coverage ratio increased to 120.9%, reflecting our prudent approach to risk management. This discipline is particularly important as we prepare for the potential effect of El Niño, balancing growth opportunities with preventive measures in more vulnerable segments. We also continue to make progress in building a more scalable and diversified business. Our efficiency ratio improved to 45.1%, while our innovation portfolio contributed 10.7% of risk-adjusted revenues, surpassing our 10% ambition.

These results reinforce our confidence that the capabilities we have built are increasingly translating into stronger operating performance and sustainable profitability. Overall, we are pleased with our performance this quarter and with the progress we continue to make across all of our businesses.

Ignacio will now take you through our results in greater detail.

Ignacio Belaunde
Thank you, Gianfranco. And good morning, everyone. As Gianfranco mentioned, we delivered a 19.9% ROE this quarter, with strong operating performance supported by accelerating loan growth, healthy underlying credit trends, and robust revenues. Importantly, these results include additional provisions based on our assessment of El Niño risk at quarter-end.

Aside from some quarter highlights, I will focus on the year-over-year operating trends. Loans, measured

in quarter-end balances, rose 14.8%. This evolution was driven primarily by BCP, where growth was led by retail banking and secondarily by wholesale banking. Mibanco also contributed to loan growth, although to a lesser extent. The NPL ratio dropped to 3.9%, supported by enhanced origination quality and stronger collection capabilities. The cost of risk stood at 2% this quarter, reflecting both portfolio growth and our updated assessment of El Niño risk at quarter-end. Underlying cost of risk remained healthy at 1.6% this quarter.

Net interest income increased 17.7% on the back of loan growth in higher-yielding segments. Against this backdrop, NIM stood at 6.9%. Other core income grew 18.8%. Fee income increased 20.4%, boosted by strong levels of transactional activity. Gains on FX transactions rose 14.3% through higher volumes at BCP, which rose in the context of higher volatility. Lastly, the insurance underwriting results decreased, mainly reflecting a base effect from reserve releases recorded in the third quarter of last year in the life business. Overall, the quarter demonstrated the resilience of our businesses, which are supported by a robust capital position and sound asset quality. Next slide, please.

Peru's economy maintained solid momentum in the third quarter, with GDP estimated to have grown by around 3.3% year-over-year. Domestic demand, which continued to be a key driver, expanded about 5%, supported by another quarter of double-digit growth in private investment. This trend helped offset lingering weaknesses in primary sectors, which continued to face El Niño-related disruptions. High-frequency indicators continue to point to strong domestic activity, while private investment expectations remain near historical highs. The new administration has signaled its intention to streamline administrative procedures and facilitate the execution of major investment projects, particularly in mining and infrastructure. If successfully implemented, these measures could help extend the current investment cycle and support medium-term growth. Next slide, please.

In Peru, annual inflation rose to 5.3% in October, while core inflation, excluding transportation costs, remained around 2%. The central bank is closely monitoring potential second-round effects and El Niño-related pressures.

In Colombia, annual inflation stood at 6.3% in September, well above the central bank's target range. As a result, monetary policy has tightened, with cumulative interest rate hikes reaching 300 basis points since December. Meanwhile, the new administration has adopted a market-friendly stance, but execution and its ability to strengthen fiscal credibility will be critical to sustaining investor confidence.

In Chile, the growth outlook has continued to weaken amid higher oil prices and weaker-than-expected copper production. Meanwhile, inflation stands at 4.5% year-over-year, while the central bank has kept its policy rate unchanged at 4.5%.

In Bolivia, the IMF approved in October a three-year US$1.9 billion program. This is also expected to catalyze around $4 billion in additional financing from other international financial institutions, supporting efforts to restore macroeconomic stability and sustainable growth. Next slide, please.

As Gianfranco mentioned, El Niño remains a transitory downside risk to the near-term outlook, and the extent of its impact remains uncertain. We continue to monitor its evolution closely and incorporate new developments, including the recently announced fiscal stimulus plan, into our outlook and our assessment of potential impacts on our businesses. Since our last earnings call, our base case shifted from a strong to a very strong El Niño scenario at quarter-end. We adjusted our credit assessment and mitigation actions accordingly.

The Peruvian government has announced a temporary and targeted fiscal package of close to 1.5% of GDP to mitigate the impact of El Niño and other external shocks. The package includes cash transfers

to vulnerable households, infrastructure and maintenance spending, credit guarantees for MYPEs to support new lending and loan rescheduling, as well as temporary tax deferrals for affected businesses. With an annualized fiscal deficit of just 0.9% of GDP as of September, Peru has ample room for this response. Based on our quarter-end assessment, estimated direct exposure to potentially affected clients is approximately 8% of total loans. Importantly, we continue to see this as a concentrated rather than broad-based risk, while underlying portfolio quality remains healthy.

We believe that we have been actively managing this risk ahead of its potential peak impact, with a broad-based approach that includes close monitoring of exposed clients and sectors, early warning analytics, targeted underwriting adjustments, and proactive client engagement. This allows us to identify vulnerabilities earlier and respond as conditions evolve.

Looking ahead, the outlook for El Niño is evolving from a very strong to potentially extreme scenario. While the ultimate economic impact will also depend on the effectiveness of mitigation measures, we remain confident that additional provisions required can be absorbed within our current guidance ranges. Overall, healthy portfolio quality, stronger risk capabilities, and a robust balance sheet provide significant capacity to absorb potential volatility while continuing to support our clients and deploy our strategy. Next slide, please.

BCP delivered a 27.7 ROE this quarter, underscored by accelerated loan growth, healthy underlying credit trends, and strong transactional income. Profitability remains solid, while incorporating additional provisions based on our assessment of El Niño risk at quarter-end. From a quarter-over-quarter perspective, total loans grew 5.1%, or 4.9% in FX neutral terms. Retail loans fueled expansion, primarily through consumer loans and secondarily through SME-Pyme working capital. Wholesale loans also registered growth, which was primarily attributable to an uptick in corporate loans.

NIM stood at 6.4%, as the portfolio shifted towards higher-yielding retail segments, while the funding cost remained stable. Other core income rose 6.4%, driven by a 10.3% increase in fee income. Fee growth was supported by a seasonal pickup in transactions and stronger activity at Yape, reflecting higher engagement. To a lesser extent, BCP's integration of Culqi merchant payment fees also contributed as part of the efforts to bring the platform closer to our core banking franchise. The NPL ratio fell to 3.7%. This result was driven by improvements across business segments on the back of fortified credit management capabilities. Underlying risk credit trends remained healthy.

This quarter, we also recognized additional provisions based on our assessment of El Niño risk as of quarter-end. By segment, underlying provisioning was mainly driven by portfolio growth in specific retail segments, particularly consumer and SME-Pyme, while higher-yielding products continued to perform within our expectations. In this context, the cost of risk stood at 1.6%, while risk-adjusted NIM stood at 5.3%. On a year-over-year basis, total loans rose 14.6% and 15% in FX neutral terms, led by retail banking and secondarily by wholesale banking. NIM rose 28 basis points, mainly driven by lower funding costs, as low-cost deposits increased their share of total funding, with a shift toward higher-yielding assets also contributing. The NPL ratio dropped 103 basis points, fueled primarily by the SME-Pyme and individual segments, which registered improvements in origination and collection capabilities. Cost of risk rose 30 basis points, impacted by additional El Niño-related provisions. Underlying credit trends, nevertheless, remained healthy.

Other core income rose 20.8%, driven mainly by growth in the fee income, where strong transactional activity was channeled through Yape and other transactional products at BCP. Gains on FX transactions also contributed to this result, albeit to a lesser extent, as transacted volumes rose significantly in a context marked by high volatility. As a result, the ratio of the core income to assets ticked upward, reflecting growth in revenues from diversified streams.

Finally, operating expenses increased 15% year-over-year in the first nine months of 2026, fueled by investments to support business growth and higher activity levels. Administrative expenses increased, mainly due to IT-related services and cloud infrastructure, particularly at Yape, as transactional volumes continue to scale. Personnel expenses also increased, as we continue to strengthen technological and risk management capabilities, and secondarily, as variable compensation rose alongside strong performance across our businesses. In this context, the efficiency ratio stood at 38.8% for the first nine months of the year. Next slide, please.

Moving on to Yape. Yape closed this quarter with 17 million monthly active users. Engagement continued to deepen, with MAU completing an average of 71 transactions per month. This scale and engagement positioned Yape to deepen financial relationships and play a broader role in customers' lives. Monetization continued to advance, and total risk-adjusted revenue was 1.8x the level recorded in the same quarter last year. Revenue per MAU reached 11.9 soles, while expenses per MAU remained relatively stable, standing at 6.1 soles. In this scenario, Yape's contribution to Credicorp risk-adjusted revenues increased to 9.8% this quarter. Payments remained a significant source of revenue, supported by broader adoption of mature services such as QR payments, bill payments, and checkout, complemented by a strong growth in emerging use cases such as remittances.

Beyond payments, Yape is expanding its neobanking value proposition. Lending is an important part of this evolution, and growth this quarter was driven primarily by multi-installment and SME loans. The total lending portfolio reached 2.3 billion soles. To date, more than 6 million customers have at least once borrowed through Yape. By leveraging our capabilities, we will continue to penetrate a broader market responsibly. The objective is to ensure that lending remains aligned with customers' repayment capacities and our risk appetite, as we strive to maintain resilient risk-adjusted returns. At Yape, we continue to focus on transforming everyday engagement into deeper customer relationships as we expand service offerings, steer transactional activity towards profitable growth, and capture operating leverage. Next slide, please.

Mibanco delivered a strong 20% ROE this quarter, evolving positively on the back of loan growth and disciplined risk management, while incorporating additional El Niño-related provisions based on our quarter-end assessment. We continue to bolster revenue diversification efforts to enhance the resilience and quality of earnings. On a quarter-over-quarter basis, loans measured in quarter-end balances grew 5.8%, riding an upswing in loan disbursements, which hit an all-time high in September. Net interest income was boosted by strong loan growth, which was also partially offset by a slight increase in the cost of funding. In this scenario, NIM rose 16 basis points to stand at 15.3%. The NPL ratio, in turn, continued to trend downward, dropping to 4.8%. Cost of risk rose and stood at 5.8%, reflecting additional El Niño-related provisions, while underlying credit performance remained healthy. Against this backdrop, risk-adjusted NIM stood at 10.7%.

From a year-over-year perspective, loans were up 18.7%, driven by growth in smaller ticket loans. In this context, our NIM rose 29 basis points, fueled mainly by higher-yielding asset mix and supported by a drop in the funding cost, which fell alongside growth in low-cost deposit share of the mix. Other income rose 40.1% this quarter, bolstered primarily by growth in insurance premiums, which rose on the back of a record-breaking quarter for loan disbursements and increase in sales of optional insurance policies.

The cost of risk rose 64 basis points year-over-year, reflecting the same dynamics explained on a quarter-over-quarter basis. Operating expenses increased 9.1% year-over-year in the first nine months of 2026, reflecting investments in digital and transactional capabilities, alongside higher personnel expenses associated with business growth and improved performance. Strong operating income drove an improvement of more than 3 percentage points in the efficiency ratio, which reached 47.6% for the first nine months of the year.

Mibanco Colombia maintained strong momentum, delivering solid client growth while preserving disciplined risk management and improving commercial productivity. As a result, ROE reached 18.4% in the quarter. Next slide, please.

Grupo Pacífico delivered a solid 20.6% ROE this quarter on the back of strong commercial execution across businesses. On a year-over-year basis, net income for the quarter increased, led by our life business, the largest contributor to net income. Our life business posted healthy growth this quarter, where annuities and individual life, supported by strong momentum in bancassurance and retail sales, were the top contributors to growth. This performance was partially offset by lower results in the disability and survivorship line, which reflects a base effect associated with provision reversals in the third quarter of last year.

In the P&C business, net income fell, driven primarily by commercial lines and vehicles, where lower underwriting results were recorded.

Our corporate health business posted higher net income for the quarter, supported by stronger premium production as the customer base expanded.

Meanwhile, results in our medical services business remained relatively stable, supported by resilient commercial dynamics and disciplined cost management. Next slide, please.

Net income in our investment management and advisory business was supported by resilient performance across our recurring businesses. ROE stood at 14.7%, normalizing after a particularly strong second quarter in capital markets, which benefited from heightened market volatility. From a year-over-year perspective, revenues increased, supported by solid performance across our recurring businesses. Capital markets led contributions primarily through the sales business and its corporate unit, which benefited from higher FX trading volumes.

Wealth management was the second-largest driver of revenue this quarter, followed by asset management, both supported by growth in AUMs. The positive evolution of revenues was largely offset by growth in operating expenses, as increasing commercial activity and business drove growth, personnel expenses higher, alongside increased variable compensation. In this scenario, net income dropped 9%. Next slide, please.

Now, I would like to examine the evolution of our consolidated balance sheet. Quarter-over-quarter, interest-earning assets remained relatively flat, as loan growth was offset by a decline in cash and due from banks. This resulted in higher-yielding asset mix. On the liability side, total funding declined 1.6%, mainly reflecting the scheduled call of a BCP subordinated bond. The continued shift toward lower-cost funding sources also reduced our reliance on central bank funding instruments. On a year-over-year basis, interest-earning assets rose 10.8%, led by loan growth. As a result, the yield on interest-earning assets increased and stood at 8.8%. On the liability side, the increase in low-cost deposits drove a reduction in the funding cost, which stood at 2.2% for the quarter. In this context, NIM rose 36 basis points year-over-year to stand at 6.9% for the quarter. Next slide, please.

Moving on to portfolio quality. Asset quality continued to improve this quarter, with an NPL ratio that dropped to 3.9%, supported by stronger origination, monitoring, and collection capabilities. Provisioning this quarter incorporated additional provisioning following our assessment of El Niño risk as of quarter-end. Underlying credit performance, nevertheless, remains healthy overall. In this context, cost of risk stood at 2% this quarter. Coverage strengthened further to 100.9%, which positions us to absorb potential volatility and focus on growth, mindful of targeted underwriting adjustments in this context. As conditions evolve, our expected credit loss estimates will continue to reflect the latest information. Next slide, please.

Core income grew 18% year-over-year on the back of diverse revenue streams, with net interest income, fees, and FX gain reporting double-digit expansion. Profitability metrics continued to strengthen year-over-year, with risk-adjusted NIM standing at 5.7% this quarter, reflecting disciplined pricing, portfolio mix optimization, and a solid underlying credit performance. The efficiency ratio for the first nine months of the year decreased 26 basis points year-over-year and stood within guidance at 45.4%.

Operating expenses grew 13.6% year-over-year for the first nine months of 2026, fueled primarily by core business at BCP and investments in our innovation portfolio. Growth in expenses in core businesses at BCP was driven mainly by ongoing investments in commercial, technological, and risk management capabilities, and secondarily by growth in variable compensation aligned with strong business performance. Expenses for our innovation portfolio rose 33% over the same period, supporting growth in transactional activity and revenues across these businesses. Next slide, please.

ROE reached 20.4% in the first nine months of the year, supported by strong operating performance across our integrated business ecosystem and favorable economic conditions. Net income remained solid, underpinned by accelerating loan growth and healthy asset quality. Growth in our diversified revenue streams was driven by strong transactional activity, as investments in digital capabilities fueled expansion in our transactional businesses. Given the attractive opportunities we see to deploy capital to support profitable growth, we do not expect to declare an extraordinary dividend this year. We believe this is consistent with our disciplined capital allocation framework and our focus on maximizing long-term shareholder value. Now, I will move on to our guidance. Next slide, please.

We maintain our expectation that Peru's GDP will grow around 3.5% in 2026, including the estimated impact of El Niño. Our outlook for loan growth, measured in quarter-end balances, remains at around 12%, underpinned by strong momentum in retail banking at BCP and Mibanco. We expect the full-year cost of risk to remain within guidance range through the year, despite a likely increase in the last quarter as our loan book continues to expand and we incorporate available information related to El Niño risk into our models.

Additionally, accelerating loan growth and the ongoing mix shift towards retail should help position NIM and risk-adjusted NIM at the higher end of the respective guidance ranges. This interest rate outlook remains positive for asset yields. In the case of fee income, we expect high-teens growth supported by strong transactional activity, ongoing economic momentum, and our strategy to strengthen principality. The efficiency ratio is expected to remain within guidance. Against this backdrop, we expect our performance trends will keep us on track to reaching our 2026 ROE guidance of around 19.5%. Looking beyond 2026, we reaffirm our medium-term ROE target of around 22%.

Now, I would like to open the Q&A session.

QUESTIONS AND ANSWERS

Operator
Thank you. We will now begin the question-and-answer session. If you would like to ask a question, please signal by pressing star 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 are 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 also 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.

The first question will be from Ernesto Gabilondo from Bank of America. Please go ahead.

Ernesto Gabilondo
Thank you. Hi. Good morning, Gianfranco, Ignacio, Francesca, Cesar, Milagros, and good morning to all your team. Congrats on your results, and thanks for the opportunity to ask questions.

My first question will be on El Niño. Total exposure to El Niño is around 8% of the total loan portfolio. I believe in the past you have provisioned around 10% of that 8% exposure. Did you expect to reach that level between the fourth quarter and the first quarter of next year? Just wanted to understand how much additional provisions you would be considering in total for El Niño, and how we should think about its creation during the next quarters.

Gianfranco Ferrari
Good morning, Ernesto. This is Gianfranco. Thank you for your question. I will ask Cesar to answer it.

Cesar Rios
Hi, Ernesto. Thank you for the question. Going through your information, you are considering 8% exposure, as we mentioned, around a 160 billion portfolio, will lead to a 13 billion total exposure. But to cascade down that to actually really impact the clients, you need to consider a funnel considering geography, more specifically location, sector, and risk sensibility. So, with the figures that we have, we are not expecting to have 10% provision for El Niño for this amount. The figures that we have at the end of the quarter are around 500 million soles. It is 100 million provision the second quarter and around 400 million this quarter. And we expect, as Ignacio mentioned, to constitute additional provisions this quarter, considering the increase of the expected severity, but also the positive effects of the measures that have been announced by the government on October 22 and November 1st.

Ignacio Belaunde
Just to add, Ernesto, and building on what Cesar mentioned is, we do expect to, even though we may do more provisioning in the last quarter, to end up within guidance.

Cesar Rios
Yes.

Ernesto Gabilondo
Understood. Just again to clarify the numbers, so you have already created like around 200 million soles of provisions and you expect to create more in the fourth quarter, up to 500 million soles. Can we expect these additional provisions to be recognized during the fourth quarter and the first quarter, or do you think it will end in the fourth quarter?

Cesar Rios
To clarify the figures, in the second quarter we make around 100 million soles provisions, and in the third quarter around 400 additional provisions. Probably, some of this figure needs to be explained a little bit more, because the total impact that you see in the P&L is slightly below. But during this quarter we released specific provisions for risks that didn't materialize, better performance of pilots, specific recoveries in wholesale, and a recovery for insurance-covered loans. So the total impact in the P&L is less than the 400, but the total amount is around 500 at the end of the third quarter. We expect to have additional provisions with the information that we have, not at the end of the third quarter, but today we expect to be within guidance even without considering the positive impact of the measures announced by the government that we need to finally calibrate, because at this point are very general in their

description.

Ernesto Gabilondo
Perfect. Thank you very much. Then just a second question on the political side. Just wanted to hear if you have any advances or proposals from the government on the economy, any potential reform, or any regulatory issue in the pipeline?

Gianfranco Ferrari
So, there are actually two answers to that question, Ernesto. The Congress, you know that we're dual chamber now, but Congress didn't approve any executive powers so that the executive power could make decisions in that sense. So, in that line, nothing specifically. However, I just read in the newspaper today that yesterday the Ministry of Finance announced that they're working on a set of specific legislation so as to fasten and improve the process of investment authorizations, mining projects, and so on. But nothing specific as we speak, really.

Ernesto Gabilondo
Okay. Very helpful. Thank you very much, Gianfranco and Cesar.

Operator
Thank you. The next question today will come from Tito Labarto from Goldman Sachs. Please go ahead.

Tito Labarto
Hi. Good morning, everyone. Thank you for the call and taking my question. Following up on the question on El Niño, I understand that you will be within the cost of risk guidance. But just to clarify, currently you are running at 1.7% cost of risk, and the guidance is between 1.7% to 2.1%. So, if you are at 1.7%, then it is modest provisions, but if you are 2.1% there could still be a lot more provisions. I was not quite clear, I think you had mentioned that provisions should be higher in 4Q relative to 3Q. Just really trying to get a sense of how much more is left to provision. I understand there is some uncertainty regarding that, but it was not really clear how much more you still may need to provision.

Along those lines, just thinking about 2027, I know you have the long-term guidance of 22% ROE, but given the El Niño risk in the short term, is 2027 probably below that because of El Niño? Or just any other impact from El Niño that could impact 2027 as we think about that as of now. Thank you.

Gianfranco Ferrari
Go ahead, Cesar.

Cesar Rios
Yes. I will answer you based on two kind of things: the calculation of the provisions and the measures taken to control the risk. In terms of provision, yes, we expect to have more provisions during the fourth quarter. The end result, the most current information is to be within range. The range, as you mentioned, is between 1.7% and 2.1%, is within range. We expect to have covered the identified risk with this level of provisions. We do not know if there are going to be additional information at the end of the year that will change this perspective. We are considering now a very severe scenario.

The anomaly in the temperature, we are considering it the latest one to give you this information. The impact of El Niño is going to be also in the loan growth and the underlying quality of the general portfolio. But the direct impact should be captured with the provisions that we do during this year. As a reference, in our expectation of GDP growth we are considering around 0.9% impact this year of El Niño and around another 1% impact next year. So, in our expectations we have already considered a general, a slight deterioration in the credit quality and the loan growth, but not considering the direct exposure, but the

general impact in the economy.

Gianfranco Ferrari
Yes. Tito, this is Gianfranco. Maybe complementing what Cesar mentioned, as you know, the provisioning under IFRS 9 is forward-looking. Therefore, the bulk of the provisions should be made this year, maybe there might be some impact next year, I mean, because of what you just mentioned, the uncertainty. But the bulk of the provisioning should be made this year.

Going to your sustainable ROE question, we do see the El Niño impact as a bump in the road, really. As I mentioned at the beginning of my speech, the whole macro environment, the private investment, private consumption, and so on, we really believe that we have, as a country, I mean, we have a lot of tailwinds. Obviously, the risk, the El Niño effect may have an impact this quarter, yes, fourth quarter, and maybe the first half of next year. But in the medium term, we do we reconfirm our vision of 22% sustainable ROE.

Tito Labarto
Okay, great. No, thanks, Gianfranco and Cesar. That's helpful. Yes, clearly, I think just the short-term impact that we're trying to figure out, but yes, long term definitely looks very good. Thank you.

Operator
Thank you. The next question will be from Carlos Gomez-Lopez with HSBC. Please go ahead.

It appears that that line has just disconnected, perhaps taking them off mute. We will move to our next question, and that is Yuri Fernandes with JP Morgan. Please proceed.

Yuri Fernandes
Hey, guys. Good morning. Hi, Gianfranco, Ignacio, and everybody, Cesar. I had one regarding loan growth. We have been debating a lot provisions and El Niño, and thank you for clarifying the 400 million. We were getting to a smaller amount on our estimates here, so good to know this was higher. But the growth has been very strong, right? Revenues, they also have been very strong. My question is, can you keep this growth on Yape, on Mibanco, and everything, given the higher level of uncertainty from El Niño? Or should we expect some slowdown? Just trying to get some more color on the growth outlook ahead, given the uncertainties. Thank you.

Gianfranco Ferrari
Ignacio?

Ignacio Belaunde
Thank you, Yuri. This is Ignacio, by the way. We do see a substantial opportunity to grow lending over several years. Although, we do not necessarily assume that we are going to grow mid-teens every single year, as Gianfranco and Cesar were mentioning, 2027 is a bump in the road, no? The actual pace actually will depend on demand, and most importantly, whether we can generate attractive risk-adjusted returns on our path to growth, no?

But essentially, we have two sources in that opportunity. The first is a stronger Peruvian economy supported by domestic demand and private investment. That has increased demand in credit in all segments that we service. But second, and very important, is that Peru remains under-penetrated in credit, and our investments in capabilities such as data, underwriting, and more efficient distribution are allowing us to expand the number of customers we can serve profitably, no? So that allows us to reach new customers and to deepen existing relationships, no? We are not going to grow for growth sake. Our idea is that economic conditions, portfolio performance and risk-adjusted NIMs will determine how quickly

we can expand in that context.

Gianfranco Ferrari
Yes. Maybe Yuri, complementing Ignacio's answer, this is a conversation we have had in the past. Bear in mind that basically our loan book has been flattish over the last five years. And two different reasons there. One is the retail portfolio, that at some point in time after the COVID and the political turmoil we had the quality of those portfolios deteriorated. The other one was because of the political situation, there was basically no private investment. Whereas nowadays, as I mentioned, private investment is growing at 14% this year, and that figure could be sustainable at least in the next two or three years. Also, the consumer portfolios and the retail portfolios are performing much better. Obviously, we have to be cautious because of El Niño, but again, this is a temporary issue. Overall, we do see the opportunity to keep growing at this pace, or a similar pace over the upcoming years.

Sorry, just to finish, because I forgot that, is that if you see credit penetration today to GDP, it is lower than pre-COVID. So it is that we are "recovering" that level that we were as a country five, six years ago.

Yuri Fernandes
Oh, super clear, Gianfranco. So you have the room to go back to 2018 penetration, better commercial confidence, low leverage of consumers. Growth, even though 2027, as Ignacio mentioned, may be a little bit more challenging, the outlook for the coming years is still good.

If I may just quickly on Yape, here it is pretty good, the growth on ARPAC, way above cost to serve, like you are growing revenues, 10% of the risk-adjusted revenue. Do not get me wrong here on my question, but we are starting to see a few metrics slowing down a little bit, and we know there are a limited number of Peruvians to use Yape, so the number of users is slightly down. But what caught my attention was revenue generating TPV growing only 0.5 quarter-over-quarter. What was this? Why was there a slowdown on the revenue generating TPV for Yape? Thank you.

Gianfranco Ferrari
Yes, we need to increase the birth rate in Peru to get more Yaperos. Yape, actually this is a joke, but as a matter of fact, I recently read that the level of penetration of digital wallets in Peru is the largest in the world compared to the population of that country. So, yes, the number of Yaperos is not going to grow at a faster pace. I will ask Francesca for the specific answer on the TPV, but we are really positive in terms of growth potential for Yape, and we may further discuss these issues next week on our Investor Day.

But Francesca, complement me.

Francesca Raffo
Yes. The actual number of revenue-generating transactions, the growth at the transaction pace, as you mentioned, is slowing down, just because the number of customers and the population. That is the main reason why there is not that much growth there. Having said that, we have shared in the past that Yape has several monetization paths still to be developed. One is cross-border, which has to do with transactions, and we are working hard there. Also, on the loan portfolio side, where we are continuing to grow on the consumer segment and also on the MYPE segment, early on in the MYPE segment.

I think on the Yape view, this is more on a neobank view and beginning to see not only the transaction piece, but also on the whole value proposition for the customer base. And we have shared that also that the number of users, we are continuing to not only look at transactions, but the number of features that customers are using. And that continues to grow at a healthy path, but slower than transactions.

Yuri Fernandes
No, super clear, Francesca. Thank you, Gianfranco and Ignacio. And congrats again on a very strong revenue quarter. Thank you.

Operator
Thank you. The next question will be from Carlos Gomez-Lopez with HSBC. Please go ahead.

Carlos Gomez-Lopez
Thank you. And apologies, my line dropped before. I wanted to go back to the provisions for El Niño, and I know you are trying to clarify it, but I was not very, very clear. You have gross provisions, if I understand correctly, of 400 million for El Niño, which are offset by a number of factors. You may want to go over them again, which is recoveries in wholesale, recoveries in insurance, and better performance from some pilots. Could you quantify that? What is the gross recovery that you have there that offsets the 400 million, more or less, in El Niño provisions? Thank you.

Cesar Rios
These special recoveries are around 200 million.

Carlos Gomez-Lopez
All right. So the net, that we could call extraordinary this quarter, would be around 200 million then?

Cesar Rios
That is correct. Yes, but I would like to emphasize that with that you have adequate coverage for the PEN [ph]. The other are special releases for very particular situations, a recovery in wholesale, a recovery in mortgage portfolio. So the provision for El Niño totals around 500 million.

Gianfranco Ferrari
The stock.

Cesar Rios
The stock.

Gianfranco Ferrari
The stock of provisions is around 500 million. The impact on the P&L this quarter has been 200 million.

Carlos Gomez-Lopez
Very good. Very clear. For the fourth quarter, given the information that you have today, are those 500 million enough, or is it a reasonable expectation that you may go from 500 to, I believe I heard mentioned 800 million before, or something like that?

Cesar Rios
We expect to constitute additional provisions with information that we have in the recent months. The end result is that we are going to be within guidance, that is between 1.7% and 2.1%.

Carlos Gomez-Lopez
That's very wide, right? Can you narrow a little bit?

Cesar Rios
Yes.

Gianfranco Ferrari
Carlos, we cannot provide specific forward-looking figures. That is what we can provide. As Cesar mentioned before, with the information we had by September 30th, we were quite sure that we covered the reasonable coverage. However, the data on El Niño is updated, I believe, every 15 days, something like that. We are recalculating the level of provisions needed because the recent data is that El Niño, as a matter of fact, the temperature of the sea is higher today than it was on September 30th, and things like that. We do not have a specific figure today. So beyond not being able to provide forward-looking data, we are still working on that. But some impact that's going to have still this quarter.

Carlos Gomez-Lopez
Okay. The 1.7% to 2.1%, that includes all provisions, including El Niño?

Gianfranco Ferrari
Excuse me?

Cesar Rios
Yes.

Carlos Gomez-Lopez
The 1.7 to 2.1.

Cesar Rios
The guidance is from the whole book.

Gianfranco Ferrari
Yes. Sure.

Carlos Gomez-Lopez
Very clear. Thank you.

Operator
Thank you. The next question is from Renato Meloni from Autonomo Research. Please go ahead.

Renato Meloni
Hi, everyone. Morning here, and thanks for taking the questions. First on provisions, just to clarify something, my understanding from your comments is that the build-up in provisions for El Niño are all on the wholesale and commercial book. I am wondering if you factor in some second-order effects on the consumer side. Or if this is something that naturally comes up in your expected loss models and then provisions there adjust, or if we might see some effect there. Then within this context, do you think that you can still grow at the current level? There was a decent acceleration in consumer lending this quarter, so do you think you can still grow at that pace over the next couple of quarters? Thank you.

Cesar Rios
Hi, Renato. I think it is important to clarify. The most important impact in provisions come from the retail portfolio of BCP, individuals, PYME, and Mibanco. We have, as we previously mentioned, a model that quantifies the potential impact, the sensitivity of the client, the geography, and the sector in which the client operates. And most of the impact comes from the retail segments. The mention to the wholesale was differently, that in the third quarter we released provisions because we have a specific payment of clients already provisioned that they have fulfilled the obligations. Two different factors.

Renato Meloni
Got it.

Gianfranco Ferrari
Regarding the growth question, as we mentioned before, Renato, we cannot be too specific on the quarters because, again, this quarter and the next quarter are going to be affected directly by El Niño. Having a longer-term vision is what we expect the portfolio to grow at double-digits.

Renato Meloni
Yes, that's understood. Thank you. If we can stay in this point a little bit. There's the increase in penetration, like the segment is growing broadly for the industry, but you're also gaining share, right? Do you think you can still continue to gain share? Do you see a limitation there and you might converge to industry levels?

Gianfranco Ferrari
Yes. The short answer is yes. However, more relevant than gaining share is, first, that the economy is performing quite well, and as you mentioned, penetration is at lower levels than it was, I don't know, five, six years ago. On top of that, we're creating markets, really, or expanding markets, basically through Yape. I would say those two are much more relevant than gaining market share.

Renato Meloni
Excellent. Thank you. And congrats again on the results.

Operator
The next question will be from Andres Soto from Santander. Please go ahead.

Andres Soto
Hello, everyone. Thank you for the presentation. I have a couple of questions here. The first one is regarding your loan growth. Gianfranco, you have mentioned in the past the impact of El Niño in 2027 is via loan growth more than on provisions, assuming that you already made enough of them in 2026. When we think about loan growth for Credicorp next year, can we assume that the area that is exposed to El Niño, which you mentioned is 8% of the portfolio, that is the one that is going to be hit by lower loan growth? But for the remaining of the portfolio, the 90% plus, you may expect continued loan growth based on the drivers that you described before?

Ignacio Belaunde
Hi, Andres. This is Ignacio. That is exactly right. What we expect is that outside of that share of the portfolio that will be directly impacted, we have ample room to grow. What we will be looking towards growth in 2027, and we monitor very closely, is the returns and the credit capacity of our customers within that context. That being said, we also think other segments continue to be growing, considering the current macroeconomic context of Peru. Yes.

Andres Soto
Thank you, Ignacio. A question on provisions, but now thinking about El Niño compared to this event with the one in 2023, the El Niño that did not happen, I will call it that way. Obviously, the cycle was very different back then, but when you look at the provisions that you guys made, it represented 70 basis points of the annual cost of risk on that year, and it looks like, on the upper end of your guidance this is what you are including here as the worst-case scenario. What I would like to understand is, for that 70 basis points in 2023, what was the portion of the portfolio that you were covering, or what makes that different from the scenario that we are seeing today, assuming that this is, on the flip side, a worse El Niño based on the current assessment?

Cesar Rios
Hi. Thank you for the question. I would not take 2023 as a reference point, because this situation is different. Our tools are different. The underlying situation of the country is significantly different. We were, in 2023, in a weakness situation. Now we are in a position of strength. For the actual calculations, we have considered all these tools.

The other thing that I would like to probably emphasize is not only the calculation of the provisions, but the measures that we have taken to reduce and to manage the risk. For example, in wholesale banking, we are managing specific exposures, extending maturities, taking additional coverage. In retail banking, we selectively have identified clients that need support. In other cases, we are reducing origination in specific areas to reduce, through the last quarters, the expected losses. Of course, we consider the last Niños as a reference, but more in terms of geographical impact than in terms of direct impact in the specific portfolio due to these differences.

Andres Soto
Understood.

Gianfranco Ferrari
Andres, if you go back to 2023, you should also see what happened with provisions in 2024, because recall that, yes, again, this is a forward-looking methodology. In the end, 2023, we "over-provisioned" because of the data we had at that time. So this is a balancing act, really.

Andres Soto
Perfect. Thank you very much, both.

Operator
The next question is from Marcelo Mizrahi from Bradesco BBI. Please go ahead. Marcelo, your line is open. Perhaps your line is muted. Marcelo, we are still unable to hear you.

All right, we will move to the next question, which will come from Sam Roy with Nexa. Please go ahead. Sam, you have the floor. Mr. Roy, your line is open. Are you there?

All right, we will move to Alonso Aramburu from BTG. Please go ahead.

Alonso Aramburu
Yes. Hi. Good morning, and thank you for the call. One more on provisions. It looks like your recurring cost of risk is around 1.5% to 1.6%. Maybe if you can give us some direction as to where do you see that moving, excluding the El Niño provisions. Second, can you give us an update on what's happening with iO and Tenpo? Thank you.

Ignacio Belaunde
Thank you, Alonso. How are you? This is Ignacio. Yes, as I mentioned, our current underlying cost of risk for the overall portfolio is sitting at around 1.6%, excluding all one-time or extraordinary effects due to El Niño and other reversals that Cesar has commented in detail, and that is consistent with the second quarter, while at the same time we have expanded our risk-adjusted NIM, excluding these extraordinaries, from around 5.7 in the second quarter to 5.9 in the third quarter. So all in all, we are very comfortable with how this is trending in terms of the profitability.

Of course, as we move forward into increasing our share of the retail mix in these new capabilities, we anticipate that cost of risk could go up in the following years. However, that is translating also into a better risk-adjusted NIM and one of the key drivers of our medium-term ROE guidance of around 22%.

Gianfranco Ferrari
Francesca, could you answer the iO and Tenpo questions, please?

Francesca Raffo
Yes. Around Tenpo, we are very proud that we are processing transactions now as a bank. We are beginning the process with Chile on time. We still have until the end of January to finish the whole thing. The number of active customers around the credit card business continues to grow, not at the pace we expected. We were more on being a bank and trying to complete all the regulatory pieces. But now that that is done, we will continue the path to growth. I would like to share that the percentage in terms of market share for credit card is a little over 1%, and on the deposit side a little over that, closer to 2%. So, with a beginning of presence being number nine or number ten in the Chilean market. So, that is an interesting path. Also, we have shared that we are going to be changing management by next year, also very coherent to what we are trying to achieve in terms of growth and a path to monetize faster.

On the iO piece, growth is also constant. We are close to a portfolio of 100,000 credit card customers. And we are very satisfied with the number of the activity, the level of constructing the loan book for revolving, and also the NPS level. And as you know, we created the neobank path, which is Yape and iO, together to share technology, and we will hear more of that in the strategic update, and to actually create a value proposition that is more robust, not only around payments and lending, but also on a neobank perspective.

Alonso Aramburu
Thank you.

CONCLUSION

Operator
Ladies and gentlemen, this concludes today's question and answer session. I will now turn the call back over to Mr. Gianfranco Ferrari, Chief Executive Officer, for closing remarks.

Gianfranco Ferrari
Thank you for your questions. As we look ahead, I remain very confident in both Credicorp and Peru. Peru has enormous potential. When investment grows, businesses expand, and confidence improves, we create more opportunities for Peruvians. But realizing that potential requires us to continue investing, improving productivity, and building the capabilities that will allow the country to grow over the long term.

As the country's leading financial group, we have an important role to play in that process, helping people and businesses progress, expanding access to financial services, and investing in capabilities that can contribute to Peru's development for many years to come. That responsibility is particularly important as we prepare for the potential impact of El Niño. We recognize the challenges it may bring to families, businesses, and communities. We have taken preventive measures across our operations and credit portfolios, and we stand ready to support our customers through potential disruptions. Our priority is to navigate this period with prudence, while continuing to be there for those who depend on us.

Our results this quarter reinforce our confidence in Credicorp's ability to deliver on that responsibility while generating sustainable returns, with a medium-term ROE of around 22%. We continue to see the benefits of the investments we have made, the strength of our diversified business model, and our disciplined approach to execution. That is also the context for our strategic update next week.

We have built a stronger, more innovative Credicorp, and we're entering a new phase in which we expect to translate those capabilities into deeper customer relationships, new avenues for growth, greater

operating leverage, and sustainable value for our shareholders. There will always be uncertainty. What matters is our ability to make good decisions, adapt, and continue building opportunities. We have done that through Credicorp's history, and I am confident in our ability to continue doing so.

I look forward to sharing more with you next week. Thank you again for joining us today.

Operator
Thank you, sir. And thank you, ladies and gentlemen, for attending today's call. This concludes today's event. You may now disconnect your lines. Take care.