



Annual Report  
2016

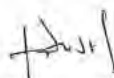
---

CREDICORP 

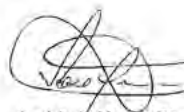
# Statement of Responsibility

"This document contains truthful information regarding business developments at Credicorp Ltd. and Subsidiaries in 2016. The signatories shall be liable, within the ambit of their faculties according to the norms of the Civil Code, for damages that any lack of veracity or insufficiency that the contents of these documents may generate."

22/02/2017



Fernando Dasso Montero  
Gerente Central de Planeamiento y Finanzas



José Luis Muñoz Rivera  
Gerente de División de Contabilidad General  
C.P.C. N° 14902

# Overview

## Group overview

The results obtained in 2016 reflect Credicorp's solid position, which allowed it to register an excellent profitability in the midst of local and international contexts that were characterized by a high level of uncertainty and volatility. Credicorp was able to maintain its position as leading financial holding and obtained record-high results.

**S/ 12,806**  
million

### Total income<sup>1</sup>

It registered a growth of 5.31% with respect to its level in 2015.

**S/ 3,515**  
million

### Net income (attributable to Credicorp)

It was up 13.7% from the 2015 figure.

**S/ 94,769**  
million

### Loan portfolio

It registered an expansion of 4.9% in line with the economy's dynamism.

**>6** Clients  
in the banking  
business  
million

**>1.5** Clients  
in the insurance  
business.  
million

**>1.5** Clients  
in the pension  
funds business  
million

## Other indices

	Indices	2013	2014	2015	2016
<b>Loan growth<sup>2</sup></b>	In local currency (%)	32.7	38.6	32.8	5.6
	In foreign currency (%)	3.1	10.6	-12.7	1.4
<b>Profitability</b>	Net interest margin (NIM, %)	4.94	5.66	5.61	5.49
	Return on average assets (ROAA, %)	1.4	1.9	2.1	2.3
	Return on average equity (ROAE, %)	13.5	18.5	20.5	19.6
	Number of outstanding shares (million) <sup>3</sup>	79.76	79.76	79.76	79.76
<b>Efficiency</b>	Efficiency ratio <sup>4 5</sup>	46.5	46.1	42.8	43.1
	Operating expenses / average assets (%) <sup>5 6</sup>	4.1	4.0	3.8	3.6
<b>Quality of loan portfolio</b>	Internal overdue ratio (%) <sup>7</sup>	2.23	2.53	2.56	2.77
	NPL ratio (%) <sup>8</sup>	2.81	3.34	3.41	3.66
<b>Capital<sup>9</sup></b>	BIS ratio (%) <sup>10</sup>	14.46	14.45	14.34	15.35
	Tier 1 ratio (%) <sup>11</sup>	9.67	9.83	9.61	10.41
	Common Equity Tier 1 Ratio (%) <sup>12</sup>	8.40	8.01	9.34	11.08
<b>Employees<sup>13</sup></b>	Management (units) <sup>14</sup>	853	1,320	1,130	1,218
	Permanent personnel: employees (units)	16,183	22,584	23,235	23,724
	Hired personnel: employees (units)	10,593	8,410	9,292	8,407

<sup>1</sup>Includes net interest income, other income and net earned premiums minus net claims.

<sup>2</sup>Credicorp average daily balances.

<sup>3</sup>Net of treasury shares. The total amount of shares was 94.38 million.

<sup>4</sup>Efficiency is calculated as: (total expenses + acquisition cost - other expenses) / (net interest income + fee income + gain on foreign exchange transactions + net earned premiums + net gain from subsidiaries).

<sup>5</sup>Operating expenses include salaries and employee benefits, administrative expenses, depreciation and amortization, and acquisition cost

<sup>6</sup>Average assets are calculated as the average of period-beginning and period-ending balances.

<sup>7</sup>Internal overdue loans/total loans

<sup>8</sup>NPL (non-performing loans) = internal overdue loans + refinanced and restructured loans. NPL ratio = NPLs / total loans

<sup>9</sup>BCP Stand-alone figures, based on Peru GAAP

<sup>10</sup>Regulatory Capital / Risk-weighted assets (legal minimum=10% since July 2011).

<sup>11</sup>Tier 1 / Risk-weighted assets

<sup>12</sup>Common Equity Tier 1 Ratio = Capital + Reserves - 100% of applicable deductions (investment in subsidiaries, goodwill, intangibles and deferred tax that rely on future profitability) + Retained Earnings + Unrealized gains or losses

<sup>13</sup>Figures show the number of permanent and hired employees and not the number of jobs.

<sup>14</sup>Includes directors, managers and deputy managers.

## Our businesses

Credicorp offers a broad financial services business model to cover all of its clients' financial needs and places strong emphasis on developing long-term relations.



### Banking

#### *Banco de Crédito BCP*

In loans

**S/ 86,721 million**

Leader in loans with market share of 32.9%.  
Leader in deposits with market share of 32.1%.

#### *Mibanco*

In loans

**S/ 8,712 million**

ROAE of 22.1%.<sup>15</sup>

#### *BCP Bolivia*

In loans

**S/ 5,486 million**

ROAE of 13.4%.

#### *Atlantic Security Bank*

In AuMs

**US\$ 4,446 million**

ROAE of 18.2%

### Investment banking

#### *Credicorp Capital*

In AuMs

**S/ 23,958 million**

ROAE of 11.7%

### Insurance

#### *Grupo Pacífico*

In net earned premiums

**S/ 1,880 million**

S/ 270.4 million in net income  
ROAE of 15.0%.

### Pension funds

#### *Prima AFP*

In funds under management

**S/ 43,213 million**

Monthly Insurable Remuneration (RAM) market share of 31.0%.

Market share 31.7% in funds under management  
ROAE of 23.3%.

<sup>15</sup> Mibanco's ROAE including goodwill in BCP for Edyficar's acquisition (approximately US\$ 50.7) was 20.1%

# Letter from the Chairman of the Board

## Dear shareholders,

It is my pleasure, on behalf of Credicorp's Board of Directors, to present the most important events and results of our activities in 2016.

I am happy to inform you that we have performed well throughout the year and have once again adeptly handled a complex international and local context. The results achieved are proof of our strength and that our group's businesses are aligned with a common vision: to be the most valued financial group in the markets in which we operate based on a culture geared toward sustainable growth.

Our businesses operated in a challenging context. Although the Peruvian economy reported growth of 3.9%, internal demand grew only 0.9% while high volatility continued to rack the international financial markets. This was further complicated by the political scenario in 2016, which generated negative effects throughout Latin America.

In 2016, we continued to strengthen our long-term strategy by making on-going efforts to develop the pillars that guide our business and which we have discussed on previous opportunities: a client-centered model; outstanding risk management; efficient growth; and motivated employees.

### The main events this year were:

- Strengthening expansion at our Centro de InovaCXión (Center for Innovation), where we have rolled out different strategic projects for digital banking that are focused on improving client experience;
- On-going improvement in our risk model in Retail Banking to capture this segment's potential and to ensure that growth is aligned with profitability as we assume reasonable risk;
- Continuous progress in our efficiency program at BCP, where we have set the foundation to ensure this project's sustainability, primarily through a culture of efficient growth and, moreover, by implementing this model in other subsidiaries at Credicorp; and
- Mibanco's outstanding performance has led to a stronger business model to continue supporting small and micro business clients as we become an important center of profitability for the group.

The results achieved are proof of our strength and that our group's businesses are aligned with a common vision: to be the most valued financial group in the markets in which we operate based on a culture geared toward sustainable growth.

**Our results**, which were reflected in annual growth of 13.7% in net income after minority interest, totaled S/ 3,514.6 million. This represents an annual return on average equity of 19.6%. The results in 2016 are proof of Credicorp's capacity to perform well in low-growth, highly competitive contexts such as those experienced in 2016.

In the banking business our most profitable asset, total loans, expanded 4.9% with regard to 2015. Despite low growth, loan expansion was led by higher margin segments. In this scenario, we were able to secure 5.9% growth in net interest income despite an increase in the funding cost.

Non-financial income increased 5.3%, mainly due to an increase in fees for banking commissions. This evolution is highly satisfactory given the adverse internal environment in 2016, which affected the banking business via low loan growth and a decrease in transactional activity. Our positive performance this year was further bolstered by higher net gains on sales of securities due to better returns on the investment portfolio.

In terms of the quality of the loan portfolio, internal overdue loans grew 13.4% with regard to the level recorded at the end of 2015. Nevertheless, in 2016, net provisions for loan losses fell 5.1% YoY due to an improvement in the risk quality of our loans. This led the cost of risk to fall to 1.88%, which compares favorably with the 2.08% posted in 2015.

In our insurance operations, net premiums increased 3.8% due to growth in life insurance premiums and property and casualty premiums. This allowed us to register a net loss ratio and combined ratio of 58.4% and 91.3% respectively, reflecting relative stability year-on-year. This result was attributable to the different initiatives that were implemented to make our insurance business more profitable despite high regulation and competition, particularly in our annuities business.

Once again, we exercised adequate over operating expenses, which grew only 4.0% with regard to 2015. This led the efficiency ratio to be 43.1% in an environment in which income was lower-than-expected.

In the asset management business, AuMs increased 25% with regard to the level in 2015, situating at approximately S/ 88 billion. These assets are associated with our operations at Prima AFP, Credicorp Capital and Atlantic Security Bank. Pension funds, which represent almost 49% of our total assets under management, reported annual profitability of 8.6%, 10.2% and 10% in Fund 1, 2 and 3 respectively. Pension fund management is a long-term proposition, so it is important to look at results over a longer horizon. Over the last ten years, we have achieved annualized profitability of 6.5%, 7.4% and 6.7% in Fund 1, 2 and 3 respectively. These results situate us at the head of the pack for profitability in Funds 1 and 2, which represent 81.8% of the pension funds that we manage.

We further consolidated our competitive position in pension fund management business by winning the tender to affiliate new entries to the Private Pension System for the period from June 2017 to May 2019. This has allowed us to significantly expand our client portfolio

In the investment banking business, we led the markets in Peru, Colombia and Chile for fixed income brokerage. In the equity market, we continued to lead in Peru and Colombia and were ranked third in Chile.

Another important aspect for the long-term growth strategy is related to our commitment with or six million-plus clients. For this reason, our network of points of access must remain highly capillary and accessible. In 2016, we increased our points of contact by 508 to reach a total of 9,854 points for customer service in 2016.

On a closing note, I would like to discuss our primary asset: our employees. In 2016, our organization continued to strengthen and innovate our strategy to manage human talent and we have consolidated our position as the best place to work in Peru. Our efforts have focused on optimizing the incentive and benefit structure and we have improved the selection, learning and retention process in all of the locations in which we operate.

## Dividends and capitalization

The Board, in its session on February 22, 2017, approved the distribution of a cash dividend of S/12.2865 for each common share of Credicorp, which will be paid on May 12, 2017, without withholding at the point of origin, to Credicorp shareholders who were registered as such on April 18, 2017. This dividend will be paid and distributed in US Dollars at the average weighted exchange rate for the professional market reported by SBS at transaction closing time on May 10, 2017 and rounded to four decimals.

## Outlook and Initiatives 2017

Throughout 2017, we will continue to make every effort to ensure our business's sustainability and to strengthen the trust that you, our shareholders, clients and interest groups, have placed in us.

In the banking business, we will continue to implement our strategy to improve our client experience through different points of access. We will focus particularly on improving and innovating digital banking, which will set the pace for how we communicate with and satisfy the needs of our clients. We will also work to strengthen risk management in different segments of Retail Banking with acceptance, follow up and collections models that are calibrated and aligned with pricing models to ensure that we achieve anticipated profitability levels. Lastly, we will continue to adequately manage the balance between market share, profitability and operating efficiency.

In terms of small and micro businesses, we will continue to work to consolidate and improve Mibanco's profitability. We will strive to fine-tune our segmentation to align our value propositions with the needs of each segment and will optimize commercial models, risks and collections. We will continue to drive the business to capture more clients and will work to institutionalize our organizational culture, which is the pillar of our successful human resource model, across our businesses.

In terms of insurance, Peru's market continues to post one of the lowest penetration levels in the region. For this reason, we will continue to grow through diverse channels and will pay special attention to strengthening our bancassurance strategy to take advantage of the synergies that can be developed in the group. In 2017, we will work to improve how efficiently we use our resources, with a renewed focus on the client to enhance capture and retention rates. To accomplish this, we bet on driving digital innovation in our different channels and product lines.

In 2017, the business strategy in the pension fund business will continue to focus on improving perceptions and increasing our business's credibility in the market. To strengthen sustainability and our long-term strategy, we are focusing on improving operating efficiency: optimizing risk management; innovating through our virtual channels; and strengthening client retention.

In the investment banking business, we will strengthen our business model to lead the Andean region and act as a benchmark for success by offering a full range of products and services with a complete vision and regional scope. In this way, we seek to position our organization as the best financial advisory service provider for companies in Peru, Chile and Colombia.

We look toward 2017 with optimism given that the countries where we operate continue to offer a multitude of opportunities. But moreover, we recognize that our people make the difference and are the true foundation of our success. I would like to thank our wonderful group of employees for their effort, our clients for their loyalty, and our shareholders for their invaluable trust; we are prepared to take on the new challenges that you have set before us.

Thank you,



**Dionisio Romero Paoletti**  
*Chairman of the Board*

# Content

1

Economic  
Environment  
P. 9

7

Corporate governance  
and social responsibility  
P. 71

2

Credicorp  
P. 16

8

Financial statements  
P. 91

3

Capital, Market Value and  
Shareholder Structure  
P. 24

9

Annexes  
P. 96

4

Financial Results  
P. 28

5

Business Lines  
P. 39

6

Risk management  
P. 61





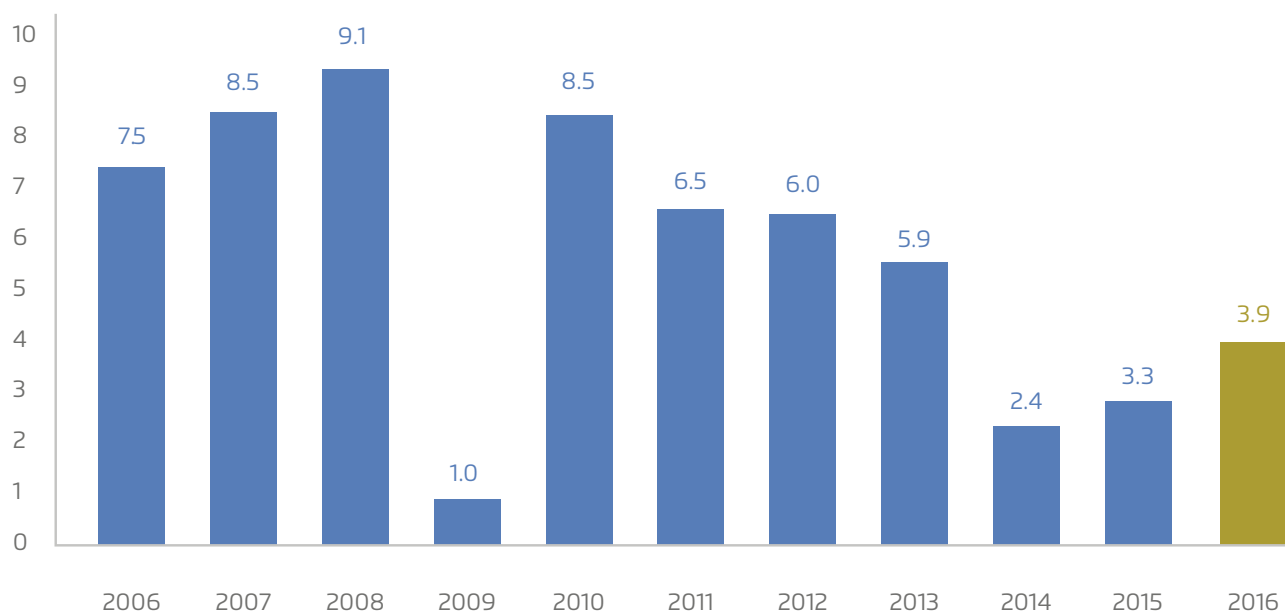


# 1

## Economic Environment

# Growth

*Gross Domestic Product  
(Annual variations, %)*

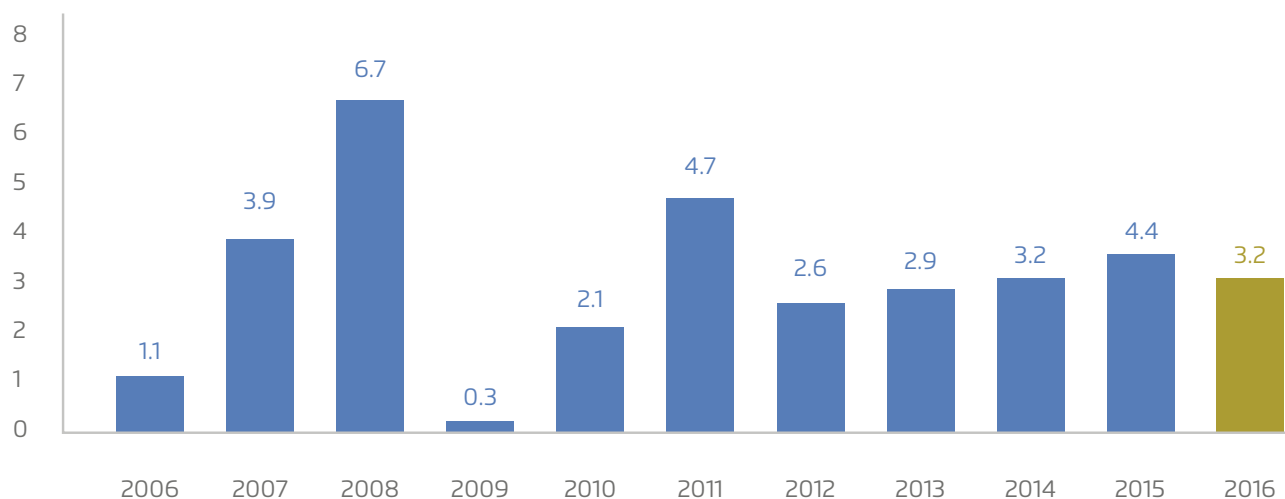


Source: INEI

The Peruvian economy grew 3.9% in 2016, which topped the figure posted in 2015 (3.3%). The most dynamic sector was mining, which expanded 21.2% (highest record in 25 years) due to a 40.0% increase in copper production from new mines such as Las Bambas and the Expansion Project at Cerro Verde. The least dynamic sectors included: fishing (-10.1%), construction (-3.1%, second consecutive year of decline), non-primary manufacturing (-2.0%, third consecutive year of decline). The sectors of commerce (1.8%) and services (3.9%) reported their lowest growth rates since 2009 in a context marked by weak internal demand, which grew only 0.9% versus 3.1% in 2015. It is important to note that in 2016, private investment fell 6.1% (third consecutive year of contraction) while private consumption expanded 3.4% (rate similar to that posted in 2015).

# Inflation

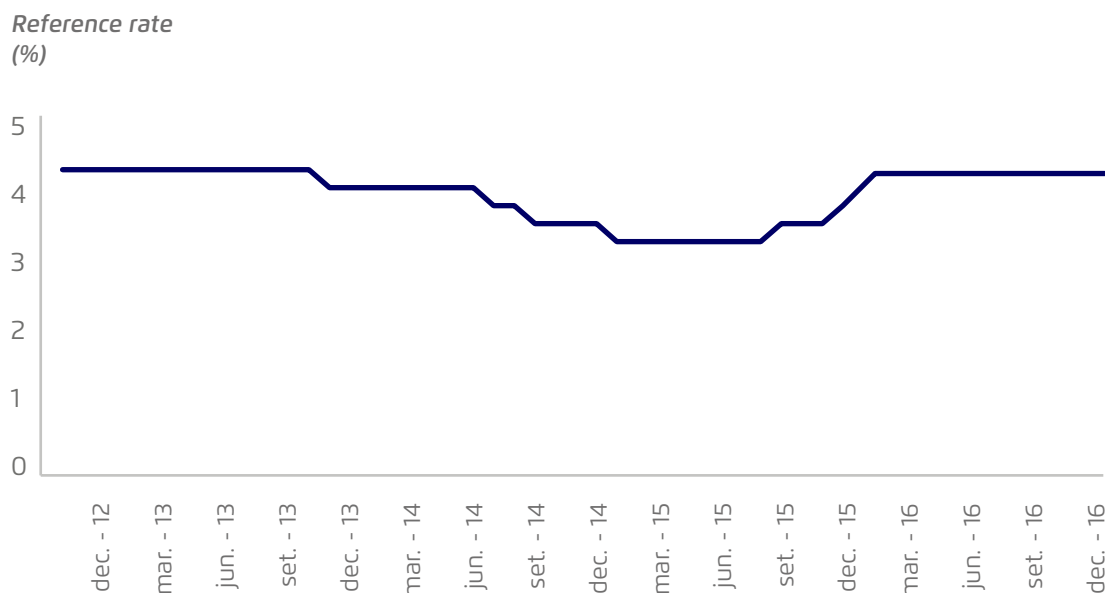
*Inflation*  
(%)



Source: INEI

In 2016, the consumer price index of Lima Metropolitana rose 3.2%. This figure was below 2015's (4.4%) but was situated, for the third consecutive year, slightly above the upper limit of the target range (2% +/- 1pp) of the Central Reserve Bank of Peru (BCRP). The food and energy prices index increased 3.7% (residential electricity rates increased 4.2% to accumulate an increase of 18% over the past two years while food and beverage inflation was situated at 3.5%). Inflation without food and energy rose 2.9%. This rate was close to the upper limit of the target range, despite weak internal demand and an appreciation in the exchange rate, due to the fact that services such as health and education have reported increases of close to 5.0% over the past 4 years. In this context, Peru reported one of lowest inflation rates in the region in 2016 (Brazil: 6.3%, Colombia: 5.8%, Mexico: 3.4%, Chile: 2.7%).

# Reference Rate



Source: Central Bank

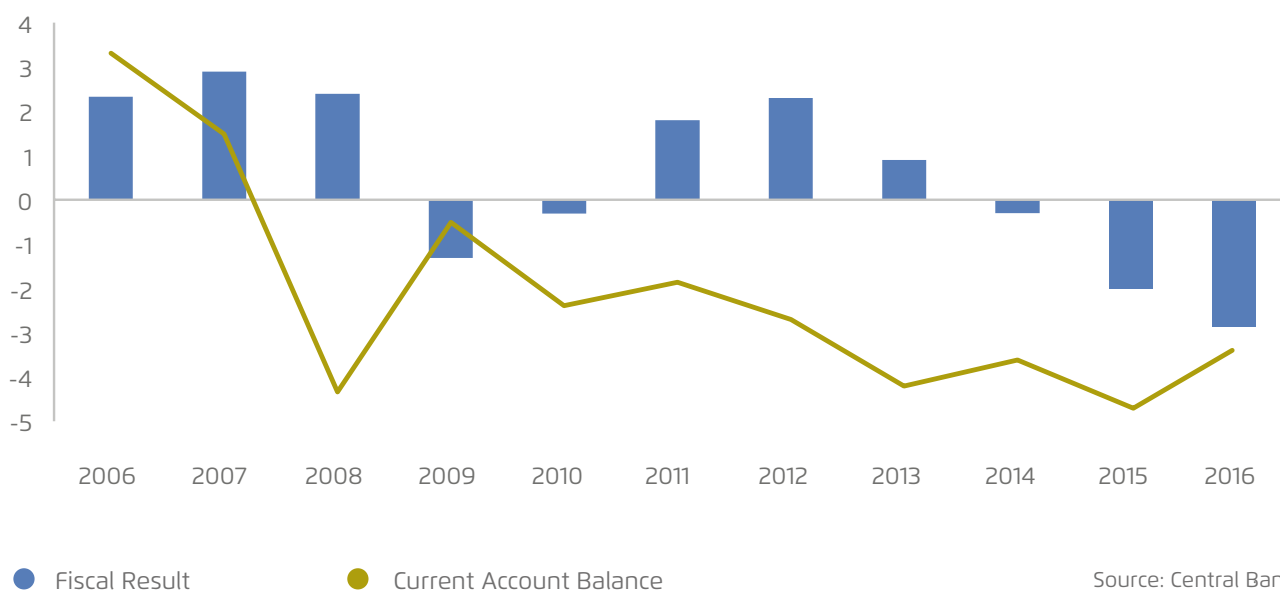
BCRP's reference rate rose from 3.75% at the end of 2015 to 4.25% in February 2016 and remained at this level throughout the rest of 2016. In a context in which annual inflation was situated at a maximum of 4.6% in January 2016 and expectations for the 12-month inflation rate were situated at 3.5% (both above the upper limit of BCRP's target range for several months), BCRP raised its rate by 25 bps in its first two meetings for the year.

BCRP continued to apply the Loan Dedollarization Program, which set goals to reduce loan balances in foreign currency. In this context, the level of loan dollarization was situated at 29.2% at the end of 2016 versus 30.5% at the end of 2015.

Finally, BCRP reduced the reserve rate in Local Currency (from 6.5% to 6.0%) and cut the marginal reserve rate in Foreign Currency (from 70% to 48%). This rate will be in effect as of January 2017.

# Public Finances and the External Sector

*Fiscal Result and Current Account Balance  
(GDP percentage)*



The fiscal deficit closed at 2.6% of GDP in 2016, which topped the figure reported in 2015 (2.1%) but fell below the new government's goal (3.0% of GDP). Fiscal revenues at the General Government level fell 4.1% in real terms (second consecutive year of decline) to represent 18.5% of GDP, the lowest level in 12 years. The General Government's non-financial expenses fell 2.4% while current expenditure rose 0.3%. Public investment fell 3.6% (third consecutive year of decline and accumulated a contraction of 16% in real terms in 2014-2016).

In 2016, that the terms of trade reported a drop of 0.8% in 2016 (fifth consecutive year of decline). This was due to a 3.8% drop in export prices while import prices fell 3.0%. The Trade Balance reported a surplus of US\$ 1,730 million, which is the best balance reported since 2012 and represents a substantial improvement over the commercial deficit of US\$ 3,150 million in 2015. The commercial surplus reported in 2016 is attributable to: (i) an increase in traditional exports of US\$ 2,713 million, which was mainly attributable to copper exports (US\$ 1,993 million, +24% of which was due mainly to higher production at new mines), and (ii) a drop of US\$ 2,278 million in imports, which were marked by lower imports of inputs (US\$ -808 million) and capital goods (US\$ -890 million) in a context of a decline in private investment. In this context, the current account represented 2.8% of GDP, which is the best result reported since 2012 and a significant improvement over the figure observed in 2015 (4.9% of GDP).

# Exchange Rate

Exchange Rate  
(USDPEN)



Source: Central Bank

At the end of 2016, the exchange rate was situated at S/ 3.36 per US Dollar, which represented an appreciation of 1.7% with regard to the closing figure in 2015 (3.41) after three consecutive years of depreciation. After reaching a maximum of S/ 3.53 per US Dollar at the end of February 2016, the exchange rate fell to close to S/ 3.30 after the uncertainty surrounding the elections dissipated in mid June 2016. From this moment on, the exchange rate fluctuated between S/ 3.35 - S/ 3.40 amid events that generated volatility in the financial markets, such as: (i) the result of the referendum in the United Kingdom (Brexit), (ii) the election of Donald Trump as president of the United States and (iii) the fact that the Fed postponed a hike in its monetary policy rate until its last meeting of the year in December. In this context, BCRP reduced its balance of exchange rate swaps from a maximum of S/ 34,449 million in February 2016 to only S/ 514 million at the end of 2016. It is important to note that BCRP purchased US\$ 2,090 million and sold US\$ 1,304 million, which allowed it to close the year as a net purchaser of dollars for the first time since 2012.

# Outlook 2017

In its last update of economic forecasts (WEO) in January 2017, IMF maintained its forecast for global growth at 3.4% for 2017. Nevertheless, the entity cut its growth forecast for Latam from 1.6% to 1.2% (the largest cuts were for Mexico, from 2.3% to 1.7%, Argentina from 2.7% to 2.2% and Brazil from 0.5% to 0.2%), which reflects a slight recovery when compared to the drop of 0.7% in GDP in 2016. IMF also elevated its growth forecast for the Chinese economy from 6.2% to 6.5% and marginally revised its forecast for the USA upward from 2.2% to 2.3% after an expansion of 1.6% was reported in 2016. Nevertheless, according to the IMF, the balance of risks in the global economy is expected to show a downward trend due to:

(i) a potential shift toward nationalists policies and protectionism, (ii) a stronger-than-expected adjustment in global financial conditions (which intermingle with weaknesses in the balance sheets in the Eurozone and in some emerging markets), (iii) growing geopolitical tensions and (iv) a more severe downturn in China.

Despite uncertainty on the international scene, Peru will continue to be one of the most dynamic economies in the region. In this context, we expect GDP to expand between 3.0% and 3.5% this year (fourth consecutive year of growth below 4.0%). In 2017, internal demand will go from increasing 0.9% in 2016 to expanding 2.5% and 3.0% in 2017 if private investment recovers after three consecutive years of decline.

This year, we expect inflation to close around 3.0% (upper limit of the target range). In this context, BCRP may keep its interest rate at 4.25% throughout the year.

The fiscal deficit will be situated around 2.5% of GDP in 2017, which is in line with the government's fiscal target. In terms of external accounts, the terms of trade improved after having posted a decline for 5 consecutive years. We expect the current account deficit to fall to 2.6% of GDP to reach the lowest figure registered in 6 years. In addition, 2017 will mark the second consecutive year that the country posts a trade deficit, which is expected to exceed US\$ 2 thousand million.

Finally, with the current information, we expect the exchange rate to situate between S/ 3.40 - S/ 3.45 per US Dollar due to high levels of uncertainty in the international ambit (Brexit, elections in Europe, new policies in the USA, etc.). Nevertheless, if the price of copper remains at current levels and there is no negative news on the international front, we cannot discard the possibility that the exchange rate will situate at levels similar to those seen at the end of 2016 or may even appreciate more. According to BCR'S survey of expectations in January 2017, a range between S/ 3.42 - S/ 3.48 is expected for the end of the year.

We expect GDP to grow between 3% and 3.5% this year.





# 2

Credicorp



# General Information

<b>Company</b>	Credicorp Ltd.
<b>Address</b>	Clarendon House 2 Church Street Hamilton Bermuda
<b>Primary subsidiary address</b>	Calle Centenario 156 La Molina, Lima, Perú
<b>Contact number</b>	511 313-2000
<b>Fax</b>	511 313-2121

## Constitution

Credicorp Ltd, was established on 17 August 1995 in the City of Hamilton in Bermuda, registered under registration No. EC21045.

The duration of the company is indefinite.

**We are the leading financial group in Peru** with extensive experience in the Peruvian financial market. We have a solid commercial banking operation that is national in scope and serves all segments of the population. Our recently launched Latin American investment banking platform has solidified our presence in the region as we contribute to development and accompany our clients' growth. Our vision, mission, values and commitment are clearly articulated to our stakeholders and shareholders.

### Vision

To be the most valued financial group in the markets where we operate based on a culture focused on sustainable growth.

### Mission

To efficiently provide products and services that meet our client's needs, promoting financial inclusion and stakeholder's satisfaction.

# Statutory activities

Credicorp is a business group offering financial services in Perú, USA, Panamá, Chile y Colombia; and develops its operations mainly through 5 main subsidiaries: Banco de Crédito del Perú, El Pacífico Peruano Suiza Compañía de Seguros y Reaseguros, Prima AFP, Atlantic Security Bank y Credicorp Capital. Credicorp's business is mainly concentrated in four operating segments:

- Banking business
- Insurance business
- Pension fund business
- Investment banking platform

## Description of the company

Credicorp Ltd. is a limited liability company in Bermuda on October 20, 1995 to act as a holding company, coordinate the policy and administration of our subsidiaries, and engage in investing activities. Our principal activity is to coordinate and manage the business plans of our subsidiaries in an effort to implement an universal banking services and develop our insurance business, focusing mainly on Peru, Bolivia, Colombia and Chile along with limited investments in other countries in that region. Our registered address is Clarendon House, 2 Church Street, Bermuda. The management and administrative office (i.e., principal place of business) in Peru of our subsidiary, Banco de Credito del Peru, is located at Calle Centenario 156, La Molina, Lima 12, Peru. Also, Credicorp was formed in 1995 for the purpose of acquiring, through an exchange offer, the common shares of BCP, ASHC and Grupo Pacifico. We currently hold, directly and indirectly, 97.7% of BCP, 98.5% of Grupo Pacifico and 100% of ASHC.

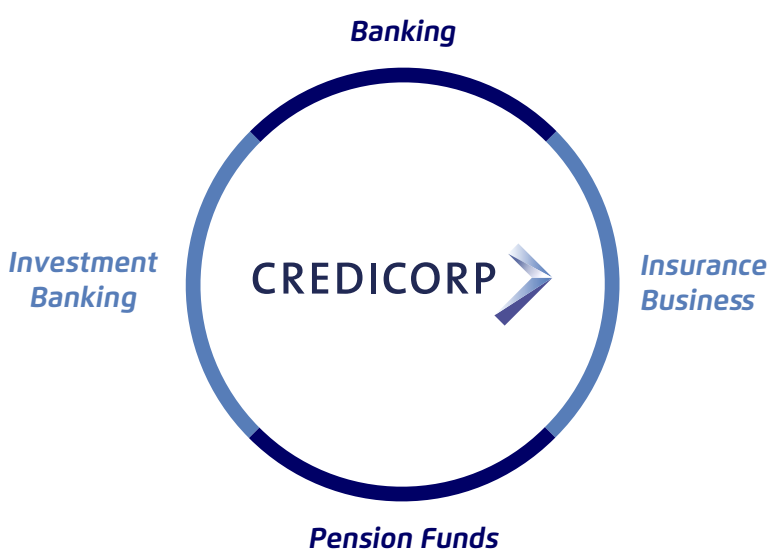
During 2012, Credicorp, as part of our strategic plan, initiated the creation of a regional investment banking platform. On April 2012, Credicorp, through its subsidiary BCP, acquired a 51% stake in Credicorp Capital Colombia (formerly Correval S.A. Sociedad Comisionista de Bolsa), a brokerage entity established in Bogota, Colombia. On July 31, 2012, Credicorp, through its subsidiary BCP, acquired 60.6% of IM Trust S.A. (IM Trust, Corredores de Bolsa), an investment banking entity established in Santiago, Chile. On November 2012 and July 2013, IM trust and Correval were transferred to Credicorp Capital Ltd. (company establish in Bermuda), respectively, without affecting Credicorp's consolidated financial statements and without recording any gain or loss. For our investment banking operations in Peru, we created Credicorp Capital Peru S.A.A. (formerly BCP Capital), a company incorporated in Peru that was established in April 2012 through the split of an equity block of BCP. Assets transferred included Credicorp Capital Bolsa, Credicorp Capital Titulizadora, Credicorp Capital Fondos and BCP's investment banking activities. The equity block split had no effect on Credicorp's consolidated financial statements; no gains or losses arose from it.

On November 2015, took place the split of equity block of Grupo Credito in favour of Credicorp Capital Holding Perú S.A., a company incorporated on September 3, 2014 and a subsidiary of Credicorp Capital Ltd., with the aim of implementing a reorganization of Credicorp's investments. The equity block was composed of the investment that Grupo Credito held in Credicorp Capital Peru, finishing the reorganization process to regroup, under Credicorp Capital Limited, all the investments in subsidiaries related to capital markets. The equity block split had no effect on Credicorp's consolidated financial statements; no gains or losses arose from it.

At the beginning of 2016, BCP Bolivia which was a subsidiary of BCP, became a subsidiary of a new holding called Inversiones Credicorp Bolivia S.A. (ICBSA), which in turn is a direct subsidiary of Grupo Crédito. In May and August 2016, Credicorp Capital Ltd through Credicorp Capital Holding Chile acquired 39.4% of participation in Inversiones IMT SA. (Formerly IM Trust S.A.), which totaled in 100% of participation. Credicorp Capital Ltd, through Credicorp Capital Holding Colombia SAS, acquired a 49% stake in Credicorp Capital Colombia SA (before Correval) between May and September 2016, which totaled in 100% of participation.

## How do we create value?

- By encouraging our businesses to act jointly to take advantage of the synergies created by our diversified portfolio.
- By strengthening our leadership in the financial sector as we grow in new businesses through our investment banking platform, which works with the corporate world, the retail segment in general, and the SME and Consumer sectors in particular.
- By investing in the best professionals; identifying and promoting talent; encouraging the search for efficiency; and training our staff.
- By constantly seeking to align our business models, processes and procedures with the best international practices.




---

An important element in our quest to continue growing sustainably is our commitment to promoting a culture of efficiency in our operations, which will help us sustain the profitability levels that we have committed to obtaining.

## Our Success...

Is attributable to the dedication of employees; our customer-based focus; the trust that our shareholders have placed in our organization; and the operating excellence that defines our work, which is based four key elements:

- Our track record.
- Our results-based organization.
- Our staff, which includes the country's best professionals.
- Our accessibility, when and where our clients need us.

## Pillars of longterm strategy



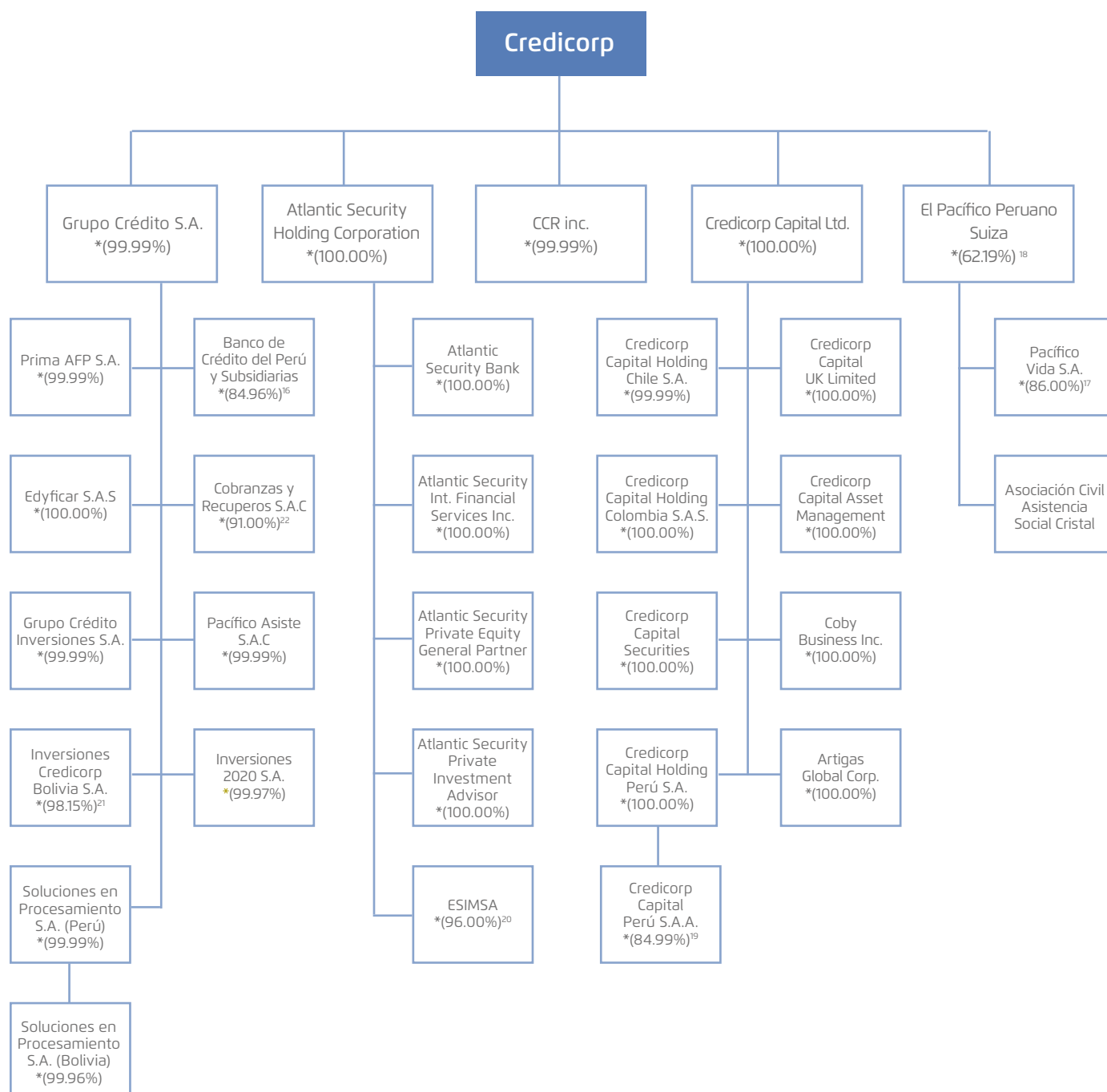
## How do our businesses create value?

Business Type	Subsidiaries	Main source of income	Description
Banking	Banco de Crédito del Perú – BCP Mibanco Banco de Crédito de Bolivia Atlantic Security Bank	Net income from interest and fees	We capture deposits and offer loans to individuals and companies that need funds to grow. We provide our customers with investment advice that is aligned with their needs and risk profile.
Investment banking	Credicorp Capital	Fee income	We provide our clients with financial and transactional advisory services, securities brokerage services and asset management services.
Insurance business	Grupo Pacífico	Premiums	We cover our clients’ specific insurable risks (property and casualty, life and health insurance)
Pension Fund Management	Prima AFP	Fee income	We manage our clients’ private retirement funds.

## Credicorp's Organizational Chart

Credicorp operates mainly through its five subsidiaries: Banco de Credito del Peru (BCP), Grupo Pacifico, Prima AFP, Atlantic Security Bank (ASB) and Credicorp Capital.

Credicorp group is detail below:



\*Percentage share of the direct controlling shareholder

<sup>16</sup> Credicorp participates in 12.73%

<sup>17</sup> Credicorp participates in 14.00%

<sup>18</sup> Grupo Crédito participates in 36.35%

<sup>19</sup> Credicorp Capital Ltd. participates in 12.79%

<sup>20</sup> Soluciones en Procesamiento S.A. e Inversiones 2020 participate in 2% each.

<sup>21</sup> BCP participates in 1.77% y Credicorp participates in 0.075%

<sup>22</sup> BCP participates in 9%

## Credicorp in the world

Credicorp engages activity mainly in Peru, United States, Panama, Bolivia, Chile, Colombia and Reino Unido.



## Awards

In 2016, Credicorp won the following awards for outstanding management and performance:



### “La Voz del Mercado”, awarded by the Lima Stock Exchange.

- The Lima Stock Exchange and EY recognized Credicorp’s good corporate governance practices.



### Institutional Investor: 2016 Latin America Executive Team

- Best CEO – Third Place - Walter Bayly Llona – Nominated by Sell Side
- Best CFO – Third Place - Fernando Dasso Montero - Nominated by Sell Side
- Best IR by Team – Third Place – Nominated by Sell Side



### LatinFinance’s 2016 Bank of the Year Awards

- Bank of the Year Peru – Banco de Crédito del Perú



### ALAS 20 – VIGEO

- Winner in Peru in the category Leader Company in Investor Relations - Credicorp

# 3

## Capital, Market Value and Shareholder Structure

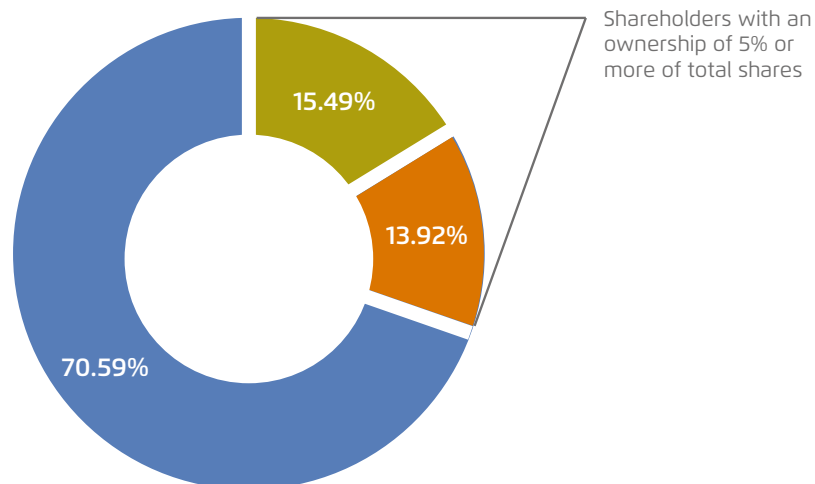




# Capital and Main Shareholders

Share capital at Credicorp Ltd. totaled US\$ 471,911,585 on 31.12.2016, which was represented by 94'382,317 shares with a nominal value of US\$ 5.00 each.

Shareholder Structure (%)<sup>23</sup>



- Private and institutional investors
- Atlantic Security Holding Corporation (ASHC)
- Romero Family<sup>24</sup>

Source: Registro de Acciones

The following table shows the composition of shares with voting rights at Credicorp Ltd. as of December 30, 2016, considering share ownership as a percentage of total shares:

Tenure	Number of shareholders	Share percentage
Less than 1%	4,866	8.03%
Between 1%-5%	2	3.29%
Between 5%-10%	0	0.00%
More than 10%	1	15.49%
N.D. <sup>25</sup>	N.D.	73.19%

<sup>23</sup> Share is calculated up to February 10, 2016.

<sup>24</sup> Includes shares that are held directly or indirectly by Dionisio Romero and his family or by companies that he owns or operates.

<sup>25</sup> 73.19% of Credicorp's shares correspond to the trading in NYSE, where it is not possible to identify the last beneficiary, due to the rules of NYSE's disclosure.

## Market Value

In 2016, global indicators improved with regard to 2015. The main stock exchange indexes, such as S&P 500, the Dow Jones Industrial and Nasdaq, registered gains of 9.54%, 13.42% and 7.5% respectively. The local market also evolved favorably. The Lima Stock Exchange posted a high profitability, reporting growth of 58.06% that was mainly driven by an increase in the value of mining shares, which reflects the fact that prices for precious metals have increased across the world. Moreover, the strong wave of uncertainty caused by Brexit led investors to direct capital flows to emerging economies like Peru's. The decrease in loan dollarization reduced the market's vulnerability to currency depreciation and economic downturns.

### Stock performance price

Credicorp's share price was in line with the evolution of the markets and the holding's results. In this context, the share price was situated at US\$ 157.86 at the end of 2016, which represented annual growth of 62.21%.

Stock performance price (US\$)

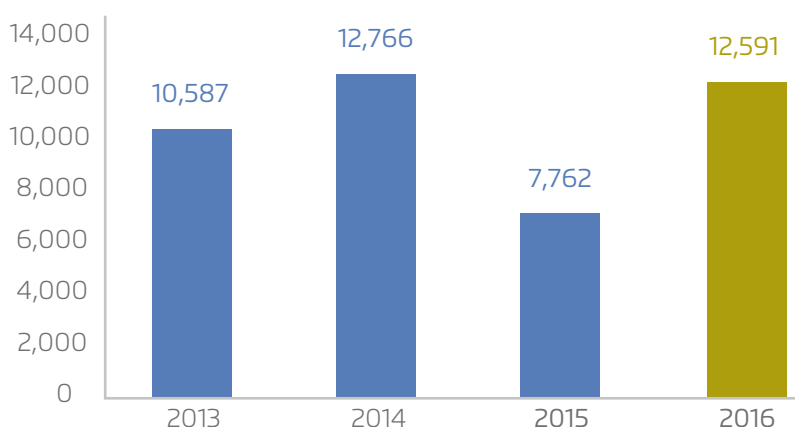


Source: Bloomberg.

### Market Capitalization

At the end of 2016 the corporation's market capitalization rose to US\$ 12,591 million, which represented a 62.21% increase with regard to the US\$ 7,762 million posted at the end of 2015. A daily average trading volume of Credicorp's shares in 2016 was 359,431 shares, which tops last year's average by 2.25%.

Market capitalization (US\$ million)

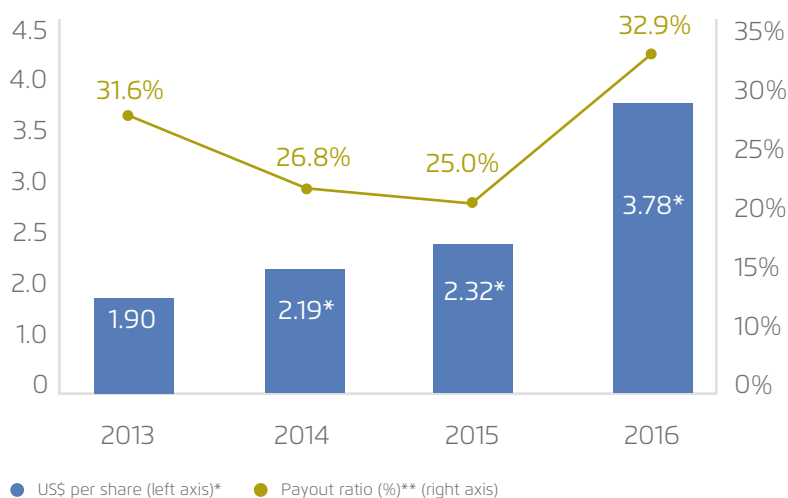


Source: Bloomberg

## Dividends

The Board, in a session held on February 22, 2017, agreed to distribute a cash dividend of 5/12.2865 for each common share in Credicorp, which will be paid on May 12 2017, without withholding, to Credicorp shareholders who were registered as such on April 18, 2017. This dividend will be paid and distributed in US Dollars at the average weight exchange rate of the professional market reported by SBS at transaction closing time on May 10, 2017, and rounded to four decimals. This decision entailed distributing 32.9% of the earnings generated during the period.

### Dividends



\*2014, 2015 and 2016 dividend share converted to Soles at accounting exchange rate at the end of 25/02/2015, 24/02/2016 and 21/02/2017, respectively.

\*\*The payout ratio is calculated with the total number of Credicorp shares (94.4 million).

Source: BCP-Planning and Finance.



# 4 Financial Results

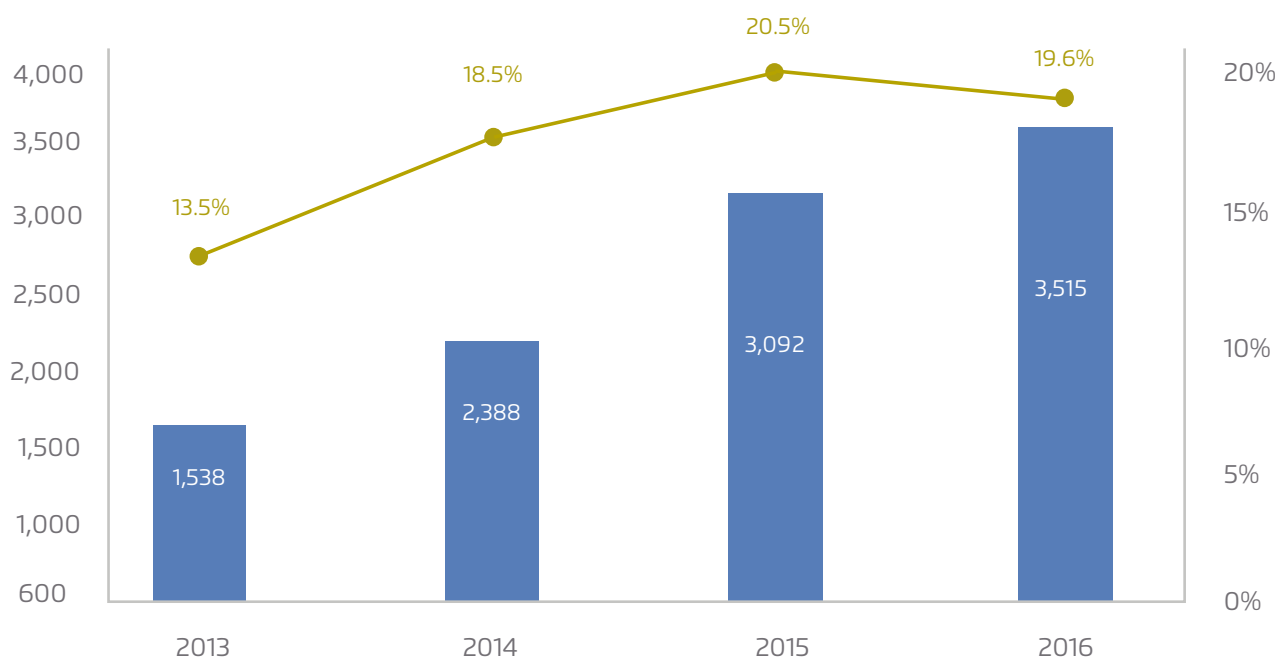
# Net income and ROAE

In 2016, Credicorp posted net income after minority interest of S/ 3,514.6 million. This figure topped the S/ 3,092.3 million registered in 2015 by 13.7% and represented a ROAE of 19.6% and a ROAA of 2.3% (vs 20.5% and 2.1% in 2015 respectively). The 2016 result clearly reflects Credicorp' solid position, which allowed it to achieve excellent profitability levels despite local and international contexts characterized by low growth and political uncertainty. In terms of recurring business, net income was S/ 3,439.9 million, which surpassed 2015's figure by 16.2%. The difference between net income and net non-recurring income was due to a series of non-recurring expenses and income<sup>26</sup> that led to net non-recurring income of approximately S/ 74.7 million, which was comprised of:

- Non-financial income due to the sale of BCI shares for S/ 120.2 million.
- A translation loss of S/ 45.5 million.

In this context, excluding the effect of non-recurring income, ROAE and ROAA at Credicorp were situated at 19.3% and 2.2% respectively (vs 19.7% y 2.0% en el 2015).

**Net Income and ROAE**  
(S/ million, %)



● Net income\*      ● ROAE\*\* (%)

\*Figures audited according to international financial reporting standards (IFRS)  
\*\*ROAE=Net Income/Average of period beginning and period end of Net Shareholders Equity

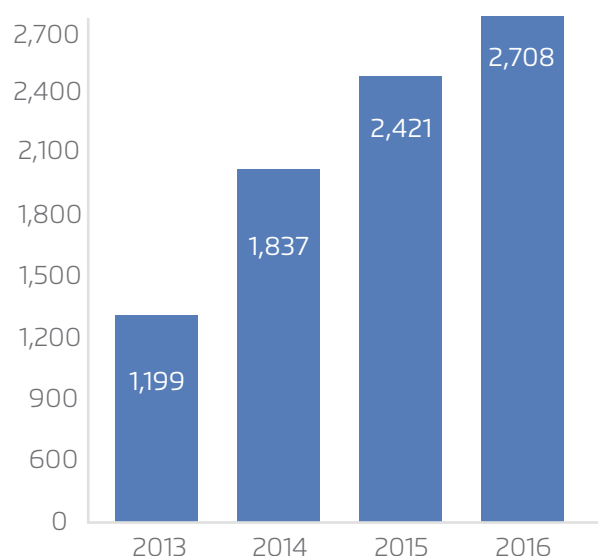
<sup>26</sup> Unaudited figures, according to NIIF

# Banking business

## BCP Consolidated

The banking business at BCP Consolidated<sup>27</sup> reported a contribution to Credicorp of S/ 2,708 million, which topped the figure registered in 2015 by 11.9%. Better performance in 2016 reflects the growth of 4.7% in net interest income, which was in line with a 3.4% increase in loans measured in average daily balances. This was accompanied by a 6.4% growth in commissions for banking services, which is the banking business's main source of non-financial income. In terms of expense control and governance, the efficiency ratio fell slightly from 43.8% to 43.5%. This was in line with the 4.0% increase in operating income, which helped offset the 3.2% growth in operating expenses. In this context, BCP Consolidated reported a ROAE of 22.7% in 2016.

Evolution of BCP's contribution to Credicorp\* (S/ million)



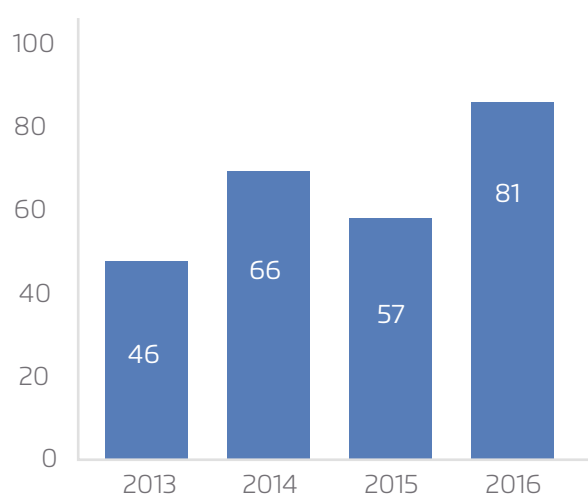
Source: BCP - Planning and Finance

\*Since 2016, BCP Bolivia no longer belongs to BCP Consolidated. For a better presentation, BCP Bolivia has been separated from the analysis since 2013, reason for which numbers of 2013, 2014 and 2015 differ from the ones in the past annual reports.

## BCP Bolivia

BCP Bolivia's contribution to Credicorp was S/ 81 million, which represented an increase of 42.1% with regard to the S/ 57 million posted in 2015. This result was due primarily to a 24.1% increase in net interest income following significant loan expansion, and to an increase in non-financial income, which was associated with higher fee income. All of the aforementioned allowed BCP Bolivia to post a ROAE of 13.4%, which topped the ROAE of 10.6% reported in 2015.

Evolution of BCP Bolivia's contribution to Credicorp (S/ million)



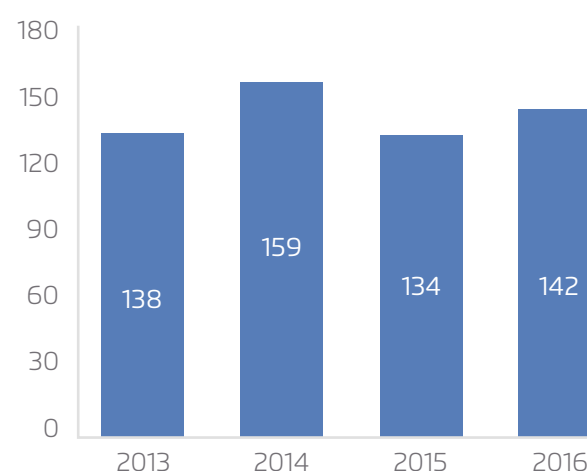
Source: BCP - Planning and Finance

<sup>27</sup> Includes BCP Stand-alone and Mibanco.

## Atlantic Security Bank

Atlantic Security Bank (ASB) posted a contribution to Credicorp of \$/ 142 million. This topped the \$/ 134 million reported in 2015 by 6.3%. This was due to the fact that this year, net interest income was 8.5% higher than in 2015. In terms of expense control and governance, total expenses fell 3.4% with regard to 2015. ASB's investment portfolio continued to be subject to strict oversight to monitor strategies for diversification, risk concentration and limits by investment type and issuer. This has helped keep credit risk and yields on investments at desirable levels. With this result, ROAE was situated at 18.2% in 2016.

Evolution of ASB's contribution to Credicorp (\$/ million)



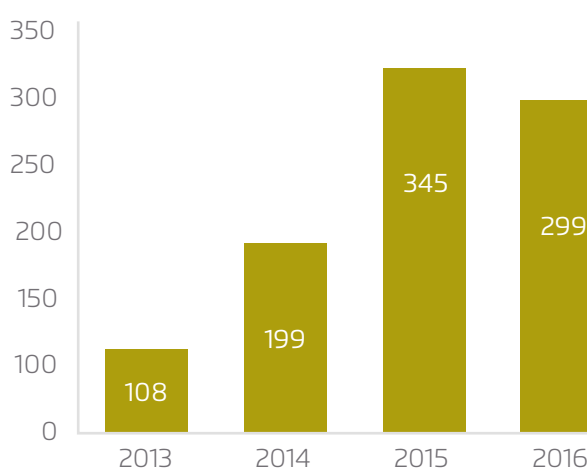
Source: ASB

# The insurance business

## Grupo Pacífico

Grupo Pacífico contributed \$/ 299 million to Credicorp's result, which represented a 13% drop with regard to 2015's figure. It is important to note that in 2015, non-recurring income was reported from the joint venture with Banmedica. If we exclude this non-recurring income, the insurance business's contribution would be 22% higher than the recurring contribution posted in 2015. This year, the insurance business posted an improvement in its underwriting result, which was primarily attributable to an increase in net earned premiums in the Property and Casualty business. The acquisition cost in 2016 rose, which was attributable to an increase in commissions in the life insurance line and an atypical acquisition cost in 2015. Net claims rose 6.5% year-on-year, which was in line with an increase in cases at the end of 2016. It is important to note that the net loss ratio<sup>28</sup> reported a drop of 50 bps, situating at 58.4% in 2016. In the aforementioned scenario, ROAE at Grupo Pacífico was situated at 15%<sup>29</sup> vs. 19.7% in 2015.

Evolution of Grupo Pacífico's contribution to Credicorp (\$/ million)



Source: Grupo Pacífico

<sup>28</sup> Net claims/net earned premiums

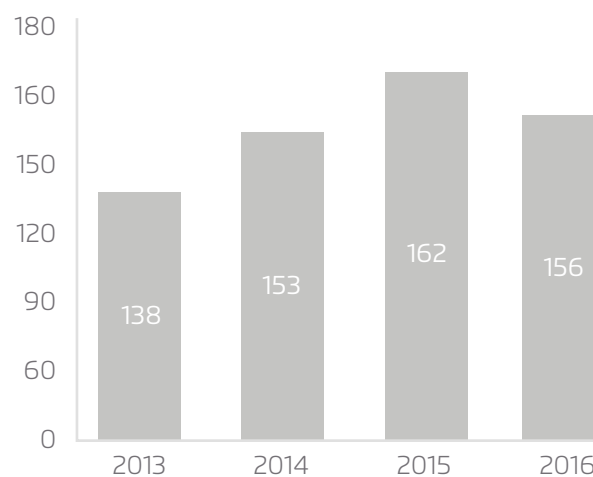
<sup>29</sup> ROAE including unrealized gains in the Life insurance business.

# Pension Fund Business

## **Prima AFP**

Prima AFP reported an annual contribution to Credicorp of \$/ 156 million, which fell below the figure posted in 2015. This was due to higher growth in administrative expenses and sales. It is important to note that the funds under management at Prima AFP represented 31.7% of the system's total funds under management at the end of 2016. In this context, ROAE at Prima was situated at 26.2% in 2016, which fell slightly below the ratio posted in 2015.

*Evolution of Prima AFP's contribution to Credicorp (\$/ million)*



Source: Prima AFP



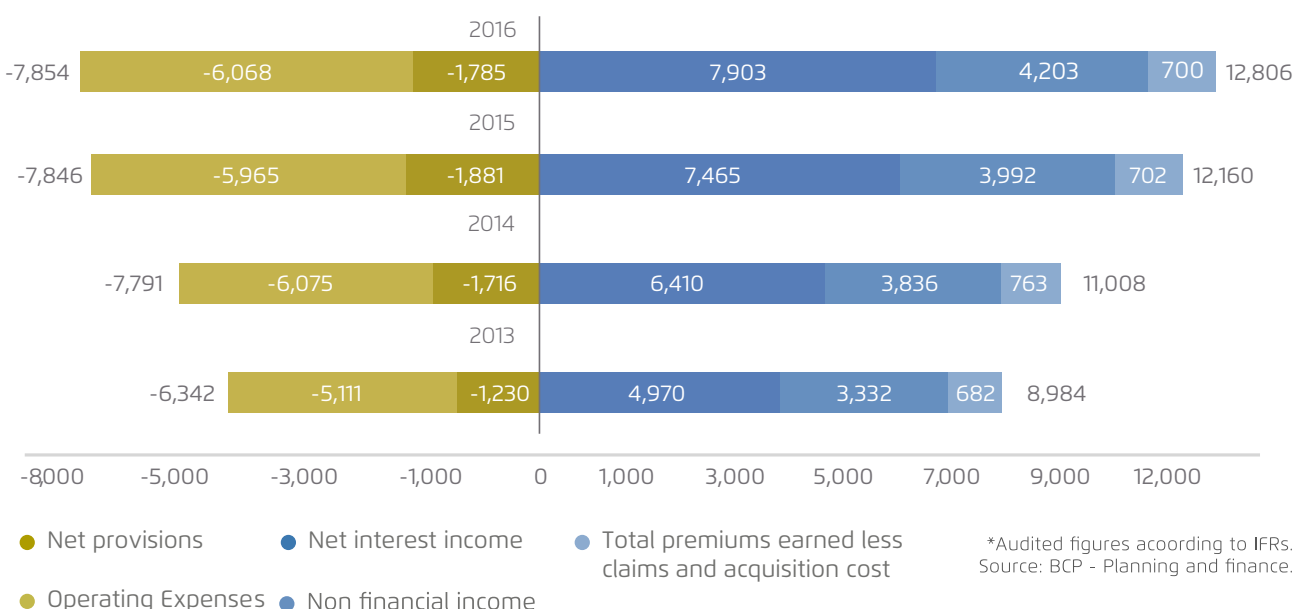
# Investment Banking Business

## Credicorp Capital

Credicorp Capital reported a contribution of S/ 78.9 million to Credicorp, which was primarily attributable to the excellent performance of non-financial income this year. This growth was associated with an increase in fee income, (+9.1%) and in net gains on sales of securities (+ 33.7%), the latter was a result of the recovery in trading volumes and the favorable evolution of our portfolios. The share of alternative funds in the asset management business increased and obtained excellent results for equity and fixed income products in the capital markets. Corporate finance consolidated its regional team and initiated important DCM and M&A transactions in Peru. ROAE at Credicorp Capital for 2016 was situated at 11.7%, which compares favorably with the 0.1% posted in 2015.

## Operating Income<sup>30</sup>

Operating Income\* (S/ million)



Credicorp’s operating income totaled S/ 4,952 million, which represented an increase of 14.8% with regard to the S/ 4,314 million reported in 2015. Excellent operating performance was due to the 5.31% increase in total income, which offset the marginal increase of 0.1% in total expenses and in net provisions for loan losses.

The operating income result was due to:

In terms of income,

- 5.9% growth in net interest income, which was due primarily to higher interest on loans due to 4.1% expansion in average daily loan balances YoY. The best performers in this regard were higher margin segments (SME Business and Mibanco) and BCP Bolivia. Higher interest income on sales of securities was reported due to transactions with debt instruments from the Central Banks and Government. Nevertheless, the increase in net interest income was attenuated by growth in interest expenses, mainly for deposits. In this scenario, the net interest margin (NIM) was situated at 5.49% in 2016, in line with expectations. It is important to note that this indicator was affected by strong growth in average interest-earning asset, which rose 0.8% year-over-year.

<sup>30</sup> Operating income refers to the utility before taxes, translations and non-controlling interest.

- Non-financial income increased 5.3% with regard to 2015. This was associated with an increase in the level of banking commissions and in net gains on sales of securities. The latter was attributable to extraordinary income from the sale of BCI shares in 2016.
- The aforementioned let counteract the contraction of 0.3% of the net earned premiums less claims, due to the growth in registered claims in the "Life insurance business". That way, the net loss ratio grew from 59.5% in 2015 to 61.1% in 2016.

In terms of expenses,

- Net provisions for loan losses fell (-5.1%), which was due to a significant increase in recoveries and reversals during the year, which offset the slight increase in gross provisions. Gross provisions rose at a slower pace than loans, which reflects the fact that this portfolio's risk profile improved throughout the year. All of the aforementioned translated into an improvement in the cost of risk, which rose to 1.88%, comparing favorably to the 2.08% posted in 2015.
- The aforementioned offset 1.7% growth in total expenses, which was due primarily to an increase in administrative expenses and employee salaries and benefits.

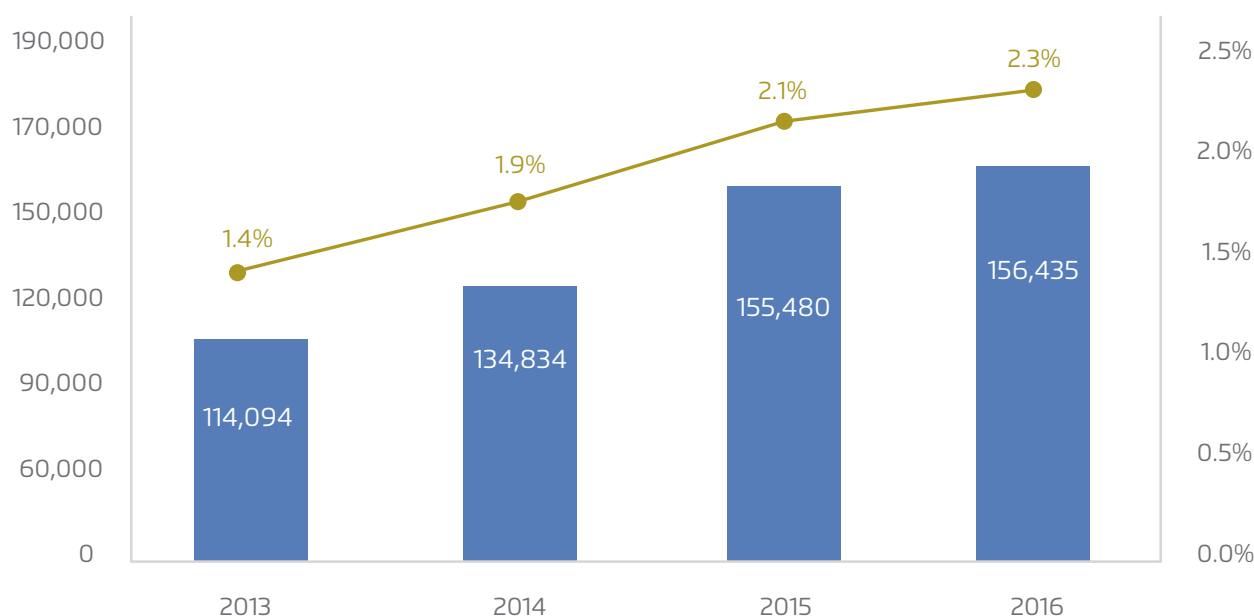
# Assets and ROAA

At the end of 2016, the total asset level was situated at S/ 156,435 million, which represents an increase of 0.6% with regard to the level posted the previous year. Loans registered an annual increase of 4.9%. If we consider average daily balances, loan growth was 4.1% and was primarily attributable to:

- BCP Bolivia and Mibanco increased their total loans 17.7% and 10.1% respectively, measured in average daily balances. With respect to BCP Bolivia, the increase is attributable to greater growth in Wholesale Banking. Mibanco performed well once again in terms of income and loan placement but continued to prioritize portfolio quality.
- In Retail Banking, the significant expansion posted by the SME-Business segment was a noteworthy 15.7%. This was due to increase in local currency loan issuances.

The evolution of loans and other assets led to a return on average assets (ROAA) of 2.3% in 2016 versus 2.1% in 2015.

**Assets and ROAA**  
(S/ million, %)



● Total Assets\*    ● ROAA\*\* (%)

\* Audited figures according to IFRS.  
 \*\*ROAA=Net Income/Average of period beginning and period end of Total Assets  
 Source BCP - Planning and Finance

# Distribution Channels

The network of customer service channels is part of our commitment to establish the most extensive network of points of contact for Credicorp Clients and to increase banking and financial penetration.

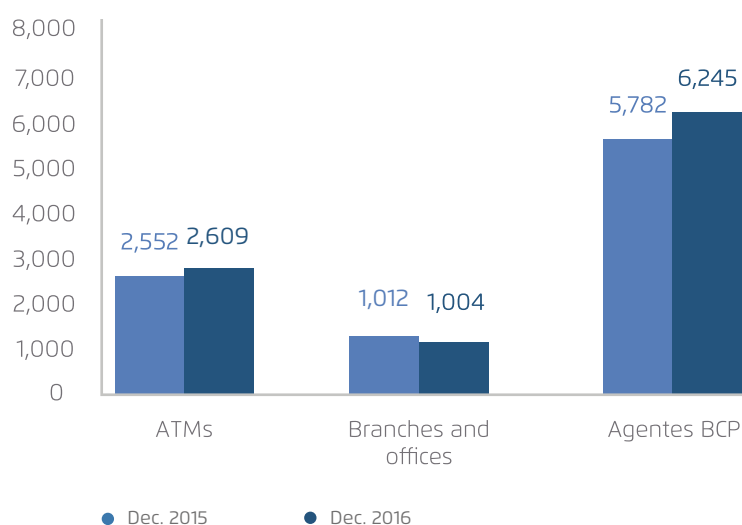
Credicorp's distribution network offers 9,854 points of contact to clients, which tops 2015's level by 5.5%. This increase was due primarily to efforts to implement agentes BCP and ATMs in 2016, which reflected the banking penetration strategy and migration to most cost-efficient channels. In the case of BCP Bolivia, the increase in points of contact was due to growth in agentes BCP, which was in line with the goal to implement 150 agents by the end of 2016.

*Credicorp's Distribution Channels*

Points of contact	2014	2015	2016
<b>Banking business</b>			
<b>BCP Consolidated</b>	<b>11,518</b>	<b>8,810</b>	<b>9,206</b>
BCP	7,820	8,487	8,890
Mibanco <sup>31</sup>	3,698	323	316
<b>BCP Bolivia</b>	<b>355</b>	<b>354</b>	<b>464</b>
<b>Insurance business</b>			
<b>Grupo Pacífico</b>	<b>150</b>	<b>150</b>	<b>150</b>
<b>Pension fund business</b>			
<b>Prima AFP</b>	<b>22</b>	<b>17</b>	<b>18</b>
<b>Investment banking</b>			
<b>Credicorp capital</b>	<b>14</b>	<b>15</b>	<b>16</b>
<b>Credicorp</b>	<b>12,059</b>	<b>9,346</b>	<b>9,854</b>

It is important to note that the number of points of contact at Grupo Pacifico and Prima AFP reflects the net effect between opening and closing channels throughout 2016. In the case of the insurance business, the points of contact include administrative offices, modules at companies and in clinics, and telephones in service stations. The banking business is used as a platform to develop the bancassurance business.

*Distribution channels (Units)*



Source: BCP - Planning and Finance

<sup>31</sup> The decrease in the points of contact between 2014 and 2015 is due to the synergy of Mibanco and BCP. This let Mibanco access the points of contact of BCP, which was associated to the consolidation of the new Mibanco in 2015.

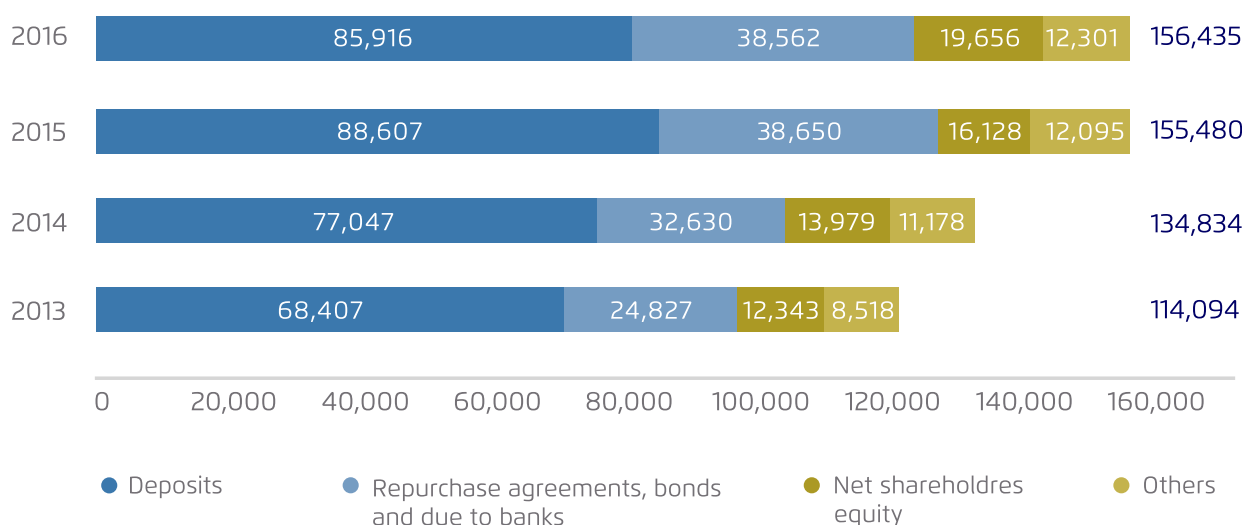
# Liabilities and net shareholder's equity

At the end of 2016, total liabilities at Credicorp were situated at S/ 136,319 million, which falls below the 1.8% reported last year.

Deposits continued to represent the main source of financing, accounting for 63% of total financing, which fell slightly below the 64% reported in 2015. Repurchasing and due to banks and correspondents increased their shares of funding to 16.6% (vs. 16.1% in 2015). The aforementioned was due primarily to the BCP Stand Alone subsidiary, which conducted more CD repurchasing transactions with BCRP.

Net shareholder's equity increased 21.9% with regard to last year's level, situating at S/ 19,656 million. This level was mainly attributable to higher net income and unrealized gains, the latter as a result of the investment available for sale portfolio related to life insurance business. Regulatory capital rose to S/ 21,172 million, 57.2% of which corresponds to Tier 1. The aforementioned is proof that Credicorp maintained a comfortable capitalization level, which was 1.23 times higher than the minimum capital level set by the regulatory entity for the consolidated group.

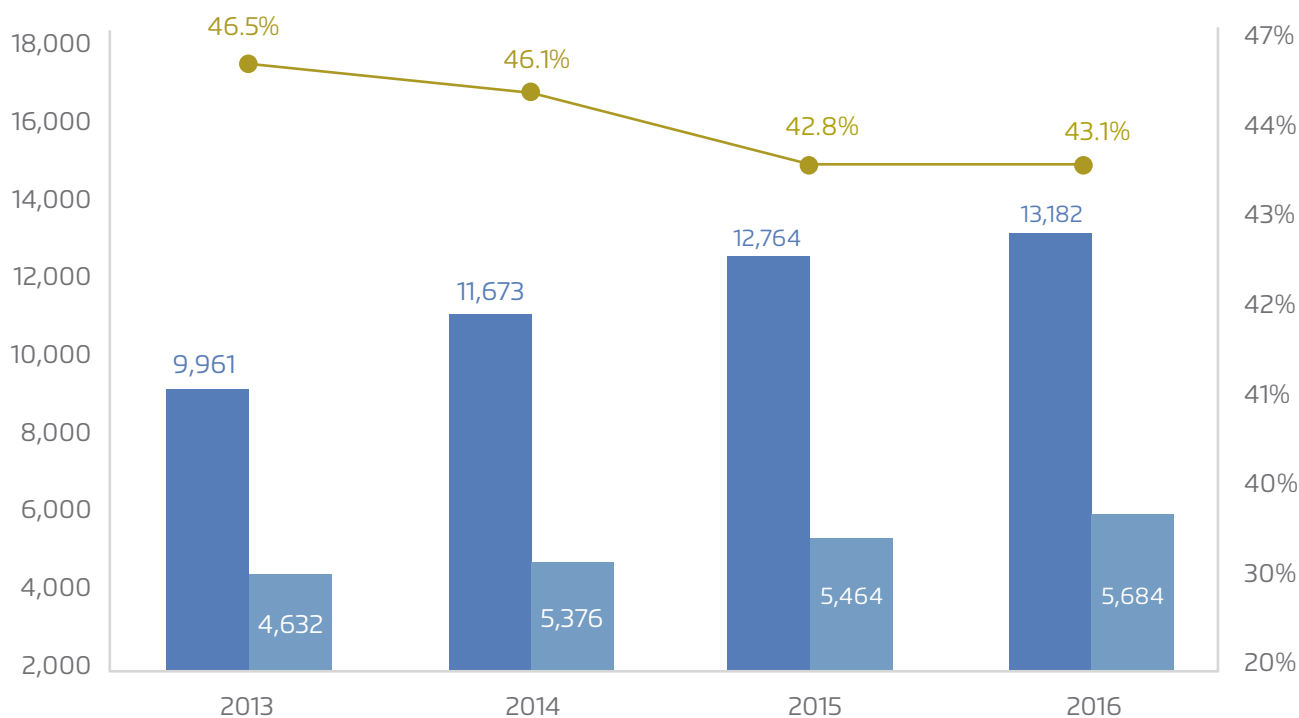
**Composition of liabilities and net shareholders equity\***  
(S/ million)



\*Audited figures, according to IFRS.  
Source: BCP - Planning and Finance

# Operating Efficiency<sup>32</sup>

Efficiency ratio (%)



- Operating income\* (\$ million)
- Operating expenses\* (\$ million)
- Efficiency ratio (%)\*\*

\*Audited figures according to IFRS

\*\*Ratio calculated using the same formula as in Credicorp's Quarterly Earning Releases

Source: BCP - Planning and Finance

In terms of operating efficiency at Credicorp, the non-audited results reflect the group's sound approach to controlling operating expenses this past year, which rose only 4.0%. Operating expenses this period grew 3.3%, which was attributable to the increase in net interest income and fee income. All of these factors led the efficiency ratio to post a stable level with regard to 2015, situating at 43.1% at the end of 2016.

<sup>32</sup> Operating income include: Net interest income, Fee income, Net gain on foreign Exchange transactions, Net premiums earned, Net gain from subsidiaries and Gross margin from medical services. Operating expenses include: Salaries and employee benefits, Administrative expenses (consider taxes and contributions), Depreciation and amortization and Acquisition cost.



5

Business Lines

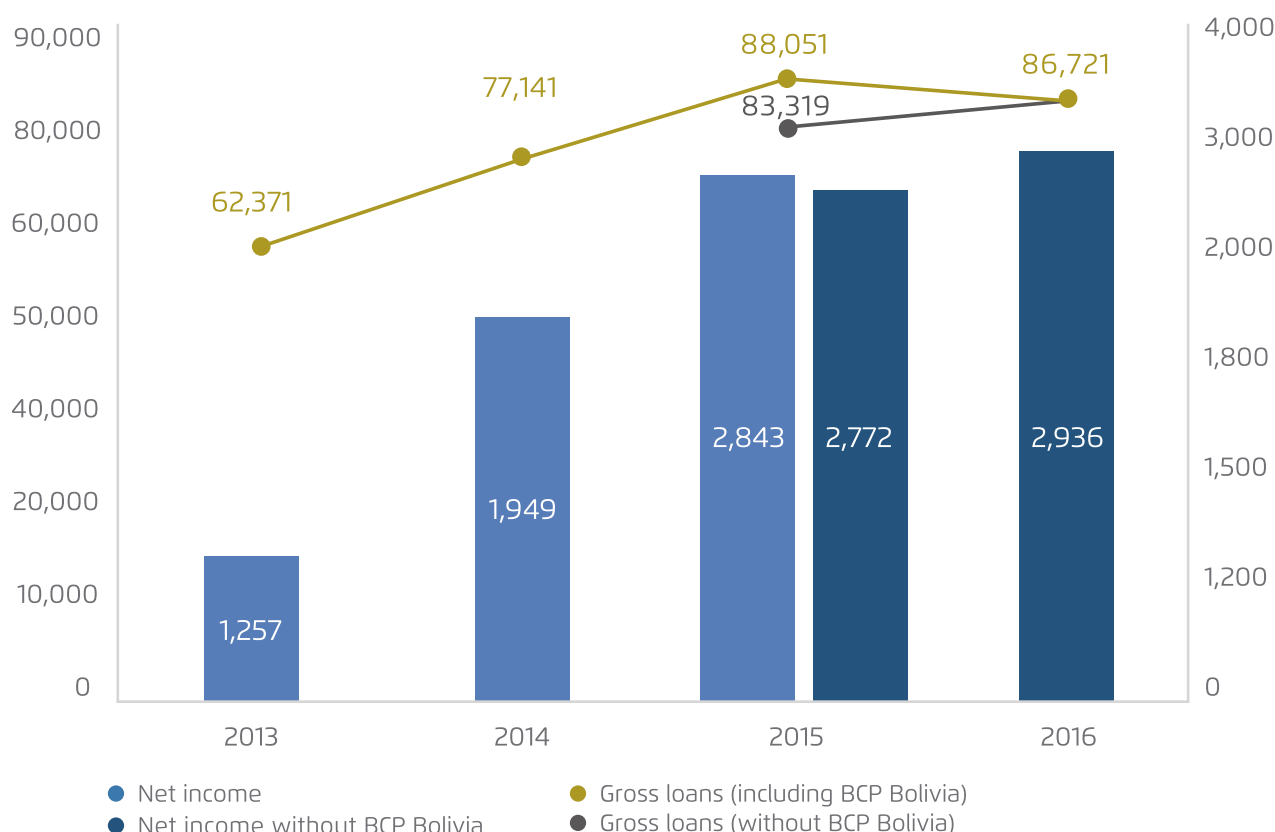
# A. Banking Business

In 2016, despite the fact that growth in the Peruvian economy was higher than in 2015, the banking business unfolded in a highly uncertain and volatile context. The results achieved show our business's clear focus on leading the market for the segments and products that we offer to generate value for our shareholders while contributing to Peru's sustainable development.

In this context, and excluding BCP Bolivia from the analysis (action taken since 2015), net income at BCP Consolidated<sup>33</sup> after minority interest totaled S/ 2,936 million in 2016. This represented growth of 5.94% year-over-year, and translated into an ROAE of 22.7% and ROAA of 2.2% (vs 25.8% and 2.3% in 2015 respectively). The result in 2016 topped the figure reported in 2015 due to growth in net interest income and in commissions for banking services and other non-financial income. Operating costs also grew, which was mainly attributable to administrative expenses. Nevertheless, the increase in operating income outpaced growth in BCP Consolidated's efficiency ratio, which fell slightly this year to situate at 43.5%.

In terms of loans, and excluding BCP Bolivia from the analysis, gross loans increased 4.1% from 2015 to 2016.

**Net income and gross loans**  
(S/ millions)



Figures Proforma - Unaudited, according to NIIF  
Source: BCP - Planning and Finance

<sup>33</sup> Up until 2014, BCP Stand Alone, branches abroad, Mibanco and BCP Bolivia were included in the analysis. For presentation reasons, in 2015 BCP Bolivia was removed from the consolidated report given that as of 2016, BCP Bolivia no longer was part of BCP Consolidated.



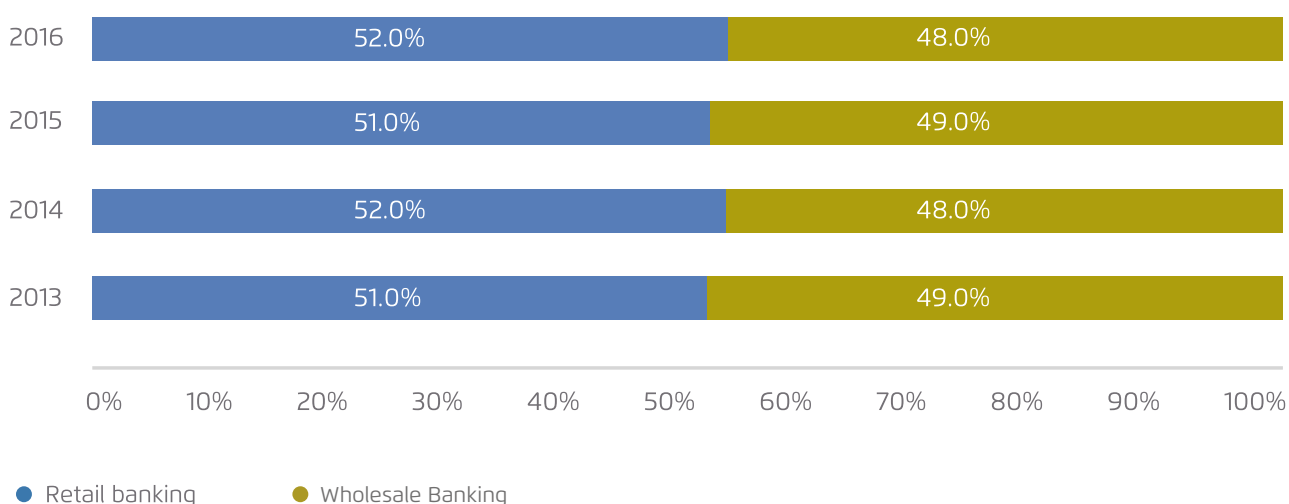
Average daily loan balances at BCP Consolidated grew 3.4% with regard to last year's level, which was due primarily to:

- 10.1% growth in loans at Mibanco, which represents 27.4% of BCP Consolidated's annual loan growth.
- 15.7% expansion in the SME-Business segment, which represents 22.5% of the annual expansion of loans at BCP Consolidated and contributed to the 5.2% increase in Retail Banking.
- Growth of 1.8% in Corporate Banking, which led Wholesale Banking to expand 0.4%. Growth in Corporate Banking represented 17.4% of the annual increase in loans at BCP Consolidated.

Due to the factors mentioned above, Wholesale Banking's share of total loans fell from 49% to 48% at year-end while Retail Banking loans (including Mibanco) increased their share to 52% (higher than in December 2015, which was 51%).

At the end of December, BCP continued to lead the market, posting a 32.9%<sup>34</sup> of total loans in the Peruvian financial system. This achievement is noteworthy given the context in 2016, which was marked by high levels of uncertainty and competition in the vast majority of segments.

**Composition of the loans portfolio\*(%)**



\*Average daily balances of fourth quarters.

Figures regarding 2015 differ from the ones in the previous annual report because they exclude BCP Bolivia from the analysis.  
Source: BCP - Planning and Finance

<sup>34</sup> Market share at the end of December 2016.

## Wholesale Banking

The analysis the Wholesale Banking portfolio reveals 0.4% growth in average daily balances.

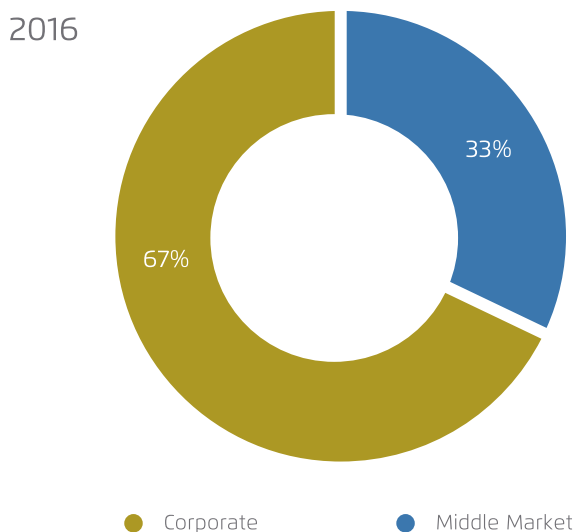
Growth in this portfolio was due mainly to a 1.8% expansion in Corporate Banking, which contrasted with the scenario in Middle Market Banking, which posted a 2.2% decrease this year.

The dollarization level of the Wholesale Banking portfolio remained stable this year, falling only 0.4%. This slight decrease was due to a drop in the ME portfolios in Corporate Banking and Middle Market Banking, which fell 0.3% and 0.5% respectively. Loans in LC increased 0.6% from 2015 to 2016.

This expansion was due primarily to growth of 3.5% in the corporate sector this year. Loan fluctuations were not significant this year given that the exchange rate was relatively stable.

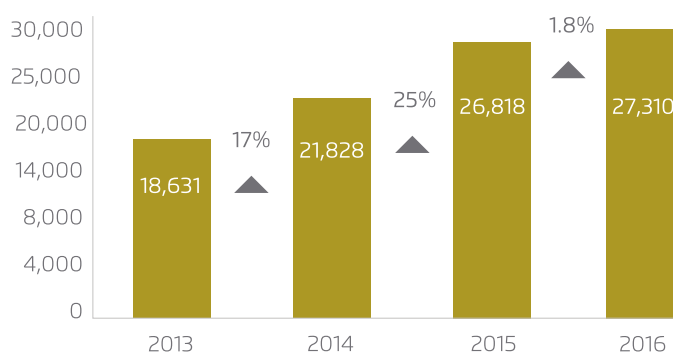
Finally, BCP continued to lead the market for Wholesale Banking loans with a share of 39.7%<sup>35</sup>. Corporate Banking and Middle Market banking accounted for 43.1% and 35% respectively of the aforementioned share at the end of December 2016.

Composition of the Wholesale Banking Portfolio (%)\*



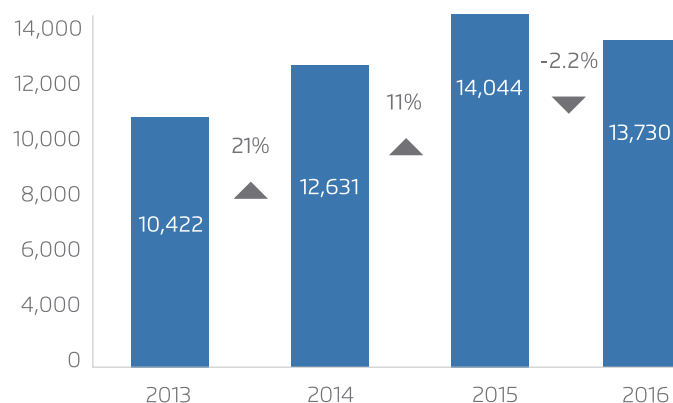
\*Average daily balances of the fourth quarter of 2016  
Source: BCP - Planning and Finance

Evolution of the Corporate Banking Portfolio\* (\$ millions)



\* Average daily balances of fourth quarters  
Source: BCP - Planning and Finance

Evolution of the Middle-Market Banking Portfolio\* (\$ millions)



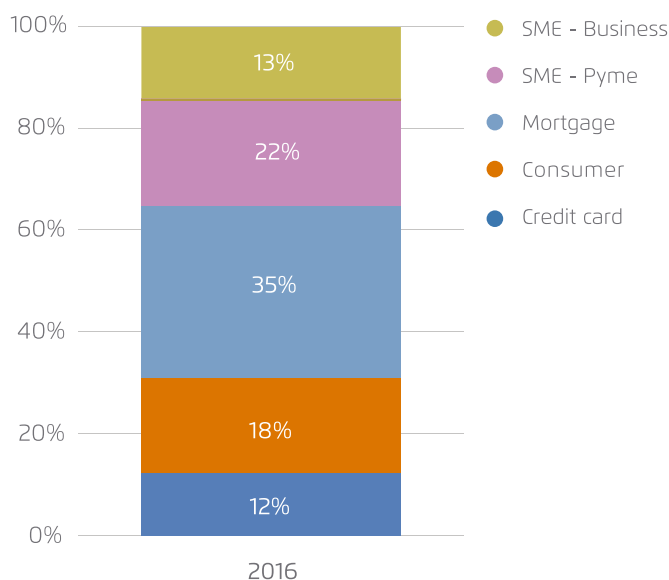
\* Average daily balances of fourth quarters  
Source: BCP - Planning and Finance

<sup>35</sup> Market share calculated at the end of December 2016.

## Retail Banking and Wealth Management

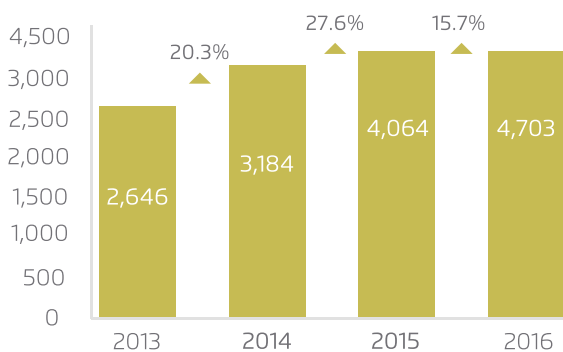
Retail banking performed positively this year, which was reflected in annual growth of 5.2% measured in average daily loan balances. This result was attributable to the increase posted in loan volumes, particularly in the SME-Business segment and, to a lesser degree, in the SME and Mortgage segments. All segments reported increases in 2016, mainly in the LC loans.

### Composition of the Middle-Market Banking Portfolio(%)\*



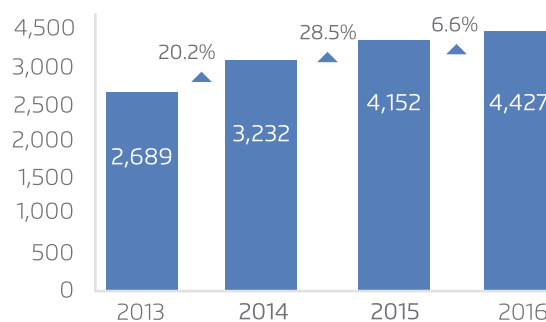
\* Average daily balances of the fourth quarter of 2016  
Source: BCP - Planning and Finance

### SME - Business\* (\$/ million)



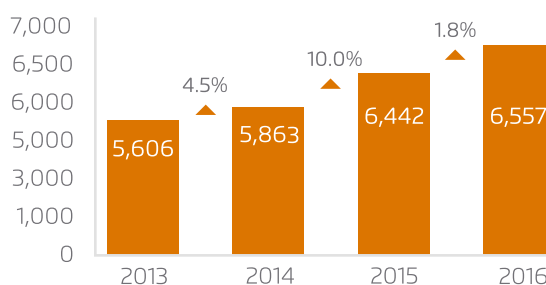
\* Average daily balances of fourth quarters

### Credit Card\* (\$/ million)



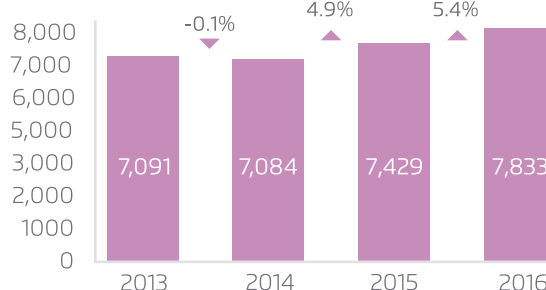
\* Average daily balances of fourth quarters

### Consumer\* (\$/ million)



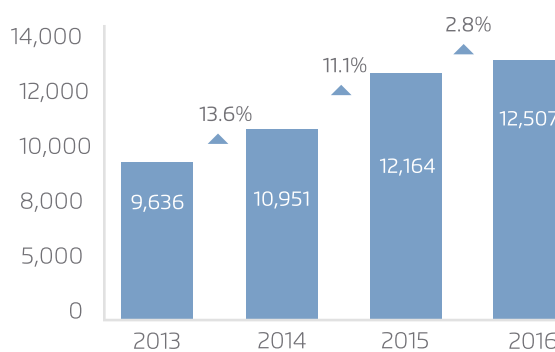
\* Average daily balances of fourth quarters

### SME - Pyme\* (\$/ million)



\* Average daily balances of fourth quarters

### Mortgage\* (\$/ millions)

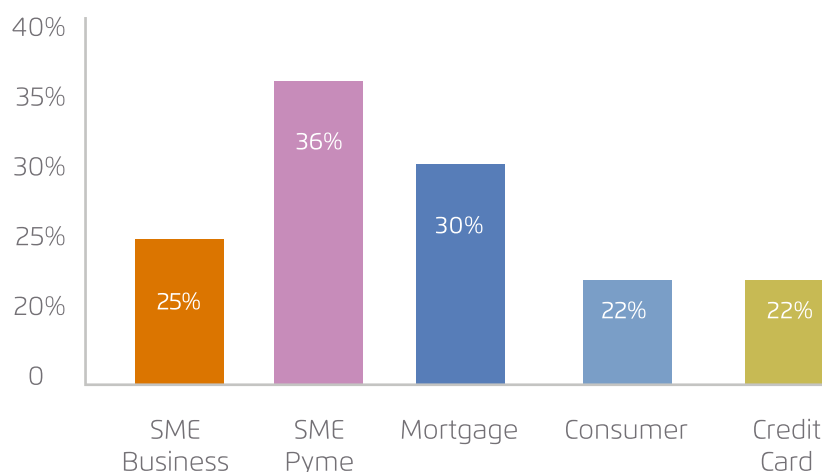


\* Average daily balances of fourth quarters.

Within the Retail Banking Segment, expansion was led by the SME-Business segment, which reported growth in average daily balances of 15.7%. BCP's market share of this segment grew to 25% at the end of December 2016. With this result, it continued to rank second in market.

In other segments, BCP continued to lead the pack. The SME, Mortgage, Consumer and Credit Card segments reported growth of 5.4%, 2.8%, 1.8% and 6.6% respectively in average daily balances.

**Market share (%) - Retail Banking  
(December 2016)**



\* Includes Mibanco.  
Source: BCP - Planning and Finance

## Wealth Management

The Division of Wealth Management accompanied the growth of BCP's main clients with a high-value differentiated proposal for the Private Banking and Enalta segments.

The **Enalta segment** is comprised of clients with monthly annual income that tops \$/ 20,000 or who have more than US\$ 200 thousand in deposits (not including CTS). This segment had 29,433 clients at the end of 2016, which represents a 10% increase with regard to the figure posted at the end of 2015. This growth was attributable to the fact that new offices were opened to serve clients. Net income in this segment was \$/ 80 million, which represents a 23% increase with regard to earnings in 2015. Enalta's net earnings represent 7% of the Retail Banking's income.

The Enalta segment has posted significant growth. Loans grew 36% while deposits expanded 31%. Despite this, the asset spread fell 9% due to our competitors' competitive pricing; this pressure led to significant reductions in rates given that Enalta clients are already considered low risk. This is in line with our strategy to focus on the client and his/her level of risk. The liabilities spread grew 3%. Provisions in 2016 expanded only 12%, which is much lower than the growth rate posted by income. This led to a significant improvement in the provisions over income ratio.

Finally, the ROE of the segment was 48%, the second highest in the Retail Banking portfolio.

The **Private Segment** is comprised of clients with deposits that exceed US\$ 1 million (not including CTS). This segment had 2,298 clients at the end of 2016, which is similar to last year's level. Net earnings in this segment totaled \$/ 99 million, which topped 2015's level by 42%. The net earnings in the Private Banking segment represented 9% of Retail Banking's earnings for the year.

The private segment has also posted a significant 20% increase in loans while deposits grew 14%. Expansion at the deposit level, coupled with a liability spread that increased 22%, contributed to this segment's excellent results. Provisions fell 25% year-on-year in 2016, which led to an excellent provisions over income ratio of 4%. This segment also took effective measures to control expenses, which led to an improvement of nearly 800 bps in its efficiency indicator.

Finally, the ROE of the private segment was situated at 100%, the highest in the Retail Banking portfolio and 77% higher than last year.

## Mibanco



The objective of the new Mibanco is to be the main driver of financial inclusion in the country and to lead the dynamic market for micro and small companies.

**Undisputable leader in the microbusiness segment with a large market share.**

### First place in market share in the micro and small business segment

In 2016, Mibanco consolidated its market share in the target segment for micro and small businesses (this segment's debt level in the financial system is under S/ 150 thousand) to 25.9% at the end of 2016 versus 25.0% in 2015.

### Ranked first in terms of number of microbusiness clients

Mibanco was situated in first place for the number of microbusiness clients with a market share of 31.6% (524,189 clients) at the end of 2016.

### Ranked first in terms of loans to the microbusiness segment

At the end of 2016, Mibanco ranked first in terms of loans to the microbusiness segment (segment that has a debt level in the financial system that falls below S/ 20 thousand) with a total loan level of S/ 2,456 million and a 27.0% market share.

### Solid loan growth

At the end of 2016, Mibanco posted total loans of S/ 8,619 million after its portfolio expanded S/ 791 million year-on-year. With this result, the bank moved up in the banking system ranking to fifth place.

### Significant earnings growth

In 2016, we consolidated the merger through a strategy focused on improving productivity and loan quality. We also made significant efforts to implement spending controls; negotiate with suppliers; and establish a corporate procurement system to improve operating efficiency. All of this has allowed us to generate value for the organization as we doubled our earnings to close the year with approximately S/ 313 million versus S/ 154 million in 2015.

### Excellent Profitability

At the end of 2016, Mibanco, Mibanco posted return on equity (ROE) of 23.0%. With this result, it was situated third in the financial system and second in the Credicorp Group.

### Committed to financial inclusion

By the end of 2016, Mibanco had bancarized 125 thousand clients (22.1%), who achieved first-time borrower status through Mibanco loans. Our network of offices is the largest in the microlending system and we are currently present in 23 departments, 70% of which are located in the country's interior.

Over the last five years, Mibanco has bancarized more than 700 thousand Peruvians, which reflects its real commitment to financial inclusion.

In November 2016, Mibanco joined 15 other institutions from across the globe in an initiative led by the World Bank Group to facilitate Universal Financial Access in 2020.

There are 2 thousand million people in the world who are currently excluded from the formal financial system. Mibanco, as an expression of its mission and role as a leading microlending institution, decided participate in universal financial inclusion by committing to opening two million savings accounts in the next four years.

### We continue to strengthen financial management

#### Improvement in the productivity of our Business Advisors

In 2016, we focused heavily on improving the productivity of our sales force. The number of transactions per advisor increased to 19.8 in 2016 versus 17.6 the previous year. This, coupled with our Effective Management project, seeks to improve our advisors' productivity while generating a positive impact on delinquency levels and client retention.

### Comprehensive Risk Management

In 2016, we consolidated risk management to obtain good results relative to the different risks that Mibanco faces. This is evident in a decline in the delinquency ratio this year (4.46% at the end of 2016); a decrease in provisions for loan losses and in the margin; as well as an improvement in provision coverage for the internal past due portfolio. All of this was accomplished within a framework that is aligned with the organization’s metrics for risk appetite and also reflects the good results of auditing efforts.

### Credit Rating

At the end of 2016, Mibanco held on to its A rating in the local system, which is the highest level awarded by Apoyo & Asociados Internacionales (associated with Fitch Ratings) and by Equilibrium (affiliate of Moody’s). At the international level, Mibanco maintains an investment grade of BBB with Standard & Poors BBB.

## Awards

### Best microlending bank - Global Banking & Finance Review,

In December 2016, Mibanco was recognized by the prestigious British banking publication Global Banking & Finance Review as the “Best Microlending Bank in Peru” in 2016.

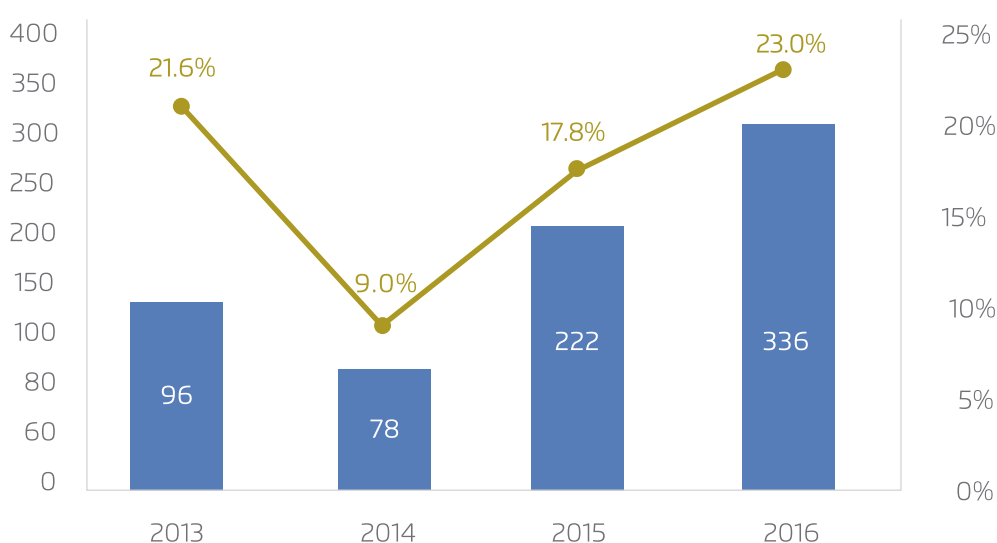
The Global Banking & Finance Review Awards were created in 2011 to recognize the companies that are outstanding performers in the industries in which they operate. These awards reflect the winners’ leadership, commercial strategy and achievements in the financial system and innovation within the global financial community.

### Campaign for a new version of Peru, a new version of MiBanco – Effie

In June 2016, our campaigns “Muchacho Provinciano,” “Asesores” and “Cholo Soy” won a Silver Effie in the business relaunch category.

Empowerment, relations and revindication. At Mibanco, we adopt a line of coherent communication to draw attention to the effort and ingenuity employed by entrepreneurs in their quest to progress. This drives us to continue connecting with our clients to promote financial inclusion.

**Mibanco**  
Net income and ROAE \*,\*\*



● Net income (S/ million)      ● ROAE (%)

Source: Mibanco

\* In 2013, the figure only includes results of Edyficar.

\*\*ROAE calculation including Goodwill effect: 21% in 2016.

## Funding

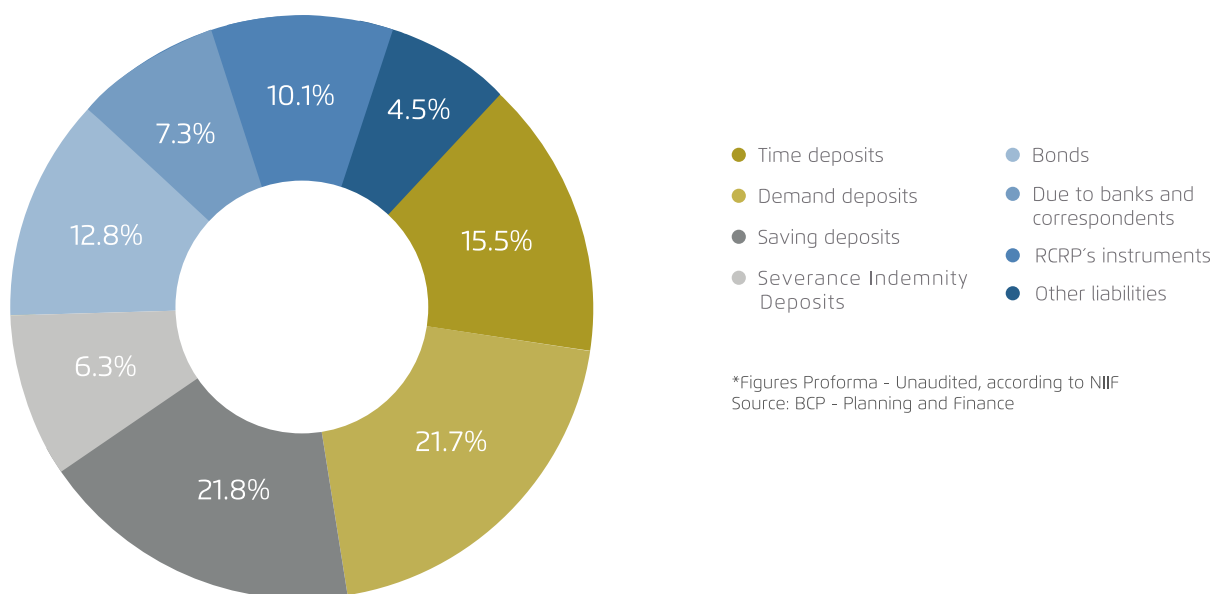
Total liabilities at BCP Consolidated were situated at S/ 113,658 million at the end of 2016, which fell below the level in 2015. This reduction reflects (i) a deceleration on loans in relation to 2015, which reduces the funding need, and (ii) the reorganization of BCP Consolidated's structure, which implies that at the end of 2016, the numbers of BCP Consolidated do not consider BCP Bolivia.

In line with the analysis of BCP's Consolidated funding structure, deposits continue to be the main source of funding, with a participation of 65.5%. It is important to highlight that the funding mix has been strengthened given that we have posted and increase Savings and CTS deposits, which are considered core deposits due to their stability and low costs. At the end of December 2016, BCP Consolidated continued to lead the deposit market with a 32.1% market share.

Continuing with other funding sources, bonds and subordinated debt represent 7.3%, mainly due to the emissions held during 2016. BCRP's instruments represent 10.1%, in line with the increase in CDs purchasing agreements.

Finally, the funding cost for the banking business was situated at 2.28% in 2016, which was slightly higher than the level posted in 2015. This was due to an increase in interest expenses, mainly for deposits.

**Composition of liabilities\* (%)**



## Indicators



### Margins

At the end of 2016, net interest income and dividends registered growth of 4.7%. This was attributable to the 7.0% increase in net interest income, which offset 13.8% growth in interest expenses.

The growth posted in net interest income was due to an increase in interest income on loans, which was in turn primarily attributable to expansion in the loan portfolio in average daily balances (primarily in high margin segments such as SME-Business and SME-PYME). Mibanco's segments offer higher margins, which boosts the net interest income line at BCP Consolidated. Other interest income contracted year-on-year, which was primarily due the fact that atypical investment volumes for exchange rate swaps with BCRP were reported in 2015. This differential was expected to return to normal levels in 2016.

Interest expenses grew 13.8% due to an increase in interest expenses on deposits, which was attributable to: (i) growth in deposits measured in average daily balances for the year; (ii) dedollarization of deposits in average daily balances for the year, which put pressure on the interest expense and consequently, on the funding cost given that less expensive deposits (in foreign currency) were replaced by deposits with higher rates (in local currency) and (iii) an increase in interest expenses for loans (4.7%), which reflects higher levels of due to banks and correspondents and BCRP instruments; (iv) higher interest expenses on bonds and subordinated debt (7.8%), which was attributable to an increase in the average cost of bonds and subordinated debt despite a decrease in the balance of these instruments.

In the aforementioned context, the average net interest margin (NIM) was situated at 5.6%, which was slightly above last year's level.



### Delinquency

At the end of 2016, BCP's delinquency level was situated at 2.9%, which was 28 bps above the 2.62% reported at the end of 2015 and slightly higher than the banking system's average (2.8%). This ratio, similar to the scenario in 2015, evolved favorably and reflects, to a large extent, adequate spending control and improvements in segments such as SME-PYME and Mibanco. An analysis of this ratio by business segment indicates:

- Wholesale Banking's delinquency levels remained relatively stable (0.29% in 2016, 0.32% in 2014 and 0.32% in 2014) and continued to reflect the low levels that are typical of this business line. Nevertheless, some volatility was seen throughout the year due to isolated cases that put slight pressure on the delinquency ratio either upward or downward.
- Mibanco has continued to improve its delinquency level and has posted progressive decreases since December of last year, going from 4.76% at the end of 2015 to 4.39% in December 2016. It is important to note that the delinquency level is approaching Edyficar's historic level (approximately 4%). The good evolution of portfolio quality is mainly associated with improvements in the organization's risk profile and to the write-offs that were taken during the process to clean up the portfolio after acquisition.
- The SME-PYME segment reported an increase in 2016's ratio with regard to that posted at the end of 2015 (12.41% and 11.10% respectively); nonetheless, it is important to note that in June 2016, we hit a peak of 12.91% that marked a turning point given that in the second half of the year, delinquency decreased. In 2015, delinquency also hit a peak in June. This situation is attributable to efforts to redefine the business model in terms of commercial aspects, risk and collections. It is important to remember that the level of real estate guarantees in this segment is approximately 50%.
- In the SME-Business segment, the delinquency ratio fell considerably by 72 bps year-on-year (5.21% and 4.49% for 2015 and 2016 respectively). This was due to the fact loans that were disbursed this year registered lower delinquency levels, which led growth in total loans to outpace growth in the internal overdue portfolio. It is important to note that a high percentage of clients (70%) in this segment are covered by real estate guarantees.



- Credit cards, like the SME-PYME segment, posted a turning point in the month of June this year (5.02%), when delinquency levels began to fall until December (4.49%). Nevertheless, this ratio rose with regard to that registered in 2015 (4.17%), which was primarily due to maturities of vintages originated in 2015 and to the downturn in loan growth that began in 2016, which exacerbated the impact of the increase in internal past due loans.
- The delinquency level in the Consumer segment registered an increase, going from 2.62% in 2015 to 3.02% at the end of December 2016. It is important to note that this ratio reached a peak of 3.07% in the month of September but by the last quarter of the year, had fallen 5bps.
- In the Mortgage factor, the ratios were stable due to a drop in loans and the existence of real estate guarantees (2.10% in 2015 and 2.66% in 2016).

The expense for net provisions for loan losses fell 6.5%, which was in line with a decrease in the provisions level in Mibanco and in the SME-PYME and Wholesale Banking segments. This helped offset growth in provisions in the Credit Card segment. In this context, the cost of risk<sup>36</sup> fell from 2.10% in 2015 to 1.99% in 2016.

### Operating Expenses

Operating expenses totaled S/ 4,293 million at the end of 2016, not including other expenses. This figure represented growth of 3.2% with regard to last year's level. The aforementioned was due primarily to higher administrative expenses, which increased 6.6% with regard to 2015. This growth was mainly attributable to an increase in expenses for marketing, consulting and investment in remunerations and social benefits due to the organization's organic growth.

Nevertheless, due to adequate governance and control of expenses, operating efficiency continued to improve. The 3.2% increase in operating expenses was offset by a 4.0% increase in operating income. This led to an improvement in the efficiency ratio, which was situated at 43.5% at the end of 2016, versus 43.8% in 2015. The aforementioned shows the organization's commitment to the efficiency project, whose primary goal is to control operating expenses.

---

36 Co\$ of risk = net provisions expense/total loans

## BCP Bolivia

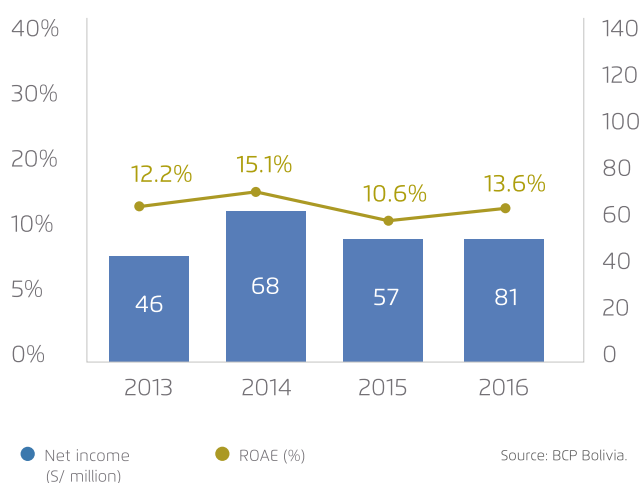
2016 was a successful year for BCP Bolivia. Net earnings totaled S/ 80.7 million and the return on average equity (ROAE) was 13.6%. This result was attributable to an increase in net interest income (24.2%), which was driven by solid portfolio growth in 2015 that was complemented by 10.3% growth in non-financial income. It is important to note that operating expenses posted a slight increase (4.6%) year-on-year.

Total loans at the end of December 2016 were situated at S/ 5,287.6 million, which represented an 18% increase with regard to the level at the end of December 2015. Loan growth was due primarily to the expansion reported for the Wholesale Banking portfolio, which increased 30% with regard to last year's level. The Retail Banking portfolio registered growth of 12.9% in 2016. It is important to note that Banca Microcredito reported growth of 54.9% with regard to 2015.

Delinquency levels at BCP Bolivia remained very low (1.81% in 2016, 1.58% in 2015 and 1.37% in 2014) and are below the system's average. In annual terms, the bank posted a 23 bps increase with regard to the level posted at the end of 2015.

The other companies that comprise Credicorp Bolivia also registered excellent results in 2016. Credifondo became the most profitable investment fund manager in the market, with net earnings of S/ 2.9 million and an ROAE of 75.6%. Crediseguro, a personal insurance provider, registered net earnings of S/ 10.9 million and a return on equity of 49.1%. Finally, Credibolsa, reported net earnings of S/ 9.1 million and a profitability of 65.9%.

**BCP Bolivia**  
Net income and ROAE (%)



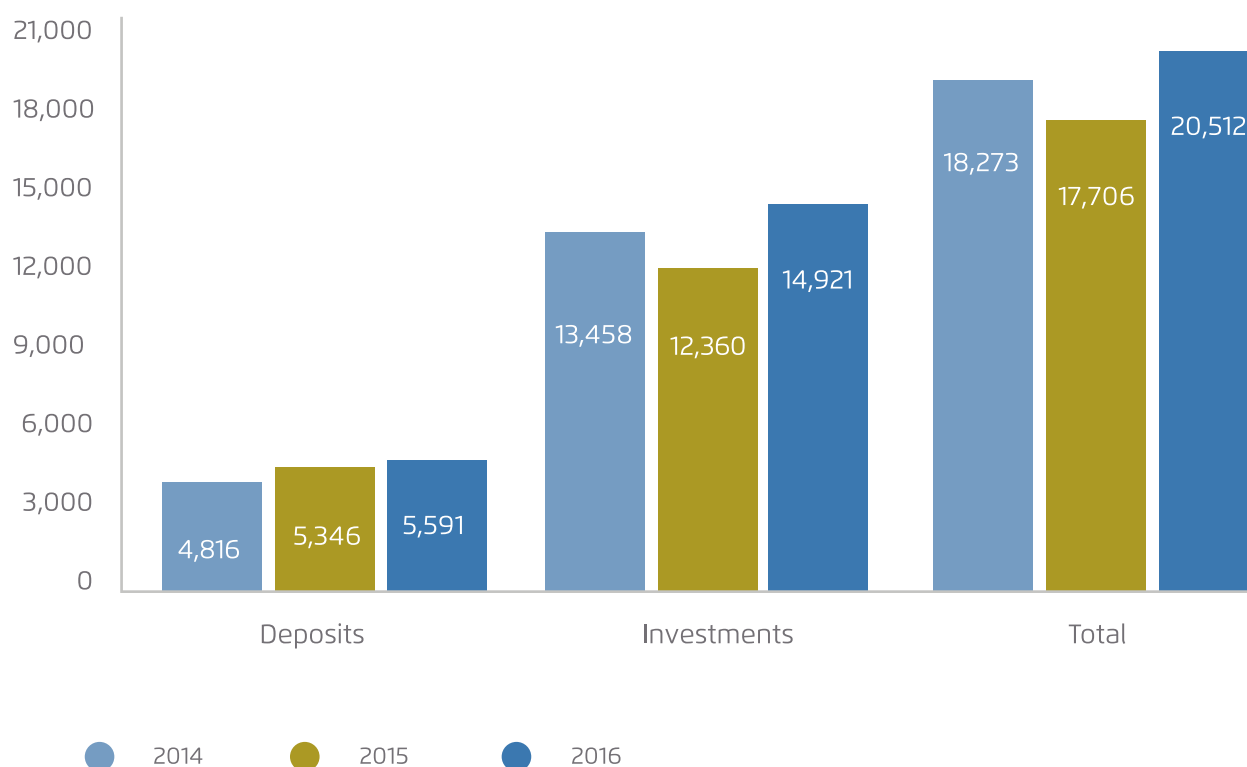
## Atlantic Security Bank (ASB)

ASB reported net earnings of S/ 142.4 million in 2016, which fell below 2015's figure by 5.1%. Volatility levels ran high in 2016 due to factors such as: the drop in prices for commodities such as raw materials and oil, and a decline in the demand from countries such as China, the United States and Europe, all of which posted clear signs of deceleration. These factors began to correct in the second quarter of 2016 and projections point toward moderate results. In 2016, we registered a financial margin of S/ 146.6 million, which represented growth of +12.7% (+S/ 16.5 million) with regard to 2015 at 2015. Non-financial income, which is comprised of commissions for banking services, net gains on sales of securities and other income, posted a result that was -45.4% below the mark hit in 2015. In terms of commissions for banking services, we generated S/ 22.8 million (-11.7%). Net gains on securities totaled S/ 19.8 million (-63.6%) and other income, S/ 4.8 million (-46.7%). The most significant contraction, which corresponds to net gains on sales of securities, fell after shares were redeemed from a fund for a total of S/ 70.9 million in 2015.

To respond effectively to the volatility and uncertainty in the markets at the beginning of 2016, we defined and took tactical action to reposition the investment portfolio to favor conservative/moderate options and launched campaigns to place loans and capture deposits that helped maintain the total asset level. Consequently, we achieved an ROAE of 18.1% in 2016, which was 22.3% below last year's figure.

Assets under management, which include client deposits, investment and funds and custody of financial instruments, totaled S/ 20,512.2 million at market value at the end of 2016, which represented an increase of 15.9% with regard to the figure at year-end in 2015. In absolute terms, and considering market value, we topped the figures posted for funds under management and deposits in 2015 by S/2,561.5 million and S/244.9 million respectively .

**Assets Under Management and Deposits**  
(S/ million)



## B. Investment Banking Business

In 2016, Credicorp Capital reported a contribution to Credicorp of S/ 78.9 million. This result was primarily attributable to the excellent evolution of non-financial income during the year. Good results were driven, to a large extent, by a recovery in trading volumes and the good positioning of our portfolios, which allowed us to increase buy-sell commissions on sales of securities and market making and in net gains on foreign exchange transactions.

In 2016 Credicorp Capital continued to lead the Integrated Latin American Market (MILA), placing first in the market for Equity instruments on the stock exchanges of Peru and Colombia and second in Chile for trading volumes. In terms of Fixed Income, we ranked first on the stock exchanges of Peru, Colombia and Chile with regard to market shares of trading volumes.

We also provided advisory services to the main companies in the region for their issuances and transactions.

### Asset Management

In the Asset Management business, Credicorp continued to exemplify its alternative fund operations throughout the region:

- Residential Income Fund in Credicorp Capital Chile.
- 4G Private Capital Fund Credicorp Capital - Sura Asset Management

In Peru, Credicorp Capital manages assets for a total of S/ 23,958 million. Mutual funds accounted for around S/ 10,703 million of our total AuMs in 2016, which translated into a market share of 42.2% at year-end. Colombia reported more than S/ 7,530 million in assets while Chile registered S/ 16,911 million. In this scenario, total assets under management increased approximately 56% with regard to 2015.

In 2016, the Fund Distribution and Private Investment Fund reported interesting income levels of S/ 28.7 million and S/ 14.5 million respectively.

We obtained the following awards:

- Best Investment Management Company – awarded by World Finance
- Best Investment Manager (Very short term, short term and medium term) – awarded by Capital Markets, Banking & Finance

### Capital Markets

In the Capital Markets, Sales and Trading business we posted excellent results for both Equity and Fixed Income. Our results were particularly noteworthy for Market Making transactions and for our Local and International Fixed Income portfolios. The business was driven by the good results obtained in ECM, DCM and Derivative transactions.

Our regional team's efforts were recognized through the following awards:

- Best Securities Brokerage South America 2016 (Peru, Colombia and Chile) – awarded by Global Banking & Finance Review
- Best MILA Capital Markets Team (Peru, Colombia and Chile) – awarded by Capital Finance International
- 1° Place: Most Active Entity in Colombia (Equity, Fixed Income and Derivatives) - Colombia Stock Exchange Awards: awarded by the Stock Exchange of Colombia.

In 2016, the brokerage agent in Peru led the market with shares of 38.8% and 16.8% in the equity and fixed income markets respectively. The brokerage house in Colombia ranked first in fixed income and equity with market shares of 10.9% and 18.3% respectively. In Chile, we continued to lead the market for equity products with a share of 19.7% and ranked second in fixed income, with 21.0%.

## Corporate Finance

En Finanzas Corporativas se consolidó el equipo regional, permitiendo lograr importantes operaciones en DCM. In Corporate Finance, we consolidated a regional team to finalize important DCM and M & A transactions in Peru, ECM in Chile and advisory services in Colombia. We also engaged in developing large structured finance transactions in Peru and Colombia (conducted with BCP's representation office).

The main transactions in 2016 were:

- Capital increase - Entel
- Sale of a secondary block – Cencosud
- Capital increase – BCI
- International corporate bond issuance – Kallpa
- Corporate Bond Issuance – Primax

## C. Insurance Business

In 2016, the global **non-life insurance market**<sup>37</sup> reported annual growth of 2.4% after having reached 2.7% and 3% in 2014 and 2015 respectively. Nevertheless the industry has continued to expand, driven primarily by strong growth in emerging markets, which went from growing 4.9% in 2015 to expanding 5.3% in 2016. Developed markets posted an increase of 2.5% in 2015 and 1.7% in 2016. The projections for 2017 have been affected by different factors, including political instability tied to the United Kingdom's exit from the European Union and growing uncertainty regarding Donald Trump's stance on Obamacare and the environment. In this context, the global non-life insurance market will grow to levels close to 2.2% in 2017 and 3.0% in 2018.

The **life insurance** industry reported growth of 5.4% in 2016, which mirrors the pace of growth of around 4.7% and 5.0% in the years 2014 and 2015 respectively. The main factor that is driving this trend is the evolution of emerging markets, which posted average growth of 20.1% in 2016 (13.2% in 2015), which contrasts with the 2.0% (3.4% in 2015) registered in developed markets. The forecasts for 2017 are bolstered by the performance of emerging countries, where economic and demographic growth has stabilized; urbanization has consolidated; and the middle class is growing. All of these back the insurers' positive perspectives and plan to push for insurance penetration. In this context, the life insurance market would increase 4.8% in 2017 and 4.2% in 2018.

In 2016, the Peruvian **insurance market**<sup>38</sup> reported direct premiums for S/ 10,172.3 million (accumulated at the end of November<sup>39</sup>), which fell 4.9% below that S/ 10,694.6 million reported in 2015. The Peruvian market continued to post one of the lowest penetration levels in the region, with direct premiums equivalent to 1.9% of GDP while the regional average is 3.1%, where Chile represents 4.7; Brazil 3.9%; and Colombia, 2.6%.

**Life insurance** reported total premiums of S/ 4,671.4 million, which represents a decline of 9.3% in comparison to the S/ 5,148.4 million posted in 2015. This drop was generated solely by the Annuities line, which reported a 36% decline in premium turnover after Law N° 30425 was passed, which allow affiliates to choose to receive a pension payment or request that their AFPs allow them to withdraw 95.5% of their fund. On the contrary, the other life insurance lines posted growth this year, with noteworthy expansion in Individual Life of 15.5%; Credit Life, 11.4%; AFP, 5%; and Group Life, 1.4%. In the property and casualty and accidents lines, premiums totaled S/ 5,500.4 million at the end of November, which represented a decrease of 0.8% with regard to 2015. This effect was due primarily to Property and Casualty insurance, which declined primarily in the Fire, Earthquake and Civil Liability lines while the Private Medical, Cars and Personal Accident lines reported growth of 7.2%, 2.8% and 1.0% respectively.

<sup>37</sup> Non-life insurance includes the Property and Casualty, Private Medical and Car lines.

<sup>38</sup> Information obtained from the monthly bulletin published by SBS.

<sup>39</sup> The information of the insurance business to December is available only since the beginning of March.

## Pacifico Insurance Group (PGA)

### Pacifico Property and Casualty (P&C)

The Property and Casualty business posted premium turnover of S/ 1,454.3 million and a net earned premium of S/ 989.5 million. These figures were 6.7% and 4.7% higher than those posted for in 2015 and are higher than the market's average. The largest direct premium was reported for Personal Lines (13%), Cars (7%), Medical Assistance (6%) and Wholesale Lines (5%). We ranked second in the market (at the end of November) with a 24.5% share (23.1% in December 2015).

The increase in premium turnover this year was accompanied by an increase of 2.6% in claims year-on-year while the loss ratio fell slightly to 51.4% versus 52.4% last year. The decline in the net loss ratio was due primarily to the Private Medical and Wholesale lines (marine hull, transportation and civil liability products).

The acquisition cost rose in 2016 (14.0% versus 13.2%) given that the level of underwriting income differed from 2015 to 2016. The general expense ratio improved this year to situate at 23.5% versus 24.2% last year. Net financial income also increased due to higher interest rates and better returns on sales of securities.

In this context, the company posted earnings of S/ 70.6 million. This topped the S/ 65.9 million registered in 2015 and is in line with our strategic objective to ensure profitable and sustainable growth, which goes hand-in-hand with operating excellence.

The EPS business registered net earnings S/ 14.9 million while Health Services posted earnings of S/ 40.6 million. In this regard, the consolidated health business (insurance and health care services) posted earnings of S/ 55.6 million, which topped the S/ 46.3 million reported in 2015. Finally, it is important to note that the net contribution of the health business to PPS is equivalent to 50% or S/ 27.8 million, which is not included in PPS's earnings of S/ 70.6 million as indicated at the beginning of this section.

### Pacifico Vida

The life insurance business reported premium turnover of S/ 1,302.7 million, which fell 3.9% below the S/ 1,356.2 million obtained in 2015. This decrease was due solely to lower premiums from the annuities line after Law N° 30425 was passed (discussed earlier in this section). The entire market has been shaken by this event. On the contrary, other businesses posted significant expansion in direct premiums with regard to last year: Credit Life (+18%), Individual Life (+8%), Group Life (+8%) and Obligatory (+7%). If we exclude the annuities result, premium growth was situated at 10.5%, which translated into a market share of 23.9% at the end of November versus 22.9% at the end of 2015. With regard to the obligatory insurance market, it is important to note that Pacifico Vida participated in the SISCO III tender process in December and was awarded a tranche (1/7) of the market for 2017-2018.

If we measure the net loss ratio, the acquisition cost and general expenses as a proportion of the direct premium, we see that each posted an increase with regard to 2015's level (partially due to the decrease in premiums this year). Nevertheless this effect was mitigated by prudent investment management to maximize profitability and control, which led to 25% growth in financial income year-on-year.

Earnings in 2016 were situated at S/ 194.0 million. This tops the earnings of S/ 155.1 million reported in 2015 and represented growth of 25%. The main lines of business that performed the best this year were AFP, Group Life, Annuities and Individual Life.

# D. Pension Fund Business

## PRIMA AFP

### Evolution of the Private Pension System (SPP)

In 2016, the changes made to the Private Pension System (SPP) remained in play. This gave us the opportunity to prove once again that we are highly capable of adapting by applying a framework to seek efficiency and good results. The main events this year included:

#### **New Processes in the SPP: 95.5% y 25%:**

In April 2016, through law N° 30425 (later modified through Law N° 30478 in June), two initiatives were launched to implement new processes for customer service. The first allows affiliates to withdraw up to 95.5% of their fund when they reach the legal retirement age or fulfill the requirements to qualify for the Special Regime for Early Retirement (REJA). The second allows any affiliate to withdraw up to 25% of their fund to make an initial payment on a loan or to amortize a mortgage that has been extended to purchase an affiliate's first home.

#### **Affiliate tender:**

In December 2016, Prima AFP won the third auction of new affiliates to the SPP, which was called by the Superintendence of Banking, Insurance and AFP (SBS). This gave Prima the exclusive right to capture new affiliates in the period from June 2017- May 2019. Prima AFP offered the lowest mixed commission in the market: 0.18% a month on wages and 1.25% a year on the managed balance (in effect as of June 2017). Thanks to this tender, we have affiliated approximately 720 thousand new members over the last two year, which allowed us to consolidate our leadership in the system.

### Prima AFP's main indicators in 2016

- The contribution level of our affiliates remained solid, with an adjusted contribution ratio<sup>40</sup> for January-August 2016 of 50.6%, which topped the 48.8% reported by the system, according to information provided by SBS.
- In terms of collections of voluntary contributions, we achieve a 31.3% share of total collections in SPP. This year, our collections volume increased 1.2% with regard to 2015.
- Our funds under management at the end of 2016 were close to S/ 43,213 million, which represented 31.7% of the total managed by SPP. It is important to note that after the retirement fund was passed, in 2016 Prima reported withdrawals for S/ 2,238 million.
- The volume of voluntary contributions in our portfolio was situated at S/ 458 million at the end of 2016, which represented a market share of 48.8%.

---

<sup>40</sup> Relation between the number of contributors and the total number of active affiliates in the month referenced less those who have not registered contributions during their time in the SPP.



### Main indicators and market share

	2015			2016		
	Prima AFP	Sistem	Share %	Prima AFP	Sistem	Share %
Affiliates (thousands) <sup>41</sup>	14,55	5,963	24.4%	1,468	6,264	23.4%
New affiliates (units) <sup>42</sup>	10	276,996	0.0%	4	326,902	0.0%
Promoters	158	511	30.9%	153	493	31.0%
Funds under management (\$/ millions)	39,345	124,093	31.7%	43,213	136,353	31.7%
Collections of contributions (\$/ millions)	2,898	8,857	32.7%	2,933	9,381	31.3%
Voluntary contributions (\$/ millions)	256	602	42.5%	458	938	48.8%
RAM \$/ millions <sup>43</sup>	2,097	6,580	31.9%	2,113	6,836	30.9%

Source: Superintendencia of Banking, Insurance and AFP; SMV

### Commercial results

In 2016, we focused on developing processes and initiatives to provide excellent service and to forge a closer relationship with our affiliates. We also continued efforts to achieve our objective of educating affiliates in general about the Private Pension System (SPP).

To educate our affiliates and provide better information, we have implemented the Hablemos Fácil project, which included qualitative studies to evaluate the content and tone of our communications to apply subsequent improvements. Alongside this effort, we instituted a plan of action to revamp our communication style.

We continued our campaigns through Prima AFP Te Informa radio; added an innovative format for our radio spots; and implemented digital pauses in our education videos. To reach the younger population, we continued to upload educational trivia on our Facebook page and have also held competitions to entertain while educating.

We continued our efforts to be closer to our clients by promoting our Prima Movil service, which provides information on funds and the benefits of the AFP and answers a series of questions. We currently have 4 mobile units that allow us to be present in 15 regions in the country as we provide services to more than 32 thousand people.

Our commercial results reflect our clients' preference for our value proposition. We mark the difference through transfers: of those who decided to change AFP, the highest number moved to Prima AFP, which captured 56% of total client transfers (26 thousand of the 48 thousand transfers registered throughout the SPP). We continued to lead the market for voluntary products, with a 48.8% share at the end of December 2016.

<sup>41</sup> End of period.

<sup>42</sup> Accumulated for the period.

<sup>43</sup> Estimates made by Prima AFP on average income in the past four months.

In terms of recognition and awards, we were recognized as the best AFP in Peru and received the World Finance Pension Funds Award 2016. We were also recognized by the Lima Stock Exchange (BVL) as a company that maintains good corporate governance practices and received the distinction of "Socially Responsible Company" from Peru 2021.

With regard to human development, we were recognized as the Best Employer through a joint initiative between Arellano Marketing and Laborum. We were also selected as the AFP where Peruvians would like to work, which was based on a study conducted by Arellano Marketing.

We were considered the AFP most preferred by executives and the leading AFP in the sector according to the Business Leadership 2016 study conducted by IPSOS Peru. We were also ranked as the leading AFP in the Corporate Reputation Study conducted by Merco.

## Investment Results

The year 2016 was highly favorable for the shares and bonds markets. In the international markets, according to the MSCI indexes (measured in US Dollars), the global markets posted 5.6% growth in yields with regard to last year (2015). The fixed income markets also posted very positive growth in yields, mainly in emerging markets.

In terms of currencies, the most relevant event was the appreciation of the US Dollar in the last tranche of the year due to expectations of a more expansive fiscal policy in the United States given the result of the presidential elections.

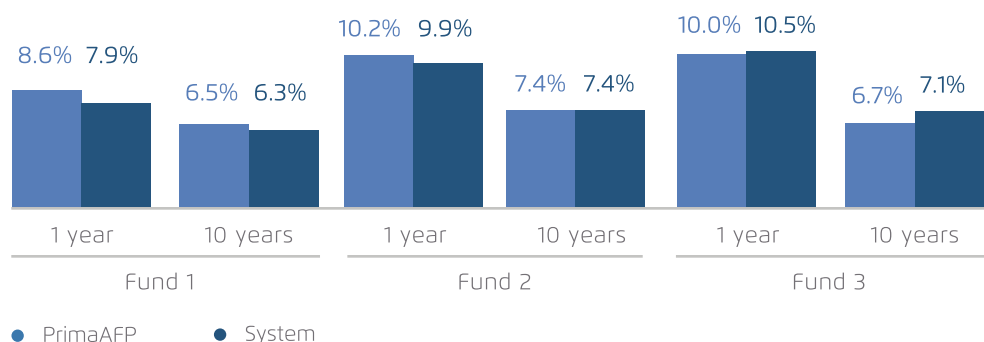
In terms of the local ambit the BVL advanced 51% (measured in local currency), recovering from the losses posted in previous years. This advance took place in a context marked by a positive performance in metal prices after fiscal stimulus measures were implemented in China in the first few months of 2016.

In this scenario, we directed our efforts at achieving a diversified portfolio in terms of both fixed income and equity instruments, which are located in developed and emerging markets.

In 2016, the value of our funds under management increased 9.8% to situate at S/ 43,213 million at year-end. The profitability over the last 12 months (December 2016 / December 2015) was 8.6%, 10.2% and 10.0% for Funds 1, 2 and 3 respectively.

If we gauge the evolution of our operations from our beginnings to date (10 years), nominal annual profitability is situated at 6.5%, 7.4% and 6.7% for funds 1, 2 and 3, respectively.

**Annualized nominal return indicators**



Due to the positive yields posted this year, there were variations in the relative weight of each fund within our total funds under management. The results are in the table below.

**Funds under management at the end of December  
2016 and 2015 (\$/ million)**

	Dec 2015	Part. %	Dec 2016	Part. %
<b>Fund 0</b>	0	0.0%	297	0.7%
<b>Fund 1</b>	5,122	13.0%	5,013	11.6%
<b>Fund 2</b>	26,750	68.0%	30,356	70.2%
<b>Fund 3</b>	7,473	19.0%	7,546	17.5%
<b>Total \$/ million</b>	<b>39,345</b>	<b>100.0%</b>	<b>43,213</b>	<b>100.0%</b>

Source: Superintendency of Banking, Insurance and AFP.

## Financial Results

In 2016, we continued to focus on efficiency by conducting follow-up on and on-going control of the expenses to generate improvements in processes as well as monetary savings.

### Income

Fee income for fund management totaled \$/ 407.2 million. This represented a 1.2% increase with regard to 2015, which was attributable to natural growth in the remunerations of our contributing affiliates (the main basis of our income).

### Administrative expenses and sales

Expenses for salaries and employee benefits totaled \$/ 91.9 million, which was 4.5% higher than the level posted for these expenses in 2015. This increase was due primarily to an increase in administrative fees.

Administrative and sales expenses, without personnel expenses, totaled \$/ 89.6 million, which represented a 4.6% increase over the level registered in 2015. This figure includes \$/ 21.3 million for depreciation and amortization. This growth was mainly attributable to an increase in expenses for operations and investments.

The amortization of intangible assets relative to the acquisition of AFP Union Vida was \$/ 12.4 million.

### Other income and expenses

At the end of 2016, the income and expenses line reflected a result of - \$/ 0.3 million, which topped the figure reported in 2015 by -\$/ 1.0 million. This difference was mainly attributable to an increase in the financial margin and a decrease in financial fees. It is important to note that the income and expenses line's main components (factors that carry the most weight) are currency translation as well as financial income and expenses.

In 2016, we reported a translation loss of -\$/ 0.7 million.

## General Balance

The cash level obtained from business generation totaled S/ 133.0 million at the end of 2016. Temporary cash surpluses were registered during the year and were held in bank deposits.

Legal reserves increased, going from S/ 335.8 million to S/ 368.4 million in assets. Shareholder's equity was situated at S/ 169.7 million in unrealized accumulated earnings at the end of December 2016.

Our financial debt follows a payment schedule that is consistent with our goal to optimize the company's debt/capital structure. At the end of December 2016, debt totaled S/ 32.0 million. Finally, we closed the year with assets of S/ 896.1 million; liabilities of S/ 290.1 million and shareholders' equity of S/ 606 million.

## Main Financial Indicators (S/ thousands)<sup>44</sup>

	2015	2016
<b>Income</b>	402,223	407,152
<b>General expenses</b>	(240,139)	(251,340)
<b>Net earnings</b>	162,084	155,812
<b>Total assets</b>	880,845	896,087
<b>Total liabilities</b>	296,041	290,094
<b>Net shareholder's equity</b>	584,804	605,993

44 IFRS.

# 6

## Risk management



# Corporate principles, monitoring and appetite for risk

## Corporate principles

Risk management is a strategic pillar of Credicorp's businesses. The corporate principles approved by the Committee of Corporate Governance are:

1. Commitment of the High Management
2. Independence of risk functions
3. Sufficiency and quality of resources associated with risk management
4. Measure performance based on risk
5. Follow up and validation
6. Comply with Credicorp's Code of Ethics

## Risk culture

Risk functions at Credicorp are conducted by specialized personnel who have knowledge about processes to identify, evaluate, measure, treat and monitor risks. In that sense and to develop a risk culture that is aligned with the best practices in the industry, Credicorp offers on-going training in risk management to the employees who make risk decisions at the main subsidiaries.

During 2016, the new curriculum of the BCP School of Risk was launched, whose objective is to provide a consistent, attractive and valuable training offer. This initiative is addressed mainly to the collaborators of the Central Risk Management of the BCP; however, their courses and programs may be given to other Bank management, as well as to the collaborators of the other subsidiaries.

## Appetite for risk

Risk appetite is defined as the amount and type of risk that the Group can support and wishes to accept in order to achieve its business objectives, while establishing the maximum deviations it is willing to tolerate.

Its main objective is to define a risk profile in line with the Board's expectations, which is expressed through five strategic pillars: solvency, liquidity, profit and growth, stability of results and balance sheet structure. These five pillars are supported, in turn, in a taxonomy of risks that allows to monitor qualitatively and quantitatively the risk profile of the Group.

The appetite for risk consists of the following elements:

- Appetite for risk statement: Define the general principles and qualitative statements that complement the Group's risk strategy and determine the target risk profile.
- Metrics table: Reflects the statement for the appetite for risk statement (principles and risk profile) in a metrics table.
- Limits: Allow us to control the appetite for risk within the tolerance established by the Board. It also allows us to quantify risk in the decision making process and to define the guidelines for target risk profile.

The appetite for risk is integrated in the processes for strategic and capital guidelines as well as in the process to define the budget. This facilitates strategic decision making throughout the organization.

During 2016, Credicorp's first risk appetite framework was implemented, and the boards of its main subsidiaries were updated: BCP Perú, BCP Bolivia, Mibanco, Credicorp Capital, Atlantic Security Bank and Pacifico Grupo Asegurador. During 2017, the Prima AFP risk appetite framework will be developed.

# Corporate Governance of risk management

## Central risk division

The mission of the Central Risk Division is to coordinate, through BCP and Credicorp's subsidiaries, efforts to apply better methodologies to understand and quantify the risk to which different businesses are exposed and to take the corresponding measures to ensure adequate management and control within the parameters established by the Board.

*Flowchart of the Central Risk Division of BCP Perú*



The group's comprehensive risk management efforts are conducted through the Risk Management Division and overseen by the Central Risk Division.

## Corporate risk committees

In 2012, the corporate organizational structure was defined and a scheme for corporate risk was implemented to supervise different issues related to the risk assumed by subsidiaries. Corporate risk committees are composed of (i) the Credicorp Risk Committee, which is responsible for evaluating and approving strategic and supervisory issues such as appetite for risk and strategies for new businesses; and (ii) Credicorp's Non-Retail Loan Risk Committees, Credicorp's Operating Risk Committee, the Treasury Risk Committee and ALM Credicorp Committee, which are responsible for evaluating and approving tactical issues and some supervision tasks for each type of risk, such as the governance framework for comprehensive risk management; the structure for autonomous decision making regarding risks and/or their modification; among others.

There are issues that, due to their nature, must be approved by the risk committees at the subsidiary level or by corporate risk committees. The level that approves these issues will depend on the materiality that they represent in terms of the risk assumed by the subsidiary.

## Corporate policies

To meet minimum standards and guide the actions of our subsidiaries in terms of comprehensive risk management, Credicorp has established corporate policies for (i) non-retail loan risk, which cover all three fronts of the loan process: admission, follow-up, and recovery; (ii) operating risk; (iii) market risk; and (iv) insurance risk. On their behalf, policies for retail loan risk at the subsidiaries are developed and/or modified in coordination with BCP. The goal is to establish a general framework for retail loan risk management in Credicorp.. Finally we developed a Framework for Credicorp's Corporate Risk Management, which describes the scope and principles upon which Credicorp's corporate risk management system is based.

# Credit Risk

## Loans, provisions and coverage

In the realm of risk, credit risk is Credicorp's primary concern. Its gross loans at the end of December 2016 totaled S/114,319 million (+4.97% with regard to December 2015). Additionally, Credicorp has set aside net provisions for loan losses for S/ 4,411 million, which led to a coverage ratio of 3.86% at the end of December 2016 (vs. 3.70% at the end of December 2015).

### Indicators of credit risk (In S/ millions)

Subsidiary	Total loans <sup>45</sup>		Provisions set aside <sup>46</sup>		Coverage Ratio <sup>47</sup>	
	2015	2016	2015	2016	2015	2016
<b>BCP and subsidiaries</b>	91,340	95,032	3,104	3,449	3.40%	3.63%
<b>BCP Bolivia</b>	5,819	6,835	184	207	3.20%	3.03%
<b>Mibanco</b>	7,818	8,610	729	744	9.30%	8.64%
<b>ASB</b>	3,316	3,267	0	0	0.00%	0.00%
<b>Other</b>	611	576	13	11	2.10%	1.86%
<b>total</b>	108,904	114,319	4,030	4,411	3.70%	3.86%

In millions of S/  
Source: Accounting BCP Perú

<sup>45</sup> Total loans include contingent accounts for guarantees, endorsements and letters of credit. Does not include accrued yields.

<sup>46</sup> The provisions set aside include provisions for contingent accounts for endorsements, guarantees and letter of credit.

<sup>47</sup> The coverage ratio is equal to the provisions set aside divided by total loans.



# Credit process

## Acceptance

In Wholesale Banking, a loan assessment process is conducted for each client or economic group. To accomplish this, the policies and procedures to approve transactions are based on conservative criteria that are applied through processes that have common structures in each subsidiary. The loan approval process is based mainly on the client's capacity to generate the resources necessary to pay loans and their respective interest in the agreed timeframes. The assessment requires an analysis of the financial statements and their forecasts as well as the client's credit rating.

In the case of Retail Banking, we have acceptance models and guidelines to grant loans that have been established by the Risk Units in accordance with the guidelines approved by the Risk Committees at the subsidiaries. Loan policies for products include an analysis of payment capacity; loan history; and scores obtained from scoring models among other factors.

The acceptance process uses Rating and Scoring Systems, which are models that have been developed to measure risk (probability of non-compliance). The adequate application of this system generates direct benefits in the loan business. The development and use of these models is common practice at BCP Peru.

## Follow Up and Recoveries

Credicorp's monitoring process on wholesale banking loans involves identifying clients that represent a potential risk of impairment by instituting early detection alerts to permanently review clients whose alerts are more critical and/or which represent a higher chance of non-performance. Additionally, in the case of retail loans, Credicorp conducts follow up on indicators for delinquency, profitability and expected loss.

The recovery process for wholesale banking loans at Credicorp includes an exhaustive evaluation of the disposition and payment capacity of a borrower to cover a past due debt and/or normalize the situation. Based on this, a recovery strategy is established that includes refinancing, judicial recoveries and/or debt forgiveness.

In the case of retail banking loans, in BCP Peru, the recovery process is aligned with the industry's best practices, whose stages include pre-delinquency management, automatic management of early delinquency management, telephone collections, field collections, judicial recoveries, and recoveries in the charge off portfolio. The channel for negotiations with the client is open throughout the collections process to consider refinancing alternatives if payments cannot be met. Scoring models are used during the recovery process to segment the portfolio, which helps ensure more effective recovery strategies for a group of clients that is based on risk. Credicorp's subsidiaries are gradually aligning their models to the collections scheme implemented by BCP and apply specific strategies that are appropriate to their businesses.

# Market Risk

Credicorp's market risk can be divided into two groups: (i) exposure that stems from a fluctuation in the value of the trading book; (ii) exposure that is derived from changes in forward positions that are not trading-related (banking book).

## Trading Book

To manage the trading book, Credicorp applies the VaR (value at risk) methodology to its trading portfolio to calculate market risk of the main positions taken and to determine the maximum loss expected based on a series of assumptions that cover a variety of changes in market conditions. The daily measurement of VaR is a statistical estimate of the potential maximum loss on the current portfolio based on adverse movements in the market. The time horizon used to calculate VaR is a day. Nevertheless, the VaR for a day is extended to a time frame of ten days.

*VaR for Credicorp by asset type  
(in S/ thousands)*

<i>Asset Type</i>	<i>2015</i>	<i>2016</i>
<b>Capital investments</b>	9,624	12,282
<b>Debt investments</b>	19,371	7,088
<b>Swaps</b>	13,045	13,769
<b>Forwards</b>	2,470	102,967
<b>Options</b>	1,160	12,708
<b>Diversification effect</b>	(19,748)	(27,997)
<b>Consolidate VaR by asset type</b>	25,922	120,817

In thousands of S/  
Source: Risk Division at BCP

The VaR calculation does not include the effects of the exchange rate given that these effects are measured in the net monetary position.

During 2016 the VaR of credicorp showed an increase due to a higher volatility in the differential of local currency rates against foreign currency rates in derivatives market and an increase in those positions subject to this differential.

However, the VaR remained within the limits of risk appetite established by the Risk Management of each subsidiary. Additionally, risk management of the Trading Book is complemented with indicators of Stressed VaR and Economic Capital, which determine the trading portfolio's exposure in the case of extreme movements in the risk factors to which it is exposed.

Indicators at each of the subsidiaries have specific limit and autonomy structures, which depend on the size of the positions and/or volatility of the risk factors implicit in each financial instrument, and are determined depending on the risk appetite. Regular reports are prepared for the Risk, Treasury and ALM Credicorp Committees, Credicorp's Risk Committee and management at each subsidiary.

Exchange Rate Risk is measured with the same methodologies and processes as the other trading positions. VaR indicators are used to measure the exposure of different exchange positions to market fluctuations, which are monitored and controlled by the Market Risk units in the subsidiaries.

BCP has defined an optimum level of equity risk in foreign currency (structural exchange position) that has specific limits and controls. The other exchange rate management strategies are outlined in each of the trading book's portfolios.

## Banking Book

Banking book management at Credicorp covers the identification, measurement, evaluation, control and monitoring of Liquidity Risk and Structural Risk relative to the Interest Rate.

Liquidity Risk Management entails an inability to pay or refinance obligations that have been previously agreed on to maturity due to situations of mismatching of assets and liabilities, and the inability to liquidate investment positions that are subject to Price Risk, without generating adverse changes in the value of these positions.

Each of Credicorp's subsidiaries manages liquidity risk according to corporate indicators:

- Internal Liquidity Coverage Ratio (LCR), which measures liquidity risk for periods of 15, 30 and 60 days. This ratio is calculated by currency and by scenario (Systemic and Specific).

- Internal Net Stable Funding Ratio (NSFR), which measures structural liquidity risk for periods over one year. This indicator ensures that a bank is financed by stable funding.

Additionally, we follow up on the liquidity gap, which is also known as the duration gap, which provides a picture of the liquidity status within a specific gap.

These indicators follow distinct limit and autonomy structures at each of the subsidiaries and are included in the liquidity contingency plans.

Interest Rate Risk Management in the banking book monitors variations in the interest rate that can negatively affect anticipated gains or the market value of assets and liabilities in the balance. Credicorp follows up on all products that are sensitive to interest rate variations through the Repricing Gap, which is a sensitivity analysis that uses the GON (Gains on Risk) calculation methodology and NPV (Net Present Value).

Interest rate risk management is complemented with calculations of Economic Capital, which is the capital that financial entities need to have in reserve to guarantee solvency if unanticipated losses arise. Economic Capital for ALM risk refers to adverse and extreme behavior in the interest rate curves, which penalize the financial and asset structure of each of Credicorp's subsidiaries.

## Operating risks

The operating risks are the possibility of occurrence of losses due to inadequate processes, personnel failures, technology failures, relationships or external events. These risks can produce financial losses and can have legal or regulatory compliance consequences, but they exclude the strategic and reputation risks.

Credicorp has as one of its pillars to develop and efficient risk culture and, to achieve it, registers the operating risks and their respective controls by processes. There are three processes rolled out to manage operating risk: (i) Operating risk assessment, whose scope includes the identification, analysis, assessment and treatment of the operating risks to which the corporation is exposed on its different businesses, as well as the classification and registry of the losses in which they take place; (ii) Business continuity management, which objective is to mitigate events of business interruption by implementing strategies for each of the resources that support vital processes in the corporation's business; and (iii) Security information management, which objective includes the guidelines for the government and the corporate information asset management.

# Insurance underwriting

The main risk that Credicorp faces in terms of insurance contracts is that the real costs of claims and payments or the advent of the same differ from expectations. This risk is affected by claims frequency, the severity of claims, real compensation and the subsequent development of long-term systems. As such, the group's objective is to guarantee that enough reserves are in place to cover these components.

## Policy to determine underwriting reserves

Credicorp permanently monitors the sufficiency of its reserves to take measures when necessary and anticipate potential adverse results. The corporation hires independent and highly prestigious advisory firms that provide actuarial services. These companies are responsible for certifying the existence of adequate underwriting reserves at the three companies that are part of Credicorp's insurance group.

To protect the interests of our insured, and to comply with regulatory demands, Credicorp monitors and measures the variables that may compromise the insurance group's solvency and, as such, affect its capacity to honor its obligations in the future. As such, we quantify the impact that future strategic decisions may have on these indicators. The methodologies that are used to determine the reserve levels at the group's insurance companies follow the guidelines set by current regulations.

# Capital

## Solvency Management

Credicorp actively manages its capital base to cover the risks that are inherent to its activities. The group's capital adequacy is monitored by applying the rules and ratios set by the regulator in addition to other measures.

Credicorp's objectives in terms of capital management are: (i) fulfill the capital requirements set by the regulatory entities in the sectors in which the group's businesses operate; (ii) safeguard the group's capacity to continue providing returns to shareholders and benefits to other participants; and (iii) maintain a strong capital base to support the group's development.

On December 31 in 2016 and 2015, Credicorp's regulatory capital totaled approximately S/ 21,172.4 million and S/ 18,614.7 million, respectively. Credicorp's cash assets exceeded the minimum assets required on December 31, 2016 by approximately S/ 3,913.3 million, and as such met regulatory requirements<sup>48</sup>.

---

<sup>48</sup>Resolución SBS N° 11823\_2010 "Reglamento para la Supervisión Consolidada de los Conglomerados Financieros y Mixtos"

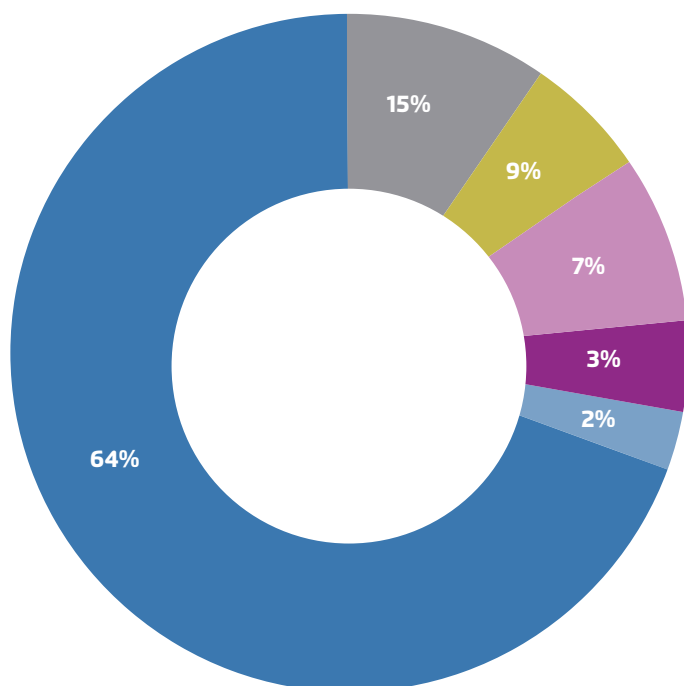
## Economic capital

Economic capital represents the level of support needed so that a financial entity can be protected from insolvency, which can be generated from unexpected shocks that can affect negatively the value of its assets and liabilities.

Since 2011, Credicorp uses the Economic capital model to preserve its objective solvency levels, which aim to maintain the organization with high international ratings, over the scales equivalent to BBB+, and to ensure an adequate management of the profitability adjusted by risk.

The models of economic capital work with the requirements of regulatory capital and in line with the best industry practices, which is why they consolidate the main risks (credit risk, ALM risk, business risk, technical risk, market risk and operating risk) that each of the group's subsidiaries must address in a single metric and incorporates the benefits of diversifying different factors of risk.

### *Distribution of Credicorp's economic capital*



Up to December 31st of 2016, Credicorp's map of economic capital distribution by type of risk is the following:

- Credit
- ALM
- Market
- Business
- Operating
- Insurance undewriting

# Internal Validation of Risk

The Internal Validation Management at BCP Peru has a corporate role in Credicorp. It is in charge of leading, planning, organizing, supervising and issuing an independent, well-founded and updated opinion after reviewing quantitative models of risk, its policies of use and the different risk management processes at Credicorp.

At BCP Peru, the main advancements were: (i) the use of a model inventory, (ii) the identification of the uses and relationships between the models; and (iii) the establishment of a system of organization and prioritization of models. A similar trend is being followed at Credicorp's level. Furthermore, we can highlight the automatization of processes that monitor, manage and follow actions plans defined by the Internal Validation Management.

In relation to the validation of loan risk models at BCP Peru, reports were issued following the priority and scope established in the management of models. With respect to the loans risk models of the subsidiaries: (i) the Pyme admission model for Retail Banking at BCP Bolivia was validated; and (ii) the collection model for the early delinquency stage at Mibanco was validated.

In regard to the validation of risk models, liquidity and ALM (Asset & Liability Management) at BCP Peru, we finalized the revision of the LCR (Liquidity Coverage Ratio) model, HQLA (High Quality Liquid Assets) model and other used in the ALM.

On a corporate level, validation processes were carried out for Credicorp Capital Colombia and Pacífico Seguros.



# 7 Corporate governance and social responsibility

Our vision, mission, code of ethics and policies represent the institutional standards by which all of our subsidiaries are governed. Credicorp's corporate governance is anchored in and organizes structure that promotes ethical behavior among all employees, who adhere to principles of integrity, respect and transparency. These principles engender the trust of our shareholders and groups of interest.

In the ambit of corporate social responsibility, in 2016 we reaffirmed our commitment to the positive development of the groups of interest with which we interact: clients, suppliers, community, government and regulators, shareholders and investors.

The final objective of corporate governance practices is to build trust with our groups of interest to obtain more competitive advantages, improve our performance, set the bases for sustainable and profitable growth, and contribute to creating more value for our shareholders.

Credicorp lists on the New York Stock Exchange and complies with all aspects of the Sarbanes Oxley Act, which has been in effect in the United States since July 2002. This law has become the international standard for corporate governance practices.

In 2016, Credicorp was listed on the Corporate Governance Index of the Lima Stock Exchange. This spurred us to conduct a global review of our processes according to standards for corporate governance and sustainability and align our operations with the best practices in the local market.

# Governance

## Board of Directors<sup>49</sup>

This entity seeks to ensure Credicorp's long-term success by creating and delivering sustainable value to shareholders. It is the maximum authority within the company and is in charge of managing and running all the group's business.

### Roles of the Board

- Evaluate, approve and direct the Company's corporate strategy; objectives and goals; the main plans of actions and policies; risk monitoring and management; as well as annual budgets and business plans. Control the implementation of the same, supervise main expenditures, investments, acquisitions and disposals.
- Conduct, follow up and control over potential conflicts of interest between the Board, Members of the Board and shareholders.
- Ensure that Independent Directors leave a written record of their attendance of Board Meetings (i) and maintain their condition of independence and (ii) ensure that since the last meeting in which said directors participated, that none have been involved in any situation that changes said condition.
- Ensure that those nominated as candidates for Independent Directors leave a written statement declaring their independence.
- Investigate and verify the condition of independence of the individuals nominated to act as Independent Directors and ensure that this condition is maintained by said individuals during their time on the Board.
- Prevent the fraudulent use and abuse of corporate assets in transactions between interested parties.
- Ensure the integrity of the Company's accounting and financial statements.

<sup>49</sup> More information can be found at "Corporate Governance" section in [www.credicorpnet.com](http://www.credicorpnet.com)



- Supervise independent audits and establish systems to monitor financial and non-financial risks, including controls to ensure regulatory compliance.
- Supervise, evaluate the effectiveness of and adapt the Company's governance practices.
- Supervise the information policy.
- Approve the Rules for the Board's Committees.

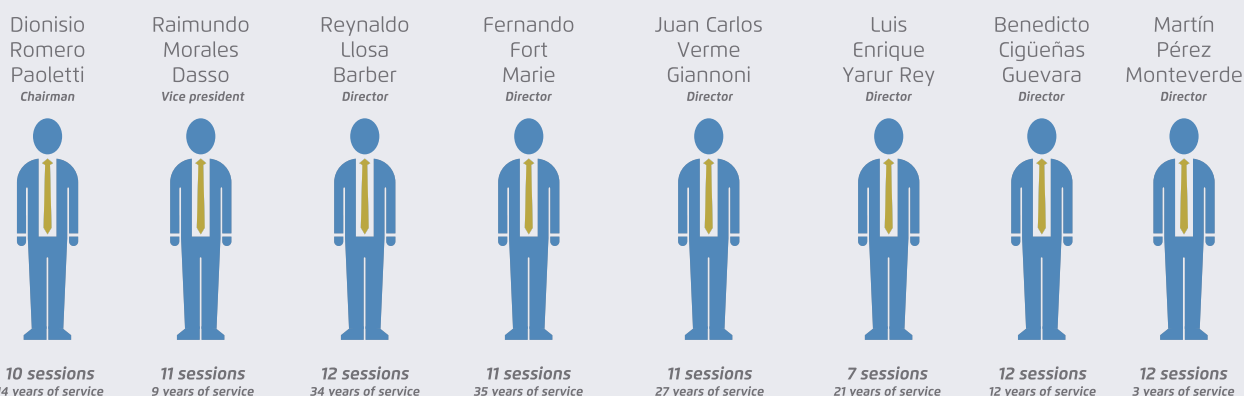
The Chairman of the Board, Dionisio Romero Paoletti, is responsible for the company's operations and governance and leads as well as manages actions to ensure that Credicorp fulfills its obligations.

#### **Roles of the Chairman of the Board**

- Preside over Board sessions.
- Ensure that the Board functions properly.
- Represent the Company or delegate representation to others to negotiate in foreign financial markets or speak with regulators, the press, governments, stakeholders and the community.
- Promote adequate relations with shareholders, in a formal sense, at the Annual General Shareholders' Meeting and informally through relations with the Company's shareholders.
- Propose initiatives for corporate policies along with the General Manager.
- Ensure effective strategic planning and examine possibilities for the Company's future development.
- Ensure the Board's active participation to strategically review the proposals of the company's management team and those relative to effective planning.
- Ensure that probity exists in the accounting reports.
- Monitor the General Manager's performance with the criteria established to meet company objectives.
- Act as an advisor to other members of the Board when necessary.

The Board meets at least once a month. For voting purposes, quorum is equivalent to half plus one of its members. The members of the board can participate in sessions in person, digitally or through other venues unless the Chairman stipulates otherwise. In 2016, twelve meetings were held.

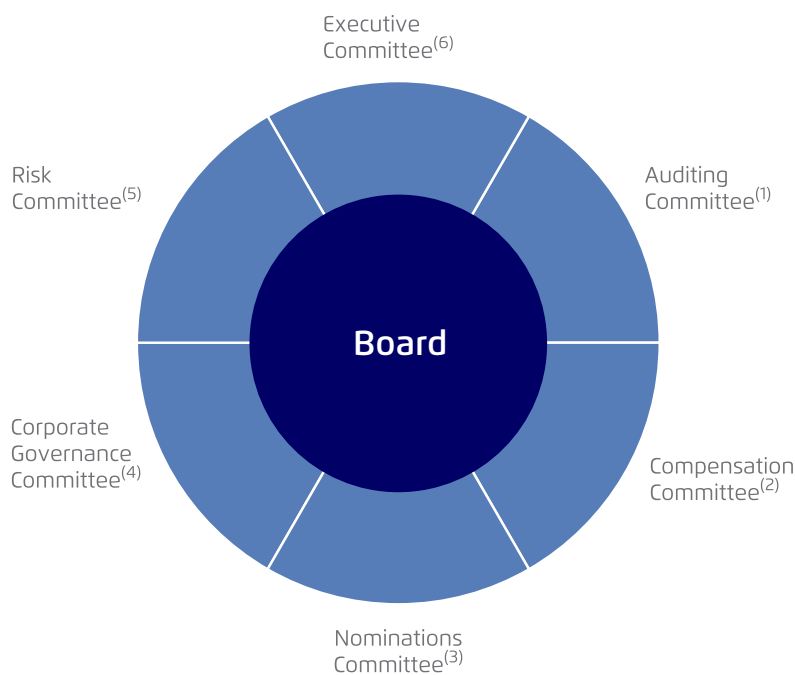
## Board member's assistance<sup>50</sup>



\*For more detail of the CV's of our Board, please check appendix B. Source: BCP

The Corporate Secretary of the Board is Codan Services and the Assistant Secretary of the Board is Mrs. Miriam Böttger Egg.

## Board Committees



- (1) Established on October 31, 2002.
- (2) Established on January 25, 2012.
- (3) Established on March 28, 2012.
- (4) Established on June 23, 2010.
- (5) Established on March 28, 2012.
- (6) Established on March 28, 2012.

<sup>50</sup> Years of service as a director of Credicorp, its subsidiaries and predecessors to December 31st of 2016.

## Composition of the Board Committees

Name	Auditing Committee	Compensation Committee	Corporate Governance Committee	Executive Committee	Nominations Committee	Risk Committee
<i>Dionisio Romero P.</i>						
<i>Raimundo Morales</i>						
<i>Fernando Fort</i>						
<i>Reynaldo Llosa Barber</i>						
<i>Martín Pérez Monteverde</i>						
<i>Juan Carlos Verme</i>						
<i>Luis Enrique Yarur</i>						
<i>Benedicto Cigüeñas*</i>						
<i>Eduardo Hochschild**</i>						

- President
- Member

\*Financial Expert.

\*\*He is not a director of Credicorp, but he is a member of BCP's Board of Directors.

## Executive Committee

Credicorp's Executive Committee is responsible for responding to management's queries on business or operations that require guidance from the Board; making urgent decisions that correspond to the Board by submitting these decisions for ratification at its next session; and making decisions on other specific matters that the Board has delegated to it.

The Executive Committee is comprised of six directors and its number may be modified by agreement of the Board. The chairman and vice chairman of Credicorp's board are members of the committee. During 2016, this committee was held thirty times.

The Chief Operating Officer, Walter Bayly, and the Chief Financial Officer, Fernando Dasso, also participate in this committee. Mrs. Miriam Bottger, Deputy General Secretary, serves as Corporate Secretary of this Committee.

## Auditing Committee

The Audit committee supervises, controls and independently reviews Credicorp's financial information system.

It is composed of at least three directors. All of the members of this committee must be independent according to the definition of independence set by the U.S. Securities and Exchange Commission (SEC). The committee will have at least one member who is considered a financial expert. During 2016, this committee was held fourteen times.

Additionally the following members participate in the committee: Chief Financial Officer, Mr. Fernando Dasso; Mrs. Miriam Böttger, Deputy General Secretary; Mr. José Luis Muñoz, Head Accounting Officer; José Esposito, Chief Corporate Audit officer, and Leoncio Loayza, Internal audit officer.

## Corporate Governance Committee

This committee proposes reviews and monitors good practices of corporate governance in the Corporation. It is composed of at least three directors, and at least one of them must be an independent director. This committee also includes main executives. During 2016, this committee was held two times.

Additionally the following members participate in the committee: Mr. Alvaro Correa, Chief Insurance Officer; Mr. Fernando Dasso, Chief Financial Officer; Mrs. Giuliana Cuzquen, Investor Relations Officer, as the committee's coordinator; and Mrs. Miriam Böttger, Deputy General Secretary.

## Compensation Committee

This committee's main objective is to define, review and approve the compensation policy for the main executives and managers at Credicorp and its subsidiaries.

The committee is made up of three directors and the Chief Operating Officer. During 2016, this committee was held four times.

The compensation is paid only to directors that are not part of the Board of Directors of Banco de Crédito del Perú. The amount paid is US\$ 130,000 annually, as agreed every year on the Annual General Meeting.

Additionally, directors that are part of the Auditing Committee receive a remuneration of US\$ 40,000 annually, and the directors that are part of the Executive Committee receive an additional remuneration of US\$ 1,500.00 per session attended. In both cases, the additional remuneration is received only if the directors do not receive a remuneration (or diet) for a similar function in Banco de Crédito del Perú.

## Nominations Committee

This committee's objective is to propose the selection criteria to select individuals to act as members of the board at the company, its subsidiaries or for the companies for which Credicorp or its subsidiaries must appoint a director.

The committee has three members: the Chairman and Vice Chairman of the Board and another director. During 2016, this committee was held eight times.

Additionally the following members participate in the committee: Chief Operating Officer, Mr. Walter Bayly, and the Deputy General Secretary, Mrs. Miriam Böttger.

## Risk Committee

Credicorp's Risk Committee is responsible for establishing, periodically evaluating and reporting to the Board of Directors the guidelines and policies for the integrated risk management of Credicorp and its subsidiaries. This committee is comprised of two directors from Credicorp, one of which preside the committee, a director from BCP and four managers from BCP: Mr. Walter Bayly, Chief Operating Officer, Mr. Fernando Dasso, Chief Financial Officer, Mr. Reynaldo Llosa, Chief Risk Officer, and Mr. Harold Marcenaro Goldfarb, Risk Officer.

Additionally, the Deputy General Secretary, Mrs. Miriam Böttger, also attends the committee, together with Mr. José Esposito, Chief Corporate Audit Officer, who acts as an observer. During 2016, this committee was held twenty-three times.

Name	Position	Years of service <sup>51</sup>
<i>Dionisio Romero Paoletti</i>	Chairman of the Board/Chief Executive Officer	8
<i>Walter Bayly Llona</i>	Chief Operating Officer	23
<i>Fernando Dasso Montero</i>	Chief Financial Officer	22
<i>Álvaro Correa Malachowski</i>	Chief Insurance Officer	19
<i>Reynaldo Llosa Benavides</i>	Chief Risk Officer	18
<i>José Esposito Li-Carrillo</i>	Chief Corporate Audit Officer	21
<i>Bárbara Falero</i>	Corporate Compliance Officer	11
<i>Ursula Alvarez Peña</i>	Head of Corporate Talent	11

\*For more details on the career advancement of our management team, see Annex c.

The Board's Corporate Secretary is Codan Services and the Assistant Secretary is Mrs. Miriam Böttger Egg.

# Investor Relations

Credicorp understands that it must communicate with its investors in a transparent manner to ensure that both sides understand the company's objectives in the same way.

Credicorp's Investor Relations area is in charge of providing complete and timely information to investors, shareholders, and the market in general. It is also responsible for developing close ties with interest groups and maintaining permanent contact with these parties through meetings, teleconferences, shareholders' events, among others.

Communication takes place throughout the year and is particularly active during reporting periods. In this way, the company is in constant contact with current and potential investors.

During 2016, 16 sell-side analysts of recognized investment banks have followed, evaluated and recommended Credicorp. Also, Investor Relations area has attended more than 100 calls and received in their offices 57 visits of analysts. Finally, 9 conferences have been attended and 5 Non-deal Roadshows in the main world stock exchanges to know businesses and institutions that want to increase their knowledge and coverage of the business and subsidiaries.

Credicorp's web page also contains up-dated information on the company and its subsidiaries, stock exchange information, the dividend policy, quarterly and annual results, access to teleconferences, press reports, information reported to the U.S. Security and Exchange Commission (SEC), presentations, corporate governance documents, warning system, and complaints, among others.

Individuals who want information can send their requests to Investor Relations at [IRCredicorp@bcp.com.pe](mailto:IRCredicorp@bcp.com.pe).

# Internal Control

## Internal Auditing

In accordance with the Framework for Professional Practice of the Institute of Internal Auditors (IIA), Internal Auditing's activities seek to permanently assess the efficacy and efficiency of processes for risk management, monitoring and governance at Credicorp Ltd, its subsidiaries and affiliates in order to improve and protect the Corporation's value and to provide assurance, advisory services and risk-based analysis.

In 2016, the result of our internal assessment, in accordance with Standard 1311 at IIA, was "Generally Complies" for the fifth consecutive year due to our Program to Assure and Improve the Quality of Internal Auditing. It is important to note that the corporation's auditing units obtained, on September 2013, international recognition for the quality of their internal auditing activity from IIA, receiving the highest rating "Generally Complies," in accordance with Standard 1312 of IIA. Both results show that the internal auditing activities of the Corporation's internal auditing units fulfill International Standards for Auditing and IIA's Code of Ethics.

At BCP, we have launched the Chaninchay projects, which means "to give value" in Quechua. The objective of this project is to tie together the concepts of on-going auditing, data analytics and cryptography to implement a working philosophy that ensures that all of our auditing processes are oriented toward protection rather than focusing solely on detecting errors through data mining.

A team of auditors at BCP Peru won the 3rd Competition for Essays on Internal Auditing for Banking, which was organized by the Latin American Committee of Internal Auditing (CLAIN) of the Latin American Federation of Banks (FELABAN); the winning topic was "Auditing Methodology to Assess Goodwill Valuation." This is proof of the leadership and innovation of our Bank and its employees with regard to Internal Auditing procedures in the region.

In 2016, 13,936 hours of training were imparted with an average of 60 hours/auditor. This exceeds the 40 hours/auditor recommended by international practices for fraud prevention, the new IFRS 9, new frameworks for cyber security such as IIA, NIST or FFIEC, internal quality assessment, data analytics, money laundering, model validation and other topics of financial and operating auditing.

### Hours of specialized training for auditing teams

Training	2014	Average per auditor 2014	2015	Average per auditor 2015	2016	Average per auditor 2016
<i>BCP Perú</i>	5,180	52	6,187	66	4,458	51
<i>BCP Bolivia</i>	897	39	1,447	58	1,463	61
<i>ASB</i>	189	47	212	53	288	72
<i>Edyficar</i>	1,239	52	-	-	-	-
<i>Grupo Pacífico</i>	1,582	63	2,012	75	1,593	69
<i>Prima AFP</i>	258	52	213	43	602	86
<i>Credicorp Capital Chile</i>	80	27	167	103	89	30
<i>Credicorp Capital Colombia</i>	154	22	246	31	437	62
<i>Mibanco</i>	727	35	3,453	80	3,169	70
<b>Total</b>	<b>10,305</b>	<b>48</b>	<b>13,936</b>	<b>65</b>	<b>12,099</b>	<b>60</b>

Our corporate auditor was named member of the Financial Services Guidance Committee Board of IIA Global, which shows the innovation and leadership of Credicorp's auditing team in Latin America. We continue to preside over the Latin American Committee for Internal Auditing (CLAIN) of the Latin American Federation of Banks (FELABAN).

The staff of 200 auditors at our corporation is committed to efficiency and represents approximately 0.64% of the work force. This is one of the productivity indicators and falls within the range set by best international practices.

## Compliance

We have a Corporate Compliance System, which is based on international standards. It allows us to meet regulatory requirements and offer our clients legal and reputational backing. We have implemented the following programs in our systems: Prevention of Money Laundering and Financing for Terrorism (PLAFT), Monitoring of International Lists, Fiscal Transfers, Normative Compliance, Ethics and Conduct, Anti-Corruption, Prevention of Market Abuse, Protection of Personal Information, Occupational Health and Safety, Financial Stability and Consumer Protection.

In 2016, we took the following actions:

- In the **PLAFT PROGRAM**, we implemented controls for high-risk clients and products. During this period, we up-dated the assessment of money laundering risk for each of our clients, products, channels and zones and determined the risk profile to which our assets are exposed.
- In **Fiscal Transparency** we manage the programs to Exchange Tax Information in FATCA and CRS regulations. In 2016, we conducted activities to fulfill the regulatory targets set by both rules in Credicorp's companies and culminated Phase 1 of the process to implement these regulations. Phase II, which covers the stages of Assessment, Diagnostic and Implementation of Controls, will be developed in 2017 and part of 2018.
- In the **Program for Normative Compliance**, our main objective is to implement a structure to identify and define the actions necessary to ensure adequate compliance of the norms that are applicable to the Credicorp Group. As such, we seek to prevent, detect and correct any activity that violates current norms. Through these efforts, we show our groups of interest that we are committed to ensuring diligent conduct that is aligned with the law and contributes to creating a solid culture of compliance among all of the members of our organization.
- In the **Ethics and Conduct program**, we have rolled out efforts to make the culture of integrity, transparency and ethics more robust at our companies. Since the beginning of 2016, we launched a campaign for OBA registration of External Activities Family Businesses and Related Businesses. We completed this effort in the 2nd half of the year with the participation of almost 100% of our employees.  
To strengthen the system of complaints within the organization, we changed the name of this channel to "Alerta Genética Credicorp" and launched a campaign to position the new channel as something close, friendly and effective. This campaign is based on the following 4 messages: "Don't overlook," "Direct connection," "Your safety is guaranteed" and "We will take action."
- In the **Anti-corruption program**, we established guidelines that all employees must follow to reduce the potential risk of corruption and/or bribes. To achieve this objective, we developed a structure to maintain an environment of control to ensure that integrity, honesty and transparency prevail in our employees' actions. Employees must understand that as part of Credicorp, they have a duty to act within the guidelines that have been established by local and foreign regulations that are meant to mitigate risk of corruption and/or bribery.
- In 2016, in the **Program to Prevent and Detect Market Abuse**, we strengthened guidelines and implemented additional controls to fulfill new local and international regulations (Market Abuse Regulation – Europe, New Rules for Traders – Peru, Rules on Investments by the Insurance Companies Supervised by SBS – Peru, among others) and we adequately managed potential conflicts of interest that can arise relative to the investment or financial advisory activities conducted by Credicorp's companies in a way that prioritizes the clients' interests.
- In the **Personal Data Protection**, we update the Corporate Policy that had been approved by Credicorp' Board and those applicable to its companies by implementing a PDP clause to obtain consent from both clients and employees. In terms of clauses for suppliers, we have strengthened on-line procedures to ensure protected rights (access, rectification, cancelation, opposition and revocation) and compliance with the Law in general. We continue to implement actions to fulfill security measures for the physical and logical treatment of personal data.
- In the program for **Occupational Health and Safety**, we strengthened the culture of safe and healthy environments and have rolled out controls relative to ergonomics, psycho-social risks, protection against solar radiation and protection of pregnant women and the disabled. Our employees participate actively in the OHS Committee, which follows up on the Annual Program and investigates incidents as well as proposals to enhance employees' wellbeing.
- Within the program for **Financial Stability**, we updated the Corporate Policy on Restrictions Proprietary Investments at Credicorp companies, which includes corporate guidelines to comply with the Frank-Dodd regulations and EMIR, and named this policy the "Corporate Policy for Financial Stability."
- In our **Consumer Protection program**, we have a plan to ensure the adequate compliance of the dispositions of the Consumer Protection Code, Information Transparency and Customer Service, seeking to strengthen our client relations.



# Management and Corporate Human Development

## Talent

The Corporate Talent Management area focuses on process Credicorp's talent with a corporate vision, in line with the business's objectives.

This corporate management ensures that the same concepts are used in a regular process, and to count with an equal value proposal in the subsidiaries of the group.

In 2016, 551 employees that are part of the groups of talent high potential, core team, specialists and tops, have been managed. They represent a total of 3.07% of the total of Credicorp's employees.

# Sustainability project

Credicorp expresses the corporation's commitment to achieving the highest levels of corporate governance to accompany sustainable growth in the long-term. This commitment is embodied in the Code of Ethics, Corporate Governance Policy, Stakeholder Relations Policy, Money Laundering Prevention Policy, and the Anti-Corruption policy.



To visualize the framework documents of the aforementioned policies, go to [www.credicorpnet.com](http://www.credicorpnet.com) and proceed to the section on Corporate Governance.

## In 2016, the corporate governance committee continued its focus on:

- Monitoring the correct application of the guidelines and the implementation of the proposals for improvement that
- Reviewing issues related to sustainability.
- Credicorp's action was again included in the "Índice de Buen Gobierno Corporativo" of Peruvian societies that quote in the BVL.
- Credicorp also won for the third consecutive year the award of "La Voz del Mercado", which rewards a business that concerns the Good Corporate Governance. The qualification is given by the principal agents of the capital market, national and international.
- We published a new version of our anticorruption policy in our web page.

# Social Responsibility

## BCP

Program	Description	Results 2016
<p><b>BCP Financial Education</b></p>	<p>In 2016, we implemented our BCP Financial Education Program. This initiative is directed at the non-bancarized population and its objective is to ensure that when they enter the financial system in the future, they can make adequate and responsible use of financial products to enhance their wellbeing. The methodology used (<i>edutainment</i>) fuses education and entertainment and offers participative activities to impart concepts relative to the formal financial system, savings, budget, credit and insurance.</p>	
	<p><b>Our University Financial Education Fair "Todo sobre Lucas"</b></p> <p>seeks to create awareness and inform students from universities and institutes in Lima about the importance of responsibly managing personal and family finances and of the benefits of participating in the formal financial system.</p>	<p>We reached 90,500 students in 2016.</p>
	<p><b>We You and Your Finances in the Classroom,</b></p> <p>impart information on finance, attitudes toward finances and adequate financial practices to help young people transition to adult life. This comprehensive intervention is coordinated with the Ministry of Education in Peru (Minedu), which allows us to impart sessions in classrooms.</p>	<p>In 2016, we reached 165 teachers and 23,000 students from first to fifth of secondary.</p>
<p><b>Web miniseries "Los Planes de Ricky"</b></p> <p>is a web-based education program that seeks to create awareness in a young audience of the need to manage personal finances well while providing important information on the financial system. The series is disseminated through BCP's Facebook page and Youtube.</p>	<p>In 2016, we received an average of 625,000 visits per chapter</p>	

Program	Description	Results 2016
<p><b>Talent Program at BCP</b></p>	<p>This program is an initiative of the Social Responsibility area at BCP. It gives highly talented and motivated low-income students access to higher education to transform their lives, generate social mobility and contribute to the country's development. In addition to providing the necessary financing, the program offers psycho-pedagogical accompaniment and activities to help beneficiaries develop their talent, reach their maximum potential, and successfully insert themselves in the job market.</p>	<ul style="list-style-type: none"> <li>• 1,000 young beneficiaries</li> <li>• 350 university graduates</li> </ul>
<p><b>Infrastructure Works</b></p>	<p>We support the Peruvian State in its efforts to reduce the infrastructure gap through the Tax Deductions through Public Works mechanism. By the end of 2016, we signed a total of 77 agreements for public infrastructure works in the departments of Arequipa, Ancash, Cuzco, Junín, La Libertad, Loreto, Pasco, Lima, Ica, Piura, Puno and Tacna and in the Constitutional Province of Callao.</p>	<ul style="list-style-type: none"> <li>• Investment commitment of S/ 734 million</li> <li>• 2.8 million beneficiaries.</li> <li>• Sectors that are served: sanitation, education, transportation, health and safety</li> </ul>
<p><b>BCP Volunteers</b></p>	<p>We involve volunteers in the process to strengthen education in the country. In fact, 90% of our projects are destined to improving education. Eleven years ago, our employees began to participate in volunteer efforts (with the support of executive management) that entail investing hours to design, execute and develop different projects for vulnerable populations.</p>	<p>In 2016, 2,000 volunteers participated more than 3,658 times in the projects that we administer.</p>

## Environmental Program

We include environmental management in our operations by calculating our carbon footprint and designing projects to improve the use of resources and reduce CO<sub>2</sub> emissions. The projects entail managing solid waste and employee transportation

## BCP Bolivia

BCP Bolivia's corporate social responsibility seeks to contribute to the sustainable development of the organization and of the country by focusing on actions relative to financial education, financial inclusion and development for the community:

### Agentes BCP

BCP pushed growth through Agentes BCP to promote banking penetration through alternative channels that are closer to users.

### "Operación Sonrisa"

During our eleventh year of support for "Fundación Operación Sonrisa Bolivia", 3,500 children, young people and adults throughout the country have received free cleft lip and palate surgeries. BCP Bolivia's campaign is directed toward collecting funds, both voluntary and from the bank's resources, to ensure that national and international specialists can provide free surgeries to correct these conditions.

### "ABC de la Banca", pioneers in financial education

The "ABC de la Banca" is a pioneer financial education program in the country. It offers simple and understandable information in Spanish and in different native languages on different aspects of banking through radio transmissions across the country, in the social networks and on the bank's web page

### SME Forum, supporting Bolivian entrepreneurs

Five years ago, BCP Bolivia created the SME Forum as a space to exchange experiences and transfer knowledge to small and medium entrepreneurs in the sector. In 2016, this event reached 2,000 business people in eight cities in the country.

### Workshops on the economic scenario

These business workshops were attended by more than 400 business people. The objective was to share information and analysis of trends in the international and national economies.

### Cultural events, promoting Bolivian culture

In 2016, BCP opened the doors of its auditorium to promote the country's cultural development through different artistic events.

## Mibanco

During 2016, we continued with our focus on socially responsible endeavors, oriented to boost the development of Peruvian entrepreneurs and their families. Through our products and services, we seek to include low-income clients in the financial system to put them on the road to progress.

By the end of November 2016, we helped more than 114,609 people— 22.4% of the total bancarized population (512,311) - secure a place in the financial system. This is ample proof of our commitment to financial inclusion.

### A doubly inclusive philosophy

At Mibanco, we promote financial inclusion for more Peruvians, facilitating access to the financial system and bringing more young people into the work force.

Through our School of Microfinance Business Advisors, we brought 998 young people from across the country into the work force in 2016.

### "Miconsultor" Program

In line with our institutional mission, we continue to work with the "Miconsultor" program, which offers free, in-home business advisory services to micro and small business people. Through this program, entrepreneurs and students from Universidad del Pacífico and Antonio Ruiz de Montoya programs exchange experience and knowledge, working side-by-side to strengthen business missions.

Since 2011, through "Miconsultor", 1,832 university students worked to assist 838 entrepreneurs.

### Romero Digital Campus

In alliance with the Romero Foundation, we launched the Romero Digital Campus, which is an on-line campus directed to entrepreneurs. This is the first digital training module that we have ever offered our clients.

168 entrepreneurs participated in the Digital Marketing and Restaurant Administration modules, which were backed by the Instituto San Ignacio de Loyola and Le Cordon Bleu respectively.

### Microinsurance

We offer our clients a gamut of voluntary microinsurance products that have been specially adapted to protect the most vulnerable populations. With Grupo Pacifico, we design products with low premiums and coverage that meet our clients' needs.

In 2016, we solidified our position as a provider of insurance products for microbusinesses by placing a total of 878,836 optional policies. Of these policies, 598,946 (68.2% effectiveness) correspond to financial protection insurance. Family protection insurance posted sales of 237,763 (27.1% effectiveness) while business protection insurance registered sales of 42,127 units (4.8%). It is important to note that 960,586 clients with current loans have credit life insurance.

### Crediagua Program

We expanded the Crediagua program across the country. This program offers financing for domestic water and sewage connections.

In 2016, we issued more than 51,000 loans for this purpose to improve the quality of life of more Peruvian families.

## Recycling Program

To promote a culture of respect for and preservation of the environment, we launched a campaign to segregate solid wastes in alliance with the NGO "Ciudad Saludable". The initiative was rolled out in our two main offices.

We recycled a total of 4.2 tons of solid waste. This allowed us to spare 67 trees from felling and led to consumption savings of 104,363.3 liters of water, 3,153.2 kWh of electricity, 9,336.2 BTU of energy, 1,639.3 liters of oil. In addition, our efforts prevented 12.67 tons of CO<sub>2</sub> emissions from being released into the air.

## Credicorp Capital

### Credicorp Capital Chile

The Credicorp Capital Foundation supports organizations that develop social impact programs to provide pro-bono advisory services. We also participate in volunteer programs and solidarity activities.

The institutions that we supported with advisory services in 2016 include:

- Fundación Las Rosas: a non-profit organization that supports more than 2,000 people who live in a state of vulnerability or abandonment.
- Protectora de la Infancia: private charity that works to promote inclusion, justice and equality for infants.
- Fundación Domingo Matte Mesías: foundation that assists the neediest children in the community of Puente Alto de Santiago. This organization provides pre-school education, primary, humanist-scientific and technical-professional education to more than 3,000 students.
- Alumni UAndes: entity that brings together graduates of the Universidad de los Andes and channels their contributions to society by developing projects for the good of many, including the Program for Social Scholarships.
- Fundación Astoreca: educational foundation that delivers free and quality education in highly vulnerable sectors.

In 2016, we published the results of the **Study of Foundations in Chile**. This delivers an analysis of the foundations and corporations that work to benefit the poor and evaluates areas such as service provision, financing, use of volunteers, and efforts to identify opportunities and challenges.

### Credicorp Capital Perú

In 2016, we defined three axes of action to engage in social impact initiatives and contribute positively to the communities in which we participate.

- Provision of Free Professional Advisory Services ("Pro-Bono"): we seek to contribute to the management of non-profit organizations that develop high social impact programs by providing free financial advisory services.
- Volunteers: we promote and facilitate efforts to engage our employees as volunteers on social projects that benefit the community.
- Eco-efficiency: we conduct recycling and campaigns and efforts to save non-renewable resources to minimize the impact on the environment.

These axes will be implemented at the regional level in 2017 to involve Credicorp Capital and its employees in social impact initiatives in the mid and long terms to contribute positively to the communities in which we operate.

During the year, with BCP, we rolled out our first pro-bono advisory service for "Techo." This organization is an NGO that operates in 19 countries and works alongside residents of precarious settlements to find concrete solutions to poverty.

Our objective is to design a management tool to quantify the necessary resources to achieve the desired social impact and to provide financial statements and management indicators.

## Credicorp Capital Colombia

In 2016, we supported different foundations as part of our commitment to corporate social responsibility, including:

- **Fundación Dividendo por Colombia:** supports a group of vulnerable children and young people to help them develop skills and values to enter the social and work worlds in better conditions.
- **Fundación Vida por Amor a Ellos:** this foundation provides guidance and professional accompaniment during the grieving process.
- **Fundación Operación Sonrisa (FOSC):** this non-profit helps low-income children with cleft lip and/or palates and has worked in the country since 1998.

## Grupo Pacífico

In Pacífico, we focus on social responsibility that is driven by the concept of sustainability and linked to our business's expertise and actions. Along these lines, we engage in initiatives that are based on the four strategic axes of our business: health, road safety, risk management relative to disasters, and the environment, all of which are also contemplated in the Sustainable Development Objectives (SDO) established by the United Nations and to which Peru is a party.

In 2016, we continued to lead programs, projects and initiatives that promote a culture of prevention in different sectors of the population while helping improve people's health and quality of life. These actions include:

### Health

#### Health Program – “Pacífico Te Cuida” (PTC)

We seek to promote inclusive health while driving good healthcare practices through practical workshops and preventive checkups in specialties such as general medicine, pediatrics, nutrition, odontology, gynecology, ophthalmology among others.

In 2016, the PTC program was conducted in 15 communities in Arequipa, Cajamarca, Lima and Callao, where we attended to 11 thousand patients with services that included early detection of illnesses such as HIV, Diabetes and STDs. These services were provided through strategic alliances with client companies that have operations in communities that lack quality healthcare services.

#### Support for inclusive health initiatives

In 2016, we continued to provide administrative and economic support to the Medical Education Center in Chíncha, which is run by the Peruvian-American Medical Society to offer very low-cost healthcare. We also initiated an alliance with the Association of Volunteers for Children with Cancer (Magia), with whom we work to create awareness of the importance of being protected of cancer, and donated items for this group's shelter. Finally, we continued to support the Asociación Unámonos of Arequipa, which focuses on services and education for special ability children.



## Road Safety

We began a campaign to create awareness of and respect for traffic rules through strategic campaigns to educate pedestrians and drivers while initiating a reflexive wave in the social networks.

The first campaign, called “Ecomurales educando en Seguridad Vial,” holds workshops for children in public schools in Lima to teach them about traffic rules and to share the 15 phrases that are written on a 400 m2 wall with photo catalytic paint (which absorbs nitrogen dioxide from cars) to educate people about road safety.

The second campaign, known as “Efecto 0.5,” uses YouTube, one of the most popular social networks, to create awareness about the limits of alcohol level in the blood for drivers. Through a simple change of speed in the videos, users can clearly observe the effects of alcohol on drivers. With the slogan “the 0.5 effect is fun... but behind the wheel, it kills.” This campaign went viral and created significant awareness to curb drinking and driving.

## Risk management relative to disasters

At Pacífico, we offer options for comprehensive protection while developing close relations with entities that contribute to society’s wellbeing without expecting to profit from the same. For the past few years, we have supported the General Corps of Firemen and Volunteer Firemen of Peru by donating uniforms and training for risk prevention. As a complement, we have an employee brigade that receives training from the fire brigade and experts every year to provide first aid and assistance in unexpected situations such as earthquakes, fire, among others.

## Environment

In 2016, we continued our commitment to ensuring a sustainable environment by rolling out awareness and education campaigns while we manage our emissions. In this way, we are reducing and offsetting Pacífico’s carbon footprint to maintain our designation as a “carbon neutral” company.

In terms of awareness and education, we work to reach increasingly larger audiences. For this reason, we expanded the scope of the “I was a bottle” program through the initiative “Let the heat of summer keep people warm in winter,” to encourage people to recycle bottles to later be used to make covers that can be donated to communities that constantly suffer from freezing weather conditions. We collected 300 thousand bottles, which represented a 400% increase over our initial goal. This generated the interest of two international companies, with which we have partnered in the “Ponchilas” initiative under the concept of “recycling to help.”

## Prima AFP

In 2016, as a show of our genuine interest in the environment, community, business ethics and the quality of life in the workplace, we measure our carbon footprint; develop a Sustainability Report under the standards of the Global Report Initiative (GRI) and report to the Global Pact of the UN on an annual basis.

For the fourth consecutive year, we participated in the competition for Socially Responsible Company Distinctions. The results will be published in April 2017. It is important to note that we have received this distinction for the past three years.

The Social Responsibility Management Program has the following pillars:

### 1. Volunteer Programs

In 2016, we improved infrastructure, accompaniment and recreational activities for 1,362 senior citizens in more than 15 cities in the country, including: Albergue San Vicente de Paul (Lima), Hogar La Sagrada Familia (Lima) and Albergue el Buen Jesus (Arequipa).

## 2. Senior Citizen Award and Excellence Award

These national awards recognize outstanding senior citizens and professionals. To date, 1,265 senior citizens and more than 2,600 young people have participated.

## 3. Sponsorships and donations

The objective of our sponsorships and donations is to support the activities of entities and organizations that are committed to improving the quality of life of senior citizens.

## 4. Sustainable programs for environmental eco-efficiency

- Recycling programs. In 2016, we continue to collect paper for our Aniquem recycling program "Recycle to Help" and the "Recycle to provide warmth" program, through which we recycle plastic bottles to make covers in recycled PET material. These covers are donated to senior citizen homes for the extremely impoverished. To reduce our carbon footprint, we developed an eco-efficiency program that was led by volunteers.

- Volunteer Ideas Competition. In 2016, we participated in this contest along with BCP and Pacífico Seguros. We presented six initiatives, two of which were chosen as winners.

## 5. Works for Tax Deductions

We work on this model with BCP and together, have invested 11 million soles to implement the infrastructure for Education Institution N° 14078 in the Human Settlement La Florida in Sechura, Piura. This initiative will benefit more than 800 students and will be a platform to improve the pension culture through volunteer education efforts with students, professors and parents.

A large, bold, white number '8' is centered on a dark blue triangular background that points towards the top right. The background of the entire page is a grayscale photograph of a modern building's glass facade, viewed from a low angle looking up, with strong diagonal lines and reflections.

Financial  
statements

## CREDICORP LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT DECEMBER 31, 2016 AND 2015

	2016 \$/,000	2015 \$/,000
<b>Assets</b>		
Cash and due from banks:		
Non-interest-bearing	5,568,657	5,013,260
Interest-bearing	11,077,112	17,378,484
	<hr/> 16,645,769	<hr/> 22,391,744
Cash collateral, reverse repurchase agreements and securities borrowings	10,919,624	11,026,698
Investments:		
Trading securities	4,015,019	2,323,096
Available-for-sale investments	17,086,774	17,210,714
Available-for-sale investments pledged as collateral	1,598,893	1,558,207
	<hr/> 18,685,667	<hr/> 18,768,921
Held-to-maturity securities	2,867,755	1,683,556
Held-to-maturity securities pledge as collateral	2,250,665	1,898,573
	<hr/> 5,118,420	<hr/> 3,582,129
	<hr/> 27,819,106	<hr/> 24,674,146
Loans, net:		
Loans, net of unearned income	94,768,901	90,328,499
Allowance for loan losses	(4,207,133)	(3,840,337)
	<hr/> 90,561,768	<hr/> 86,488,162
Financial assets designated at fair value through profit or loss	469,099	350,328
Premium and other policies receivable	643,224	648,017
Accounts receivable from reinsurers and coinsurers	454,187	457,189
Property, furniture and equipment, net	1,551,703	1,671,441
Due from customers on acceptances	491,139	222,496
Intangible assets and goodwill, net	1,960,690	1,900,697
Other assets	4,928,913	5,649,299
	<hr/>	<hr/>
<b>Total Assets</b>	<b>156,435,222</b>	<b>155,480,217</b>

## Credicorp Ltd. y Subsidiarias

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT DECEMBER 31, 2016 AND 2015

	2016 S/(000)	2015 S/(000)
<b>Liabilities and Equity</b>		
Deposits and obligations:		
Non-interest-bearing	28,084,691	28,049,070
Interest-bearing	57,831,696	60,557,563
	85,916,387	88,606,633
Payables from repurchase agreements and security lending	15,127,999	14,599,750
Due to banks and correspondents	7,493,916	7,762,497
Banker's acceptances outstanding	491,139	222,496
Accounts payables to reinsurers	233,892	241,847
Financial liabilities at fair value through profit or loss	209,520	47,737
Technical reserves, insurance claims reserves and unearned premiums	6,786,189	6,361,627
Bonds and notes issued	15,939,603	16,287,962
Other liabilities	4,120,066	4,622,098
<b>Total liabilities</b>	<b>136,318,711</b>	<b>138,752,647</b>
<b>Equity</b>		
Equity attributable to Credicorp's equity holders		
Capital stock	1,318,993	1,318,993
Treasury stock	(209,322)	(208,978)
Capital surplus	280,876	284,171
Put options and reserves	13,539,091	10,881,678
Other reserves	1,209,731	762,695
Retained earnings	3,516,766	3,089,457
	19,656,135	16,128,016
Non-controlling interest	460,376	599,554
<b>Total equity</b>	<b>20,116,511</b>	<b>16,727,570</b>
<b>Total liabilities and equity</b>	<b>156,435,222</b>	<b>155,480,217</b>

CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	2016 S/(000)	2015 S/(000)	2014 S/(000)
<b>Interest and similar income</b>	10,817,555	9,992,027	8,600,866
<b>Interest and similar expenses</b>	(2,914,714)	(2,527,133)	(2,191,062)
<b>Net interest, similar income and expenses</b>	7,902,841	7,464,894	6,409,804
Provision for loan losses, net of recoveries	(1,785,495)	(1,880,898)	(1,715,809)
<b>Net Interest, similar income after provision for loan losses</b>	6,117,346	5,583,996	4,693,995
<b>Other income</b>			
Commissions and fees	2,771,561	2,644,191	2,521,829
Net gains on foreign exchange transactions	698,159	773,798	453,405
Net gains on sales of securities	336,759	248,723	220,737
Net gains on financial assets at fair value through profit or loss	51,667	-	-
Others	344,460	325,666	639,572
<b>Total other income</b>	4,202,606	3,992,378	3,835,543
<b>Insurance premiums and claims</b>			
Net premiums earned	1,799,115	1,733,978	2,189,666
Net claims incurred for life, property, casualty and health insurance contracts	(1,098,905)	(1,031,659)	(1,426,733)
<b>Total premiums earned less claims</b>	700,210	702,319	762,933
<b>Other expenses</b>			
Salaries and social benefits	(2,942,743)	(2,878,318)	(2,673,431)
Administrative expenses	(2,094,678)	(1,995,802)	(1,930,483)
Depreciation and amortization	(407,061)	(396,497)	(433,787)
Impairment loss on goodwill	(94)	(82,374)	(92,583)
Net impairment loss on available-for-sale investments	(14,459)	(43,801)	(7,794)
Net loss on financial assets at fair value through profit or loss	-	(33,500)	(4,098)
Others	(609,075)	(534,372)	(932,920)
<b>Total other expenses</b>	(6,068,110)	(5,964,664)	(6,075,096)
Profit before exchange difference and income tax	4,952,052	4,314,029	3,217,375
Exchange difference	(60,624)	46,563	172,095
Income tax	(1,281,448)	(1,197,207)	(968,224)
<b>Net profit</b>	3,609,980	3,163,385	2,421,246
<b>Attributable to:</b>			
Credicorp's equity holders	3,514,582	3,092,303	2,387,852
Non-controlling interest	95,398	71,082	33,394
	3,609,980	3,163,385	2,421,246
Net basic and dilutive earnings per share attributable to equity holders of Credicorp Ltd. (in Peruvian Soles):			
Basic	44.23	38.91	30.04
Dilutive	44.15	38.84	29.97

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the years ended December 31, 2016, 2015 and 2014

	2016 \$/,000	2015 \$/,000	2014 \$/,000
<b>Net profit for the year</b>	3,609,980	3,163,385	2,421,246
<b>Other comprehensive income</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net (loss) gain on investments available for sale	518,658	(635,743)	197,397
Income tax	(22,975)	18,503	6,853
	495,683	(617,240)	204,250
Net movement on cashflow hedges	(22,109)	41,069	18,888
Income tax	2,294	(1,956)	(1,016)
	(19,815)	39,113	17,872
Exchange differences on translation of foreign Operations	(26,571)	270,907	(54,005)
	(26,571)	270,907	(54,005)
<b>Net other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods, net of income tax</b>	449,297	(307,220)	168,117
Total comprehensive income for the year, net of income tax	4,059,277	2,856,165	2,589,363
<b>Attributable to:</b>			
Equity holders of Credicorp Ltd.	3,961,618	2,831,612	2,550,093
Non-controlling interest	97,659	24,553	39,270
	4,059,277	2,856,165	2,589,363

# 9

## Annexes





# A. Economic Group

## Credicorp Ltd (“Credicorp”)

Credicorp is a holding company and the main shareholder of Grupo Crédito, Atlantic Security Holding Corporation, El Pacifico Peruano Suiza, Credicorp Capital Ltd and CCR Inc. Founded in Bermuda in 1995, Credicorp’s principal activity is to coordinate and manage the business plans of its subsidiaries in an effort to implement an universal banking services in Peru and selectively diversify at regional level. Credicorp conducts business exclusively through its subsidiaries.

## Subsidiaries of Credicorp

### Grupo Crédito S.A.

Grupo Crédito is 100% subsidiary of Credicorp. Its corporate purpose is to engage in all types of commercial activities, investment in securities, purchase and sale of shares and securities and in business in general. Grupo Crédito currently owns 84.96% of the shares of BCP and Subsidiaries, 100% of PRIMA AFP, 91% of Cobranzas y Recuperos S.A.C (formerly Tarjeta Naranja Peru), 100% of Grupo Crédito Inversiones S.A., 100% of Soluciones en Procesamiento Peru S.A. – Servicorp, 100% of Edyficar S.A.S, 99.99% of Pacifico Asiste SAC, 99.97% of Inversiones 2020 S.A and 98.15% of Inversiones Credicorp Bolivia SA, which holds 95.84% of Banco de Crédito de Bolivia S.A. Grupo Crédito also holds some shares in Edificaciones Macrocomercio S.A.

### Atlantic Security Holding Corporation

This company was constituted in Cayman Islands and is 100% subsidiary of Credicorp. Atlantic Security Holding Corporation owns 100% of the shares of Atlantic Security Bank (ASB), Atlantic Security Int. Financial Services Inc., Atlantic Security Private Equity General Partner and Atlantic Private Equity Investment Advisor.

### CCR Inc.

This vehicle was constituted in Bermuda to handle BCP’s securitization transactions in the international market, which are guaranteed by future collections on payment orders for international fund transfers in US Dollars that are received by the foreign banks associated with the Society for Worldwide Interbank Financial Telecommunications (Swift). This subsidiary is 99.99% owned by Credicorp.

### Credicorp Capital Ltd.

Credicorp Capital Ltd is 100% subsidiary of Credicorp, was constituted in Bermuda in 2012. Credicorp Capital Ltd holds 99.99% of the shares of Credicorp Capital Holding Chile S.A., 100% of Credicorp Capital Holding Colombia S.A.S., 100% of Credicorp Capital Securities, 100% of Credicorp Capital UK Limited, 100% of Credicorp Capital Holding Peru S.A.A. and 100% of Credicorp Capital Asset Management.

### Pacífico Peruano Suiza

Pacifico Peruano Suiza (“PPS”) is an insurance company and a subsidiary of Credicorp Ltd. In conjunction with its subsidiary Grupo Crédito S.A., Credicorp owns 98.45% of PPS’s shares. PPS emerged from the merger of El Pacifico Compania de Seguros y Reaseguros and the Compañía de Seguros y Reaseguros Peruano Suiza, both of which had been present in the Peruvian insurance market for 45 years.

Credicorp Ltd. owns 100% of the shares of El Pacifico Vida Compañía de Seguros y Reaseguros, which began operating on January 1, 1997, and has positioned itself as a specialist in life insurance products.

In 1999, PPS chartered a new subsidiary known as Pacifico S.A. Entidad Prestadora de Salud (Pacífico Salud “EPS”) and owns 99.99% of the shares of this company. The main activity of Pacifico Salud is to provide prevention and treatment services relative to health; it represents an alternative to the local social security system. In January 2015, PPS entered into a joint venture with Banmedica. PPS owns 50% of this newly chartered vehicle.

## Subsidiaries of Grupo Crédito S.A.

### Banco de Crédito del Perú – BCP

BCP is a commercial bank. It was established in Peru in 1889. The Bank's operations are currently governed by the General Law of the Financial and Insurance Systems and Organic of the SBS. Credicorp is the main shareholder, who directly owns, with Grupo Crédito S.A., the 97.69% shares of the Bank. BCP is the largest institution in the Peruvian financial system and is its leading financial service provider.

### PRIMA AFP

This company is a private pension fund manager that is 100% owned by Grupo Crédito S.A. It was founded in 2005. In 2006, PRIMA AFP acquired 100% of the shares of AFP Unión Vida, another pension fund manager, through a merger.

### Cobranzas y Recuperos S.A.C.

Cobranzas y Recuperos S.A.C. is a company that focuses exclusively on recoveries of the internal past due portfolio. Grupo Crédito possesses 91% of the shares and Banco de Crédito of Peru, 9%.

### Inversiones 2020

Inversiones 2020 is a 100% subsidiary of Grupo Crédito. It was established in October 1999 and its corporate purpose is to manage and promote the sale of foreclosed real estate properties and/or BCP's properties. In July 2008, it absorbed the companies Inversiones Conexas y Complementarias S.A. and BCP Sociedad de Propósito Especial.

### Edyficar SAS

Edyficar SAS is 100% subsidiary of Grupo Crédito. It was chartered in Colombia to serve the microfinance sector.

It serves the same market segment as Edyficar SA in the Peruvian market, and currently replicates the latter's business model.

### Inversiones Credicorp Bolivia SA

This company is a subsidiary of the Grupo Crédito, which owns 98.15% of total shares. It was established in February 2013. To date, Inversiones Credicorp Bolivia SA holds 99.92% of the shares of Credifondo SAFI Bolivia, 99.80% of Credibolsa Bolivia, 51.95% of Crediseguro S.A. Seguros Personales and 99.92% Banco de Crédito Bolivia S.A. Until April 2016, Banco de Crédito del Perú possessed 95.84% of this entity's total shares; currently, this figure stands at 1.77% while Credicorp owns 0.075%.

### Banco de Crédito de Bolivia S.A.

This is a subsidiary of Inversiones Credicorp Bolivia S.A. The latter holds, in conjunction with Credicorp, 100% of total shares in Banco de Crédito Bolivia. Inversiones Credicorp Bolivia S.A. began operating in 1942 as a Branch of Banco Popular del Perú. As of April 2016, Banco de Crédito del Perú owned 95.84% of its shares.

The Banco de Crédito de Bolivia is a commercial bank that serves clients in the corporate banking, middle market banking and personal banking segments. It differentiates among these segments to serve them more efficiently.

## Subsidiaries of Atlantic Security Holding Corporation

### Atlantic Security Bank – ASB

This bank was chartered in Cayman Islands and engages in fund management, private banking, proprietary investment management and commercial banking. ASB was chartered in 1981. It has a branch in Panama and a representative in Lima. It is wholly (100%) owned by the Atlantic Security Holding Corp.

### Atlantic Security Private Equity General Partner

This company was chartered in Panama to channel the investment in the Carlyle Peru Fund. It is a wholly (100%) owned subsidiary of the Atlantic Security Holding Corp.

### Atlantic Private Equity Investment Advisor

The company was chartered in Panama to provide advisory services to the Carlyle Peru Fund. It is a wholly (100%) owned subsidiary of Atlantic Security Holding Corp.

### ESIMSA

Empresa de Servicios Inmobiliarios y de Mantenimiento S.A. (ESIMSA) is a limited liability company. It was chartered on October 3, 2012 in La Paz - Bolivia.

The purpose of this company is to engage in proprietary, third party or third-party associated transactions involving the real estate business and associated activities. The company provides services relative to real estate and movable properties.

## Subsidiaries of Credicorp Capital Ltd.

### Credicorp Capital Holding Chile S.A.

This company was chartered in Chile in 2012. Credicorp Capital Ltd. owns 99.99% of its shares. Credicorp Capital Holding Chile S.A. owns, in turn, 100% of de Inversiones IM Trust S.A.

### Credicorp Capital Holding Colombia S.A.S.

This company was chartered in Colombia in 2012. It is a wholly (100%) owned subsidiary of Credicorp Capital Ltd. Credicorp Capital Holding Colombia S.A.S, holds, in turn, 100% of the shares of Credicorp Capital Colombia S.A.

### Credicorp Capital Securities

This company was chartered in Miami, Florida in 2002. It is a broker-dealer and specializes in the purchase and sale of financial instruments and provides financial advice to its clients. Credicorp Capital Ltd. possesses 100% of its shares. In June 2014, FINRA approved the Continuing Membership Application (CMA) presented by Credicorp Capital Securities (CMA), which allowed the company to extend the scope of the businesses that it is allowed to conduct.

### Credicorp Capital Asset Management

Company chartered in Grand Cayman in October 2015.

### Credicorp Capital UK Limited

This business was chartered in England in January 2014.

### **Coby Business Inc.**

Company chartered in Panama in October 2011. Its sole asset was constituted by its 9.34% share of Credicorp Capital Colombia S.A. In October 2016, Credicorp Capital Limited purchased 100% of Coby Business's shares.

### **Artigas Global Corp.**

This company was chartered in Panama in October 2011. Its sole asset was constituted by its 9.34% share of Credicorp Capital Colombia S.A. In October 2016, Credicorp Capital Limited purchased 100% of the shares of Artigas Global Corp.

### **Credicorp Capital Holding Peru S.A.**

This company was chartered in Peru in June 2015. Its corporate purpose was to serve at the Peruvian holding of the Investment Bank. It holds 84.99% of the total shares of Credicorp Capital Peru S.A.A.

### **Credicorp Capital Holding Perú S.A.**

This company was chartered in Peru in June 2015. Its corporate purpose was to serve as the Peruvian holding of the Investment Bank. It holds 84.99% of the total shares of Credicorp Capital Peru S.A.A.

### **Credicorp Capital Peru S.A.A**

Credicorp Capital Peru S.A.A began its operations in May 2012 and is a subsidiary of Credicorp Capital Holding Perú S.A. and Credicorp, which hold 84.99% and 12.79% of its shares respectively. Currently, Credicorp Capital Peru S.A.A. holds 99.99% of the shares of Credicorp Capital Sociedad Agente de Bolsa S.A, 99.99% of Credicorp Capital Sociedad Administradora de Fondos, 99.99% of Credicorp Capital Sociedad Titulizadora S.A, and 99.99% of Credicorp Capital Servicios Financieros S.A. Credicorp Capital Peru S.A.A. also holds shares of Fiduciaria S.A.

## **Subsidiaries of Credicorp Capital Peru S.A.A**

### **Credicorp Capital Sociedad Agente de Bolsa S.A.**

This company was chartered in 1991 in Peru and is one of the main brokerage houses on the Lima Stock Exchange. It offers services to buy and sell securities and actively participates in placing financial instruments. Credicorp Capital Peru S.A.A holds 99.99% of the shares of Credicorp Capital Sociedad Agente de Bolsa S.A.

### **Credicorp Capital S.A Sociedad Administradora de Fondos**

This company is a mutual fund manager and is one of the largest in the system. Credifondo, which was chartered in 1994, manages different mutual funds that channel clients' resources to investment opportunities with varying levels of risk and anticipated returns. Credicorp Capital Peru S.A.A. owns 99.99% of the shares of its subsidiary.

### **Credicorp Capital Sociedad Titulizadora S.A.**

This is securitization company was chartered in 1998 and acts as a fiduciary in asset securitization processes. Assets are purchased through Creditítulos and subsequently transformed into financial products, which are sold on the market. Credicorp Capital Perú S.A.A. owns 99.99% of the shares of its subsidiary.

### **Credicorp Capital Servicios Financieros S.A.**

This company was chartered in Perú in 2012. Credicorp Capital Perú S.A.A. owns 99.99% of its shares and its corporate purpose is to provide advisory services in the corporate and financial ambits.

## Subsidiaries of Banco de Crédito del Perú

### Edyficar Peru S.A.

Financiera Edyficar S.A., chartered in 1997, is part of the Peruvian financial system. Its main activity is to capture resources to provide loans to microbusinesses (SME) in accordance with the General Law of the Financial System and of the Insurance and Organic System of the Superintendence of Banking, Insurance and Pension Fund Managers. The main shareholder of Financiera Edyficar S.A. is BCP, which became the former's largest shareholder in the year 2009 and currently holds 99.947% of its shares. In March and July of 2014, Edyficar acquired shares of Mibanco and by the end of July 2014, held 81.93% of total shares. In March 2015, Financiera Edyficar S.A. merged with Mibanco to form a new company, Mibanco S.A., in which BCP holds a 93.598% stake and Grupo Credito holds 1.7577%. The non-merged portion of this entity became Edyficar Perú S.A., in which BCP holds a 99.947% stake.

### MiBanco S.A.

Mibanco, Banco de la Microempresa S.A., is a limited liability company that was chartered in Perú in March 1998. At the end of December 2014, its main shareholder was Financiera Edyficar S.A. (subsidiary of the Banco de Crédito del Perú, which is, in turn, a subsidiary of Credicorp Ltd.). At the end of December 2015, BCP held 93.598% of this entity and the Grupo Crédito, 1.7577%.

The corporate purpose of the bank is to engage in multiple banking services with a special emphasis on the micro and small business segments. The Bank's operations are governed by the General Law of the Financial System and of Insurance and Organic System of the Superintendence of Banking, Insurance and AFP (herewith "Law of Banking, Insurance and AFP") – Law N°26702. Mibanco S.A. is authorized by SBS to operate as a bank in accordance with the legal provisions in effect in Perú.

### Solución Empresa Administradora Hipotecaria S.A.

This company specializes in offering mortgage loans. It was initially chartered as a financial company in 1979. After several modifications to the company's structure, it became a mortgage loan company in 2010. BCP owns 100% of its shares.

### BCP Emisiones Latam 1 S.A.

This special purpose company is domiciled in Santiago, Chile. It was chartered in January 2009 and its sole purpose is to invest in all types of real estate securities and debt securities, which are financed through bond issuances in Chile. At the end of November 2015, this company absorbed Inversiones BCP SA, of which BCP holds 50.39% and Grupo Crédito, 49.56%.

# B. Professional profiles of the Board

## Dionisio Romero Paoletti

Chairman of the Board and dependent director

Mr. Romero Paoletti is the Chairman of the Board of Directors of Credicorp and Banco de Credito – BCP, and has been the Chief Executive Officer of Credicorp since 2009. Mr. Romero P. has served as a board member of BCP since 2003 and was appointed Vice Chairman in 2008 and Chairman in 2009. He is also the Chairman of Banco de Crédito de Bolivia, El Pacífico Peruano Suiza Cia. de Seguros y Reaseguros S.A., El Pacífico Vida Cia. de Seguros y Reaseguros S.A., Alicorp S.A.A., Ransa Comercial S.A., Industrias del Espino S.A., Palmas del Espino S.A., and Agrícola del Chira S.A., among others. Furthermore, Mr. Romero is the Vice Chairman of the Board of Directors of Inversiones Centenario and Director of Banco de Credito e Inversiones – BCI, Cementos Pacasmayo S.A.A., Sierra Metals Inc., among others. Mr. Romero P. is an economist from Brown University, USA with an MBA from Stanford University, USA.

## Raimundo Morales

Vice chairman and Independent director

Raimundo Morales Dasso has been the Vice Chairman of the Board of Directors since April 2008. Prior to being elected to the Board of Directors, he served as our Chief Operating Officer and CEO of BCP, having joined BCP in 1980. Previously, Mr. Morales held various positions during his ten years at Wells Fargo Bank in its San Francisco, São Paulo, Caracas, Miami and Buenos Aires offices. His last position was Vice President for the Southern Region of Wells Fargo. From 1980 to 1987, Mr. Morales was Executive Vice President in charge of BCP's Wholesale Banking Group. From 1987 to 1990, he was the CEO of ASB. He rejoined BCP as the CEO in 1990 until March 2008. Currently, Mr. Morales is Chairman of the Board of Directors of Atlantic Security Bank and Vice Chairman of the Board of Directors of Banco de Credito del Peru and Pacífico Peruano Suiza, CiaDe Seguros y Reaseguros. He is also a Member of the Board of Directors of Banco de Credito de Bolivia, Pacífico Vida, Cementos Pacasmayo S.A.A., Salmueras Sudamericanas S.A., Fosfatos del Pacífico S.A., Alicorp S.A.A., Grupo Romero, JJC Contratistas Generales S.A., Cerámica Lima S.A., Inversiones y Propiedades S.A. and member of the Board of Instituto Peruano de Economía. Mr. Morales received his Master's degree in Finance from the Wharton School of Business in the United States.

## Luis Enrique Yarur

Independent Director

Master in Economics and Business, IESE, Spain; Lawyer, graduated from the University of Navarra, Spain. Currently he is President of Chilean Banking and Financial Institutions Association A.G. Also, he is member of the Enterprise Advisory Board at ESE, University of Los Andes, President of Empresas Jordan S.A., and Vice President of Empresas Lourdes S.A. He is President of Salcobrand S.A., Board Member of C.E.P. Centro de Estudios Públicos, and Director of Banco de Crédito del Perú, since February 1995. Appointed Director of Credicorp on October 31 st., 2002. Independent Director.

## Fernando Fort

Dependent director

Fernando Fort Marie is a lawyer and partner at the law firm of Fort Bertorini Godoy & Pollari Abogados S.A. Mr. Fort served as a director of Banco de Crédito del Perú from 1979 to 1987 and from March 1990 to the present. Mr. Fort also serves as chairman of Hermes Transportes Blindados S.A., Inversiones Centenario S.A.A., Motores Diesel Andinos S.A. (MODASA) and Empresa Edelnor S.A.A.

## Reynaldo Llosa Barber

### Dependent director

Reynaldo A. Llosa Barber is a business manager and since August 1995 has been a director on our Board of Directors. He has also been a director of BCP from 1980 to October 1987 and from March 1990 to the present. Mr. Llosa is the COO of F.N. Jones S.R. Ltda.

## Juan Carlos Verme

### Independent director

Juan Carlos Verme Giannonni is a private investor and entrepreneur and has served on the Board of Directors since September 1995. He has served on the Board of Directors of BCP since March 1990. Mr. Verme is Chairman of Inversiones Centenario, and member of the Board of other Peruvian companies such as Celima, Corcesa, Medlab and Clínica Ricardo Palma. He is the Chairman of the Board of WWG Peru S.A., MALI (Lima's Fine Arts Museum), and a Trustee of Tate Americas Foundation. Since November 2012, he has served as the Vice President of the Fundación Museo Reina Sofía of Madrid, Spain.

## Benedicto Cigüeñas

### Independent director

Benedicto Cigüeñas Guevara is an economist from Universidad Católica del Perú and has a Master degree from the Colegio de México. Mr. Cigüeñas completed studies of Statistics and Economics at the Centro Interamericano de Enseñanza del Estado, Chile; and the Advanced Management Program at Universidad de Piura, Peru. He has been a Director of Credicorp Ltd., since March 2014 and of Banco de Crédito del Perú – BCP since January 2005. He is also Director of Atlantic Security Bank and Mibanco. Previously, he served as Financial Economic Advisor of BCP and as Chief Financial Officer (1992 – April 2004). He served as CEO and CFO of Banco de la Nación, and Vice Minister of Economy and Finance. Also, he was an executive at Peruvian Central Bank, and Director of Banco Exterior de los Andes (Extebandes), Petróleos del Perú, Banco de la Nación and Instituto Peruano de Administración de Empresas, among other institutions.

## Martin Pérez Monteverde

### Dependent director

Senior Executive, with studies in Business Administration, Marketing and Finance at the University of the Pacific, graduated from the Senior Management Program of the University of Piura and with participation in the USA Wharton Management Congress of Wharton School University in Pennsylvania. With a career of 25 years, 20 of them in private activity and 5 in the public sector, as Congressman of the Republic and Minister of State in the portfolio of Foreign Trade and Tourism. He is President of Universal Textil and Senso Consulting SAC. He is also Director of Inversiones Centenario SA, Pacífico Peruano Suiza, SIGMA Investment Funds Management Company (SAFI), Toyota of Peru, the Foreign Trade Company of Peru – COMEXPERU – and President of the National Confederation of Business Institutions Private – CONFIEP.

It is currently one of the following institutions: Associations of Entrepreneurs for Education – ExE (Director of the Board of Directors); Institute of Quality and Accreditation of Professional Careers in Engineering and Technology – ICACIT (Member of the General Assembly); INPerú (Director of the Board of Directors); Peruvian Institute of Economics – IPE (Director of the Board of Directors); Peru 2021 (Director of the Board of Directors); Business Solutions against Poverty – SEP (Director of the Board of Directors); National Agreement – PCM (Member of the National Agreement Forum); Ministry of Economy and Finance – MEF (Director of the Directing Council of the National Competitiveness Council); Ministry of Justice (Member of the National Council of Human Rights); Ministry of Labor and Employment Promotion: National Council of Promotion – CNTPE (Employer's Sector Counselor); Judicial Branch (Member of the Advisory Board); Presidency of the Council of Ministers – PCM (Member of the commissions; High Anticorruption and Permanent Multisectorial Level for Productive Diversification); And SUNAT (Member of the Working Group on Internal Taxes).

# C. Professional profiles of our Management

Dionisio Romero Paoletti, is detailed in the previous appendix.

## Mr. Walter Bayly Llona

Walter Bayly was named Chief Executive Officer of BCP, and Chief Operating Officer of Credicorp effective April 2008. Before being CEO he was the Chief Financial Officer of the organization. Previously, Mr. Bayly held various other management positions within BCP, which included managing the Wholesale Banking Group, Investment Banking as well as Systems and Reengineering. Mr. Bayly joined BCP in 1993, after three years at Casa Bolsa México where he was Partner and Managing Director in Corporate Finance. Prior to that, for ten years he was with Citibank in Lima, New York, México, and Caracas, where he worked primarily in the corporate finance and loan syndications. Mr. Bayly received a Bachelor's degree in Business Administration from Universidad del Pacífico in Lima, Peru, and a Master's degree in Management from Arthur D. Little Management Education Institute in Cambridge, Massachusetts.

Mr. Bayly is currently Chairman of The Board of Prima AFP (Private Pension Management Co), Credicorp Capital and Mibanco, Member of the Board of Directors of The Institute of International Finance, Peruvian American Association, El Pacífico Peruano Suiza Cía. de Seguros y Reaseguros, El Pacífico Vida Cía. de Seguros y Reaseguros, Pacífico Entidad Prestadora de Salud, Banco de Crédito de Bolivia, Atlantic Security Bank Panamá, Inversiones Centenario, and the Fondo de Seguro de Depósitos (Deposit Insurance Fund), and Member of the Board of Advisors of Universidad del Pacífico and the Peruvian Chapter of Universidad Tecnológica de Monterrey.

## Mr. Fernando Dasso Montero

Fernando Dasso has been the Chief Financial Officer of Credicorp and of Banco de Credito del Peru (BCP) since October 2013. He began his career in 1992 in McKinsey & Co.'s Madrid office and participated in projects both in Spain and in Latin America. In 1994 he joined BCP's Corporate Finance team and in 1998 he began leading the bank's Distribution Channel Network until he was named Marketing Manager in 2001, a role that included the development of Retail Banking products. After more than fifteen years of a diverse experience at BCP he became Chief Strategy Officer in 2010 and held that role until he was named CFO. Mr. Dasso has a Bachelor's degree in Business Administration from Peru's Universidad del Pacífico as well as an MBA degree from the University of Pennsylvania's Wharton School. Additionally, Mr. Dasso is a board member of several of Credicorp's subsidiaries such as: Prima AFP (Private Pensions' Management Co.), Credicorp Capital, Atlantic Security Bank, Mibanco, Banco de Credito de Bolivia and Solucion Empresa Administradora Hipotecaria (Mortgage Administrator Co.).

## Mr. Álvaro Correa Malachowski

Álvaro Correa holds an Industrial Engineering degree from the Pontificia Universidad Católica del Peru and a Master's degree in Business Administration from Harvard Business School. He joined BCP in 1997, where he held different managerial positions in Risk and IT. Mr. Correa then served as CEO of Credicorp's Cayman based private banking operation Atlantic Security Bank, CEO of Miami based broker dealer Credicorp Capital Securities and BCP's Miami Agency, all between January 2006 and March 2008. From April 2008 to September 2013, Mr. Correa was Chief Financial Officer for Credicorp Ltd. and BCP, and served on the Board of Directors of Credicorp's subsidiaries Prima AFP and Financiera Edyficar among others. Since October 2013 he serves as Chief Insurance Officer of Credicorp and CEO of Pacífico.



## Mr. Reynaldo Llosa Benavides

Reynaldo Llosa Benavides is the Chief Risk Officer of Credicorp and BCP since January, 2012. Previously, Mr. Llosa held different positions at BCP as Head of Risk, Head of Middle-Market Banking and Head of Corporate Banking. He received a Bachelor's degree in Business Administration from St. Mary's University, San Antonio, Texas, USA, and holds a Master's degree in Business Administration with specialization in Finance from Northwestern University (J.L. Kellogg Graduate School of Management), Chicago, Illinois, USA.

## Mr. José Esposito Li- Carrillo

Mr. Esposito holds an Economics degree from Universidad del Pacifico, Lima; Master of Arts in Economics from the University of Wisconsin- Milwaukee; Certified Internal Auditor (CIA) and Certified in Risk Management Assurance (CRMA) by the Institute of Internal Auditors Global (IIA); Certified in Risk and Information Systems Control (CRISC) by ISACA; Anti- Money Laundering Certified Associate (AML/CA) from the Florida International Bankers Association and Florida International University. He has been Head of the Audit Division of Banco de Credito del Peru and Chief Corporate Audit Officer of Credicorp since January 2010. He is the Chairman of the Committee of Internal Auditors of the Latin American Federation of Banks (FELABAN) and Vice Chairman of the Committee of Internal Auditors of the Peruvian Association of Banks (ASBANC) and Member of the Financial Services Guidance Committee Board of IIA Global. Lecturer in the Master of Finance program at the Universidad del Pacifico. Since 1996 he began working with Credicorp through its different subsidiaries and his last position prior to leading the Audit Division at Credicorp was at Pacifico Peruano Suiza Compania de Seguros y Reaseguros S.A., where he was Chief Financial Officer and the Controller's Officer. Also he was Vice Chairman of the Board of Directors of Pacifico Salud EPS S.A., Vice Chairman and Director of the Board of the Lima Stock Exchange, Director of Cavali ICLV S.A. and Chairman of the Board and General Manager of Credibolsa SAB S.A.

## Ms. Bárbara Falero

Barbara Falero is the Corporate Compliance Officer at Credicorp Ltd. (NYSE: BAP) and BCP since February 2008 reporting directly to Credicorp board. Before coming to Peru, Ms. Falero was the Compliance Officer and Vice President of BCP Miami Agency and prior to that for six years, she worked as a regulator for the Federal Reserve Bank of Atlanta responsible for the supervision and regulation of international banks. Ms. Falero has held various positions including being the community reinvestment Officer at BAC Florida Bank, Miami, Florida.

Ms. Falero has a Bachelor of Finance from Florida International University and a Master of Business Administration from St. Thomas University, Miami, FL. Ms. Falero has been president of the Committee of Compliance Officers of ASBANC (Association of Banks in Peru) and during a three-year period, was a Member of the Advisory Committee of the Florida International Bankers Association (FIBA).

## Ms. Ursula Alvarez Peña

Ursula Alvarez began working at BCP in 2006 as Manager of Selection in Human Development Management and Development and in 2009, was appointed to Head of Corporate Talent at Credicorp. Mrs. Alvarez has a Bachelor of Psychology from the University of Lima and a Master of Development from the Universidad de los Andes in Bogota.

## D. Fees of external auditors in 2016

Next, we will provide information on the fees paid to External Auditors Gaveglío Aparicio y Asociados S.C.R.L., a member firm of PwC, in 2016 and 2015 and Paredes, Zaldivar, Burga & Asociados S.C.R.L., a member firm of Ernst & Young Global, in 2014, to cover an annual payment for external auditing and for projects conducted for the Company.

The table below shows the fees paid to the aforementioned External Auditors for auditing and other services during the years ending on December 31st of 2014, 2015 and 2016.

### Credicorp Ltd.

Years ended - December 31			
S/ thousands	2014	2015	2016
<b>Audit</b>	12,278	8,654	14,566
<b>Audit - related</b>	365	675	702
<b>Tax</b>	642	501	912
<b>All others</b>	1,677	260	215
<b>Total</b>	<b>14,962</b>	<b>10,089</b>	<b>16,395</b>

In accordance with SBS Resolution No. 17026-20100, we are providing information on the fees paid to the independent auditors Gaveglío Aparicio y Asociados S.C.R.L., a member firm of PwC and Paredes, Zaldivar, Burga & Asociados S.C.R.L., a member firm of Ernst & Young Global, which are defined as follows according to the resolution:

- The concept of Auditing Fees must divulge the total fees charged by the auditing company for auditing services in each of the last three fiscal years.
- The concept of Auditing Fees must divulge the total fees charged by auditing firms for advisory services and services related to conducting auditing or reviewing the financial statements of the company and which are not included in the concept described in the previous paragraph. The company will divulge the nature of the services covered by this category.
- The concept of Tax Fees must divulge the total fees billed in the last three fiscal years for profession services to ensure tax compliance, provide tax advisory services and conduct tax planning. The company will divulge the nature of the services included in this category.
- The concept of Other Fees must divulge the total fees billed in the last three fiscal years for products and services that are not included in the previous points. The company will provide a summary of the nature of the services included in this category.

In 2014, other fees corresponded to a review of the Process to Manage Special Conditions (Corporate Banking). All the fees were approved by the Auditing Committee.

## Fee policy for external auditors

The Auditing Committee has set a limit on payments for services for "Taxes" and "Others" provided by external auditors that stipulates that the same cannot exceed 35% of the total paid in a fiscal year. The Committee has the authority to change this limit according to the corporation's needs and the complexity of the service provided by independent auditors. When the Committee considers approving an exception, it takes into account whether the service required is aligned with the rules for independence for external auditors as defined by the United States Securities and Exchange Commission.

In 2016, 2015 and 2014, payments for "Tax" and "Other" services represent 7%, 8%, 16% and 12% respectively of the total fees paid to external auditors

## E. Sanctions imposed by SBS

Resolution SBS N° 816-2005, dated June 03, 2005, requires the Board to inform shareholders of the sanctions SBS has imposed on the Bank, its directors, general manager or employees for very serious violations.

In this sense, during 2016, Credicorp did not receive any sanctions for serious or very serious violations.

## F. Legal Proceedings

Credicorp Ltd. is not involved in legal proceedings. Just its different subsidiaries, are involved in certain legal proceedings that arise in the normal course of conducting business. We do not believe that any liabilities that may result from such proceedings would have a material adverse effect on our financial condition or results of operations, or on the financial condition or results of operations of any of our subsidiaries.

# G. Resolution SMV

N° 033-2015-SMV/01

## CORPORATE SUSTAINABILITY REPORT (10180)

*Name*

Credicorp Ltd.

*Period*

2016

*Web page*

-

*Name or  
company name  
of the reviewing  
company<sup>52</sup>*

This report does not include any review  
of an external auditor

---

<sup>52</sup>This is only applicable in the case that the information contained in this report has been reviewed by a specialized company (for example: an auditing or consulting company).

## Section A

### Implementation of actions for Corporate Sustainability

<i>Question A.1</i>	<i>Yes</i>	<i>No</i>	<i>Explanation</i>
Has the company voluntarily adhered to standards for good practices relative to Corporate Sustainability?		X	Given that Credicorp is a non-operating holding, it does not adhere to standards for good practices relative to Corporate Sustainability. Nevertheless, its operating subsidiaries adhere to these standards. For more information, please read the subsidiaries' reports.

If the answer is affirmative, please indicate the standard and date of adherence

<i>Standard</i>	<i>Date of adherence</i>

In the case that reports other than the sustainability report are produced, please indicate the following:

<i>These reports are produced:</i>	<i>Yes</i>	<i>No</i>
Voluntarily		X
At the request of investors		X
When required by public institutions		X
Others (details):		

These reports can be accessed through:

The SMV web page	
Corporate web page	
Social networks	
Others / Details	

Question A2	Yes	No	Explanation
Does the company have a corporate policy that contemplates the impact of its activities on the environment?		X	Given that Credicorp is a non-operating holding, it does not have a corporate policy that contemplates its impact on the environment. Nevertheless, its operating subsidiaries do have policies that contemplate its impact on the environment. For more information, please read the subsidiaries' reports.

a. In the case that the answer to question A.2 is affirmative, indicate the company document that contains said policy and which body approves it.

Document	Body

b. Does the company quantify the greenhouse emissions that it generates through its activities (carbon foot print)?

Yes  No

If the response is affirmative, indicate the results obtained

c. Does the company quantify and document its total energy use?

Yes  No

If the response is affirmative, indicate the results obtained

d. Does the company quantify and document the total amount of water it uses?

Yes  No

If the response is affirmative, indicate the results obtained

e. Does the company quantify and document the solid wastes that it generates?

Yes  No

If the response is affirmative, indicate the results obtained

Question A3	Yes	No	Explanation
Does the company have a policy to promote and protect the fundamental principles and rights of its employees in workplace? <sup>53</sup>		X	Given that Credicorp is a non-operating holding with no employees, it does not have a policy to promote and protect the fundamental principles and rights of its employees in the workplace. Nevertheless, its operating subsidiaries do have policies of this kind. Please read the subsidiaries' report for more information.

<sup>53</sup>According to the declaration of the International Labor Organization (ILO) relative to fundamental principles and rights in the workplace, which was adopted in 1998, principles and rights are divided into the following four categories: (i) freedom of Association and freedom to form unions and the effective recognition of the right to collective bargaining, (ii) elimination of forced or obligatory labor, (iii) abolition of child labor and (iv) elimination of discrimination in employment and occupations.

a. If the answer to question A.3 is affirmative, indicate the company document that regulates this policy and the body that approves said document.

<i>Document</i>	<i>Body</i>

b. Does the company keep a record of workplace accidents?

Yes  No

If the answer to this question is affirmative, place indicate which area is in charge of maintaining this registry and the person to whom this area reports.

<i>Area in charge</i>	<i>Reports to</i>

c. Does the company have a plan to train its employees?

Yes  No

If the answer to this question is affirmative, indicate the company body that approves this plan and the frequency with which compliance is assessed:

<i>Body</i>	<i>Frequency of Assessment</i>

d. Does the company conduct surveys or assessments of the workplace climate?

Yes  No

If the answer to this question is affirmative, indicate the results obtained:



Question A4	Yes	No	Explanation
Does the company have a policy that sets the basic guidelines for its relation with the communities with which it interacts?		X	Given its nature as a non-operating holding, Credicorp does not have a policy that establishes the basic guidelines for its relations with communities. Nevertheless, its operating subsidiaries do have policies of this kind. For more information, please read the subsidiaries' reports. .

a. If the answer to question A.4 is affirmative, indicate the company document that regulates this policy and the body that approves it.

Document	Body

b. Has the company experienced social conflicts (strikes, protests, others) with the community due to its operations in the areas where its main activities take place?

Yes  No

If the answer to the question is affirmative, explain the impact of these social conflicts on the company's activities.

c. Does the company work with the community to create value together, including processes to identify and solve the main problems shared by both?

Yes  No

d. Does the company invest in social programs in the community where its main activities are conducted?

Yes  No

If this response is affirmative, indicate the percentage of gross income that said programs represent based on the company's financial statements:

<i>(%) Gross Income</i>	
-------------------------	--

<i>Question A5</i>	<i>Yes</i>	<i>No</i>	<i>Explanation</i>
Does the company have a policy that sets the basic guidelines to manage the relation with its suppliers?		X	Given its nature as a non-operating holding, Credicorp does not have a policy that establishes the basic guidelines to manage relations with its suppliers. Nevertheless, its operating subsidiaries do have policies of this kind. For more information, please read the subsidiaries' reports.

a. If the response to question A.5 is affirmative, indicate the company document that regulates this policy and the body that approves this document.

<i>Document</i>	<i>Body</i>

b. Does the company keep an updated registry of its suppliers?

Yes  No

If the answer to this question is affirmative, indicate the area in charge of the registry and to whom it reports.

<i>Area in charge</i>	<i>Reports to</i>

c. Does the company use specific criteria to select its suppliers based on ethics and demonstrated compliance with labor laws?

Yes  No

d. Does the company have a procurement or hiring policy that selects suppliers that comply with standards for sustainable or environmental management?

Yes  No

Question A6	Yes	No	Explanation
Does the company have a policy that sets the basic guidelines to manage relations with its clients?		X	Given that Credicorp is non-operating by nature, it does not have a policy that establishes the basic guidelines to manage relations with its clients. Nevertheless, its operating subsidiaries do have policies of this kind.

a. If the answer to this question is affirmative, indicate the company document that regulates this policy and the body that approves it.

Document	Body

b. Does the company have an updated registry for customer complaints?

Yes  No

If the answer is affirmative, indicate the area in charge of maintaining the registry and to whom it reports.

Area in charge	Reports to

c. Does the company have permanent channels open to the public to receive suggestions and complaints about the services it provides?

Yes  No

d. Has the company received any awards for the quality of the service that it provides to its clients?

Yes  No

If the answer is correct, indicate that recognition obtained:

## Section B

### Initiatives taken by the Company

This section provides details on the Company’s groups of interest and on the initiatives implemented during the period that have an impact on social development (labor practices, community relations and client relations and product liabilities) and on the environment (materials, energy, water, emissions, spills and solids) to complement the information provided in Section A.

### Sustainability Commitment

#### Mission

To efficiently provide products and services that fulfill the needs of our clients by promoting financial inclusion and ensuring that our groups of interest are satisfied.

#### Vision

To be the most valued financial group in the markets in which we operate based on a culture of sustainable growth

### Credicorp principles



#### Credicorp’s stakeholders relations



#### Corporate Governance Policies



## Corporate Sustainability BCP

The CSR policy and Relations for Groups of Interest at Credicorp contemplate the following actions:

### Corporate Sustainability

• In an effort to achieve sustainable development, BCP has signed a series of commitments; the principles in these agreements have an impact on generating value for the bank's groups of interest:

- "Asociación de BuenosEmprendedores" (ABE) (2006)
- Global Pact (UN) (2009)
- Carbon Disclosure Project (2010)
- "Principios del Ecuador" (2013)

### Impact on the environment

- BCP has a solid commitment to the environment and focuses on combatting climate change and on promoting energy efficiency and responsible waste management.
- BCP measures the Greenhouse effect of its activities: in 2016, 53,081-97 tco2 eq of direct and indirect emissions were generated.

### Promoting fundamental principles and rights in the workplace

- BCP has Internal Workplace Rules that establish the main rights and obligations of employees and the Bank during the work contract.
- Corporate Policy for Ethics and Conduct: guide or obligatory referential framework that all managers and employees must follow.
- The Bank has adhered to the Principles of the Global Pact of the UN since 2009 to prevent violations of human and workplace rights; to protect the environment; and promote the fight against corruption.
- The Division of Occupational Health and Safety is in charge of keeping track of workplace accidents.
- The Human Resource Division is in charge of developing a training plan for employees every year.
- Five years ago, BCP launched the Somos BCP initiative, whose objective is to make BCP the best place to work in Peru. We have already posted significant improvements. This initiative is in charge of conducting surveys or assessments regarding the workplace climate.

### Relation with the communities with which it interacts

- Invests in social programs in the community in which it conducts its main activities and contributes no less than 1% of its net earnings after taxes to social responsibility initiatives.
- BCP works with the community to jointly create value, which includes Identifying and solving the main problems that both share.

### Relations with employees

- BCP has a Supplier Management Policy.
- The criteria to select suppliers: considers ethical aspects and compliance with labor legislation.
- Procurement or hiring process: selects suppliers that meet standards for sustainable management or the environment.

### Relations with clients

- BCP has a Code of Ethics and a Corporate Policy for Ethics and Conduct.

- Constantly seeks to improve its products and services to meet its clients' needs to sustain growth and development.
- Maintains permanent customer service channels to receive suggestions and complaints related to the products and services it provides.
- Recognized for the quality of its client service:
  - XVI Annual Survey of Executives by the Lima Chamber of Commerce: BCP was recognized as the best company in the banking service category for the Middle Market Banking and Personal Banking segments. Executives preferred Mobile Banking BCP for their financial transaction needs.
  - Competition "First: Our Clients" – Indecopi: Second place in the category "Insurance Mechanisms" by ABC of Banking

## Social Responsibility: Subsidiaries

### BCP

The BCP Financial Education program is directed at the non-bancarized population and its objective is to ensure that those who enter the financial system are informed about the adequate and responsible use of financial products and services.

- University Financial Education fair "Todo sobre Lucas"
  - Seeks to create awareness among young students at universities and institutes about the importance of responsibly managing personal and family finances.
  - 90,500 young people benefitted from this initiative in 2016.
- Contigo en tus Finanzas en Aula
  - Develops financial knowledge and promotes adequate attitudes toward finance in school-age children.
  - In 2016, 165 teachers and 23,000 students from first to fifth of secondary benefitted from this initiative.
- Miniseries web "Los Planes de Ricky"
  - The educational web series has 8 chapters. It seeks to create awareness among young people about good management of personal finances while disseminating information about the formal financial system.
  - In 2016, page received 625,000 visits.

### Programa Semillero de Talentos BCP:

- Provides access to high quality higher education to talented and motivated low-income students.
- 1000 young people benefitted and 350 graduated from university.

### Infrastructure Works:

- We support the Peruvian state by reducing the infrastructure gap through the Works for Tax Reduction mechanism, which drives public infrastructure.
- S/ 734 million in investment committed and 2.8 million people benefitted

## Volunteers BCP

- Volunteers are involved in the process of strengthening education in the country.
- In 2016, 2,000 volunteers participated more than 3658 times in the projects that we run.

## Environmental Program

- We engage in environmental management by calculating our carbon footprint and designing projects that seek to improve the use of resources and reduce CO2 emissions.

## Mibanco:

In 2016, we facilitated access to more than 22.4% of the newly bancarized population, which is proof of our commitment to financial inclusion.

- Doubly inclusive philosophy
  - School of Business Advisors in Microfinance: bringing young people into the job market and financial system.
  - We have brought 998 young people into the job market.
- Programa Miconsultor
  - Personalized, in-home business advisory services for micro and small companies.
  - Since 2011, more than 838 entrepreneurs have benefitted and 1832 university students have participated.
- Campus Virtual Romero
  - On-line platform: virtual training for clients.
  - 168 entrepreneurs participate.
- Microseguros
  - We offer products with low premiums and coverage according to the needs of our clients.
  - 878,836 voluntary insurance policies were placed in 2016.
- Programa Crediagua
  - We offer financing to make domestic water and sewage connections.
  - 51,000 loans in 2016
- Programa de Reciclaje
  - Campaign to segregate solid wastes in alliance with the NGO.
  - 4.2 of solid wastes were recycled in 2016.

## Credicorp Capital

- Chile

Through the program "Credicorp Capital Foundation" we provide pro-bono services to organizations that engage in programs to generate social impact. The institutions that we have supported include:

- Fundación las Rosas: non-profit organization that supports more than 2 thousand people in situations of vulnerability or abandonment.
- Protectora de la Infancia: private corporation that works on inclusion, justice, development and equality during the yearly years of life.
- Fundación Domingo Matte Mesias: offers Pre-school, Primary, Humanist-Scientific and Technical Professional education to more than 3,000 students.
- Alumni UAndes: calls upon graduates from the Universidad de los Andes and connects them with opportunities of mutual interest such as the Social Scholarship Program.
- Fundación Astoreca: education foundation that provides no-cost, quality education to vulnerable sectors.

In 2016, we published the results of the Foundations Study in Chile, which delivers an analysis of foundations and corporations that work to benefit people who live in poverty and identifies the challenges that these organizations face.



- Peru

Axes of Action:

- Provide pro-bono professional advisory services: contributes to the management efforts of non-profit organizations by providing free business advisory services.
- Volunteer: employees can be volunteers on social projects.
- Eco-efficiency: campaigns to recycle and save non-renewable resources.

During the year, we provided our first advisory service, in conjunction with BCP, to Techo.

- Colombia

- Fundacion Dividendo por Colombia: support vulnerable children and adolescents to help them insert in the social and job worlds in better conditions.
- Fundación Vida por Amor a Ellos: provides guidance and professional accompaniment during the grieving process.
- Fundación Operacion Sonrisa (FOSC): has been serving low-income children with cleft lip and/or palette since 1988.

## Grupo Pacífico

We engage in initiatives according to four axes of business development:

### 1. Health

- Health Program – Pacifico takes care of you:
  - Promotes inclusive health and drives good practices in healthcare through its workshops and preventive checkups.
  - During 2016, the program was conducted in 15 communities and more than 11 thousand services were provided.
- Support for initiatives for inclusive health
  - Administrative and economic support for the Medical Education Center in Chincha.
  - Alliance with the Association of Volunteers for Children with Cancer – Magia.
  - Support for Asociación Unamonos de Arequipa

### 2. Road Safety

- The campaign “Ecomurales educando en Seguridad Vial” educated children in the public school system in Lima about traffic rules.
- The campaign “Efecto 0.5” seeks to create awareness about the alcohol level permitted in the blood when operating a vehicle and works to ensure that more people avoid driving after drinking.

### 3. Risk Management relative to Disasters

- We support the General Body of Volunteer Firemen by donating uniforms and training.
- We have a volunteer employee brigade at Pacifico that is trained to provide first aid and assistance during emergencies.

### 4. Environment

- We continue to measure, reduce and offset Pacifico's carbon footprint to maintain our status as a Carbon Neutral company. We have measured our carbon footprint since 2010 to achieve two objectives: to serve as a management tool and to develop awareness programs among employees. To date, we have conducted seven measurements of our carbon footprint and in 2016, we identified a 19.18% global increase and 11.11% per capita. This increase was due primarily to: i) air conditioning; ii) electricity and iii) paper consumption. The results obtained give us an added incentive to maintain our environmental commitment and to expand our work to include new interest groups to achieve greater impact.
- The campaign "Yo Fui Botella" through the initiative "Que tu calor de verano abrigue en invierno" sought to encourage people to recycle bottles to make covers for communities that are subjected to freezing conditions. Additionally, we conducted campaigns to sell recycled plastic bottles to our employees
- Along with two international companies, we worked in the "Ponchilas" initiative under the concept of "recycle to help."

### Prima AFP

- In 2016, we measured our Carbon Footprint, developed a sustainability report under the standards of the Global Report Global Report Initiative (GRI) and submitted our annual report to the Global Pact of the UN.
- To reduce our environmental impact as much as possible, we have been affiliating more of our clients to receive electronic rather than physical account statements.
- For the fourth consecutive year, we applied to be recognized as a Socially Responsible Company. We have received this distinction for the past three years and will know the results of this year's application in April 2017.
- Program for Corporate Social Responsibility:
  - Volunteer programs: In 2016, we improved the infrastructure, accompaniment and recreational activities offered to 1,362 senior citizens in shelter in more than 15 cities across the country.
  - Senior Citizen Award and the Excellence Prize: National distinctions that recognize the efforts of senior citizens and outstanding young professionals.
  - Sponsorships and donations: Seek to support the activities of entities that are committed to improving the quality of life of senior citizens.
  - Sustainable programs for environmental eco-efficiency
    - Recycling programs: collect paper through the Aniquem recycling program "Recicla para ayudar" and the program "Recicla para abrigar", which recycles plastic bottles to make covers that are donated to shelters for senior citizens that live in extreme poverty.
    - Voluntary Ideas Competitions: we presented six initiatives, of which two were winners.
  - Works for Tax Deductions: In consortium with BCP, we invested 11 million soles to implement infrastructure at Education Institution N° 14078 in the Human Settlement La Florida in Sechura, Piura. More than 800 students will benefit from this initiative.

# H. Contacts

## Banco de Crédito BCP

### Lima Head Office

Calle Centenario 156, La Molina  
Lima 12, Perú  
Phone (511) 313-2000  
(511) 625-2000

### International agencies

#### Miami, United States of America

121 Alhambra Plaza, Suite 1200  
Coral Gables, Florida 33134  
United States of America  
Phone (305) 448-0971  
Fax (305) 448-0981

#### Panamá, República de Panamá

Calle 50 y Elvira Méndez  
Edificio Tower Financial Center, piso 13  
Corregimiento de Bella Vista, Ciudad de Panamá,  
República de Panamá  
Phone (507) 215-7311  
Fax (507) 215-7324  
P.O. Box 0819-01233

## Mibanco

### Lima Head Office

Av. José Domingo Oruá 165  
Lima, Perú  
Phone (511) 513-8020

## BCP Bolivia

### La Paz Head Office

Av. Hernando Siles, Esquina Calle 10 de Obrajes,  
Edificio BCP  
La Paz, Bolivia  
Phone (5912) 217-5000  
Fax (5912) 217-5115

## Atlantic Security Bank

Ugland House, South Church St.  
P.O. Box 309 GT, Grand Cayman Cayman  
Islands, British West Indies

## Grupo Pacífico

### Lima Head Office

Juan de Arona 830, San Isidro  
Lima 27, Perú  
Phone (511) 518-4000

## Credicorp Securities Inc.

### Florida Head Office

121 Alhambra Plaza, Suite 1200  
Coral Gables, Florida 33134  
United States of America  
Phone (305) 446-4446  
Fax (305) 446-4668

## Prima AFP

### Lima Head Office

Calle Chinchón 980, San Isidro  
Lima 27, Perú  
Phone (511) 615-7250  
Fax (511) 615-7270

# I. Complementary information

## Information related to the stock market

Credicorp's common actions are negotiated in New York's stock market and in BVL. The following chart shows, for the indicated periods, the maximum and minimum sell prices of the common actions in the NYSE. Common actions are quoted in American dollars in the NYSE and in the BVL.

### Market price 2016

Credicorp Ltd.  
Equity

Code ISIN	Ticker	Year-Month	Market price 2016				Average price \$
			Open \$	Close \$	Maximum \$	Minimum \$	
BMG2519Y1084	BAP	2016-01	96.44	100.85	100.85	85.00	90.94
BMG2519Y1084	BAP	2016-02	100.10	118.20	120.00	93.00	109.36
BMG2519Y1084	BAP	2016-03	119.00	130.70	134.00	118.15	128.94
BMG2519Y1084	BAP	2016-04	129.00	145.07	147.00	121.55	136.67
BMG2519Y1084	BAP	2016-05	144.50	140.55	149.05	134.99	141.82
BMG2519Y1084	BAP	2016-06	140.55	154.10	155.65	140.55	150.35
BMG2519Y1084	BAP	2016-07	154.20	161.10	162.70	148.10	158.36
BMG2519Y1084	BAP	2016-08	160.00	156.00	163.35	154.00	159.68
BMG2519Y1084	BAP	2016-09	156.00	152.50	165.30	151.00	156.03
BMG2519Y1084	BAP	2016-10	152.20	148.60	152.70	144.99	149.38
BMG2519Y1084	BAP	2016-11	148.40	156.70	164.75	146.30	158.65
BMG2519Y1084	BAP	2016-12	159.50	158.20	160.50	155.39	157.92

CREDICORP >